MEMORANDUM

TO: Council, SSC and AP Members

FROM: Clarence G. Pautzke
Executive Director

DATE: January 12, 1993

SUBJECT: Comprehensive Rationalization Plan

ACTION REQUIRED

Receive report from Comprehensive Planning Committee and take action as necessary

BACKGROUND

The Comprehensive Planning Committee (CPC) will meet on Sunday, January 17, to choose the major management alternatives to be included in an in-depth, quantitative analysis over the next 12 to 16 months. Based on staff reports, public input, and Committee discussion, the recommendations of the CPC, along with other background materials, will be distributed to the Council and public prior to Council discussion of this agenda item. Copies of written comments received on this agenda item, and a summary, are included under this tab. Also included is a NOAA-GC opinion on using industry funds to support analyses. The bottom line is "No."

UNITED STATES DEPARTMENT OF COMMERCE
Office of the General Counsel
Washington, D.C. 20230

AGENDA C-1
JANUARY 1993
Supplemental

DEC 22 1992

MEMORANDUM FOR: Lisa L. Lindeman
Alaska Regional Counsel
National Oceanic and
Atmospheric Administration

FROM: Barbara S. Fredericks
Assistant General Counsel
for Administration

SUBJECT: Joint Funding of Analysis by the North Pacific Fishery Management Council and Industry Components Regulated by the Council

This responds to your request for advice regarding the propriety of acceptance by the North Pacific Fishery Management Council of analyses funded by two states and members of the crab fishery industry sector.

The Council is interested in having an economic analysis of a limited entry system for North Pacific crab which would be used to evaluate whether to adopt an individual fishery quota (IFQ) for the crab fisheries. A professor at Washington State University has requested funding to undertake a research project to produce an economic analysis of an IFQ program. The estimated cost of the project is $90,000. It is our understanding that primary funding will be obtained from the Washington Sea Grant program and that funds also will be provided by sectors of the crab industry regulated by the Council.

Additionally, the Council is interested in knowing whether it may accept funds from the state of Alaska for an analysis of fishery management programs which may benefit the state of Alaska. The three states within the jurisdiction of the Council--Alaska, Oregon, and Washington--have competing interests in the fishery management programs.

Because the purpose of the analysis primarily is to benefit the Council as opposed to the state of Washington or the industry sector members, the funding of this analysis would not be a grant. Provision of the funds by an entity other than the Council, therefore, would be considered a gift to the Council.

The General Counsel's Office, National Oceanic and Atmospheric Administration (NOAA), has determined that the Council does not have independent gift acceptance authority and must rely upon the Department's gift acceptance authority in order to accept donations. The Department has the authority to accept gifts which aid or facilitate its programs or mission, provided

acceptance does not create an appearance of impropriety. 15 U.S.C. § 1522; Department Administrative Order (DAO) 203-9, section 6.

Regarding the economic analysis to be funded in part by the state of Washington, through the Washington Sea Grant program, and by industry sector members, there is no question that the donation of funds would aid the mission of the Council. It allows the Council to make a decision regarding the crab and groundfish fishery which is a function required of the Council. The purpose of the donated funds is to provide the Council with the necessary analysis.

However, NOAA should not accept any funding from the regulated industry members. The analysis would be used by the Council to make recommendations which would directly affect the financial interests of the industry members. The Department may not accept a gift in circumstances which are likely to create an appearance of loss of impartiality or objectivity. In this case, accepting funds from members of the industry for an economic analysis to be considered by the Council would create an appearance of impropriety.

Regarding the contribution from the state of Washington and the analysis which the state of Alaska has offered to fund, we recommend that the Council provide all three states in the North Pacific--Alaska, Oregon, and Washington--with the opportunity to participate in each project. If each state has an opportunity to participate in the funding, no appearance problem is likely, even if one or two of the states elect not to participate in either or both projects. Although the states have an interest in Council activities, they are distinguishable from members of the regulated industry by having *ex officio* members serving on the Council.

If you have any questions, please call me at (202) 482-5387 or David Maggi, Senior Counsel for Ethics, at (202) 482-5384.

Summary of Comments Received on Comprehensive Rationalization of Fisheries

Alaska Crab Coalition - January 12, 1993

- Crab and groundfish fisheries are fundamentally different and require different approaches
- Council should establish two or more advisory subcommittees, at least one for crab and one for groundfish, for guidance in developing the comprehensive plan
- Majority of crab industry survey respondents want Council to begin discussing limited access

Alaska Groundfish Data Bank - November 12, 1992

- Include options to allow different programs or initial allocation schemes for GOA and BSAI and also for different target fisheries
- Any IFQ system should include allocations based on 1993 vessel tonnage, vessels must be moratorium-qualified and cannot hold IFQs in both GOA and BSAI
- Incorporate ownership caps and split pollock/cod IFQs along same lines as inshore/offshore
- Need goals and objectives first before settling on alternatives

Alaska Leader Fisheries - November 10, 1992

- Council must strive to develop management measures that will make the industry more economically sound and efficient and return the greatest benefit not only to commercial participants, but also to coastal communities near the fishing grounds and to nation
- Economics should be second priority after conservation and habitat protection
- Thoroughly analyze commercial harvest history of all subsectors of fishing industry
- Need thorough economic and social analysis of impacts on four main groups: commercial user groups, coastal communities in Alaska, shorebased processors, and Nation
- Four alternatives: Status quo, licenses, IFQ, Auctions

Alaska Longline Fishermen's Association - November 18, 1992

- Involve social scientist early in process

American Factory Trawlers Association - January 7, 1993

- ITQs should be preferred alternative
- Include groundfish, crab, and PSC species

American High Seas Fisheries - December 21, 1992

- Only ITQs and auctions address overcapitalization and race for fish

Fishing Company of Alaska - November 11, 1992

- Management solution must be comprehensive, not piece-meal
- Plan needs to be simple and enforceable
- Opposes privatization
- Control fisheries using IBQs

Kodiak Longline Vessel Owners Assn - November 10, 1992

- Primarily consider auctions as method of allocation for 3, 5, 10 years or perpetuity
- Consider fishing industry and needs of coastal communities in auction criteria
- Expand CDQ concept to all Alaska coastal communities
- Rationalize only full-utilized fisheries (TAC achieved)
- Give preference to environmentally-friendly gear types
- Give credit for retained fish; do not reward waste; emphasize conservation
- Use criteria for dependence on fishery (i.e., % of income)
- IFQs, if used, should reflect current participation

Midwater Trawlers Cooperative - January 1, 1993

- Supports ITQ as alternative, but also examine license limitation coupled with inshore/offshore allocation extension

North Pacific Fishing, Inc. - January 5, 1993

- ITQs are not in best interest of company, fleet, or nation
- Alternatives to consider:
  - ▸ expand VIP program to increase individual vessel accountability
  - ▸ require 100% observer coverage for all fishing vessels
  - ▸ seasonally apportion various species

North Pacific Longline Association - November 10, 1992

- For Pacific cod, use traditional measures such as seasonal allowances, gear preference, careful halibut release, change in opening date
- If ITQs developed, treat single gear fisheries (pollock, crab) differently than multi-gear fisheries (cod, turbot, rockfish)
- Give preference to fixed gear if using ITQs for cod
- For IFQs, dependence (% of vessel income) should take precedence over fishing history
- Artificial cut-off dates, especially for freezer longliners, should be approached with caution
- Do not credit discards
- Consider advantages of using longlines for other species than cod when developing ITQs
- Consider auctions for initial allocations

Paul Seaton - December 30, 1992

- Consider UNCED protocol in Agenda 21 when developing comprehensive rationalization plan.
- "Promote development and use of selective gear and practices that minimize waste of catch of target species and minimize bycatch of non-target species."
- Promote use of pot gear

Harold Sparck - December 1, 1992

- CDQs should be part of alternatives examined
- Rents issue must be addressed
- Licenses are a transferable use right within the market system
- Council must address conservation, ecosystem and habitat needs

Trawl Industry Representatives - November 5, 1992

- Need catch data as soon as possible to be able to develop alternatives
- Provided detailed list of options and elements of potential ITQ program, if that is determined to be best approach
- Include PSCs in program and allow pooling by vessels
- All species or assemblages under Council jurisdiction should be included in ITQ program
- Do not include inshore/offshore limitations, exclusive areas, CDQs, or gear preferences

Trident Seafoods - January 13, 1993

- Analyze allocations of ITQ to both harvesting and processing sectors

ALASKA CRAB COALITION

3901 Leary Way (Bldg.) N.W., Suite #6 • Seattle, WA 98107 • (206) 547-7560 • FAX (206) 547-0130

DATE: January 12, 1993

TO: Rick Lauber, Chairman
North Pacific Fishery Management Council
P.O. Box 103136
Anchorage, Alaska 99510

FROM: Arni Thomson, Executive Director

RE: AGENDA ITEM C-1, COMPREHENSIVE RATIONALIZATION ANALYSIS FOR BERING SEA CRAB FISHERIES

The Alaska Crab Coalition, in regards to the rationalization process, believes that the crab fisheries are fundamentally different from the groundfish fisheries. These differences range from the use of a single gear type to the relatively equal competitiveness of vessels to the very biology of the target species. Given these great differences, we believe that any comprehensive rationalization program considered for the crab fisheries should be tailored to the special nature of the fleet and the crab resources.

The decision process to arrive at comprehensive rationalization alternatives for the groundfish and crab fisheries is going to require a great deal of education, discussion, and negotiation. It will require the best talents of all sectors of the industry and interested public including fishermen, vessel owners, processors, wholesalers, consumers, managers, and environmentalists.

We believe that the Council needs to directly incorporate members of these industry and public sectors into the decision process. This can best be accomplished by creating two or more sub-committees to the CRP; at a minimum, one for groundfish and the other for crab. These committees could be composed of Council members and members of the affected industry groups. By creating these two advisory committees, the Council will be able to gain industry comments and input on the creation of management alternatives in a timely, organized, and focused manner. These committees will ease

the burden on the Council by providing a forum for gathering ideas, initial industry discussions, debate over the merits of various alternatives, and, hopefully, by providing specific management alternatives to the CRP Committee and the Council.

The ACC believes, as do many other parts of the industry, that resources beyond those available to the Council are required to arrive at comprehensive rationalization alternatives in a timely manner. We also realize that if any alternatives are ultimately implemented, their success will depend on the industry understanding their implications and backing them. These sub-committees will allow the industry to become better educated as to the implications of various management alternatives, have greater organized input into the decision process, supplement Council analytical and expertise resources, and provide a forum to crystalize industry comments and thoughts.

For the past eight weeks, the ACC has entered into serious discussions with the crab industry on possible alternatives for limited access. Our members are devided on a number of issues including the need for such a system. We have recently polled our members and, of the 50% who have responded, we have found that a vast majority are interested in seeing the Council begin discussions of a limited access system for the crab fisheries.

On January 6th, the ACC held a membership workshop and with the assistance of Dick Tremaine from LGL, crafted a set of beginning limited access alternatives. These alternatives are not endorsed by the ACC but they will be presented to the CRP Committee on January 17th as strawmen; as a means of beginning the discussion concerning comprehensive rationalization of the crab fisheries.

In conclusion, we hope that the Council will establish an industry sub-committee to begin the formal discussion process and we offer these as introductory proposals to advance that discussion.

Alaska Groundfish Data Bank

Date: November 12, 1992

To: Oscar Dyson

Re: AGDB Member Comments on Rationalization Program

I. Data needed prior to selection of allocative options:
   A. The catch data base which will be used by NMFS.
   B. Individual vessel catch histories.
   C. Estimated cost, based on the 1992 fishery, of the following:
      1. Enough observers to observe every trawl tow.
      2. Enough enforcement agents to monitor every offload.
      3. Ten additional NMFS employees to track vessel catches for the trawl fleet.
      4. Enough NMFS attorneys to prosecute cases of exceeding IFQ allocations.

II. Questions to be answered before analysis begins:
   A. If NMFS cannot implement a VIP program, how will NMFS be able to assess all catch, discards, and PSC catch under an IFQ Program?
   B. How is the IRS treating IFQ's in the surf clam fishery? Tax on initial allocation? Capital gains taxes on sales of IFQ's?

III. Options to be included for analysis:
   A. Option to allow different programs and/or different initial allocative schemes for the Gulf of Alaska and Bering Sea.
   B. Option to allow different initial allocative schemes for different target fisheries.
   C. Future IFQ allocation scheme:
      1. Allocation will be based on 1993 vessel tonnage.
      2. Vessels must qualify under the moratorium to be included.
      3. Vessels must select either the Gulf of Alaska or Bering Sea. No vessel can hold IFQ's for both areas.
   D. Cap on ownership of IFQ's of:
      1. 1% of total or
      2. 5% of total or
      3. 10% of total
   E. Fok Pollock in the Bering Sea and Gulf of Alaska and Pacific Cod in the Gulf the maximum percent of IFQ's which can be initially allocated (or held) by the inshore and offshore fleets each, in aggregate, is the percentage specified under the inshore/offshore allocation.

      i.e., in the Gulf of Alaska no Pollock other than that needed for bycatch needs can be allocated as IFQ's to at-sea operations. In the Gulf only 10% of the Pacific Cod can be allocated to at-sea operations.

Chris Blackburn • Director • P.O. Box 2298 • Kodiak, Alaska 99615 • **(907) 486-3033**

ALASKAN LEADER FISHERIES
P.O. BOX 569 KODIAK, AK 99615
(907) 486-5780 FAX (907) 486-5789

November 10, 1992

North Pacific Fishery Management Council
Richard B. Lauber, Chairman
Clarence G. Pautzke, Executive Director
PO Box 103136
Anchorage, AK 99510

Dear Sirs,

Thank you for this opportunity to express our company's view regarding the process designated by the North Pacific Fishery Management Council's "Comprehensive Rationalization" for all commercial fisheries under this Council's control.

In view of the complexity of this issue - the future commercial fishing access to over 20 different Federally managed fisheries in Alaska - the most important primary task facing the Council family is the realization of the level of responsibility presented to it's membership. That responsibility, simply stated, is to find an answer to the question, "By which measure can all fisheries under this Council's control be simultaneously made more economically sound and efficient and return the greatest benefit not only to the commercial participants but also to the coastal communities near which these fisheries are undertaken and to the US nation as a whole".

In this regard the greatest mistake the Council can make is a early embarkation upon the path that makes this "Comprehensive Rationalization" process simply an entitlement program to enrich certain group of commercial users at the expense of both other commercial users and the US nation. This approach will be attempted under the argument that blanket resource allocation is the only quick way to fix the perceived problems within this industry. Due to the technical fact that many voting Council members have vested economic interest in the industry any entitlement of fishing rights and economic allocation of the resource will be scrutinized to the highest degree. Given the fact the simplest plan will take many years to implement, it is very wise advice for the Council to proceed cautiously and thoroughly through the early steps of this process.

We strongly believe that the Council must follow each of the following steps in this "Comprehensive Rationalization" process.

(1) Insure the concept of stewardship and conservation of the resources is the number one priority before the Council at all times. The issue of economic benefits to specific entities must take second place to the overall goal of maintaining and improving upon the general quality of marine habitat in regards to the commercial harvesting sector of the industry and its impact on that habitat.

(2) The achievement of a thorough analyzation should be made of each and every fishery that comprise the total group of fisheries under the Council's control. This analyzation should include all statistical history comprising the US commercial harvest of that fishery. This study should also take into account all technical changes and advancements currently being undertaken in each "sub-section" of the commercial industry and those changes that are anticipated for the future harvesting of the resources within these groups.

(3) A complete economic and sociological study needs to be completed that shows the relationship of each of these commercial fisheries to each of the following groups. The commercial user groups, the coastal communities near, which these fisheries are pursued, the shore-based processing sector that are often economically dependent upon access to these resources; and the US nation as a whole [i.e. the issue of cost of managing these resources the collection of rents to offset these costs, and the prospects of a net economic gain to the people of the US from these natural resources].

(4) The thorough and complete analyzation of these four major choices for future management of these fisheries (1) Status Quo, (2)Vessel License Limitation, (3) Individual Fishing Quotas and (4) an Auction System similar to many other industries needing access to natural resources located upon Federally managed estates.

We strongly believe the Council must frame-work this process by using the four groupings listed above. The Council should move strongly to resist any quick solution to what is obviously a very complicated and divisive issue. By avoiding the "Fox-in-the-Henhouse" syndrome that truly makes a mockery of the Council process, there is a probable opportunity for the North Pacific Fisheries Management Council to achieve some degree of "Comprehensive Rationalization". Without realization of both due process and the use of investigation and debate, this opportunity will be lost.

Sincerely yours,

Nick Delaney

Nick Delaney
President

[Background: ALASKAN LEADER FISHERIES is a two year old fishing company based in Kodiak, Alaska which owns the 150' freezer longliner "ALASKAN LEADER". This company is 100% Alaskan owned by Kodiak families with long histories in many of the fixed gear fisheries of the State. This company has over 50 full-time employees and is contemplating the construction of a valve-added facility in Kodiak to handle frozen-at-sea production from this vessel in addition to products purchased from shore-based facilities].

Alaska Longline Fishermen's Assoc.
P.O. Box 1229 Sitka, AK 99835 (907) 747-3400

November 18, 1992

Bob Alverson
Fishing Vessel Owners' Association
Fishermen's Terminal Building C-3, Room 232
Seattle, WA 98119

Dear Bob,

I wanted to clarify the point I made regarding the importance or value I see in having a social scientist involved early in the comprehensive rationalization process.

I believe that the Council has sometimes erred in waiting until Fishery Management Plans are in the final stages to enlist social commentary, a strategy that has resulted in public outrage (re: halibut IFQs) and inevitably delays. Involving a sociologist in the scoping process would help the Council to identify all sectors of the industry that are likely to be affected by an upcoming decision, to determine methods for alerting and involving these people or entities, and to develop policy aimed at minimizing socioeconomic impacts. At last week's committee meeting, Wally mentioned the importance of including in any social analysis the potential impacts of "rationalization" on factory trawl deckhands and their families; Harold Sparck mentioned foregone opportunity costs to Western Alaska communities due to over-harvest of local resources; Rick suggested "taking the show on the road" in order to educate and involve the public--all of these ideas should be evaluated and pursued. A social scientist would identify these and other considerations and advise the Council on how to best meet responsibilities. I believe that such advise would prevent, or at least minimize, the delays that occurred during the evolution of the halibut IFQ program and result in a final product acceptable to a majority of the industry and other affected people.

I can see a clear role for a social scientist throughout the comprehensive rationalization process. And, as the Council wrestles with an increasing number of allocative issues, I expect that the

involvement of a social scientists will also become increasingly important on other issues. I suggest that the Council consider hiring a full time sociologist to the staff. I have discussed the idea with a number of other Council members, and have found them supportive of the idea. What are your thoughts?

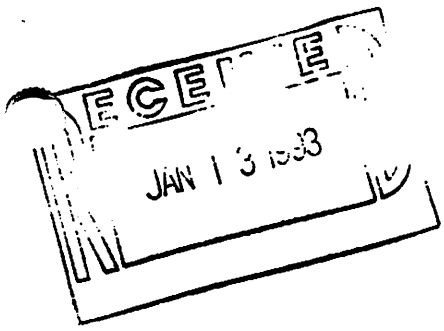
I know that you are busy with the Pacific Council this week; give me a call when you get a chance. Thanks Bob!

Sincerely,

Linda Behnken

Linda Behnken

cc: Clarence Pautzke, NPFMC



AMERICAN FACTORY TRAWLER ASSOCIATION

January 7, 1993

Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
P.O. Box 103136
Anchorage, AK 99501

Dear Rick:

AFTA submits the following comments for the record with regard to the Council's effort to develop a comprehensive rationalization plan for the groundfish and crab fisheries.

The Association has concluded that the primary impediment to rational fishery management is the common property nature of the resource which not only allows but guarantees overcapitalization and the resultant "race for fish." This race, in turn, leads to quota and grounds preemption concerns, gear conflict, waste, compressed harvests that are incompatible with high quality and optimum market schedules, and potential conservation problems as fisheries proceed at a pace beyond the ability of management to react in a timely manner.

Although there will always be a need for certain "traditional" measures, only the privatization of resource access will address overcapitalization and rein in the fish race. In our judgement, the only method with promise of alleviating these root problems is the individual transferable quota (ITQ) approach.

Accordingly, AFTA urges that the Council, without delay, identify the ITQ approach as its Preferred Alternative and commit the available analytical staff to the development of an all-inclusive (i.e., all groundfish and crab species under Council jurisdiction, including PSC species) ITQ program for the Gulf of Alaska, Bering Sea, and Aleutian Islands.

AFTA looks forward to working with the Council in seeking a truly rationalized management regime. It will not be easy, quick, or without controversy, but a concerted and dedicated effort that leads to a comprehensive ITQ program with a modicum of special interest bells and whistles, will alleviate many of the recurring problems that the band-aid approach of the past has failed to

4039 21st Avenue West • Suite 400 • Seattle, Washington 98199
Telephone: 206-285-5139 • Fax: 206-285-1841

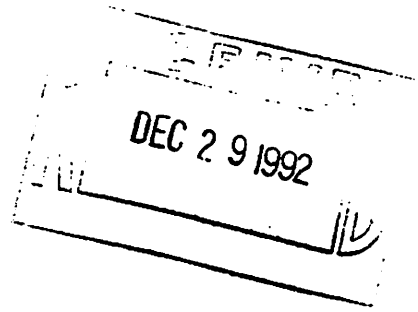
solve. It will also satisfy the goal expressed by Drs. Fox and Knauss of allowing market forces to "determine the winners and losers" so that U.S. commercial fisheries can remain competitive in the world markets that control our economic destiny.

Sincerely,

Joseph R. Blum
Executive Director

cc: Alverson
Pennoyer
Fox

AMERICAN HIGH SEAS FISHERIES ASSOCIATION



21 December 1992

Robert D. Alverson, Chair
Comprehensive Planning Committee
North Pacific Fishery Management Council
Fishermen's Terminal, Building C-3. Room 232
Seattle, WA 98119

Dear Bob:

Comprehensive rationalization of the fisheries under the jurisdiction of the NPFMC is no simple matter. As your committee noted in November, there are a multitude of problems that must be addressed.

In our view, almost all those problems stem from one key point: overcapitalization coupled with the free-for-all process known as the Olympic system. This has caused gear conflicts, bycatch problems, discards, safety concerns, and a host of other negative effects.

When the problem is identified in this way, it is easy to sort through the alternative management solutions. License limitation will not stop the Olympic-style fishery. Traditional management tools (time/area closures, gear restrictions) don't even address the problem. Inshore/offshore has created two Olympic fisheries. CDQs are completely peripheral to the issue. Only ITQs and auctions address both the overcapitalization and the race for fish. Auctions, however, would allow only the very wealthy to participate.

As you can see, the only potential solution to the problem the Council faces is ITQs. A system of Individual Transferrable Quotas, if it is structured carefully, could literally bring order out of chaos. ITQs would allow a fisherman to fish when it's best for both him and the market. They could provide individual accountability for catch, bycatch and discards. They could bring a sense of stability to the industry that is sorely needed.

It will not be easy to construct a comprehensive system, so it is imperative that the Council begin this work immediately. You may have already noticed that the only people who have urged you to go slowly on this are those who are afraid they won't be immediate beneficiaries - recent entrants, for instance, and non-

3040 West Commodore Way • Seattle, WA 98199 • Tel. (206) 282-2731 • Fax (206) 282-3516

fishermen. Those who have for some years been trying to earn their livelihoods in the irrational system that now exists have consistently urged the Council to proceed with ITQs at all possible speed.

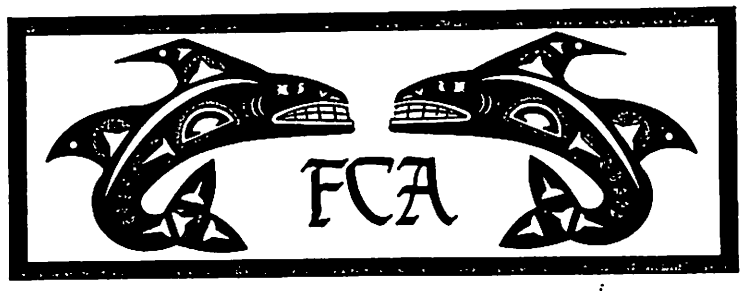
Council members must now show that they are as responsible as they want fishermen to be. You have a duty to the industry and to the nation to focus your attention on the one alternative that will solve the underlying problem. We look forward to your committee's next meeting in January.

Sincerely,

Kate Graham

Kate Graham
Executive Director

cc: Clarence Pautzke



November 11, 1992

Bob Alverson, Chairman
Comprehensive Planning Committee
North Pacific Fishery Management Council
P.O. Box 103136
Anchorage, Alaska 99510

RE: A FRESH LOOK AT COMPREHENSIVE RATIONALIZATION

In September, the North Pacific Council heard the plea from industry for a renewed effort toward comprehensive rationalization of our fisheries. With the Council's attention moving away from inshore offshore allocations and the sablefish/ halibut ITQ plan, the time is right to move forward in solving the real problems facing this industry. This meeting must be a first step to developing an efficient and comprehensive work plan. You can count on the many sectors of the fishing industry to work with you as you develop solutions which make sense for the various fisheries under federal jurisdiction.

The Fishing Company of Alaska (FCA) is a longstanding Alaskan company that participates in several groundfish fisheries. The FCA presently owns 11 vessels, some of which are rigged for trawling and others for longlining. All our vessels fall into the "head-and-gut" category of catcher-processor and serve to supply international markets which we have worked hard to establish. Owning both trawlers and longliners gives us a rare insight on the management problems facing both gear types. From our perspective, we are convinced that a management solution to our fishery problems must be truly comprehensive in nature and not be developed in a piece-meal fashion. Time has shown that piece-meal solutions to management problems do little to correct the intended problem in the long term, and only create new problems for other fisheries and other gears in the short term.

The FCA supports development of a rationalization plan for each fishery which is tailored for that fishery (e.g. groundfish, crab, etc.) while building on administrative efficiency. The simpler the plan, the easier it is for the industry at-large to understand, and the easier it is for the government to implement and enforce.

The Fishing Company of Alaska, Inc.
200 WEST THOMAS, SUITE 440 • SEATTLE, WASHINGTON 98119
PHONE (206) 284-1559 • FAX (206) 284-2338

As a matter of principle, the FCA is opposed to rationalization plans which privatize the public resource. We are of the opinion that our company would stand to gain significant windfall profit from a privatization plan. It may come then as some surprise to you for us to oppose such transfer of public wealth to the private sector. We believe that the government should retain ownership on behalf of the American people and, at most, that some resource rent be paid by the private sector for the privilege of using fishery resources for commercial purposes. We intend to persuade the Council, NMFS, and others of this approach, in due time. In the interim, and recognizing the already defined scope of this meeting agenda, we offer the Council a proposal which we believe warrants serious consideration by both management and industry.

The following is a proposal for rationalizing the groundfish fisheries off Alaska based on a simple premise: the controlling factor for groundfish harvests in recent years is halibut and other prohibited species bycatch (PSC). What is offered here is an approach which rationalizes PSC bycatch and, by extension, the groundfish fisheries. This can not be a stand alone management measure (e.g. a single solution intended to solve all fishery problems). Other, more traditional measures will continue to be required. By allowing harvesters to manage their own PSC bycatch with individual quotas (IQ) it is expected that much of the inefficiencies in the fisheries will disappear and overall harvests will rise towards the optimum yield. By allowing owners to condense IQs within their own fleets, the number of vessels on the grounds will be reduced and those vessels remaining will fish a larger portion of the year in a more economically efficient manner.

With the proposed IQ plan focusing on only a few PSC species, it incorporates many of the attractive elements already discussed in earlier Council discussions. This proposal could allow for a more timely development of a plan which could be implemented within 2 years. This plan alone would provide immediate benefits to all current participants in the fisheries once the proper distribution of PSC limits is addressed. We see a comprehensive IQ plan for bycatch evolving into a stand-alone rationalization plan, or it could serve as a cornerstone to a more involved plan should the Council conclude later that it is necessary.

This proposal is intended to serve as a basis for review and discussion. We request that it be seriously considered as you develop your work plan for 1993.

Sincerely,

Karena Adler

Karena Adler
President

Individual Quota Framework for PSC

Prepared for: Fishing Company of Alaska
Prepared by: Richard Tremaine and Steve Davis, LGL Alaska Research Associates
November 11, 1992

I. IQ species:
   A. Halibut only.
   B. Include all PSC species: halibut, herring, king crab, Tanner crab, salmon.

II. Area: GOA and BS/AI.

III. Gear: No gear distinction on IQs.

IV. Recipient: Vessel owner at time of allocation.

V. Basis for allocation: Reported harvests of groundfish by the vessel during the qualifying period.

VI. Qualifying period:
   A. 1985 - 1993; five best of nine years but must have fished in past three years.
   B. Last three years.

VII. Calculation of allocation: Reported groundfish harvest will be tallied by target fishery for each vessel, gear type, and year. For each target fishery/gear/year combination the industry-wide average PSC bycatch rate will be applied (source is NMFS records). This results in yearly estimated PSC catch for each vessel. Each vessel's estimated PSC catch will be calculated based on the allocation method chosen. An overall total will be determined and each vessel's percentage calculated.
   A. Use year-specific average PSC bycatch rates by target fishery.
   B. Use one composite average PSC bycatch rate for each target fishery regardless of year. This could be based on a composite of observer data, on most recent records, or on the most reliable records.

VIII. Initial allocation: The amount calculated above for each vessel would be a percentage of the PSC cap. Each vessel would be eligible to receive up to that percentage of the PSC cap. This would be their IQ. IQs not requested by vessels would be rolled into the overall total and redistributed by percentage to the remaining vessels. IQ allocations would be for one year at a time.

IX. Reissuance of IQs: Following the initial year of the IQ system, a vessel would be eligible to receive the same IQ percentage that the vessel had used in the previous year. All IQs not requested would be allocated to the remaining vessels based on their relative percentages.

X. Use of IQs: IQs could be used in any fishery at any time of the year. Any vessel fishing in the EEZ off Alaska would be required to possess IQs. Observers will document IQ catch and NMFS will adjust the vessel's IQ amount accordingly. Non-observed vessels will have an industry average PSC bycatch rate applied to their IQs.

XI. Transferability: IQs would not be transferable. That is, it would not be possible to buy, sell or lease them to other persons. However, a person could transfer IQs from one vessel to others within his (its) own fleet.

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November 10, 1992

North Pacific Fishery Management Council
P. O. Box 103136
Anchorage, Alaska 99510

Sent by Fax: 271-2817

RE: Comprehensive Rationalization

Dear Clarence,

The members of the KLVOA recently met and discussed the issue of comprehensive rationalization and would like to provide some recommendations to the committee prior to their meeting in Seattle.

We strongly believe that any rationalization plan which is formulated will need to pass the scrutiny of the American people and the government. You are trustees of the resource and it is your mandate that you consider what is in the best interest of not only the current participants, but those in support industries, as well as your primary goal of conserving the resource. This issue of comprehensive rationalization is not an issue of entitlement to a chosen few.

In considering the many options, we have a few concerns which we feel should be considered before any of the "pie is divided".

1. The auction method of allocation should be the primary system analyzed and considered. Criteria should be established to allow participation. This criteria should include fishing history. Any permanent awarding of the resource should first consider the present and future needs of coastal communities. An auction could allow for harvest rights for the period of three, five or ten years, or in perpetuity.

2. The concept of community development should be expanded to include all coastal communities in Alaska where fishing provides a primary economic source for these communities.

3. In developing a program for fisheries which are not all in the same stage of development, it is important that qualifying criteria be set for the specific species under consideration. Implementation schedules should be set appropriately for specific fisheries as well. If an ITQ system is considered, no allocation of the resource should be given for those fisheries which have not reached full utilization (achieved the TAC).

4. Conservation of the resource should be a foremost consideration in the allocation of fish rights. Longterm benefits to the environment should be considered and harvest rights should be given to those "user friendly" fisheries where certain fishery techniques illustrate a clearly superior method of environmental conservation than other types of gear.

5. If a program other than the auction system is selected, past participation should only be one of the factors in allocating resource access. Present and developing advances in the technology of each fishery which dictate today's fishing and harvesting realities should carry much more weight than past history.

6. Criteria for weighing dependence on a fishery should be developed and should include what percentage of income comes from a specific fishery for the vessel class under consideration.

7. Any allocation system designed could still be run by bycatch if the PSC allocations are not managed properly. This could provide for great incentives to allocate more of the prohibited species for bycatch purposes and might destroy the program. We are not convinced that a straight allocation of PSC would accomplish the objective.

8. It is imperative that an allocation system be established where credit is given for only fish that was caught and retained. Giving credit for wastage would be criminal.

9. Any plan implemented while acknowledging historical participation in qualifying for ITQs, must generally reflect the industry as it has evolved today. It would be absurd to attempt to so weight historical participation to such a degree that the industry is frozen in a form that no longer exists. If this is not done, chaos would result. There should be no precedent set for qualifying until the fisheries as they exist today are fully analyzed. If any plan is to be successful, it must complement the flexible nature of the interlocking fisheries.

Sincerely,

Linda Kozak

Linda Kozak
Director

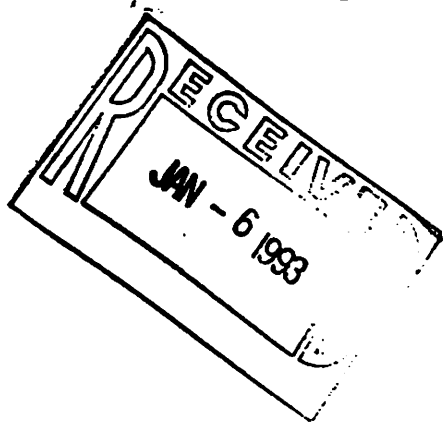
AGENDA C-1
JANUARY 1993
Supplemental

Midwater Trawlers Cooperative

4055 21st Avenue West • Seattle, Washington 98199

R. Barry Fisher
President
Yankee Fisheries
1626 North Coast Highway
Newport, Oregon 97365
Telephone: (503)265-9317

Steven E. Hughes
Technical Advisor
4055 21st Avenue West, Suite 200
Seattle, Washington 98199
Telephone: (206)285-3480
Telefax: (206)283-8263



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VANGUARD
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January 1, 1993

North Pacific Fishery Management Council
P. O. Box 103136
Anchorage, Alaska 99510

RE: COMPREHENSIVE RATIONALIZATION PROGRAM

Dear Chairman Lauber and Council Members:

In the December 1992 newsletter you indicated that the Council was soliciting industry comment on which alternatives to consider as part of the Comprehensive Rationalization Program in light of the practical consideration that the list of alternatives must be reduced in order to complete the analysis in a reasonable amount of time. We support the Comprehensive Rationalization Program and urge the Council to move forward with the process with all possible diligence and speed.

With regard to the alternatives to be considered, we support the concept of considering Individual Transferable Quotas (ITQ) as an alternative, however, we believe that it is critical to the process that other reasonable alternatives be considered in addition to ITQ's and status quo. Although ITQ's currently seem to be the most popular alternative, it is extremely likely that in developing any such program that the issues relating to the credit to be given to past catch histories and the allocation of these ITQ's, may become so politically contentious that the development of a viable ITQ program may become impossible through the current Council political process. For example, for MTC to support any such ITQ program, full credit must be given to the catch histories which were developed by the catcher vessels which pioneered the Americanization of

the fisheries during Joint Ventures. In any event, this is just one of the many issues which will have to be addressed and we certainly cannot determine at this stage whether an ITQ system would be acceptable until these many issues are resolved, which may or may not be possible.

For these reasons and others, we believe that it is imperative that the Council also examine the alternative of a license limitation program which would be coupled with a continuation of the inshore/offshore options. This particular option has the advantage of the fact that it is more of a traditional management option and will have fewer dramatic impacts on industry participants. Since this option is less dramatic and closer to status quo, (considering that the moritorium is currently in place), it will probably be a far less contentious option than the ITQ option and would permit the Council to enact such a program far sooner than ITQ's. As a case history to consider, just look at the events surrounding the ITQ's as it relates to sablefish and halibut, whereby this process has been going on for years and still is not completed because of the political contentiousness of the system, and with that system involving a fishery which is small compared to that which the Comprehensive Rationalization Program is to apply.

A final added advantage to the consideration and possible enactment of the license limitation program along with the continuation of the inshore/offshore options, is that it would provide for a more immediate rationalization of the fisheries and at the same time permit the Council to pursue ITQ options if that was deemed advisable for the long term.

Therefore, we ask that the Council include in its list of alternative solutions for the Comprehensive Rationalization Program, license limitation in conjunction with continuation of the inshore/offshore options.

Sincerely,

R. Barry Fisher
President

Fred A. Yeck
Vice-President

cc: Steve Hughes

Fishermen's Finest

North Pacific Fishing, Inc.

4039 21st Ave. W. #201 ■ Seattle, WA 98199
(206) 283-1137 ■ TWX 5101004709 N PAC FI ■ FAX 2062818681

January 5, 1993

Mr. Robert Alverson
Chairman, Comprehensive Rationalization Committee
North Pacific Fisheries Management Council
605 West Fourth Avenue
Anchorage, AK 99501

Dear Bob:

I would like to submit our comments for the committee's consideration during the Comprehensive Rationalization planning process.

Comments on Rationalization Approaches

Much of the discussion during the committee's initial review of the Draft Problem Statement centered around the "Social Engineering" aspects of the rationalization process. The list of concerns includes the most innocuous desire to make all fishermen pay the same tax on their fish regardless of where they caught, processed, or sold their product; the concerns also include the more clear-cut desire to insure that different components of the fishery do not suffer due to the rationalization plan. A great deal of effort was put into making sure that coastal development and welfare was a priority for the whole process.

To begin with, we believe that any government-regulated rationalization of the fishery will result in winners and losers. The 63% (85 boat) reduction in the much-touted Atlantic Surf Clam fleet after the introduction of ITQs illustrates that the rationalization process will likely result in the government bankrupting many fishermen for the "good" of the industry. While we believe that we stand to gain an initial windfall from an ITQ program, we do not believe that such a program is in the best interest of ourselves, the fleet, or the Nation as whole.

About the only factor that the bulk of the committee seemed to agree on was that auctioning product was not a desirable allocative process. We believe that this is because everyone in the industry stands to lose from an auction. The interest in ITQs is the same as the interest in FCC commercial radio station license lotteries: someone is going to win big and each person willing to gamble thinks that it will be him or her.

Regarding auctions and the sale or lease of other federal property rights: fishing is not like ranching. Yes, cattlemen lease land from the government; however, they do not lease the cattle from the national resource pool. Fishermen through ingenuity and skill seek out and catch a resource. For the government to allocate the resource based on social repercussions, which are very difficult if not impossible to define, is playing with fire.

There is not Sufficient Data to Designate the "Best" Industry Structure

The attempt to allocate the resource will most likely cripple the industry and prevent future meaningful development of new techniques. While large factory vessels would have the advantage in an ITQ market, these are not necessarily the vessels that can best utilize the product. Nor are the smaller ice boats the best vessels to provide a quality product. Our company believes in our mid-size operation as the most efficient method of harvesting high quality product while keeping the flexibility to change targets and minimize bycatch. However, many other firms disagree. We sincerely doubt that the committee or council can arrive at an answer to this question of efficiency. Only time and market forces will tell.

Solutions to the Rationalization Problem

We believe that the Council and the Rationalization Committee should look to define the goals of fisheries management in terms of TAC, PSC, and bycatch management and let the fishermen meet these goals. Elements of such a solution would include:

1) Expanded the VIP program to hold individual vessels accountable for their bycatch and discard performance. While some voices have stated that enforcement of the boat by boat program is impossible, it would be no more difficult than enforcing a vessel by vessel individual quota.

2) Require 100% observer coverage for all fishing vessels to improve enforcement and research. This would support both fish and marine mammal conservation to protect our environment.

3) We support seasonal apportionments of various species to prevent high bycatches and to prevent the taking of low-quality fish.

We do not support the government deciding who will be granted exclusive rights to buy, sell, or trade a public resource. To give away a resource or to limit the opportunity to harvest a resource to those with the ready cash to out-buy their competitors is not constructive. This will only assure that the committee's final result would be the division of a billion-dollar-per-year fishery between one or two hundred individuals and companies. This is

comprehensive, possibly rational, but it is not just.

In his November 23rd letter discussing the final decision on the Inshore/Offshore Amendment 18 revision, Under Secretary of Commerce, John Knauss wrote to Chairman Lauber saying,

> **"I strongly urge the council not to resubmit Amendment 18 again...it will detract from the Council's major responsibility to develop a market-based allocation system....I hope the council will avoid any further efforts to select winners and losers in the pollock fishery when there appears to be no economic gain to the Nation from such efforts."**

This direction clearly drives the attention of rationalization away from individual allocation formulae. We have attempted to outline a program of individual responsibility and market based competition.

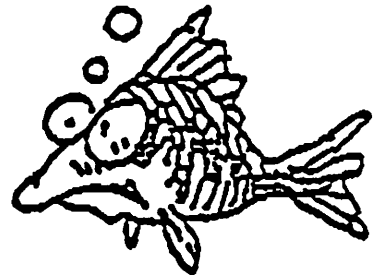
In summary, we have a situation in which a large number of fishermen are in competition. The competition threatens to drive some of the businessmen out of their chosen industry. The answer is not for the government to decide who can stay or go, but to write the rules so that during this process the industry still provides for the future ecological well being of the marine environment. The committee and one member of the public praised the council for its success in managing the EEZ off of Alaska. This success has been due to careful and conservative stock assessment and management, not through the government granting special privileges to a select set of its citizenry.

Sincerely,

Rudy A. Petersen

Rudy A. Petersen
President

North
Pacific
Longline
Association



November 10, 1992

Mr. Robert D. Alverson, Chairman
Comprehensive Rationalization Committee
North Pacific Fishery Management Council
P.O. Box 103136
Anchorage, AK 99510

RE: Comments and Recommendations, Comprehensive Rationalization

Dear Bob:

The North Pacific Longline Association represents freezer-longliners which fish for cod and sablefish in the Gulf of Alaska and Bering Sea/Aleutian Islands area. Having reviewed the discussion paper on "comprehensive rationalization", we would like to offer the following comments and recommendations.

We share the view that no single management technique or simple formula is likely to resolve the great variey of issues which arise in the management of a number of fisheries in different stages of development. Fisheries which are "fully utilized" may not be "fully developed" in the sense that optimal harvesting and processing techniques may still be evolving. Any management regime should encourage this continuing development. We hope the Council will exercise care in this regard as it seeks to "rationalize" the fisheries under its jurisdiction.

Background - Freezer-Longliners

Although freezer-longliners have traditionally played a significant role in the fisheries of the North Pacific, it is only in recent years that American-owned freezer longliners have appeared. Prior to that time Japanese longliners were dominant in our waters and in the marketplace. With the elimination of foreign longliners came access to markets which pay premium prices for longline-caught, frozen-at-sea product. Growth of the American longline fleet has been encouraged further by the substantial surpluses of cod left unharvested by the trawl fleet each year; longliner harvest of cod in the BSAI has increased from 47,000 mt in 1990 to 90,000 mt in 1992. Demand for high quality longline-caught cod continues.

This trend is reflected in other countries where cod stocks are managed - Norway, Iceland, and Canada. There it is recognized

4209 21st Avenue West, Suite 300, Seattle, Washington 98199
TEL: 206-282-4430 FAX: 206-282-4829

that proper management of fish stocks should be based not only on total catch quotas, but also on how the quotas are taken - what gear types are used. The use of hook-and-line gear is encouraged because it is species and size selective, minimizes bycatch and discards, yields product of the highest quality, avoids accelerated fishing on spawning stocks*, and has little or no destructive effect on the environment. Recognizing the potential advantages of such conservation-oriented fishing, the Council has approved analysis of a gear preference proposal - BSAI Amendment 24.

Traditional Management

IFQ systems may not be necessary or appropriate for some fisheries. Traditional management approaches have not yet been fully explored. For example, authorities now being developed by the Council may be sufficient for management of the cod fisheries. These include seasonal cod TAC apportionment, gear preference, careful halibut release, and a change in the opening date of the cod season (new proposal - see attachment, "Table 1"). Such measures could assure a long winter season when cod are in prime condition, access by all gear types, high product quality, high prices, and limited fishing pressure on spawning stocks.* We feel that these proposals should be implemented and the fisheries allowed to develop along conservation-oriented lines before IFQ's are considered.

IFQ Program

If the Council wishes to include all species in an IFQ program, it should consider the following:

A. Different Species May Require Different Treatment

While some species are available only to a single gear type (pollock, crab), others are harvested by multiple gear types (cod, turbot, rock fish). Harvesting and processing techniques for some species (particularly cod) are still evolving in response to bycatch, discard and market considerations - even though they are "fully utilized" (note that BSAI cod was fully utilized for the first time in 1992). Development of IFQ programs for these species may be considerably more complicated than for a species like pollock. Such programs may require different qualifying criteria and different time schedules for development and implementation.

B. Fixed Gear Preference

Council Document #13 (April 1981) suggested that significant savings of prohibited species could be achieved through the exclusive use of hook-and-line gear for bottom species such as cod, sablefish, and large flounders (turbot). A considerable body of scientific, academic and descriptive material has emerged since that time which stresses the value of conservation-oriented fishing. In response the Council has ordered analysis of a proposal to give fixed gear operators preferential access to BSAI

cod. Should the Council respond favorably to this proposal, logic would suggest that IFQ's for the directed cod fishery would go only to fixed gear operators.

C. Dependence on the Fishery

"Dependence" has been a key concept in developing theories on how IFQ's should be initially distributed. A long "catch history" does not necessarily indicate "dependence" on a fishery, particularly where the vessel has been amortized over time and has participated in other fisheries. Freezer-longliners now fish almost exclusively for cod, and are in every sense dependant on that fishery. We feel that a true test of "dependence" should be developed. The percentage of a vessel's total income which is derived from the fishery for a certain species should weigh heavily in the distrubution of IFQ's for that species.

D. Catch History

Another key concept in the distribution of IFQ shares is "catch history." With regard to the BSAI fishery for cod, freezer-longliners have been taking fish which were not taken by other gear types, and which would not have been harvested but for freezer-longliner participation in the fishery - some 90,000 mt in 1992. There is no reason to deny them IFQ's for at least that share of the available quota.

The central purpose of federal fishery management is to maximize benefits to the nation derived from our marine fisheries. Maximization may be in sight when DAP is harvested for the first time - though it may not yet have been fully achieved. Fisheries continue to evolve, guided by conservation and market considerations. Benefits to the nation grow. There is no good reason not to take this further evolution into account in devising an IFQ system. Artificial cutoff dates should be approached with caution.

E. Discards

Discards present a difficult managment problem. This year the BSAI cod fishery was closed because it was belatedly discovered that some 22,000 mt of cod - worth approximately $20,000,000 in the marketplace - had been discarded. Hopefully this sort of waste can be reduced. In any event, it would be unreasonable to give anyone positive credit towards ITQ's for having harvested and discarded cod or any other species.

F. Other Species

Other groundfish species may be harvested with hook-and-line gear, such as turbot, sablefish, and rock fish. Using hook-and-line gear to harvest those species will bring the same conservation advantages as are presently achieved in the cod fishery. We are

hopeful that the Council will consider these advantages in any IFQ system it may develop.

G. Auction

In testimony before the Senate Commerce Committee at a recent hearing on the Magnuson Act amendments of 1990, the Center for Marine Conservation describes the council system as being "rife with conflict." It continues:

"Perhaps even more disturbing is the notion that marine fish - a public trust resource - stand out as the only commercially exploited natural resource in America that is not subject to sales, leases, license, or any mechanism to compensate the public for their taking or to charge the user for their use. The FCMA does not provide any mechanism for compensation of the public trust in cases where a council decides to limit access to a fishery through a form of transferrable property rights. The Act forces the councils to enact a windfall; a giveaway of valuable public resources..."

The Center recommends creation of mechanisms to collect economic rents.

It seems inevitable that environmental and public interest groups will focus on this issue. Rumor has it that bids for CDQ pollock are being taken as indicators that there is a surplus which could be recovered by the public. The Council's discussion paper contains a forthright statement of the possible use of auctions, and concludes that "...if it is determined that it clearly is forbidden by the Act, there will be an opportunity to change this part of the Act during the Congressional reauthorization that is scheduled for 1993." The Council may wish to develop a specific policy towards such an amendment, to avoid later claims that the fishing industry which dominates the Council is "giving itself public property."

Conclusion

Some of the fisheries under the jurisdiction of the Council are still developing, in the sense that optimal conservation-oriented harvesting and processing techniques continue to evolve. Freezer-longliners provide this sort of capacity in the BSAI cod fishery, and have the potential for doing so in other fisheries. Traditional management authorities now being analysed by the Council may eliminate the need for IFQ programs for these fisheries. These management techniques should be implemented and the fisheries allowed to develop along conservation-oriented lines before IFQ programs are considered.

If the Council should choose to develop IFQ programs for all fisheries under its jurisdiction, the following points should be considered:

1. IFQ programs for fisheries in different stages of development and accessable by different gear types may require different qualifying criteria and implementation schedules - no simple formula is likely to accommodate these complexities;

2. Should the Council elect to give fixed gear operators preferential access to cod and other species, IFQ's for directed fishing for those species should go only to fixed gear operators;

3. A true test of "dependence" on a fishery for any species should be developed, by determining what percentage of a vessel's annual income comes from that fishery; allocations of IFQ's should be weighted accordingly;

4. Freezer-longliners should be given full credit for their current harvest of BSAI cod; artificial cutoff dates for catch history qualification should be approached cautiously, as "fully utilized" fisheries continue to develop and yield greater benefits to the nation;

5. Vessels should not be given positive credit towards IFQ's for amounts of any species which they have discarded in the past;

6. The Council should consider the advantages of conservation-oriented fishing for species other than cod, such as turbot, sablefish, and rockfish; and

7. The Council may wish to develop a specific policy regarding amendment of the Magnuson Act to allow auctioning of IFQ's at the outset.

Thank you for your attention. We hope these comments are helpful.

Sincerely,

Donald C. Iverson

President

* NMFS and the Council have expressed concern about fishing on spawning stocks repeatedly:

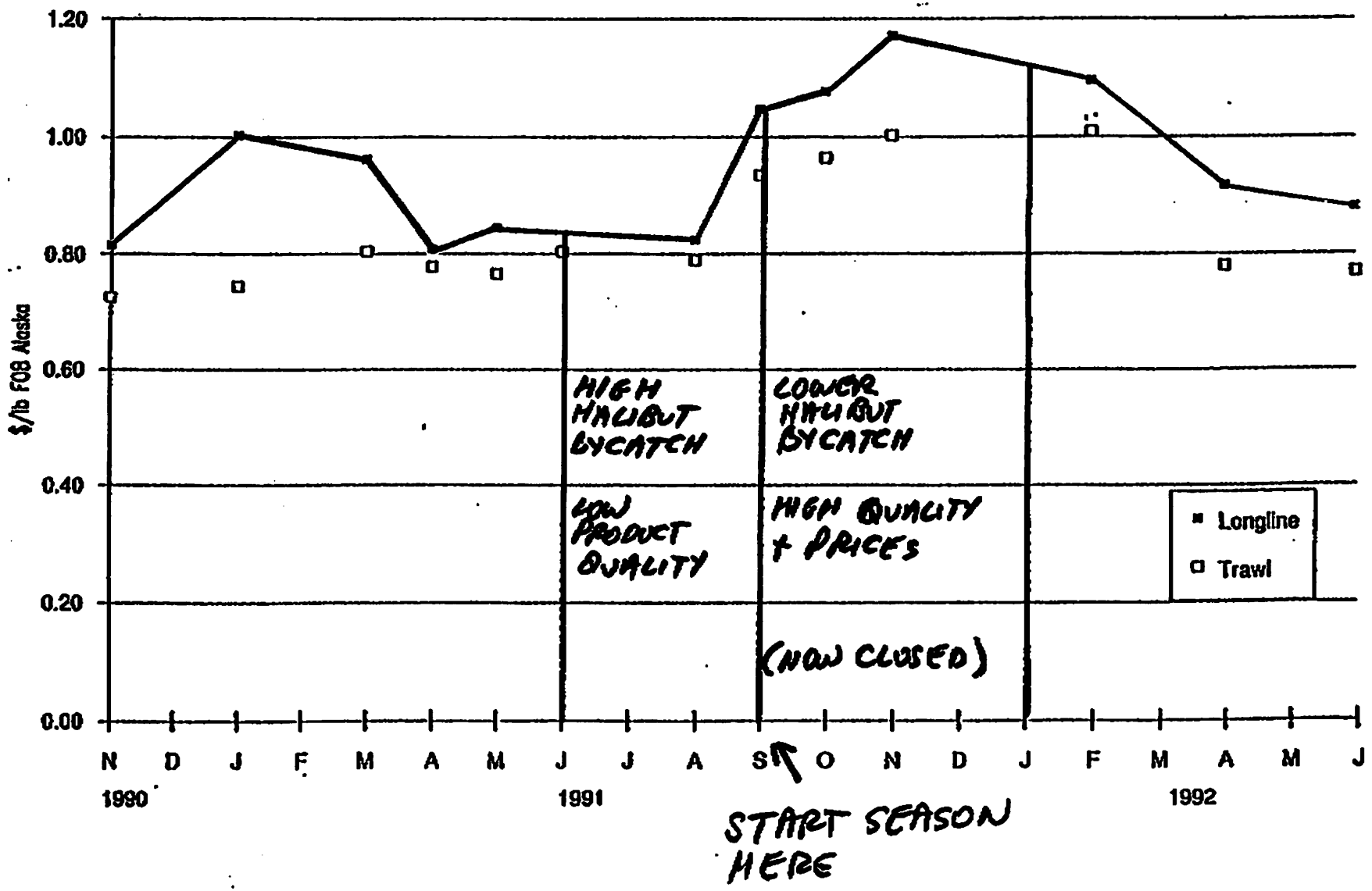
"The Secretary finds also that the roe-season catch limit may help prevent adverse effects on the ecosystem and on future pollock productivity from intensive fishing mortality during the roe

season...there is uncertainty about the actual effects of such fishing. The complexity of the ecosystem can easily mask any statistical relationship between the abundance of pollock eggs and larvae, and the future abundance...of harvestable stocks of pollock. Given this uncertatinty, conservative limitation of the roe-season pollock harvest is reasonable." 56 FR 6292, February 15, 1991; and

"Concentration of effort on aggregated stocks raises concerns of overharvesting...and possible disruption of the spawning process...This admonition is equally appropriate to the evaluation of concentrated fishing on aggregations of pollock and cod of the Bering Sea/Aleutian Islands and Gulf of Alaska." (emphasis added) DRAFT Environmental Assessment, BSAI Amendment 18, Section 2.3.2.

comprat2

Figure 1. Weighted average FOB Alaska prices for medium H&G cod harvested by U.S. factory trawl and longline vessels and sold at the Japanese Ishinomaki market



Richard Lauber, chairman
NPFMC

December 30, 1992

Dear Sirs;

I am concerned that the options selected for comprehensive rationalization do not necessarily incorporate the commitment to the policies agreed to by the President of the United States signed June 14 1992 at UNCED in Agenda 21. Specifically 17.46 (c) "Promote the development and use of selective gear and practices that minimize waste of catch of target species and minimizes bycatch of non-target species." It appears that the Council's recent adoption of IFQs for halibut and sablefish will institutionalize a non-selective gear type for the harvest of sablefish in the Gulf of Alaska. That is a fishery for which adequate selective gear is available but has been ignored. I realize the political decision that was made in Amendment 14 is on your mind but that was before the US government committed itself and the rest of the world to a different set of principals. You now must consider the Agenda 21 protocols when developing all fishery policies or you violate the commitment of our nation. There is at least 750 metric tons of reported halibut mortality in the sablefish and P. cod fisheries which is unnecessary because the resource could be effectively, efficiently, and safely harvested using pots which would effectively reduce this waste to zero. The mortality on other non target species such as skate, arrowtooth, rockfish, and are similarly unacceptable. Pots would eliminate almost all this bycatch.

Whatever system for comprehensive rationalization you choose should institute use of selective gear for each fishery in accordance with UNCED protocols : 17.45, 17.46c, 17.72, 17.75 d; 17.79 e.

Sincerely,

Paul K. Seaton

Paul K. Seaton
58360 Bruce Drive
Homer, Alaska 99603
ph & fax 907 235-6342

Harold Sparck
4401 Roland Avenue #402
Baltimore, MD 21210-2725
P/F 410-243-3140
December 1, 1992

Mr. Rick Lauber, Chair
North Pacific Fisheries Management Council
P.O. Box 103136
Anchorage, AK 99501

Re: Council's Comprehensive Rationalization Paper

Dear Rick,

I wish to thank the NPFMC for the opportunity to testify at its Seattle meeting, Friday, November 12 on the staff's "North Pacific Groundfish and Crab: A Review of Management Options for Comprehensive Rationalization" (hereafter "paper").

I assume the Council developed the paper to accomplish two ends. The NPFMC's first end is to set its internal house in order after 1995. Based on performance to date and strength of future direction, the second end seeks individual consideration of the NPFMC by a national audience of DC based interests, Congress, and the new Administration.

If my assumptions are correct, I believe the paper requires more work to meet these ends. The paper is a one dimensional reflection from a mirror of what the Council's fisheries are now rather then a three dimensional vision of what they could be. The paper neither protects the Council's political interests, nor discusses opportunity costs of future management options. In predicting a post-1995 Alaskan EEZ IFQ fishery, the paper neglects other Magnuson Fisheries Conservation and Management Act (MFCMA) national marine resource values.

An alternate premise for Council consideration is development of the CRP paper to achieve the Council #1 Goal, the transition of the current individual commercial species approach to ecosystem management. There is a wealth of past Council discussion and policy statements to draw from in rationalizing ecosystem management.

Time management realities impose national evaluation before internal order. The Congress must consider re-authorization of the Endangered Species Act (ESA), the Marine Mammal Protection Act (MMPA), and the MFCMA beginning in 1993. The central question in each of these marine laws is whether the eight councils, charged with ecosystem management of the nation's oceans, have successfully met the challenge of stewardship. A subset of this question is how many of these councils even tried to look beyond the commercial

fishery.

For those within the NPFMC family, increasing ABCs among most species and a profitable EEZ fishery suggest a productive ocean and prudent Council decisions. These examples benefit the NPFMC's image as a responsive and forward thinking fish regulator.

Those beyond the Council family judge performance to date and future direction by different standards. One question is how well does the NPFMC balances competition among monetized competitors, and between monetized and non-monetized marine resources? Another question is whether the Council promoted over-capitalization? A third question involves an ecosystem cause, effect, and response parable. Did the Council act promptly to test the potential relationship between the olympic system and unexplained declines of some fish stocks, marine mammals, and fish eating seabirds?

D.C. based conservation, consumer, and sportsfishing groups normally absent at NPFMC meetings will ask these questions during Congressional re-authorizations. Based on experiences with other councils, these economic classes of marine user considers federal fishermen as only one of many federal EEZ interests. Their combined issues agenda includes eco-system management, habitat conservation, fish bycatch and waste, fish quality, sport allocations, and rents.

The Center for Marine Conservation consortium has formed an umbrella conservation group for the re-authorizations. Expected policy preferences of the new Administration may bring consumer groups into the conservation alliance. Regional sportscharter and sportfishing groups have pledged to unite on allocation.

These questions and issues are either not addressed, or dismissed as insignificant in the paper. For example, the paper cites conservation as a "constraint" on the commercial fisheries in several instances, and not a necessary cost of doing business with the nation's resources. A second example is bycatch. The paper states on page 1:

> "..mechanism for allocating bycatch species has become as critical as that of allocating groundfish species. Therefore, a comprehensive management program for the groundfish and crab fisheries is expected to address bycatch management."

The paper then suggests in the next paragraph that the Council has addressed the bycatch issue, as demonstrated by its continuing efforts to change bycatch management regimes. If my reading is correct, the paper subsumes waste within bycatch. However, once identified, consideration of bycatch and waste drop from the text. The paper excludes discussions of limits, practices, and alternatives for Prohibited Species Bycatch (PSC), discard of immature commercial species, harvest of commercial species when no market exists, and discard of capped species.

If the NPFMC's text remains its official view, Alaskan EEZ fisheries can be sure of several results in Congress:

- conservation groups including the NPFMC with the other anti-environmental Councils.
- Alaskan and Pacific Northwest sportsmen uniting to join their national brethren to seek a distinct allocation criteria.
- the new Administration picturing the NPFMC as unresponsive to marine conservation goals of the nation.

The NPFMC can place itself ahead of curve of public questions about its management of the North Pacific ecosystem and commercial fisheries by substituting Goal #1 for the paper's commercial fishing premise. Describing the transition from fish to ecosystem management would address each question and issue. The paper will then become the model for national discussions of groundfish policy, separating the NPFMC from other councils.

Rents are a second issue the Council must recognize. Their application will increase producer cost, reduce producer surplus, and challenge participation at the margin. The issue is pertinent, given the Administration and Congress's need to deal with the deficit and raise revenue to pay for new programs. If the NPFMC regards rents as unwarranted, it should explain its view in concert with its picture of future ecosystem management.

An additional note on this part of the paper is the **License Limitation** discussion on page 21. A legal responsibility of government to repurchase permits is discussed. The paper then describes the State of Alaska Commercial Fisheries permit system procedures as its buy-back example. Although the paper does not say so, the CFEC reference implies a buy-back mandate. The staff should contact the State of Alaska's Attorney General or Commercial Fisheries Entry Commission authorities for their legal opinion. In my most recent reading of the 1972 legislation, the Legislature retained its right to revoke permits. CFEC permits are a transferable use right within a market system, an IQ option the paper does not consider.

The last section of the report considers policy alternatives and evaluation of these alternatives awkwardly. The paper concludes that TEQs are the only policy tool that achieves the Council's management objectives. The paper does not attempt to "mix and match" allocative variations. Nor does the paper consider opportunity costs of a preferred alternative over a competing management concept.

Within this section, I find the discussion of Community Development Quotas too negative. The paper is correct that CDQ's

are not an end in themselves. It identifies CDQs as redistribution, presents them as an "either...or" management alternative, and concludes they exist at the expense of net national efficiency. The paper pictures CDQs as a "failed" national economic development tool before they even begin. Examples of suggested CDQ efficiency and equity are absent. Based on this paper, the NPFMC should exclude CDQs from further CRP consideration.

Yet, the Council has persistently identified benefitting small communities as one of its allocative goals. The State of Washington's obligatory member first proposed CDQs. The Council approved the CDQ concept as part of its commitment to small communities with multi-state backing. With support from the entire Council family, the State was successful in expediting Federal rule making to allow a 1992 CDQ fishery.

In July, 1993, the Council will have another chance to review the Governor of Alaska's decision criteria for the 1994-95 CDQ application period. This analyses will include a review of the 1992-93 CDQ successes to date. The working time frame of CDQs duplicates the CRP process. Council monitoring of State and participant progress will be a timely test of CDQs meeting the Council's small community goal.

Thank you again for this opportunity to respond.

in peace,

harold sparck

File:NPFMC-11.92

To: North Pacific Fishery Management Council Members
From: Chris Blackburn, Dave Fraser, Kate Graham, Steve Hughes, Bert Larkins, Beth Stewart
Date: 3 November 1992
Re: Comprehensive Rationalization

In anticipation of your upcoming committee-of-the-whole meeting, representatives of trawl associations met to discuss comprehensive rationalization of the fisheries under your jurisdiction. Because the staff document indicated ITQs as the preferred option, the trawl groups focused on the elements we consider critical. We were greatly assisted by the memo Bob Alverson sent out on October 14th, and used that as the agenda for our first meeting.

We first met (without Beth Stewart) on October 19th and created a rather long list of points of agreement, which we then took to our respective associations for their comments. On October 30th we met again to learn whether there were still any items our groups could agree on. The attached list is the result. We assume you will be as surprised as we are to see how lengthy it is.

Where there were points of disagreement, we defined a range of options we would like you to consider.

So that we can evaluate the impact of various proposals, it is critical that NMFS provide official catch data as soon as possible. Specifically, what we need is the annual aggregate catch within each category of DAH for all years back to 1976. Within DAP, it would be useful to have it broken down by processing mode - for analytical purposes, not for allocation. We also ask that you delay selecting allocation options for analysis until the industry has had a chance to use the data to determine the effects of the different options.

We hope you will find our work helpful in your meeting November 12-13. We will all be available at that time to discuss it with you further.

We would also like to take this opportunity to thank you for addressing this topic which is of utmost importance to all those we represent. We believe it is imperative that order be brought to the commercial fisheries of the North Pacific, upon which so many livelihoods depend.

TRAWL GROUPS MEETING: COMPREHENSIVE RATIONALIZATION

30 October 1992
In attendance:

Chris Blackburn, AGDB	Bert Larkins, AFTA
Dave Fraser, AIF	Beth Stewart, AEB
Kate Graham, AHSFA	Mike Szymanski, FCA (observer)
Steve Hughes, MTC	

Points of Agreement:

If ITQs are determined to be the best approach, we recommend the following:

1. ITQs will be awarded to:
   a) the owner of a vessel at the time the ITQ was earned
   b) the owner of a vessel at the time the ITQ is issued

The provisions in the moratorium regarding eligibility and lost or destroyed vessels should apply.

2. The qualifying period will end with June 24, 1992, and begin:
   a) 1980
   b) 1986
   c) whenever government records start (1983?)
   d) 1976 (passage of MFCMA)

No catch histories will accrue after June 24, 1992. Criteria for credit may be different for the early years of the fishery.

3. PSCs must be included in the program. Caps and regulations would still apply. Boats should be allowed to pool their PSC ITQs during a season.

4. To award ITQs, the target species will be identified, then NMFS will stipulate the average species composition including PSCs for each target. ITQs will be issued based on these proportions.

5. All species under Council jurisdiction should be included and treated by species assemblages where appropriate. Groundfish target species are: pollock, cod, Atka mackerel, rockfish, O. flats, and yellowfin sole and rock sole (BSAI) or deep flats and shallow flats (GOA). Bycatch only species are: sablefish, Greenland turbot, idiots.

6. A quota share history should be based on the total DAH catch, rather than on the TAC.

7. ITQs should be awarded based on total catch, rather than processed product. They should be used for total catch, rather than retained catch.

8. ITQs should be awarded for the area they were earned in (BSAI, or BS and AI; GOA by subareas), to be used in proportion to current subarea TACs.

9. Regarding limitations on transferability:
   a) there should be no limitations on transferability except for a "use it or lose it" provision: if after a three-year period the ITQs have not been used. it is a rebuttable presumption that the holder no longer wishes to own them

b) ITQs may be transferred only to a vessel owner
c) ITQs may be transferred only to a vessel owner, a local government, or a tribal council

10. There should be an initial moratorium on sales of ITQs for 3 years (with a specific sunset date). Leasing of ITQs will still be allowed during this period.

11. There should be no waiting period on transfers or leases other than the minimum needed for administrative/enforcement purposes.

12. Penalties for harvesting more than the ITQs held should be very severe.

13. There should be no inshore/offshore limitations or exclusive registration areas.

14. There should be no provision for CDQs; communities can buy or lease as much ITQ as they want.

15. ITQs should be issued by species, irrespective of vessel class or gear.

16. Range of allocation options:
a) no weighting - use DAH catch history during qualifying period
b) weight by processing mode (no differentiation between American processing modes)
A. JVP catches have greater weight than DAP
B. DAP catches have greater weight than JVP
c) weight by time
A. greater weight for catches made during early period (e.g. 1983-87)
B. greater weight for catches made during later period (e.g. 1988-92)

This is not an exhaustive list, and any combination of these may be used. Possible examples:

I. ___% total catch over qualifying period
___% average of best 2-3 years

II. ___% JVP catch history
___% DAP catch history

III. ___% of catch from 1990-1992
___% of catch from 1983-1989

IV. ___% total catch* from 1990-1992, divided by 2.5
___% total catch* from 1987-1989, divided by 3
___% total catch* from 1983-1986, divided by 4
allocation is the sum of all three categories

*figured as a percentage of the average DAH for those years

Rationale for selected points:

1. To some extent, our difference of opinion centered around questions of legality. In general, we want a trouble-free system, with quota shares awarded as much as possible to genuine participants. We do not want ITQs awarded to previous foreign owners or to insurance companies or banks. On the other hand, we don't want to see someone lose years of catch history because he decided to upgrade his operation. We intend to consult NOAA General Counsel regarding the dilemma.

3. The idea of pooling PSC ITQs was suggested last year by NMFS. The ability to do this could give fishermen more flexibility without in any way circumventing the caps.

4. Adequate records of exact quantities of species delivered for processing, particularly during JVs, aren't available. We thought this method would prove fair for everyone and be the simplest to implement.

5. The list of species is not intended to be limiting, but instead to illustrate our thinking.

6. The TAC for many years will include TALFF. We think a fisherman should get credit for his portion of the domestic harvest.

10. We considered a range of 2-5 years, but decided a 3-year moratorium makes the most sense. The point is that we don't expect the initial program to be perfect and assume we will want to make modifications. This will be nearly impossible once people have paid (perhaps large) sums of money to buy ITQs.

11. & 12. We want this program to be as flexible as possible, and if it is there will be little excuse for overruns.

Problems or confusion could arise at a number of points. Some that we have identified are:

1. The 1992 pollock B season was conducted differently by the inshore and offshore fleets, making the June 24th cut-off date inequitable. (An easy solution would be to change the cut-off for BSAI pollock to the end of the A season.)

2. After initial allocation of ITQ but before the program actually begins, a trading period (trades only, not sales or leases) could be allowed: many fishermen have early catch histories for species or areas they now have no interest in.

3. GOA flatfish has only recently been split into deep and shallow categories. Fishermen will be unable to provide records showing the breakdown in earlier years.

4. NMFS has recently formed the opinion that the North American Free Trade Agreement (if approved) will apply to ITQs. This would mean that citizens of Canada and Mexico would be allowed to own ITQ. NMFS does not believe, however, that NAFTA will supersede the Jones Act. This might be an argument in favor of limiting transferability to vessel owners.

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5303 Shilshole Ave. NW, Seattle, WA 98107 • (206) 783-3818 • Fax: (206) 782-7195
Domestic Sales: (206) 783-3474 • Fax: (206) 782-7246
Export Sales: (206) 783-3818 • Fax: (206) 782-7195

January 13, 1993

Robert D. Alverson
Fishing Vessel Owners' Association
Fishermen's Terminal
Building C-3, Room 232
Seattle, Washington 98119

Dear Bob:

The Comprehensive Planning Committee is meeting on January 17th to choose which alternatives to analyze for rationalization of the groundfish fisheries. It is clear that an Individual Transferrable Quota ("ITQ") system will be part of that analysis. I am writing to urge that the committee recommend analysis of allocating ITQs to investors in both harvesting and processing capacity.

The allocation of ITQs is not merely an awarding of fish, but an allocation of the the entire wealth of the resource. The holders of quota shares receive all of the economic rent from the fishery. I have not heard any logical rationale for allocating all of this economic rent to investors in one sector of the seafood industry (fishing capacity) and not investors in the other sector of the industry (processing capacity).

Chris Riley and I have drafted a short hypothetical model, based loosely on basic parameters of the pollock fishery, to try and determine how the transition between an open access and private property regime impacts existing investments. The value of investments made in the open access fishery decrease by over 75% when the fishery is privatized. Much of this decrease in value is actually a transfer from the investors of capital to the quota share holders. If the quota shares are allocated entirely to investors in harvesting capacity, not only would they receive all of the economic rent from the fishery, they would be given the right to use, for free, a portion of the investments made by processors.

I believe it is important that the Council analyze the allocation of ITQs to investors in both the harvesting and processing sectors. I have outlined this argument in greater detail in the attached paper and would be grateful if it were discussed at the Comprehensive Planning Committee meeting this Sunday.

Sincerely,

Joseph T. Plesha
General Counsel

Akutan Plant
Pouch 77
Akutan, AK 99553
(907) 698-2211
Fax: (907) 698-2256

Anacortes Plant
P.O. Box 954
Anacortes, WA 98221
(206) 293-7701
Fax: (206) 293-0185

Anchorage Office
1589 S. Bragaw, #101
Anchorage, AK 99508
(907) 333-4434
Fax: (907) 338-1126

Bellingham Plant
P.O. Box 427
Bellingham, WA 98225
(206) 734-9800
Fax: (206) 671-0918

Clarks Point Plant
General Delivery
Clarks Point, AK 99569
(907) 236-1204
Fax: (907) 236-1206

Dutch Harbor Office
Pouch 508
Dutch Harbor, AK 99692
(907) 581-1261
Fax: (907) 581-1432

Sand Point Plant
Box 229
Sand Point, AK 99661
(907) 383-4848
Fax: (907) 383-4846

South Naknek Cannery
Box 70004
South Naknek, AK 99670
(907) 246-6518
Fax: (907) 246-6568

The Allocation of Individual Transferrable Quotas to Investors in the Seafood Industry of the North Pacific

A. Impact of Privatization of Fishery Resources on Investors in the Industry

1. Investments Made in the Open Access Fishery

During the 1980's the domestic seafood industry was strongly encouraged to invest in the groundfish fisheries of the North Pacific. Promotion of "Americanization" was accomplished through the Magnuson Act's preferential fishery allocation to the domestic industry, the "fish and chips" policy of fishery allocations to foreign nations, Federal government guaranteed loans and tax deferrals, and State of Alaska raw fish tax rebates. With this impetus, investments were made in an open access fishery management regime and the major groundfish species became fully utilized by the domestic seafood industry. The North Pacific Fishery Management Council is now considering privatizing the fishery resources off Alaska with implementation of an Individual Transferable Quota ("ITQ") system.

There are two basic types of investments made in the primary production of seafood; investments in harvesting capacity and investments in processing capacity.[1] To follow is a hypothetical example to help demonstrate some of the impacts an ITQ system will have on the existing investors in the open access fishery.

The first chart is a basic industry profile showing the hypothetical operating characteristics of each sector and the characteristics of the fishery they prosecute.

Basic Production Profile

1.	*Fishing Vessels*	
	Vessel Cost	$5,000,000
	Annual Capital Cost	$500,000
	Annual Depreciation	$500,000
	Variable Cost ($/mt)	100
	Catch Rate (mt/day)	68.5

[1] Fish are highly perishable before being processed into a primary product. Investors in fishing vessels and primary processing capacity have made those investments based on the requirement that fish be handled quickly, i.e. these investors have invested in the "race to fish" caused by the open access fishery management regime. Investors in secondary processing of seafood, on the other hand, have not made their investments based upon the "race to fish" caused by open access. Secondary processors have not overcapitalized as a result of the existing management regime and will not be adversely impacted, therefore, by the privatization of fishery resources. Being that secondary processors are consumers of processed seafood, their investments may benefit if the utilization of fishery resources is increased through privatization.

2.	*Processing Plants*	
	Plant Cost	$50,000,000
	Annual Capital Cost	$5,000,000
	Annual Depreciation	$5,000,000
	Variable Cost ($/round mt)	$100 (Excluding fish cost)
	Processing Rate (mt/round weight)	685
	Product value ($/round weight equivalent mt)	$400
3.	*Annual Harvest (mt)*	1,000,000

The fishing and processing operations shown above would reach an open access equilibrium in a 1,000,000 mt a year fishery with 100 fishing vessels delivering to 10 processing plants in a 146 day per year fishing season. The following table shows the operating characteristics of that open access fishery in an equilibrium condition.

Open Access Equilibrium Condition

1.	*Fishing Vessels — 100*	
	Income	
	1,000,000 mt harvest @ $200/mt	$200,000,000
	Costs	
	Variable Costs	$100,000,000
	Capital Cost	$50,000,000
	Depreciation	$50,000,000
	Total Cost	$200,000,000
	Net Revenue	$0
2.	*Processing Plants — 10*	
	Income	
	1,000,000 mt harvest @ $400/mt (round weight equivalent)	$400,000,000
	Costs	
	Fish Cost	$200,000,000
	Variable Processing Cost	$100,000,000
	Capital Costs	$50,000,000
	Depreciation	$50,000,000
	Total Cost	$400,000,000
3.	*Net Revenue*	$0

2. *Benefits of Privatizing Fishery Resources*

Under open access equilibrium, shown above, both sectors are covering all costs, yet neither sector is earning economic rent from the resource. (Note: Individual operators may, of course, be receiving quasi-rents because of their fishing skills, plant locations or marketing skills, etc..) From the viewpoint of society as a whole, the fishery may be utilized just as effectively by 40 vessels delivering to 4 processing plants, 365 days of the year. This would result in the elimination of 60% of the capital and depreciation costs, for an annual savings (over the open access equilibrium) of $120,000,000. The 1,000,000 metric ton fishery would generate, then, $120 per metric ton of economic rent.

Private Property Equilibrium Condition

1.	*Fishing Vessels — 40*	
	Income	
	1,000,000 mt harvest @ $140/mt	$140,000,000
	Costs	
	Variable Costs	$100,000,000
	Capital Cost	$20,000,000
	Depreciation	$20,000,000
	Total Cost	$140,000,000
	Net Revenue	$0
2.	*Processing Plants — 4*	
	Income	Income
	1,000,000 mt harvest @ $400/mt (round weight equivalent)	$400,000,000
	Costs	
	Fishing Rights	$120,000,000
	Fish Cost	$140,000,000
	Variable Processing Cost	$100,000,000
	Capital Costs	$20,000,000
	Depreciation	$20,000,000
	Total Cost	$400,000,000
3.	*Net Revenue*	$0
4.	*Quota Holder Income*	$120,000,000

A comparison between open access equilibrium and private property equilibrium conditions show the benefit that is expected from fishery privatization. In an open access fishery, society receives $400,000,000 worth of fishery products in exchange for $400,000,000 worth of resources. In a private property fishery, society receives $400,000,000 worth of fishery products in exchange for $280,000,000 worth of resources. In the example above, all of the societal benefits are captured by the ITQ quota holders. (In reality, the government would impose a tax on at least a portion of those rents.)

3. *Impacts of Privatization on Existing Investments.*

The potential benefits of privatized fisheries have been frequently studied. There has been little serious examination, however, of the economic impacts on existing investments in the industry during the transition between open access and privatized fisheries. In a heavily overcapitalized fishery that is capital intensive, and where that capital is both relatively durable and specific to the fishery involved, the owners of that capital should expect significant losses during the transition between the open access and privatized fishery equilibrium conditions.

In this hypothetical example, I have assumed that the quota holders neither harvest nor process fish, but instead contract for these services separately. (The results would be the same, however, no matter which group held quota.) I also assume that there are no alternative uses for either the fishing vessels or the processing plants. While this may be very nearly true for pollock processing plants, fishing vessels may have some alternative uses, such that their opportunity cost more closely approaches the actual earnings they receive from fishing pollock.

A holder of quota would have to contract with a fishing vessel owner to have that quota harvested. Under open access equilibrium 100 boats delivered to 10 plants 1,000,000 mt of fish in a 146 day season. This would mean that immediately after the fishery is privatized, the fleet would be capable of harvesting at 2.5 times the rate necessary to harvest the quota. Under the initial privatization of the fishery, there would be two and one half boats competing for one fishing position. The fishing fleet would likely bid the price down from the average costs ($200/mt) to something very close to the variable cost ($100/mt).

The same is true for processing services. The oversupply of processing plants will cause this group to bid up the price of delivered fish to the point where it equals the value of the finished product minus the variable processing costs ($400 - $100 = $300/mt). The quota holder is therefore able to generate $200 in net revenue from each metric ton of fish, or approximately $80 per metric ton more than the quota holder will be able to generate when the fishery reaches the private property equilibrium state.

This $80 per metric ton is a transfer from the owners of the capital investments in the vessels and plants to the quota holders. In effect, immediately after the ITQ system is in place, the owners of quota receive, along with the fishing rights and the corresponding economic rent from the fishery, the right to use other peoples property for free!

Open Access to Private Property Transition Period Disequilibrium

1. Fishing Vessels — 100 (Initially)

Income	
1,000,000 mt harvest @ $100/mt	$100,000,000
Costs	
Variable Costs	$100,000,000
Capital Cost	$50,000,000
Depreciation	$50,000,000
Total Cost	$200,000,000
Net Revenue	($100,000,000)

2.	*Processing Plants — 10 (Initially)*	
	Income	
	1,000,000 mt harvest @ $400/mt (round weight equivalent)	$400,000,000
	Costs	
	Fish Cost @ $100/mt	$100,000,000
	Fishing Rights @ $200/mt	$200,000,000
	Variable Processing Cost	$100,000,000
	Capital Costs	$50,000,000
	Depreciation	$50,000,000
	Total Cost	$500,000,000
	Net Revenue	($100,000,000)
3.	*Quota Holder Income*	$200,000,000

Investors in processing plants and fishing vessels will suffer enormous losses during the transition between open access and private property fisheries. These losses reflect the fact that they can no longer expect to receive any return on that portion of capital in excess of the amount "appropriate" for the fishery in question. They also cannot expect to receive any return on that portion of capital that is appropriate until such time as all the "excess" capital has either left the fishery for other employment or simply becomes worn out.

I have tried to quantify the loss that may be suffered by investors of capital in our hypothetical example. The loss to investors as a result of the change from an open access to a privatized fishery is estimated by taking the initial (open access) investment value, the portion of the capital that is appropriate for a privatized fishery and the point in time when the owners of the capital can expect to begin to receive a return on the "appropriate" portion of capital.

In the hypothetical example, the total value of investments under open access is assumed to be $1,000,000,000, and the portion of the capital that is appropriate to prosecute the resource in a private property fishery was assumed to be 40%. In order to estimate the time period after which investors can expect to begin to receive a return on the appropriate portion of capital, I assume that none of the capital leaves the fishery for other employment and that 10% of the original capital is consumed each year. In that 60% of the capital is in "excess" of the appropriate amount needed to efficiently utilize the resource, the transition period from an open access equilibrium to a private property equilibrium is six years (if you assume 10% of the capital wearing out each year).

At a ten percent discount rate the $1,000,000,000 initial capital that vessel and plant owners invested in the open access fishery will have a net present value of only $225,789,972 when the fishery is privatized.[2]

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[2] NPV after privatization = $1,000,000,000 x 40% x $[1/(1+10\%)^6]$ = $225,789,972.

B. NEED FOR ALLOCATIONS OF ITQ TO BOTH SECTORS OF THE INDUSTRY.

1. Rationale for Allocations to Investments Made in the Seafood Industry

The only reason for giving allocations of ITQ to participants in the seafood industry at all (as opposed to the general public) is as a reward for prior investments of capital in the open access fishery, or as compensation for the decreased value that capital investments will suffer when the fishery is privatized. With either rationale, however, there is no basis for awarding allocations of ITQ to investments in the harvesting sector and not the processing sector.[3]

In the above hypothetical example, investors of capital in an open access fishery lose over 75% of the value of their investments. Under the current proposals being examined by the North Pacific Council, investors in fishing vessels are compensated for this enormous loss by the receipt of ITQs. There is no reason why investors in processing capacity should not also be compensated for the loss in value of their investments.

2. Legal Considerations

The Magnuson Act states that in establishing a system for limiting access to the fishery the council and the Secretary must take into account the "present participation in the fishery" (16 USC §1853(b)(6)(A)). It is clear that this provision would require that the impact of any ITQ allocation on the processing sector also be considered before initial allocations are made. Congress would otherwise have stated that establishment of a limited access system need only consider participation by "fishing vessels" in the fishery, or some other more narrowly drawn requirement.

The Secretary of Commerce cannot be arbitrary and capricious in the awarding of ITQs. There is no rationale for allocating ITQs to investors in fishing capacity and not processing capacity. The one reason that has been expressed for allocating ITQs to only fishing vessel owners is that, under an open access system, the fish become "privatized" when they are first harvested. Therefore, the argument goes, ITQs should be initially allocated to the fishing vessel. This argument is nonsense. Nothing further need be said than that the fishing vessel (or its owner) does not own the fish when they are harvested—the fishery permit holder owns the fish. Even in the case of factory trawlers, who process their own catch, technically the permit holder transfers ownership of the harvested fish to the vessel for processing. The permit holder typically has no ownership interest in the vessel, but instead is an employee of the owners of the vessel. Further, the initial distribution of ITQs allocate the economic rent from the fishery resources, not just fish. There is no argument which rationally would allow allocations of rent to one segment of capital investment in the industry, but exclude another sector of capital investment in the industry. It would be just

[3] Even an auction of the resource to the highest bidder would not compensate those who have invested capital in an open access fishery only to have the value of that investment greatly decreased through privatization.

as rational to give the allocation of ITQs to owners of red painted vessels only, instead of the owners of vessels painted any other color.

It has also been said that allocations of ITQ have been made only to fishing vessel owners because of political expediency or, more appropriately stated, because of some social benefits. There may arguably be social benefits from lifestyle fisheries where the vessel owner is the master of the vessel and there is a community infrastructure built around the the skipper/owner returning home to his family after each fishing trip. But the groundfish fisheries of the North Pacific are different. The vast majority of the investments in groundfish fishing vessels (whether it be a factory trawler or inshore harvester) have been made by individuals who do not work on the vessels. Most of the capital that was invested in these fishing vessels was for the purpose of securing a potential return and was not invested as a means of assuring employment or a specific fishing lifestyle.

There is also a Fifth Amendment "taking" issue if the allocation of ITQs is given only to the owners of fishing vessels. It may seem odd to allege a taking when the government is creating private property from a common property resource; however, taking may result from non-acquisitive regulations. The State and Federal governments strongly encouraged investment in the processing sector, even to the extent of guaranteeing loans to build processing facilities. Clearly the economic impact of ITQs being allocated only to owners of fishing assets will be devastating to the value of processing plants in Alaska. Not only would the value of capital investments be diminished under an ITQ system, but a portion of the economic rent from that capital is appropriated by the recipients of the fishing quotas. There is not a wide variety of the public benefitted by the adoption of an ITQ system and, in fact, the beneficiaries are easily identified as the quota holders. The public good is not served in any apparent reason by giving the economic value of the resource to one sector while excluding another.

DRAFT

Summary of the
Comprehensive Planning Committee Meeting
January 17, 1993
Anchorage, AK

The Comprehensive Planning Committee for the North Pacific Fishery Management Council met on Sunday, January 17, 1993 at the Hilton Hotel in downtown Anchorage. Members in attendance were:

Robert Alverson (Chair)	Ronald Hegge	Ron Berg
Linda Behnken	Richard Lauber	Wally Pereyra
Oscar Dyson	Al Millikan	Clem Tillion
Robert Mace	Henry Mitchell	Capt. Bill Anderson

The meeting was called to order by Chairman Bob Alverson, and an overview of the meeting agenda was presented by Clarence Pautzke. The Committee then received a staff report outlining the Comprehensive Planning process.

Staff Report

The Committee was presented with a report from staff which outlined an overall approach for the comprehensive planning process consisting of two major parts: (1) deciding on the major alternatives for comprehensive rationalization of the fisheries and initiating the analysis after the January meeting, and, (2) based on preliminary analyses, Committee interaction over the next few months, and industry input, developing the specific elements and options within the major alternatives.

To facilitate the Committee's primary decision at this meeting, the major alternatives for in-depth analysis, staff presented a comparison of the alternatives to the 14 problems stated in the Committee's Problem Statement which was developed at their November 1992 meeting. Each alternative was evaluated as to its ability to alleviate each of the 14 stated problems. The Committee, as well as the public in attendance and the Council's Advisory Panel, were invited to make the same comparisons as staff. These comparisons have been tabulated and the overall results were quite consistent with those presented by staff.

The second half of the staff report dealt primarily with data and analytical approaches, and a process for developing the specific elements and options, such as allocation criteria. This part of the report was held in abeyance until the Committee reached a decision on the primary alternatives for analysis.

Public Testimony

The Committee then received public testimony, with the intent of reaching a decision on the major alternatives prior to proceeding to the next phase of the comprehensive planning process. Much of the industry testimony was focused on the issue of data availability, particularly relative to the development of the specific elements and options within the IFQ alternative. The theme of the comments was that a comprehensive data base, as requested in November, be developed and made available to industry and the Committee prior to any decisions on the specific sub-alternatives to be included in the analysis. Other comments were directly related to the issue of the major alternatives to be analyzed, such as whether license limitation should be included as alternative and whether IFQs were a viable alternative to address all of the problems identified.

Committee Action

The Committee then began discussions based on the staff reports and on public testimony. One concern expressed by the Committee, relative to the entire comprehensive planning process, was that the 'ground rules' for the process by clearly defined before we get too far down the road. For example, the legal parameters surrounding allocation of fishing rights needs to be clarified and the criteria by which the Secretary of Commerce will review a Council recommendation need to be known in advance of Council action.

The Committee then unanimously approved a motion that staff proceed with development of three major alternatives in the analysis:

1. Status Quo - this alternative is defined as the regulatory management regime currently in existence. Various traditional management tools would not be extensively analyzed in a quantitative manner. The Committee acknowledged that such management tools could be developed and implemented in a relatively short time if an impasse is reached on the limited entry alternatives in 1994.

2. License Limitation - for both groundfish and crab.

3. IFQs - this would include consideration of IFQs for target, bycatch and PSC species, and would include options for transferability vs. non-transferability. Auctions are deleted as an option for allocation.

Any of the major alternatives above may include consideration of Community Development Quotas (CDQs).

The Committee also unanimously approved a motion that staff provide to industry and the Committee the following data base (for all years back to 1976 and through 1992, for all species, for all management areas for which keypunched data exist):

1. Total ABCs, TACs and catch
2. Catch broken down by JVP/DAP
3. DAP catch further broken down by the categories of catcher, catcher/processor, shoreside delivery, mothership.
4. By major gear type.
5. By vessel size categories as practicable.
6. In terms of retained catch.
7. The Committee also requested economic data on different contributions of JV and DAP sectors and of foregone catches when JV catcher vessels shifted to DAP deliveries even under limited market opportunities.

Staff advised that such a data base aggregation could be provided in a relatively short time, and would likely differ only slightly from the final data base developed which will be based on examination of individual vessel records.

The Committee took no further specific actions, but stressed the necessity of making the requested data base available so that the Committee and industry, in coordination with the staff, can begin development of the specific elements and options for consideration within the major alternatives identified by the Committee.

DRAFT AGENDA
Comprehensive Planning Committee
January 17, 1993
Anchorage, Alaska

I. Staff Presentation of Comprehensive Planning Process (Part 1)

1. Overview

A. recap of where we've been and what we need to accomplish at this meeting
B. structure of presentation
1. getting to the alternatives for analysis
2. determination of allocation criteria

2. Identification of management alternatives

A. suite of alternatives from inshore/offshore motion
B. summary of industry comments and recommendations

3. Match management alternatives to identified problems

II. Public testimony on major alternatives for analysis

III. Committee decision on major alternatives for analysis

IV. Staff Presentation (Part 2)

1. Further detail regarding individual accountability alternatives

A. Auction vs. direct allocations
B. Target vs PSC species
C. Who receives allocation
D. Allocation criteria
E. Description of data from November Committee request
F. Straw-man alternatives for initial quantitative analysis

2. The process from here

A. timelines for analyses after January (will provide specific timelines for initial analyses, finalization of alternatives, and Council decision)
B. description of analytical approaches to be used including measures of economic and social impacts; also describe models and other analytical tools to be used.
C. description of available data including shortcomings, limitations, and costs of obtaining additional data

V. Public testimony

VI. Committee decision on specific elements and option for major alternatives

VII. Staff tasking, data needs, and schedule

(any further discussion or direction on data needs, scope of the analyses, and major time lines for the analysis)

VIII. Future Committee Activities

MEMORANDUM

TO: Comprehensive Planning Committee

FROM: Clarence G. Pautzke
Executive Director

DATE: January 15, 1993

SUBJECT: January 17 Committee meeting

Where we've been

The Comprehensive Rationalization Planning process, identified with the passage of the inshore/offshore amendment, formally commenced with your first meeting on November 12-13 in Seattle. At that meeting the Committee heard presentations from Drs. Lee Anderson and Dan Huppert on the general principles of ITQ fisheries management programs. The Committee also reviewed a discussion paper prepared by Dr. Russell Harding and other Council and NMFS staff. This discussion paper was a qualitative analysis intended to foster discussion and industry comment on which alternatives might be best suited to addressing the problems identified in the fisheries.

At the meeting last November, the Committee took an important step in this process by developing a problem statement to be addressed by the Comprehensive Rationalization Plan (CRP). That problem statement contains an overview of the Council's overriding goals for this process and identifies 14 specific problems to be addressed (See Attachment 1)

We will come back to the specific problem statements in detail later in this meeting. The Committee also requested specific data to be developed by staff and presented at this meeting. We were requested to "collect and assimilate a comprehensive data set necessary to develop and comprehensive rationalization program. Such a data set should include all catch histories and processing data for the years 1976 to June of 1992. These data should be presented by gear type, fishery, species, industry sector (DAP, JVP, etc.), individual vessel catch histories, ownership by state of residence and community, and divided by GOA, BSAI, and by subarea." Staff has begun assimilation of such a data set and will provide summary information to the Committee at this meeting.

We have received written comments from most major industry sectors on the issue of comprehensive rationalization of the fisheries. Attachment 2 provides a summary of those written comments; the full comments are contained in your Council notebook under Agenda Item C-1. At the November meeting, the Committee also discussed future Committee activity, particularly in the context of making the meetings and the comprehensive planning process accessible to all segments of the industry. The Committee stressed the need to send out information and explain what the Council is doing over the next year as we progress on this issue. Comments received from industry echo the concern that industry be involved in the process to the maximum extent possible and have a major voice in the formulation of the specific alternatives to be considered.

In order for this comprehensive planning process to stay on schedule, the Council needs to identify the major alternatives for in-depth analysis. The Council will also need to settle on the elements and options of the major alternatives, but not necessarily at this meeting. The analysts on this project envision an iterative decision process to arrive at the final, specific suboptions sometime later this year. This will allow interaction with the Committee, Council, and industry during the analyses to ensure that we arrive at a feasible set of final alternatives.

Structure of this Meeting

To facilitate your decision making, we have divided the meeting into two parts which are reflected in the Draft Agenda. Part 1 deals with a fundamental decision by the Committee (Council) as to what the major alternatives will be for the in-depth, quantitative analysis. Part 2 involves fleshing out the major alternatives with specific elements and options to be analyzed within the major alternatives selected at this meeting.

For example, if IFQs are chosen as a major alternative for analysis, there are still many options to consider such as who will receive them, what species they will apply to, what the specific allocation criteria will be, and many others. When we were developing the halibut and sablefish IFQ program, we went through an iterative process which analyzed many suboptions for the overall IFQ program. Once the Committee decides on the major alternatives, staff will be prepared to present some possible 'strawman' alternatives for analysis after the January meeting. These could then be developed, with Committee and industry consultation, and based on this initial analysis, the Council could finalize a set of specific alternatives later this year, likely at the June meeting. This would allow staff to finish an analysis and stay on schedule for a Council decision in early to mid 1994.

We view the two part separation of the Committee decision process as essential. Although previous Committee meetings and much of the industry comment on this issue have focused on specific aspects of an IFQ alternative, we feel that a closer examination of all major alternatives is warranted. This is how we envisioned this process last year when we described a two-phase approach consisting of a qualitative analysis to pare down the major alternatives, followed by a quantitative analysis of as few major alternatives as possible. This is the meeting at which we need to make that cut.

The discussion paper by Dr. Harding has proven a useful tool to help the industry and the Council sift through the major alternatives by reviewing possible management alternatives relative to the goals of the Council. We hope to facilitate this process further at this meeting by making an explicit comparison of the alternatives to the 14 problems contained in the Committee's Problem Statement. After this comparison is reviewed by the Committee, we could accept industry comment on this phase of the decision process and then the Committee could decide on this level of the analysis.

Once this is accomplished, the Committee can then turn its attention to the more specific details of the analysis, such as allocation criteria, for example.

Identification of Major Management Alternatives

When the Council approved their inshore/offshore amendment, they included as part of the motion, a list of management alternatives to be considered in a rationalization of the fisheries under Council jurisdiction. Based on this list, and on comments received from industry over the past few months, we have developed the following list of major alternatives for Committee consideration. A description of each alternative is provided for reference when we began comparing each alternative to the problem statements:

Exclusive Registration-	this alternative is defined as a requirement that vessels register to fish in a specific geographic area, while giving up the right to fish in other areas.
Seasonal Allocations-	defined as distribution of specific fishery TACs by time over the fishing season.
License Limitation-	issuance of licenses (fishing privileges) to a specified set of vessels; allocation criteria is unspecified.
Gear Allocation-	assignment of harvest rights (specific % of TAC for example) to a specified gear group.
Continue inshore/offshore-	beginning in 1996, reinstate some direct % allocation of processing privileges to onshore and offshore processing interests.
CDQs	direct allocations to disadvantaged communities; assumes it is similar to previous CDQ programs.
Trip limits-	prescribing a specific poundage limit, of a given species, to a vessel for a single fishing trip; number of trips allowed is not restricted in this definition.
IFQs for PSCs-	individual fishing quotas for prohibited species only; assumed to be transferable; no assumptions made as to allocation criteria.
Non-transferable IFQs-	individual fishing quotas for all species (including PSCs) but non-transferable after initial allocation; no assumptions made as to allocation criteria.
Transferable IFQs-	individual fishing quotas for all species (including PSCs) and transferable after initial allocation; no assumptions made as to allocation criteria.
Auctions-	auction of specified amounts of the TAC (IFQs) for each species for a specified period of time; one assumption would be 5-10 years, or an average business/economic cycle; assumes that auction criteria could be designed to accommodate various Council objectives; assumes amendment of Magnuson Act.

This list is not intended to be all-inclusive. For example, there are many forms of traditional management tools which are not explicitly listed above, but fall under a general status quo alternative, which will be an 'automatic' alternative in the analysis. Included in the list above are those explicitly defined by the Council, or those which represented a recurring theme in industry comments.

Matching the Major Alternatives to the Problems

We do not have the analytical resources to study every major alternative listed. In order to narrow down the list of major alternatives to be included in an in-depth analysis, it is useful to compare the potential alternatives to the stated problems we are attempting to alleviate. This was the tack which was taken in the Harding paper previously reviewed by the Council. However, the Council has yet to really tackle this

issue and make the hard cuts so that we have a manageable set of alternatives to analyze over the next year. Our schedule for the comprehensive planning process calls for us to make that cut at this meeting. We have identified the alternatives at hand and we have identified the problems we are attempting to solve. To help the Committee make these comparisons, Council staff has developed what we hope to be a useful exercise. Each of the 14 specific problems identified in the CRP Problem Statement is individually compared to the suite of alternatives, in terms of the alternatives' ability to significantly alleviate the problem. By evaluating the alternatives in this manner, the Committee may be able to determine which alternatives do not hold promise and could be dropped from the list.

Blank worksheets are provided for the Committee and any interested audience members to make the same comparisons that we have attempted.

Identification of sub-alternatives

The previous sections dealt with narrowing down the major alternatives to a manageable list. Once this task is accomplished, we still have a nearly infinite variety of subalternatives which could be included in an analysis. For example, if we select IFQs as a major alternative, we then are faced with a variety of possibilities such as:

1. Will these IFQs be distributed via direct allocation or by auctions?

2. Will the IFQs be for target species, PSC species, fully-utilized species, or all of the above?

3. Who would be eligible to receive IFQs? Vessel owners, crewmembers, processors, etc.?

4. Would the allocation be based on catch histories or some other criteria such as vessel size?

5. If based on catch history, what should be the years of inclusion?

6. Would the above criteria apply the same to all species?

Much of the industry comment thus far has focused on these questions. The data requested by the Committee from November may be very useful in providing answers to some of these questions. It is not essential that these questions be answered finally at this point in the process. It is likely that many of the questions listed above are not data-intensive in nature and can be addressed in the initial analysis. This will allow interaction with the Committee and the industry before these subalternatives are finalized. The auction alternative, for example, is merely a way in which to allocate IFQs. Under this alternative, many of the other issues, such as who gets to receive them and what the allocation criteria are, may no longer need to be addressed.

Other issues, such as allocation based on catch history, become somewhat more difficult to assess. When the Council was developing the IFQ program for sablefish and halibut, the analyses went through several iterations where various options, mostly dealing with catch history criteria for allocation, were examined. We may be able to simplify the process somewhat as we move into the comprehensive planning process by looking at 4 or 5 'strawman' alternatives dealing with allocation criteria. These initial alternatives would be broad enough in scope to depict a diverse range of possible distributions. Obviously, different allocation criteria are going to effect industry sectors differently, in some cases significantly. One objective would be to provide an analysis of initial alternatives that would allow the Council and the industry to get a feel for how the distributions of fishing rights might fall with emphasis on various allocation criteria.

The Data

Attachment 3 provides a preliminary summary of the data requested by the Committee in November. Though this is not the completed data set to be used in the analysis, it should provide a backdrop for discussion on specific subalternatives which may be considered.

Initial Quantitative Analysis

Based on the discussions so far we anticipate the Committee proposing some specific alternatives for the initial analysis. The staff has suggested the following 'strawman' alternatives, based on an examination of the data. These strawmen are intended for discussion purposes, and are designed to focus on how alternative methods affect the differing needs of competing user groups. The strawmen also deliberately show that the allocation method chosen does not necessarily need to be the same for each species. We are not proposing these examples as definitive alternatives for Council consideration; rather, they are intended to depict example distributions based on allocation criteria which are chosen. By viewing such examples up front, the Council may be able to specify additional, or alternative, criteria which will accomplish the goals of the Council and industry. This approach may enable the Council to come to these decisions without analyses of enumerable allocation criteria.

1 Allocate pollock quota shares (QS) based on all domestic harvests from 1992 back to 1985. This will give JV participants relatively more quota shares than a scheme which depends more on recent participation. Based on the Pacfin data, 38.8% of the total domestic pollock harvest during this time period was made by joint venture vessels. Note that many joint venture participants also would get credit in recent years as domestic harvestors.

2 Allocate pollock quota shares based on all domestic harvests from 1992 back to 1989. This would give relative more QS to at-sea harvestors, than the current inshore/offshore split. At-sea harvestors would be receive about 75% of the QS. Note that this number is somewhat uncertain because some participants may have fish in both sectors during the qualification period.

3 Allocate pollock quota shares based on all domestic harvests from 1992 back to 1989 except that all onshore deliveries would be weighted at a three to one ratio. This would bring the relative QS to a 50/50 inshore/offshore split. Note however that the nature of the IFQ system would allow catcher boats to deliver their harvest to which ever sector they preferred, and given transferability, this allocation scheme does not prevent inshore nor offshore from increasing their relative position.

4 Allocate Pacific cod QS based on gear groups. Each gear group could include different years. Since there was considerable JV trawl harvests of Pacific cod the staff suggest including all harvests back to 1985, but only allocate to those who have participated since 1990. For longline and pots, include only those harvests after 1990. After calculating QS for each sector, increase total fixed gear QS to a percentage equaling the harvest split in 1992.

The Process From Here

If the Council is able to come to some decisions on the major alternatives for the analysis, and at least some initial subalternatives, we would propose that the formal analysis begin, and be brought back to the Council in April 1993. At that time, based on the analysis to date and based on interaction with the Committee and industry, the specific alternatives could be finalized. The analysis could be finalized for Council review in January of 1994, have public review after that meeting, and schedule a final decision for April of 1994. If we slip the decision to June of 1994, in the event the Council requests further analysis or additional alternatives, we may still be able to achieve a 1996 implementation.

Proposed Schedule

1993

January	Council selects alternatives for in-depth quantitative analysis.
February -May	Team analysis and interaction with Council, Committee, and industry.
June	Preliminary presentation of results. Review by NMFS, Council family and industry. Finalize specific alternatives.
April-December	Complete analysis.

1994

January	Council releases draft analysis for public review.
February-March	Public review.
April	Final decision.
May-July	Preparation for submission to Secretarial Review.
August-November	Secretarial review.
December	Secretarial decision.

1995

January-December	Establish administrative machinery; complete notifications and appeals procedures.

1996

January 1	Implement new program.

Analytical Approaches and Data Description

The staff believes the analytical approaches should examine economic, social, environmental impacts. The environmental impact analysis will largely reference work already being completed in your SAFE documents as well as other work involving marine mammals, seabirds, and other aspects of the marine environment. Much of the new research will be qualitative assessment as to how these possibly new management approaches could address issues such as stock rebuilding, bycatch problems, the prevention of marine mammal interactions, etc. The environmental assessment will include an examination of the experience in other fisheries internationally where similar programs have been instituted.

The economic impact assessment will estimate potential net benefits to the nation which could accrue from any of the chosen alternatives. The staff envisions developing representative vessel classes based on

operating characteristics. The data will include cost, revenues, trip length, products, area fished, etc. This will be interview based rather than survey based, and will involve a lot of industry participation. The staff believes this exercise could be updated annually and included as part of the Economic SAFE. The staff will also attempt to develop confidence intervals similar to the process used in the inshore/offshore model around key parameters used in this fleet profile.

The second step will be to develop a Fishery Simulation Model to assess current levels of economic profit in this representative fleet. This will use a similar approach as employed in the inshore/offshore analysis. This assessment will then be modified to reflect changes which are predicted to occur in operating characteristics of any of the alternatives chosen. This will allow a forecast of net benefits under each of the alternative management systems.

Using the same representative fleet, assessment of regional fisheries employment will be developed. The staff believes the Alaska Fishery Economic Assessment Model, which was used in the inshore/offshore analysis and in the analyses of Exclusive Registration and the Change in the Pollock 'B' Season, is the best tool available for the analysis. The staff does plan to actively search for ways to improve this model or to find alternative tools which could prove useful.

Finally, but certainly not least, social impacts will be assessed. A thorough review of literature will be used to develop a set of Community Profiles. Additionally data from other sources, such as the State of Alaska Division of Labor and Employment will be used as applicable. The staff will then analyze landings by port and landings made by residents, of all fishery resources in applicable communities, including those managed by other entities such as the States of Alaska, Oregon and Washington, and the Pacific Fishery Management Council. This will shed light on the issue of dependence on the fishery in affected areas. If there are other areas of information that can realistically be applied, the staff will welcome suggestions.

The analysis of the Comprehensive Rationalization Program will be a tremendous exercise in the gathering and condensing of data into useable information. To this end, development of a comprehensive database of all fisheries in Alaska will be undertaken. The database will let us track vessels, owners, permit holders, and processors through time. This is a complicated and tedious process and the staff believes that a minimum of four months will be necessary to get the data in shape for even preliminary assessments of alternatives. Regardless of the timing, the staff believes there is little chance of getting reliable, accurate, and complete data of discards; nor is their much possibility of getting complete JV data prior to 1985.

Draft Problem Statement

Expansion of the domestic fleet harvesting fish within the EEZ off Alaska, in excess of that needed to harvest the optimum yield efficiently, has made compliance with the Magnuson Act's National Standards and achievement of the Council's comprehensive goals, adopted December 7, 1984, more difficult under current management regimes. In striving to achieve its comprehensive goals, the Council is committed to: (1) assure the long-term health and productivity of fish stocks and other living marine resources of the North Pacific and Bering Sea ecosystem, (2) support the stability, economic well-being, and diversity of the seafood industry, and provide for the economic and social needs of the communities dependent upon that industry, (3) efficiently manage the resources within its jurisdiction to reduce bycatch, minimize waste, and improve utilization of fish resources in order to provide the maximum benefit to present and future generations of fishermen, associated fishing industry sectors, communities, consumers, and the nation as a whole.

The Council's overriding concern is to maintain the health of the marine ecosystem to ensure the long-term conservation and abundance of the groundfish and crab resources. In addition, the Council must address the competing and oftentimes conflicting needs of the domestic fisheries that have developed rapidly under open access, fisheries which have become overcapitalized and mismatched to the finite fisheries resources available. Symptomatic of the intense pressures within the overcapitalized groundfish and crab fisheries under Council jurisdiction off Alaska are the following problems:

- Harvesting capacity in excess of that required to harvest the available resource;
- Allocation and preemption conflicts between and within industry sectors, such as with inshore and offshore components;
- Preemption conflicts between gear types;
- Gear conflicts within fisheries where there is overcrowding of fishing gear due to excessive participation and surplus fishing effort on limited grounds;
- Dead-loss such as with ghost fishing by lost or discarded gear;
- Bycatch loss of groundfish, crab, herring, salmon, and other non-target species, including bycatch which is not landed for regulatory reasons;
- Economic loss and waste associated with discard mortality of target species harvested but not retained for economic reasons;
- Concerns regarding vessel and crew safety which are often compromised in the race for fish;
- Economic instability within various sectors of the fishing industry, and in fishing communities caused by short and unpredictable fishing seasons, or preemption which denies access to fisheries resources;
- Inability to provide for a long-term, stable fisheries-based economy in small economically disadvantaged adjacent coastal communities;
- Reduction in ability to provide a quality product to consumers at a competitive price, and thus maintain the competitiveness of seafood products from the EEZ off Alaska on the world market.
- Possible impacts on marine mammals and seabirds, and marine habitat.
- Inability to achieve long-term sustainable economic benefits to the nation.
- A complex enforcement regimen for fishermen and management alike which inhibits the achievement of the Council's comprehensive goals.

Summary of Comments Received on Comprehensive Rationalization of Fisheries

Alaska Crab Coalition - January 12, 1993

- Crab and groundfish fisheries are fundamentally different and require different approaches
- Council should establish two or more advisory subcommittees, at least one for crab and one for groundfish, for guidance in developing the comprehensive plan
- Majority of crab industry survey respondents want Council to begin discussing limited access

Alaska Groundfish Data Bank - November 12, 1992

- Include options to allow different programs or initial allocation schemes for GOA and BSAI and also for different target fisheries
- Any IFQ system should include allocations based on 1993 vessel tonnage, vessels must be moratorium-qualified and cannot hold IFQs in both GOA and BSAI
- Incorporate ownership caps and split pollock/cod IFQs along same lines as inshore/offshore
- Need goals and objectives first before settling on alternatives

Alaska Leader Fisheries - November 10, 1992

- Council must strive to develop management measures that will make the industry more economically sound and efficient and return the greatest benefit not only to commercial participants, but also to coastal communities near the fishing grounds and to nation
- Economics should be second priority after conservation and habitat protection
- Thoroughly analyze commercial harvest history of all subsectors of fishing industry
- Need thorough economic and social analysis of impacts on four main groups: commercial user groups, coastal communities in Alaska, shorebased processors, and Nation
- Four alternatives: Status quo, licenses, IFQ, Auctions

Alaska Longline Fishermen's Association - November 18, 1992

- Involve social scientist early in process

American Factory Trawlers Association - January 7, 1993

- ITQs should be preferred alternative
- Include groundfish, crab, and PSC species

American High Seas Fisheries - December 21, 1992

- Only ITQs and auctions address overcapitalization and race for fish

Fishing Company of Alaska - November 11, 1992

- Management solution must be comprehensive, not piece-meal
- Plan needs to be simple and enforceable
- Opposes privatization
- Control fisheries using IBQs

Kodiak Longline Vessel Owners Assn - November 10, 1992

- Primarily consider auctions as method of allocation for 3, 5, 10 years or perpetuity
- Consider fishing industry and needs of coastal communities in auction criteria
- Expand CDQ concept to all Alaska coastal communities
- Rationalize only full-utilized fisheries (TAC achieved)
- Give preference to environmentally-friendly gear types
- Give credit for retained fish; do not reward waste; emphasize conservation
- Use criteria for dependence on fishery (i.e., % of income)
- IFQs, if used, should reflect current participation

Midwater Trawlers Cooperative - January 1, 1993

- Supports ITQ as alternative, but also examine license limitation coupled with inshore/offshore allocation extension

North Pacific Fishing, Inc. - January 5, 1993

- ITQs are not in best interest of company, fleet, or nation
- Alternatives to consider:
  - ▸ expand VIP program to increase individual vessel accountability
  - ▸ require 100% observer coverage for all fishing vessels
  - ▸ seasonally apportion various species

North Pacific Longline Association - November 10, 1992

- For Pacific cod, use traditional measures such as seasonal allowances, gear preference, careful halibut release, change in opening date
- If ITQs developed, treat single gear fisheries (pollock, crab) differently than multi-gear fisheries (cod, turbot, rockfish)
- Give preference to fixed gear if using ITQs for cod
- For IFQs, dependence (% of vessel income) should take precedence over fishing history
- Artificial cut-off dates, especially for freezer longliners, should be approached with caution
- Do not credit discards
- Consider advantages of using longlines for other species than cod when developing ITQs
- Consider auctions for initial allocations

Paul Seaton - December 30, 1992

- Consider UNCED protocol in Agenda 21 when developing comprehensive rationalization plan.
- "Promote development and use of selective gear and practices that minimize waste of catch of target species and minimize bycatch of non-target species."
- Promote use of pot gear

Harold Sparck - December 1, 1992

- CDQs should be part of alternatives examined
- Rents issue must be addressed
- Licenses are a transferable use right within the market system
- Council must address conservation, ecosystem and habitat needs

Trawl Industry Representatives - November 5, 1992

- Need catch data as soon as possible to be able to develop alternatives
- Provided detailed list of options and elements of potential ITQ program, if that is determined to be best approach
- Include PSCs in program and allow pooling by vessels
- All species or assemblages under Council jurisdiction should be included in ITQ program
- Do not include inshore/offshore limitations, exclusive areas, CDQs, or gear preferences

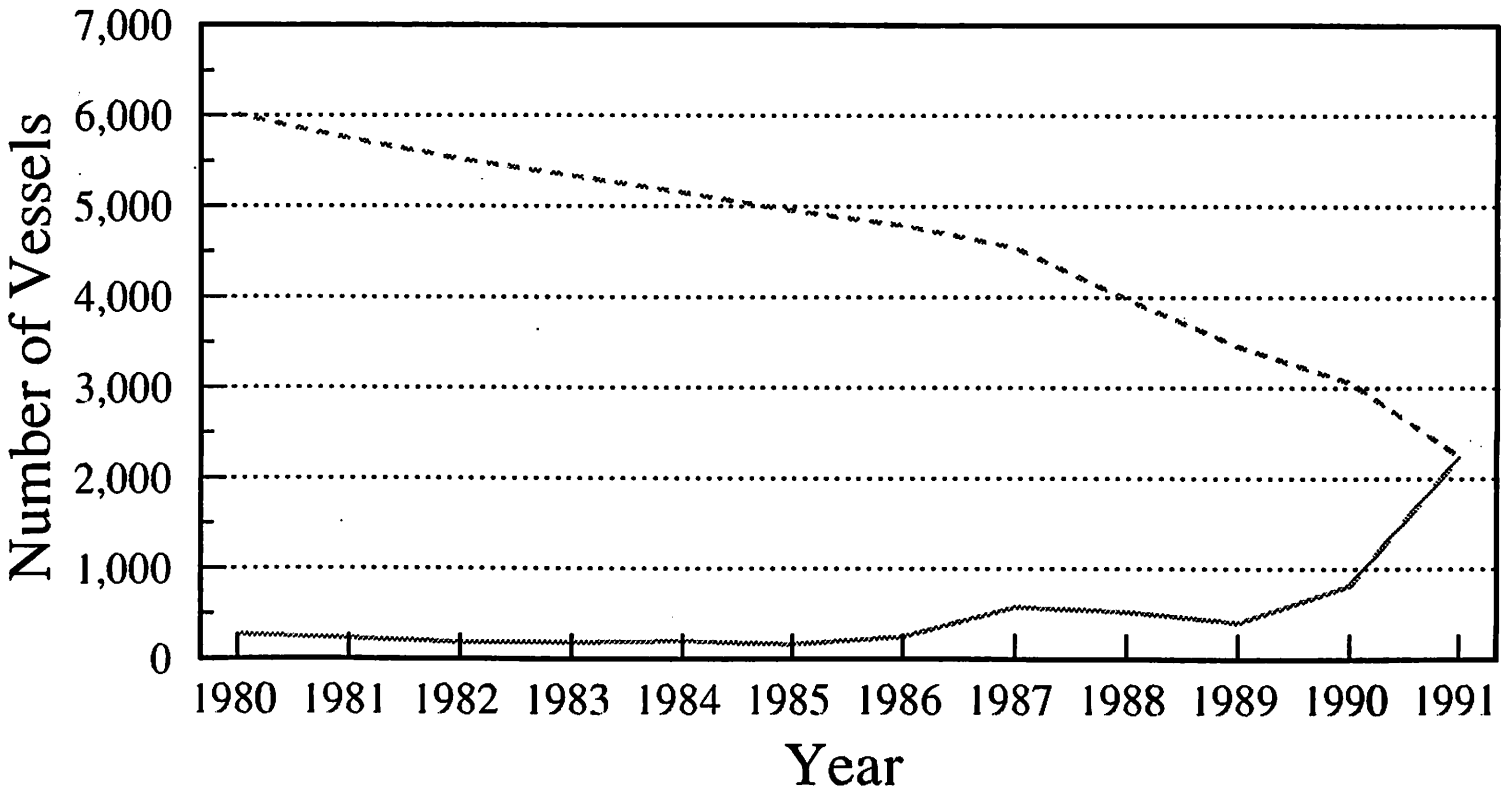
Trident Seafoods - January 13, 1993

- Analyze allocations of ITQ to both harvesting and processing sectors

Attachment 3

The Data

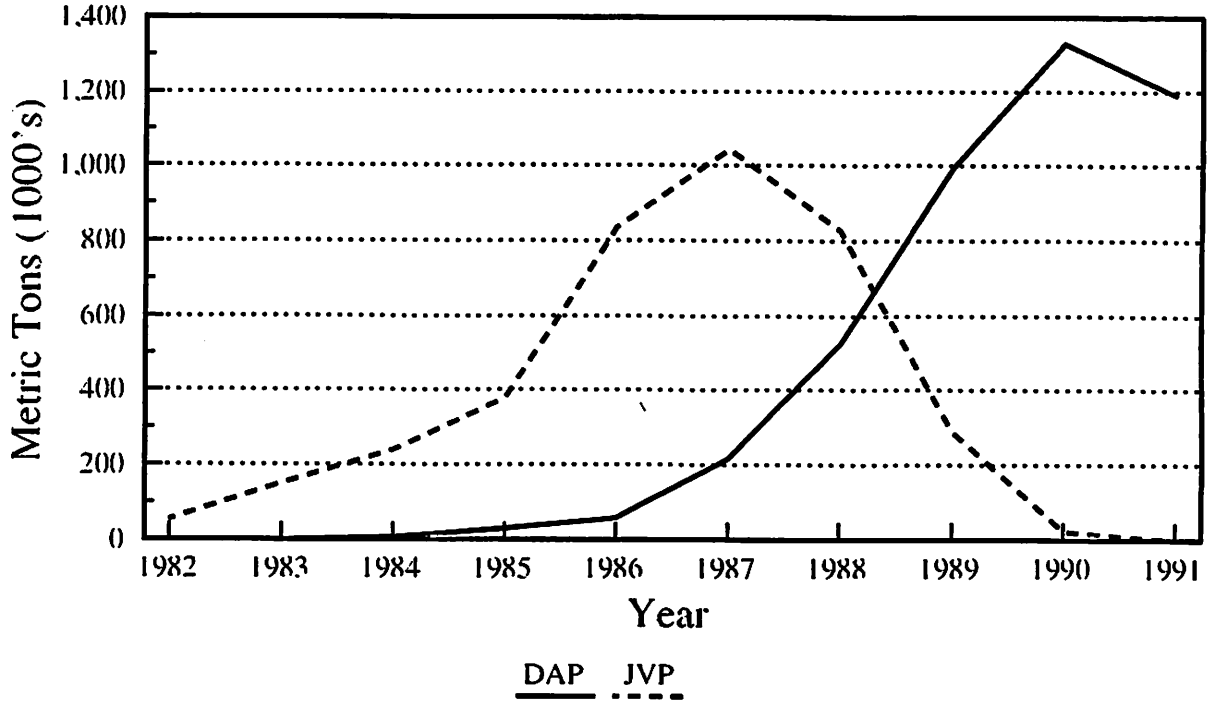
Groundfish Qualified Vessels



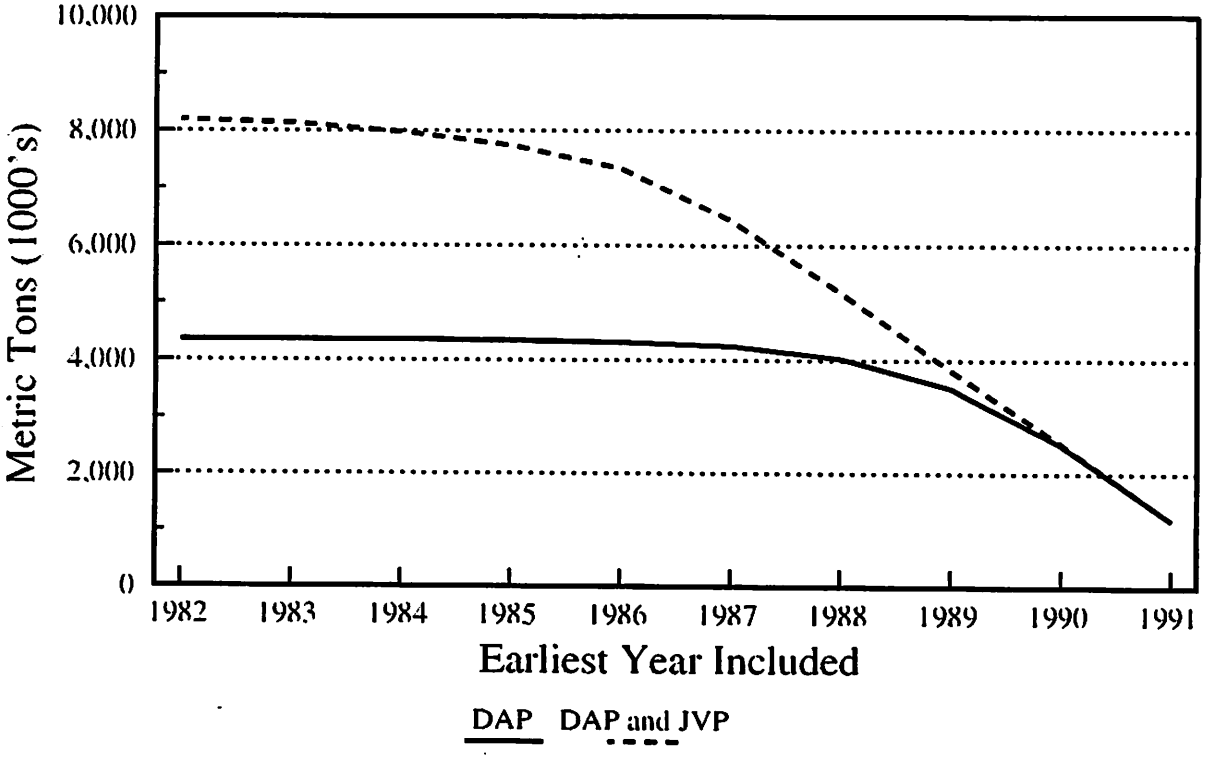
Note: Sablefish vessels are included

Bering Sea/Aleutian Islands Pollock

Annual Landings Totals, DAP and JVP



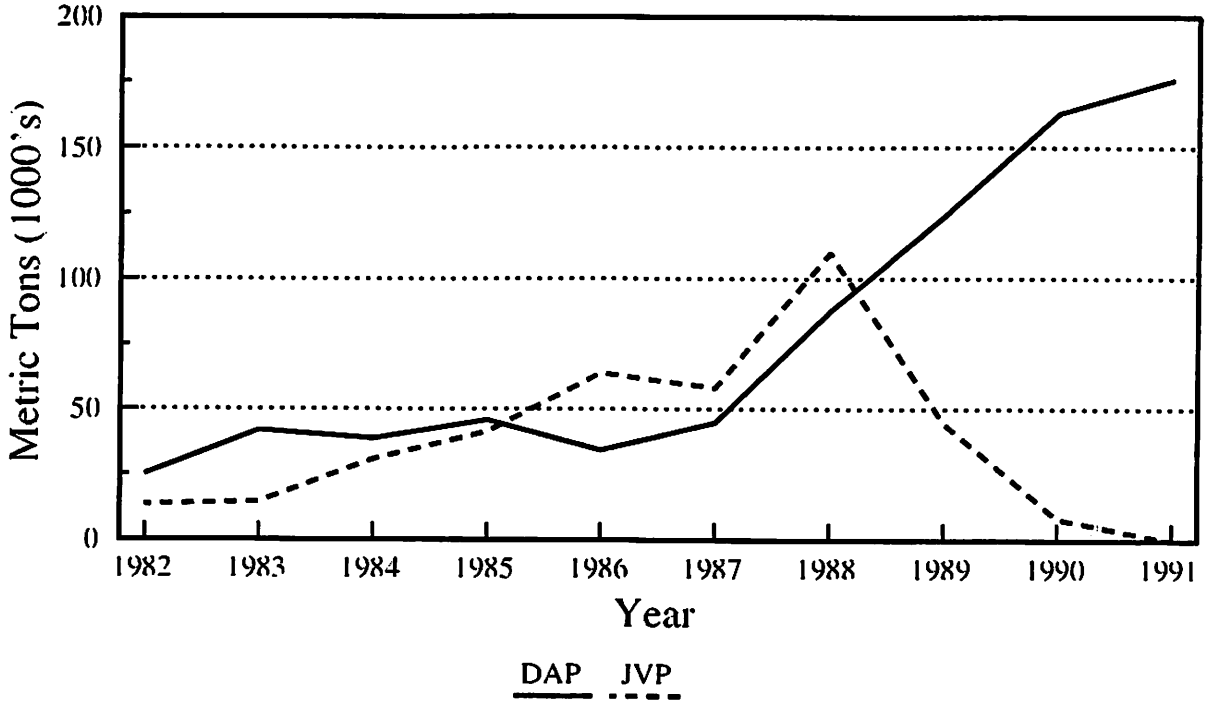
Qualifying Tons Through 1991



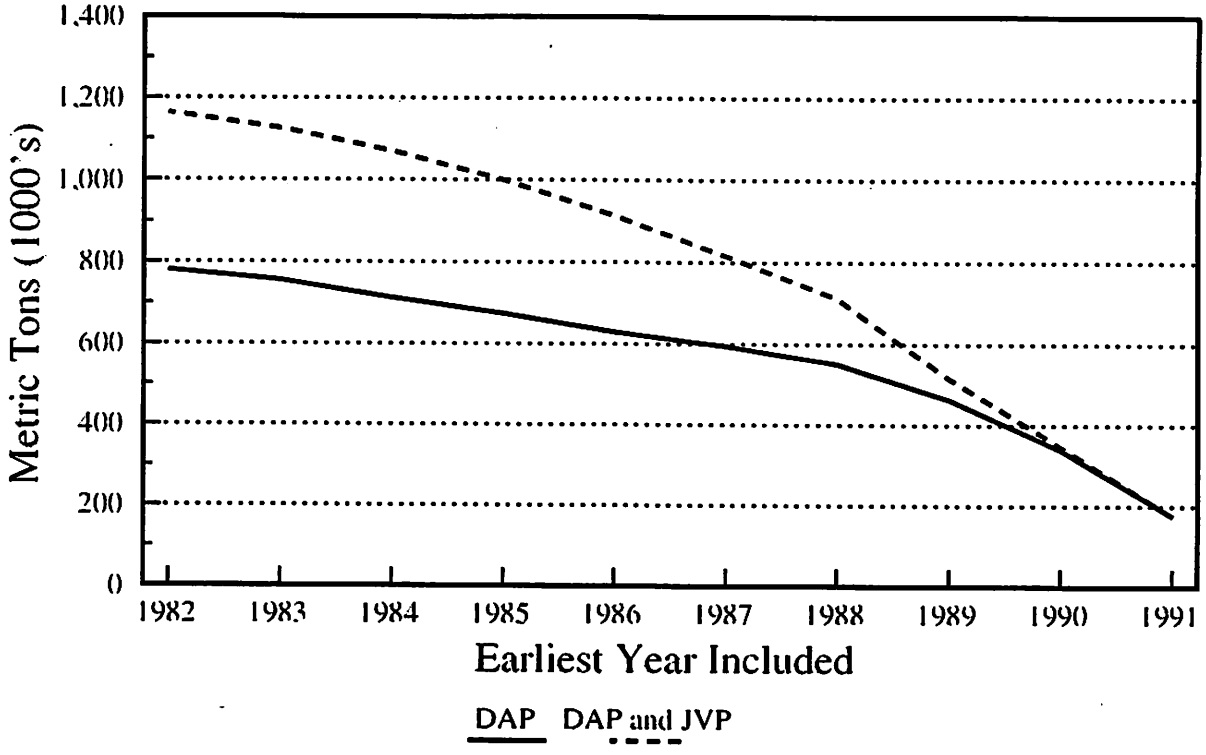
Note: All discards excluded.
Source: PACFIN Database

Bering Sea/Aleutian Islands Pacific Cod

Annual Landings Totals, DAP and JVP



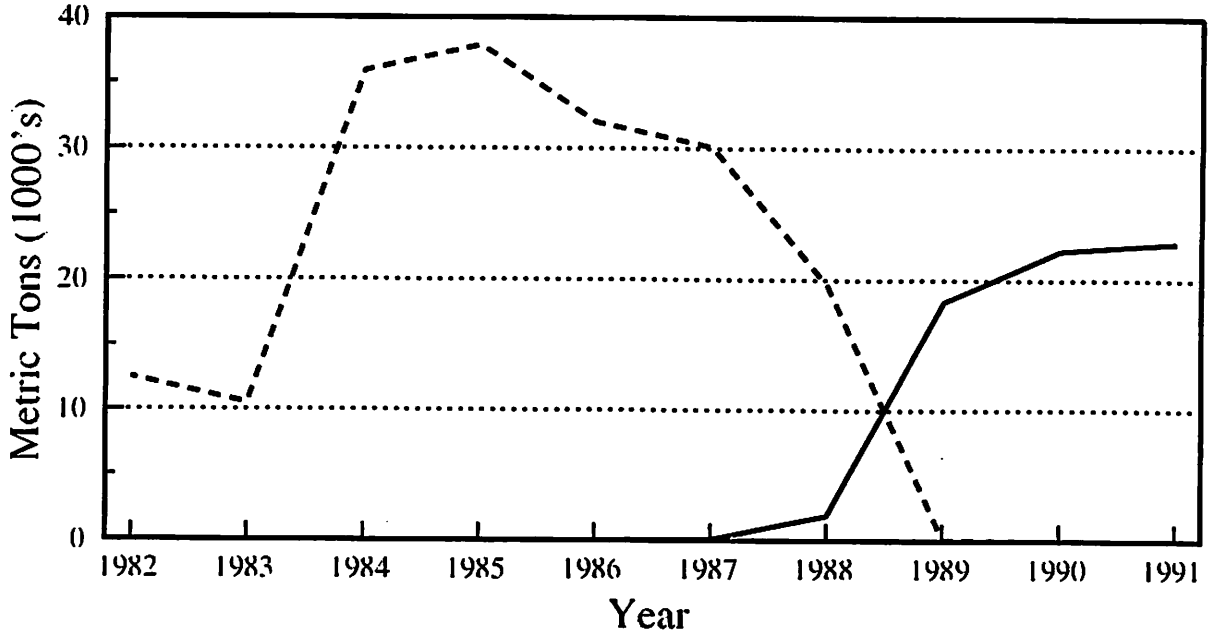
Qualifying Tons Through 1991



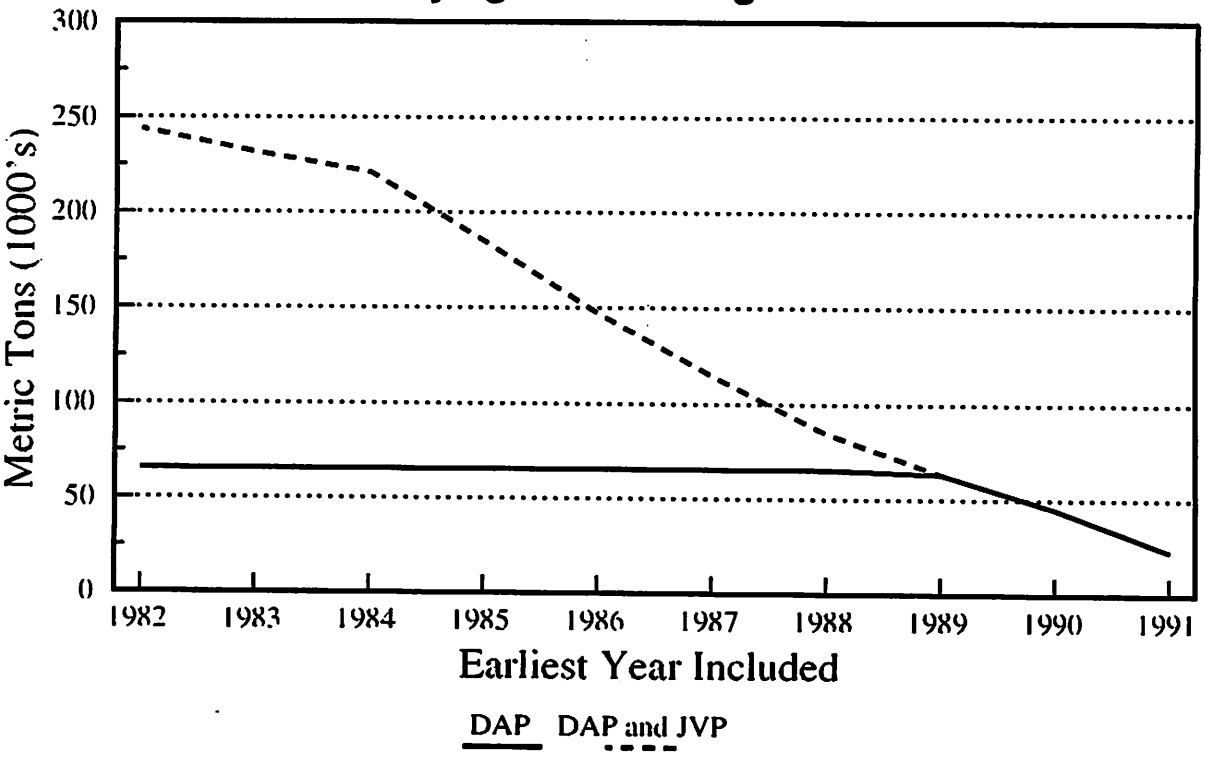
Note: All discards excluded.
Source: PACFIN Database

Bering Sea/Aleutian Islands Atka Mackerel

Annual Landings Totals, DAP and JVP



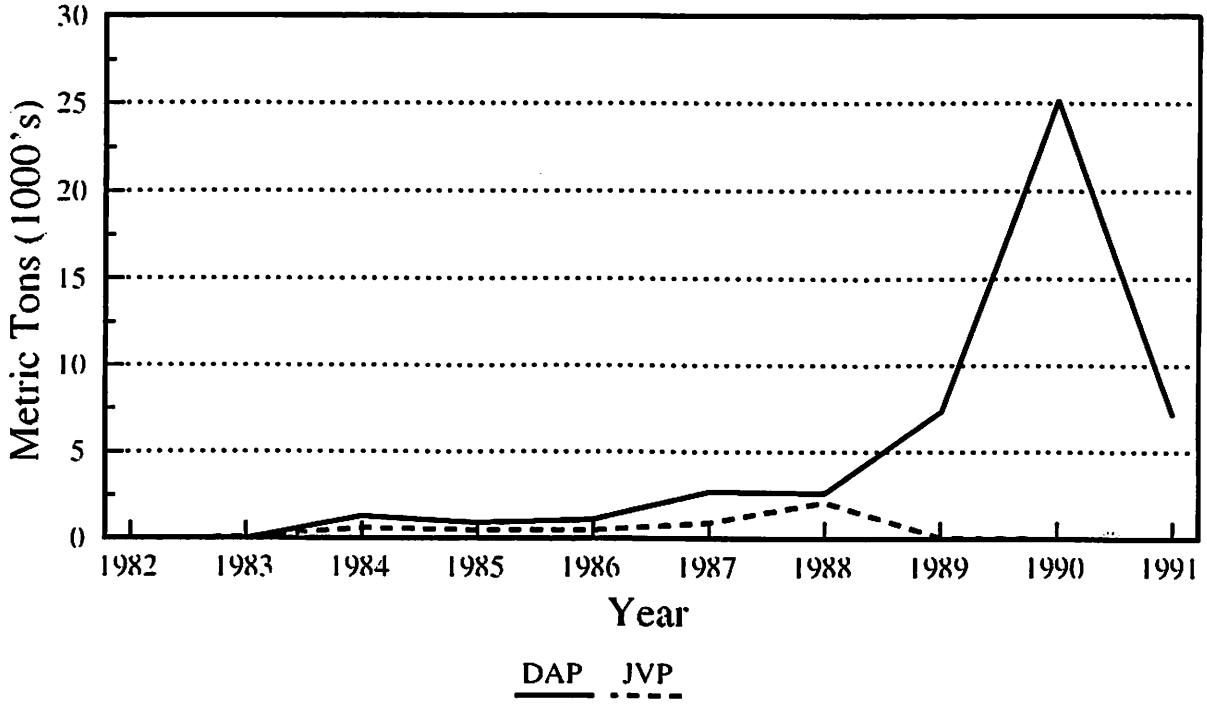
Qualifying Tons Through 1991



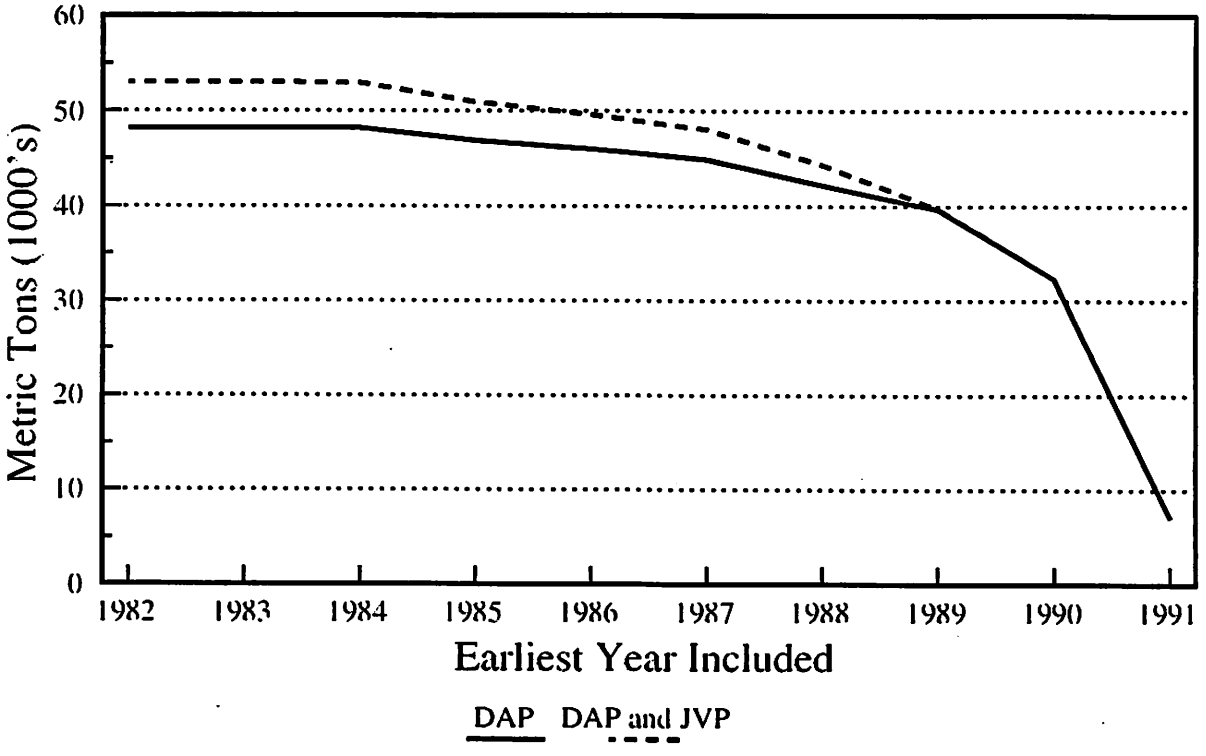
Note: All discards excluded.
Source: PACFIN Database

Bering Sea/Aleutian Islands Rockfish

Annual Landings Totals, DAP and JVP



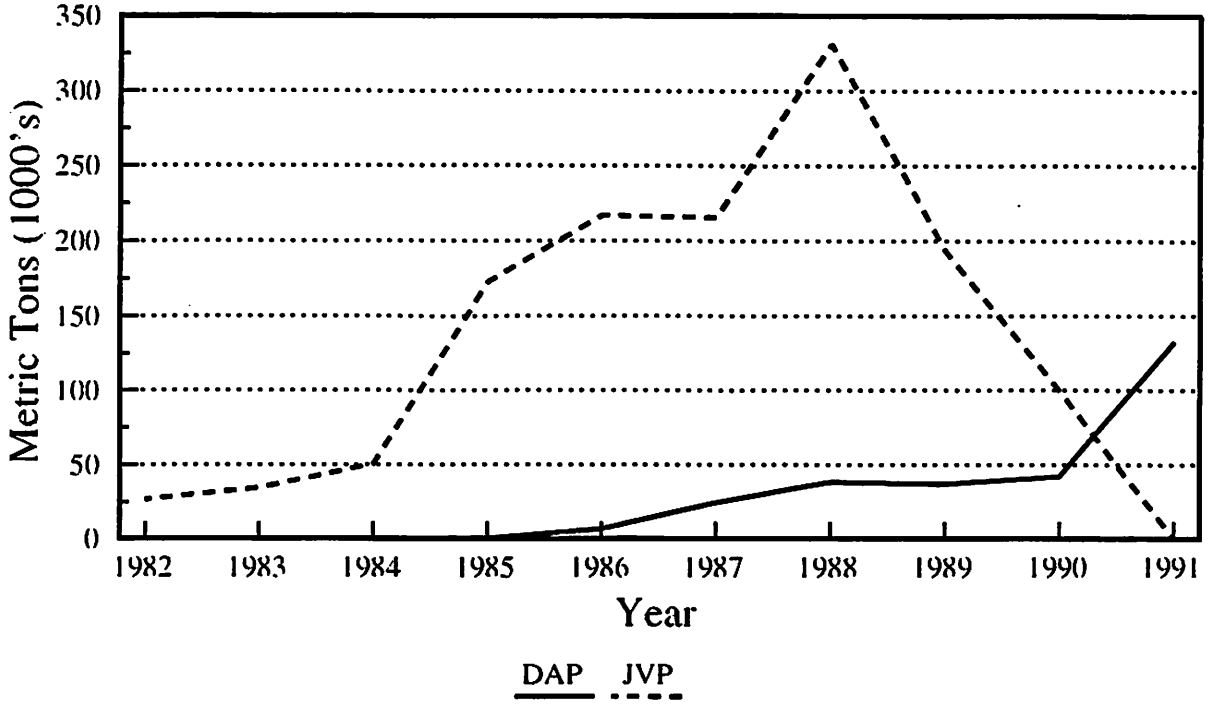
Qualifying Tons Through 1991



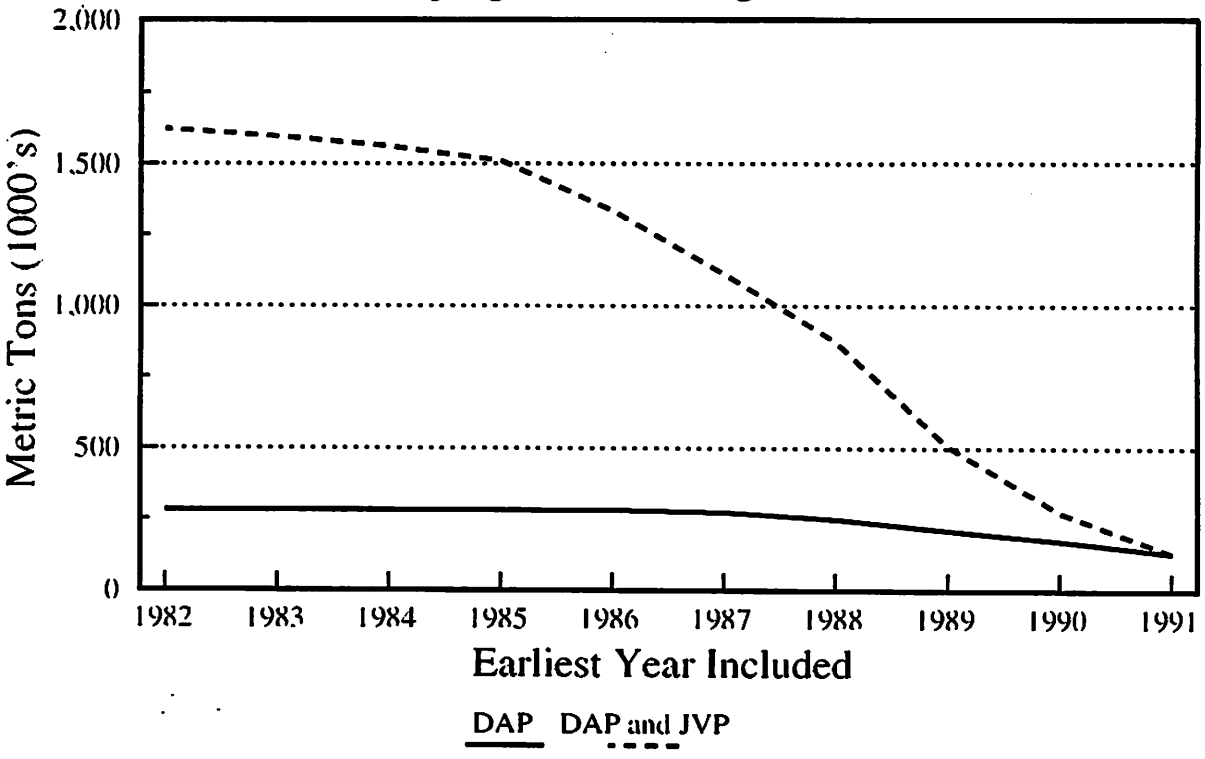
Note: All discards excluded.
Source: PACFIN Database

Bering Sea/Aleutian Islands Flatfish

Annual Landings Totals, DAP and JVP



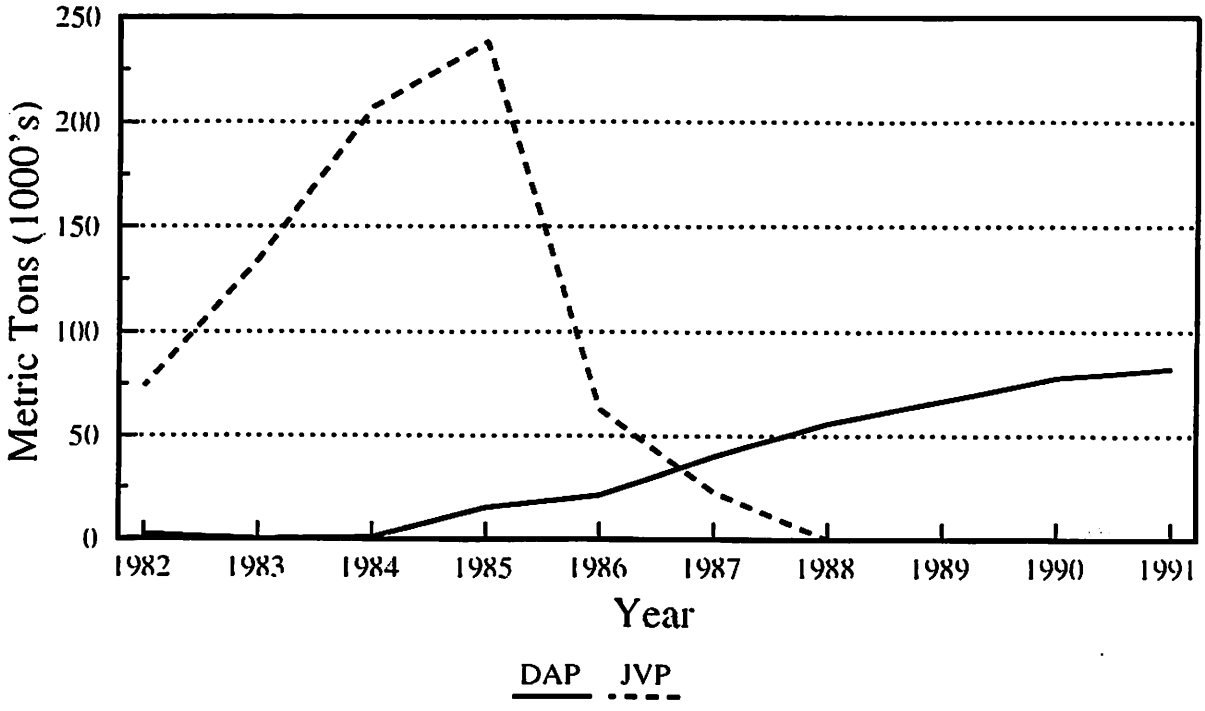
Qualifying Tons Through 1991



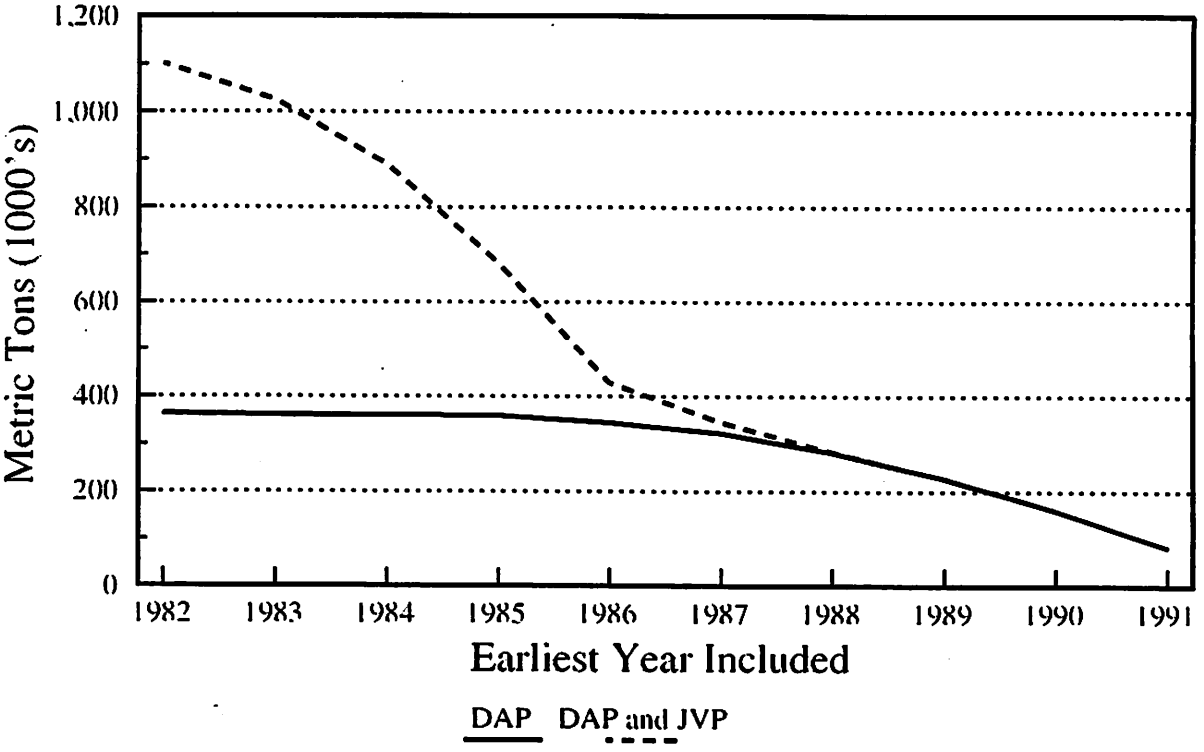
Note: All discards excluded.
Source: PACFIN Database

Gulf of Alaska Pollock

Annual Landings Totals, DAP and JVP



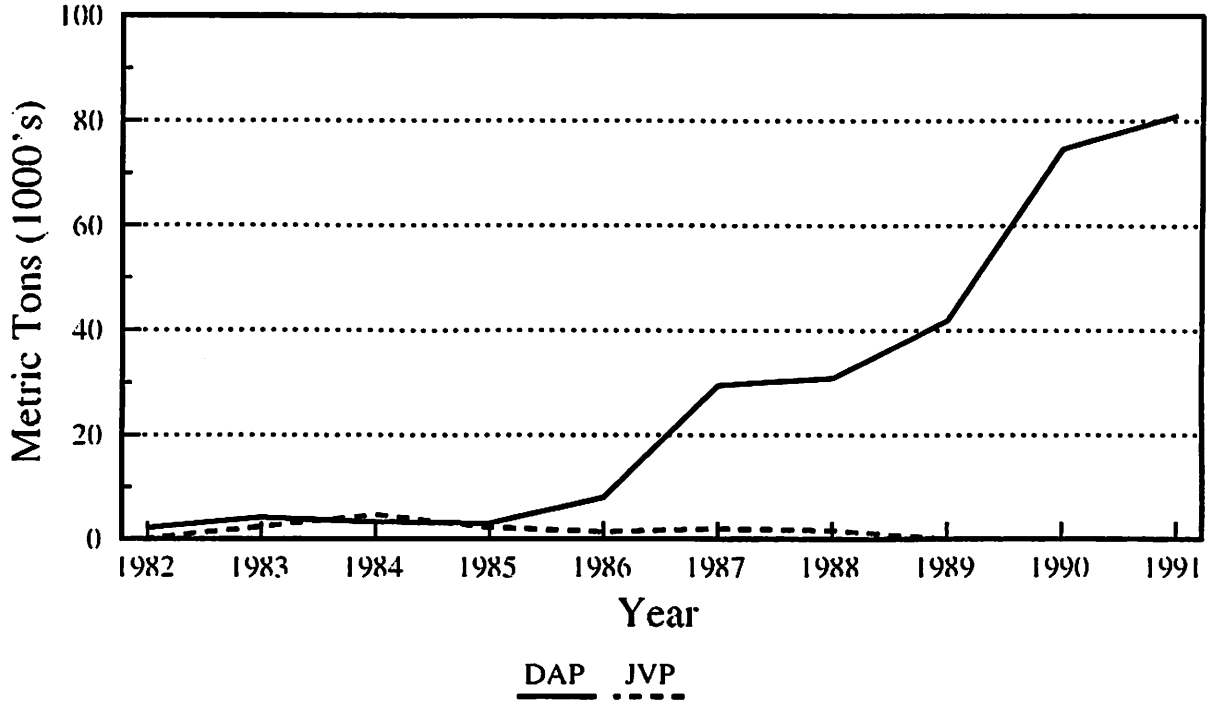
Qualifying Tons Through 1991



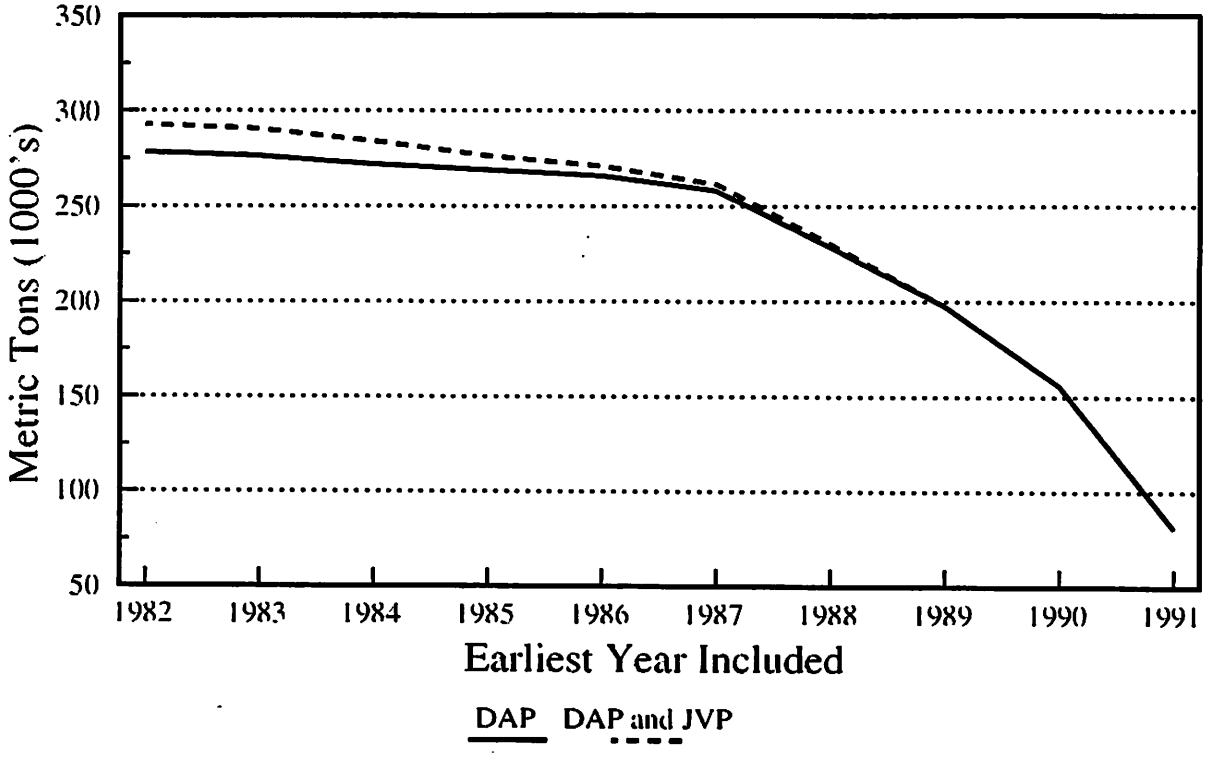
Note: All discards excluded.
Source: PACFIN Database

Gulf of Alaska Pacific Cod

Annual Landings Totals, DAP and JVP



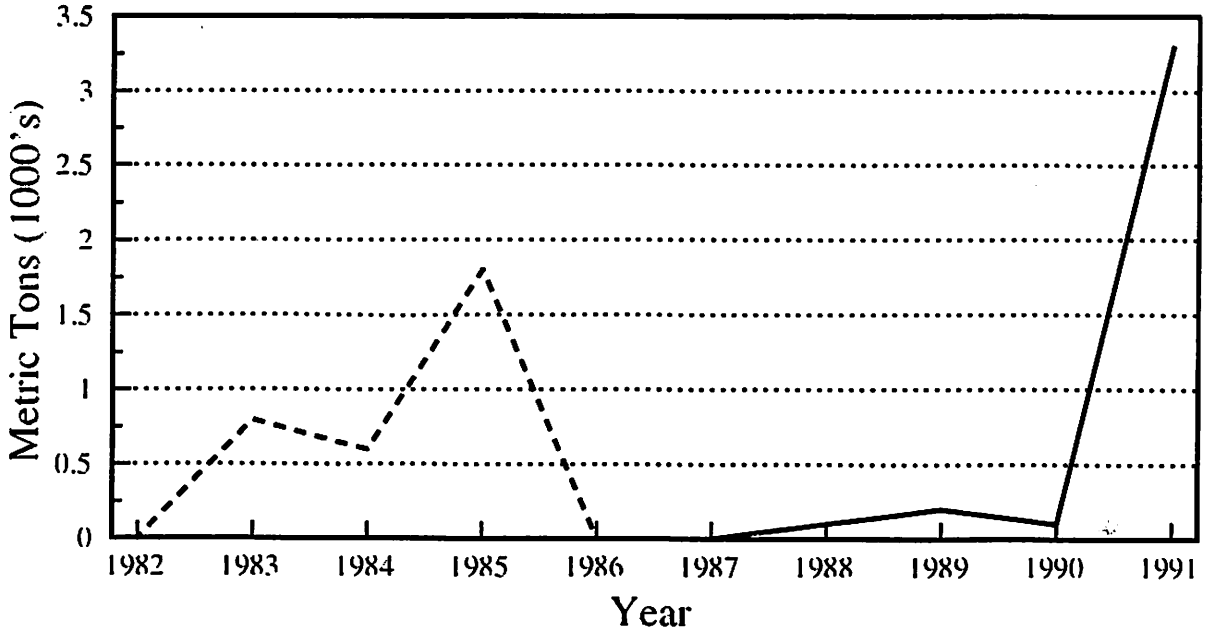
Qualifying Tons Through 1991



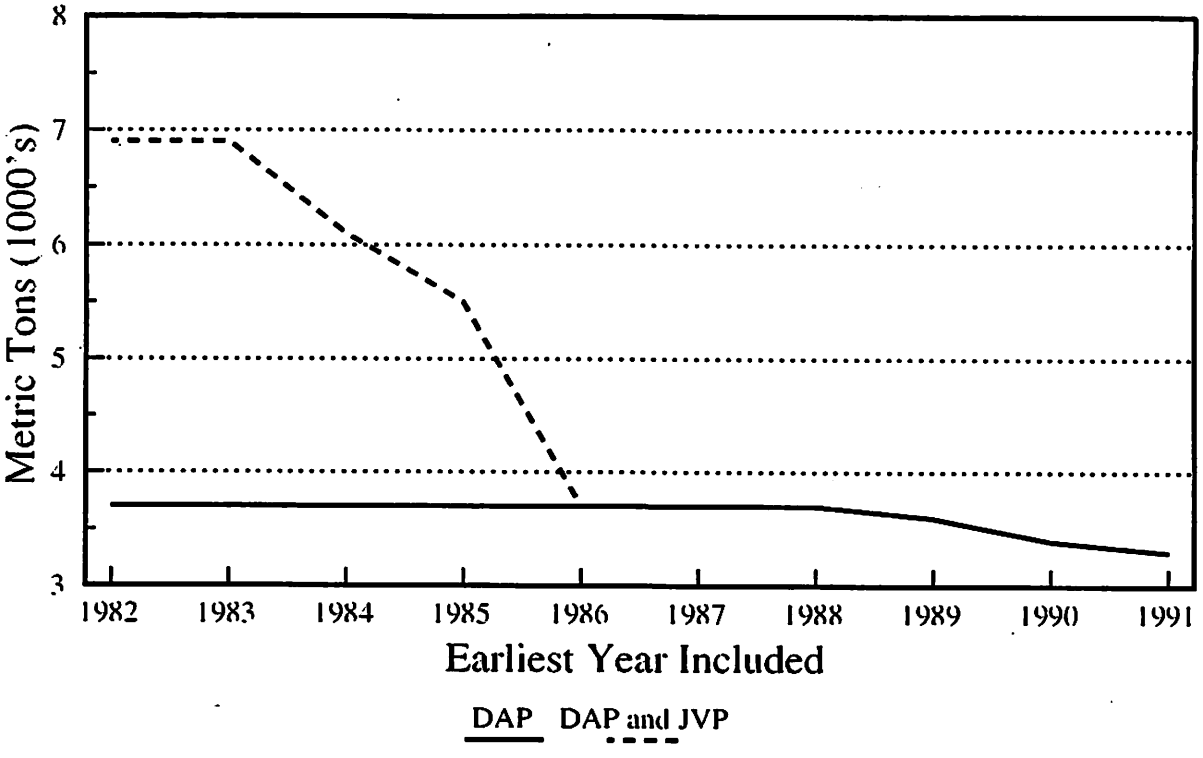
Note: All discards excluded.
Source: PACFIN Database

Gulf of Alaska Atka Mackerel

Annual Landings Totals, DAP and JVP



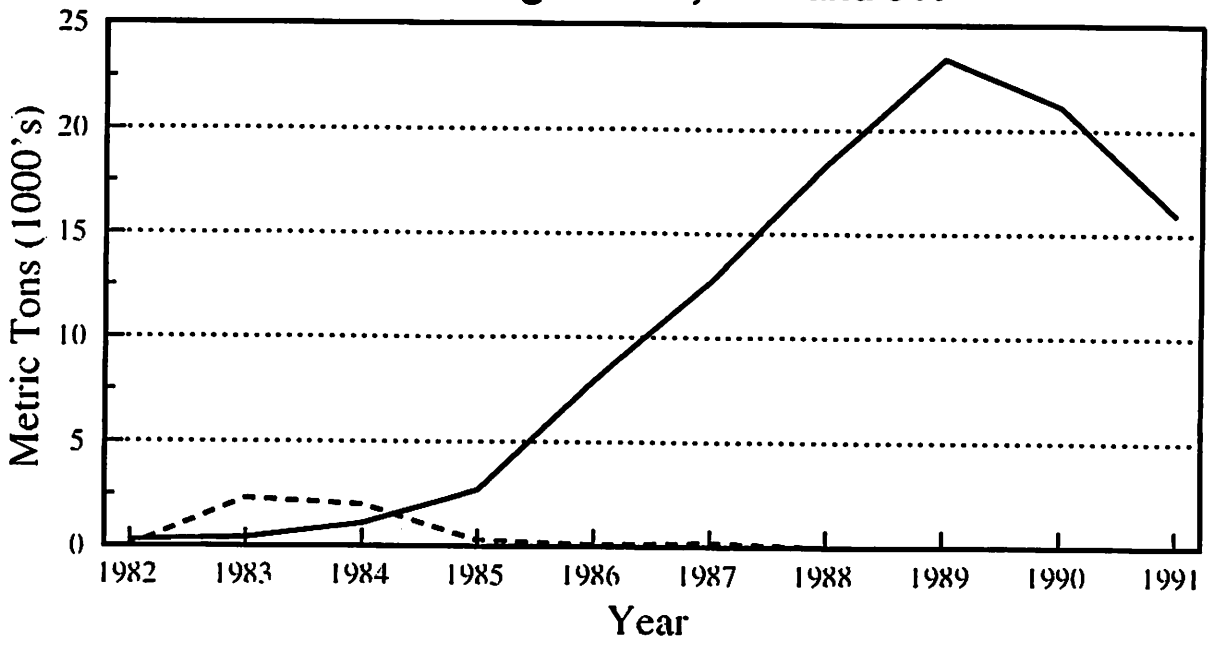
Qualifying Tons Through 1991



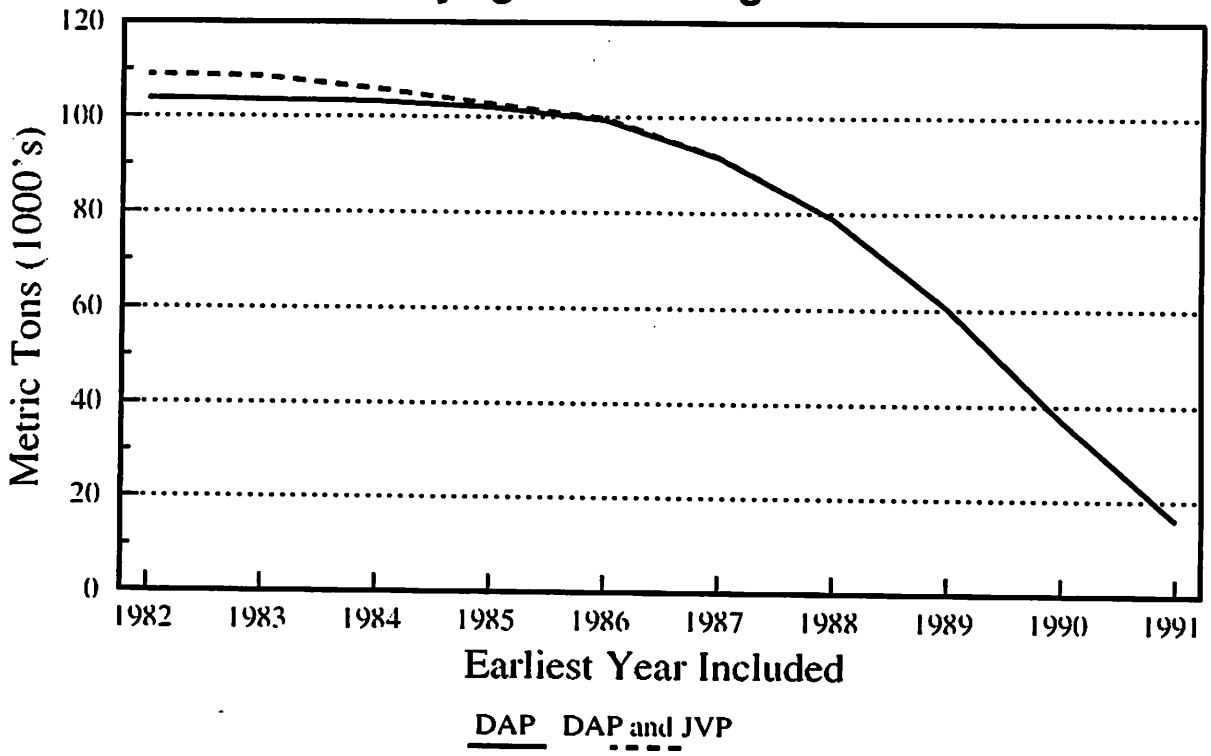
Note: All discards excluded.
Source: PACFIN Database

Gulf of Alaska Rockfish

Annual Landings Totals, DAP and JVP



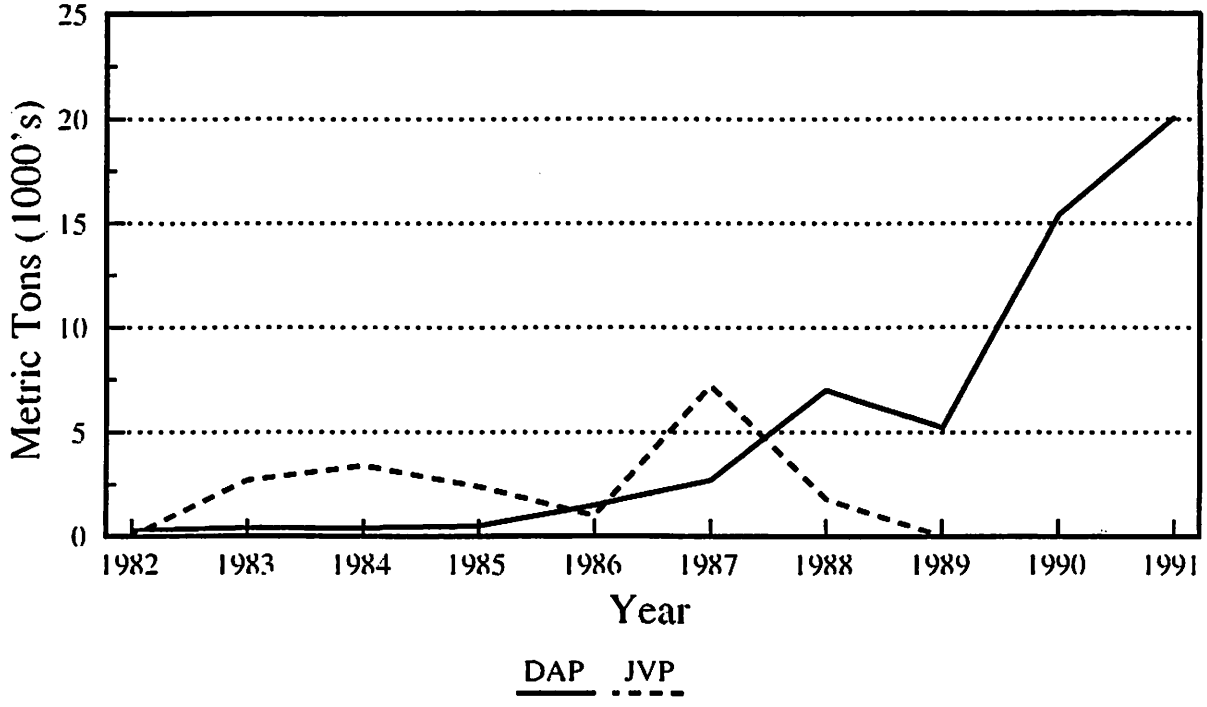
Qualifying Tons Through 1991



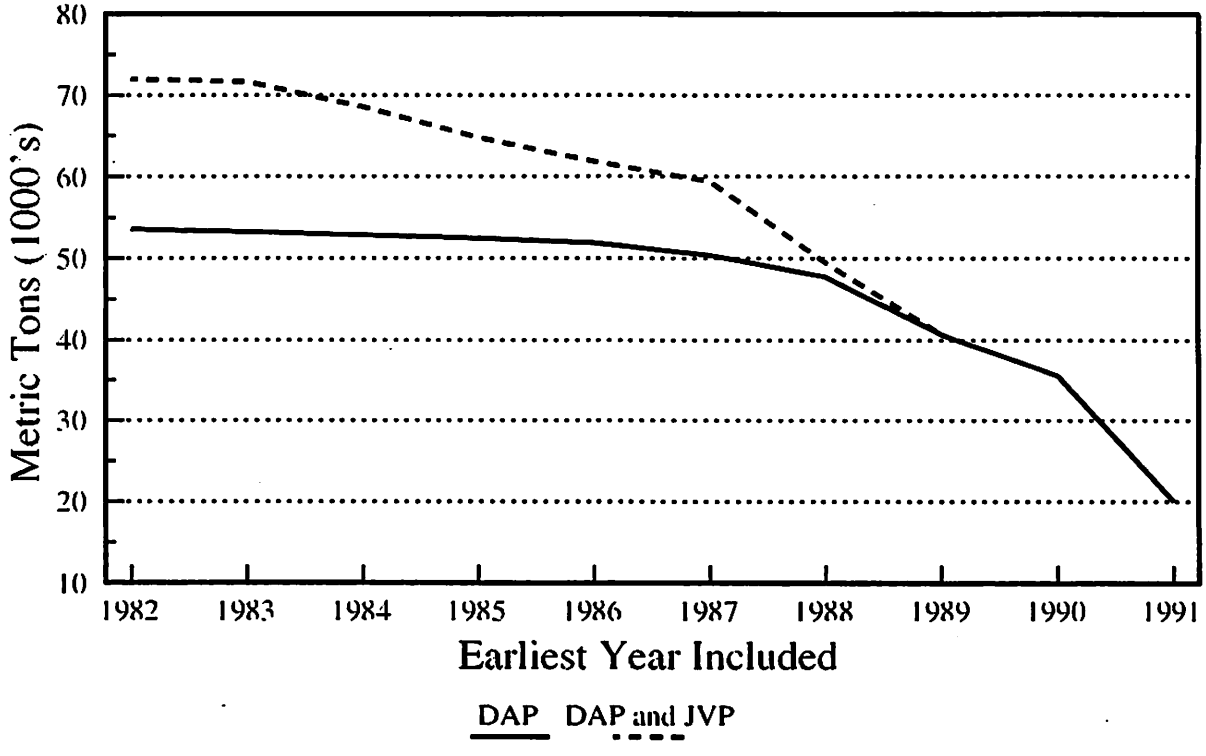
Note: All discards excluded.
Source: PACFIN Database

Gulf of Alaska Flatfish

Annual Landings Totals, DAP and JVP



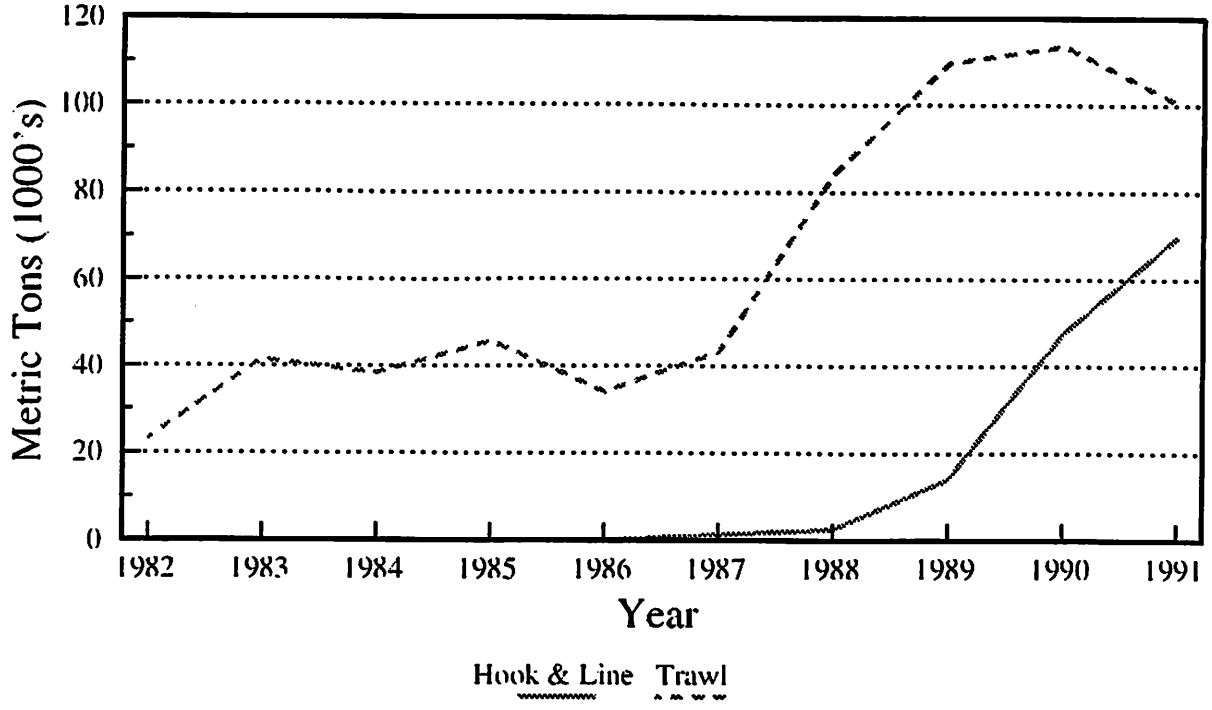
Qualifying Tons Through 1991



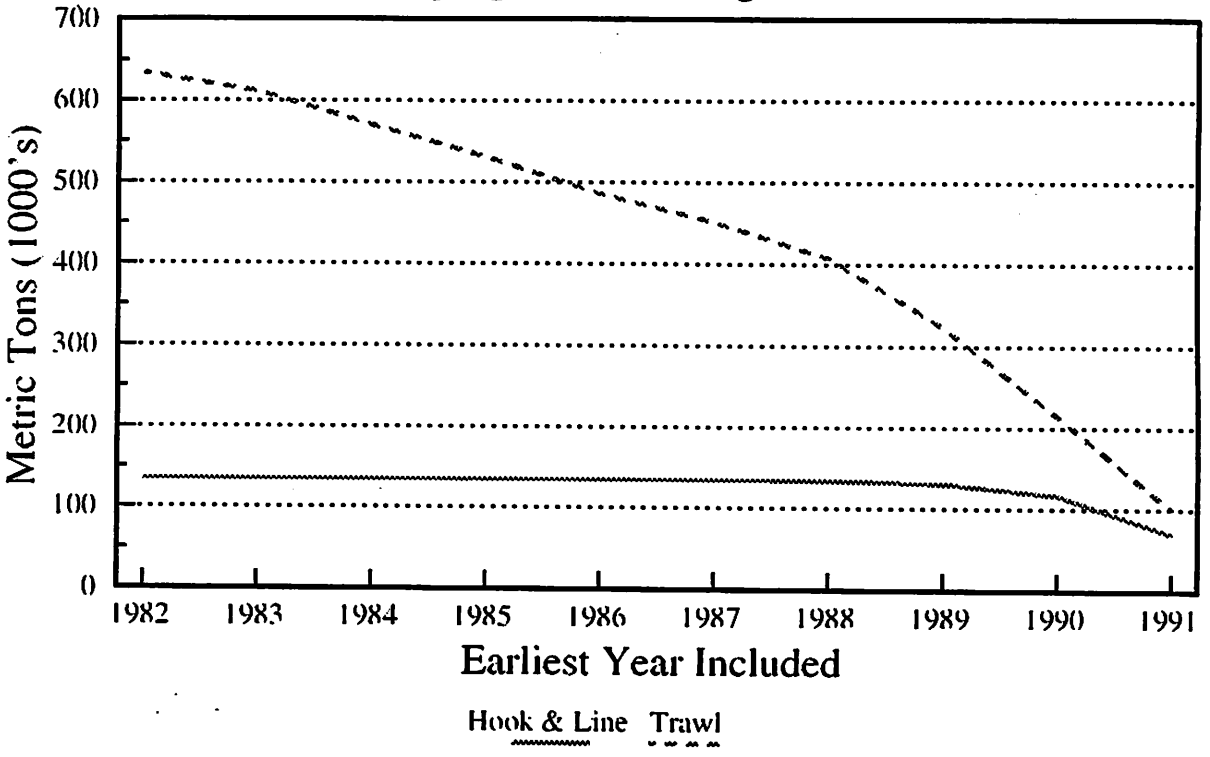
Note: All discards excluded.
Source: PACFIN Database

Bering Sea/Aleutian Islands Pacific Cod

Annual Landings Totals, Hook & Line and Trawl



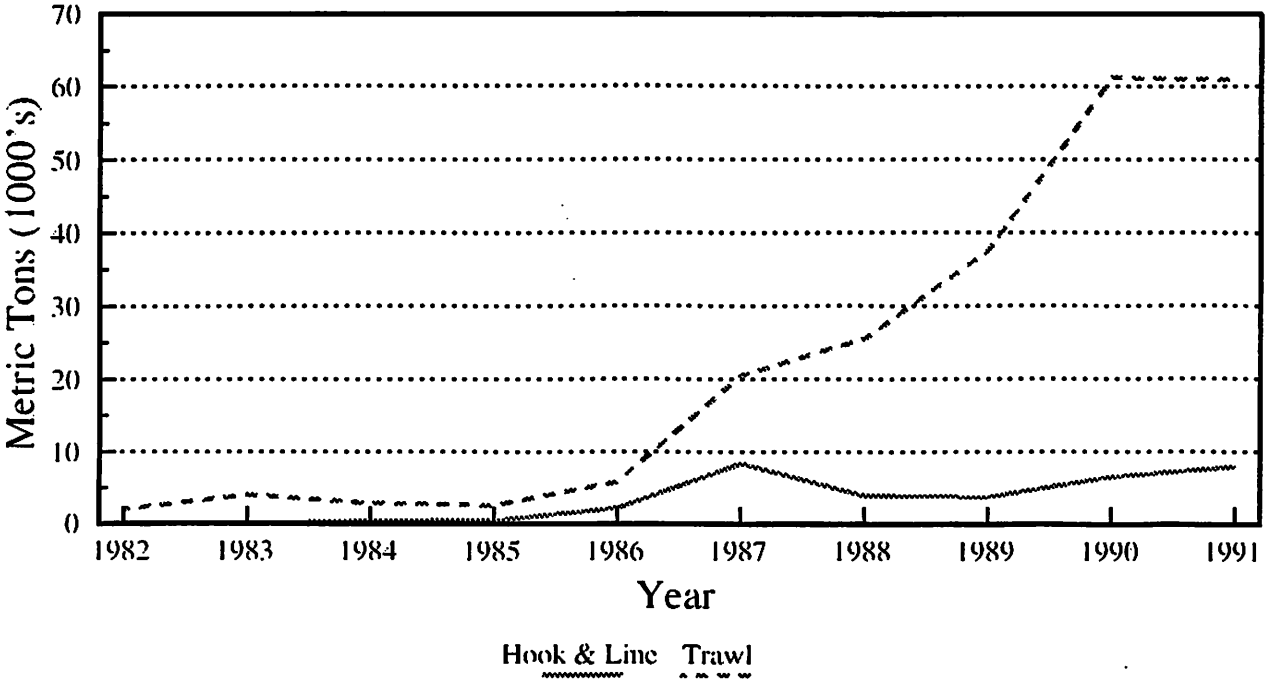
Qualifying Tons Through 1991



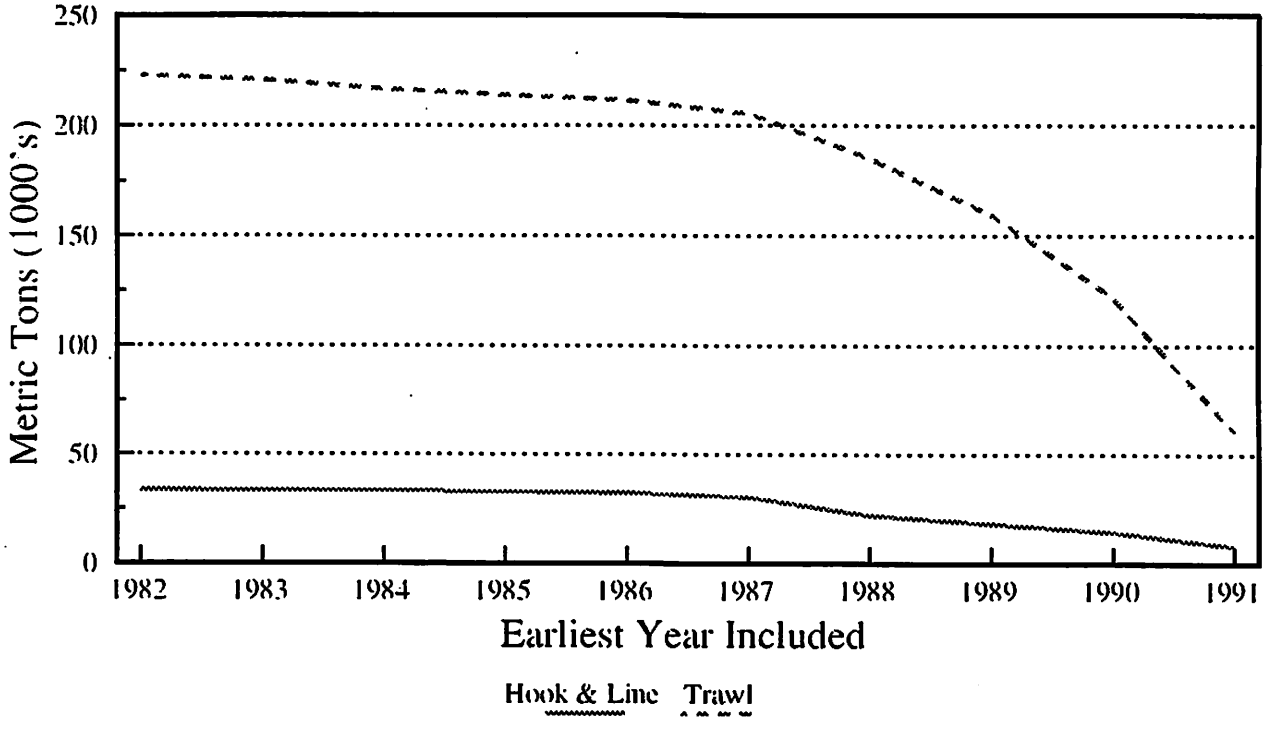
Note: All discards excluded.
Source: PACFIN Database

Gulf of Alaska Pacific Cod

Annual Landings Totals, Hook & Line and Trawl

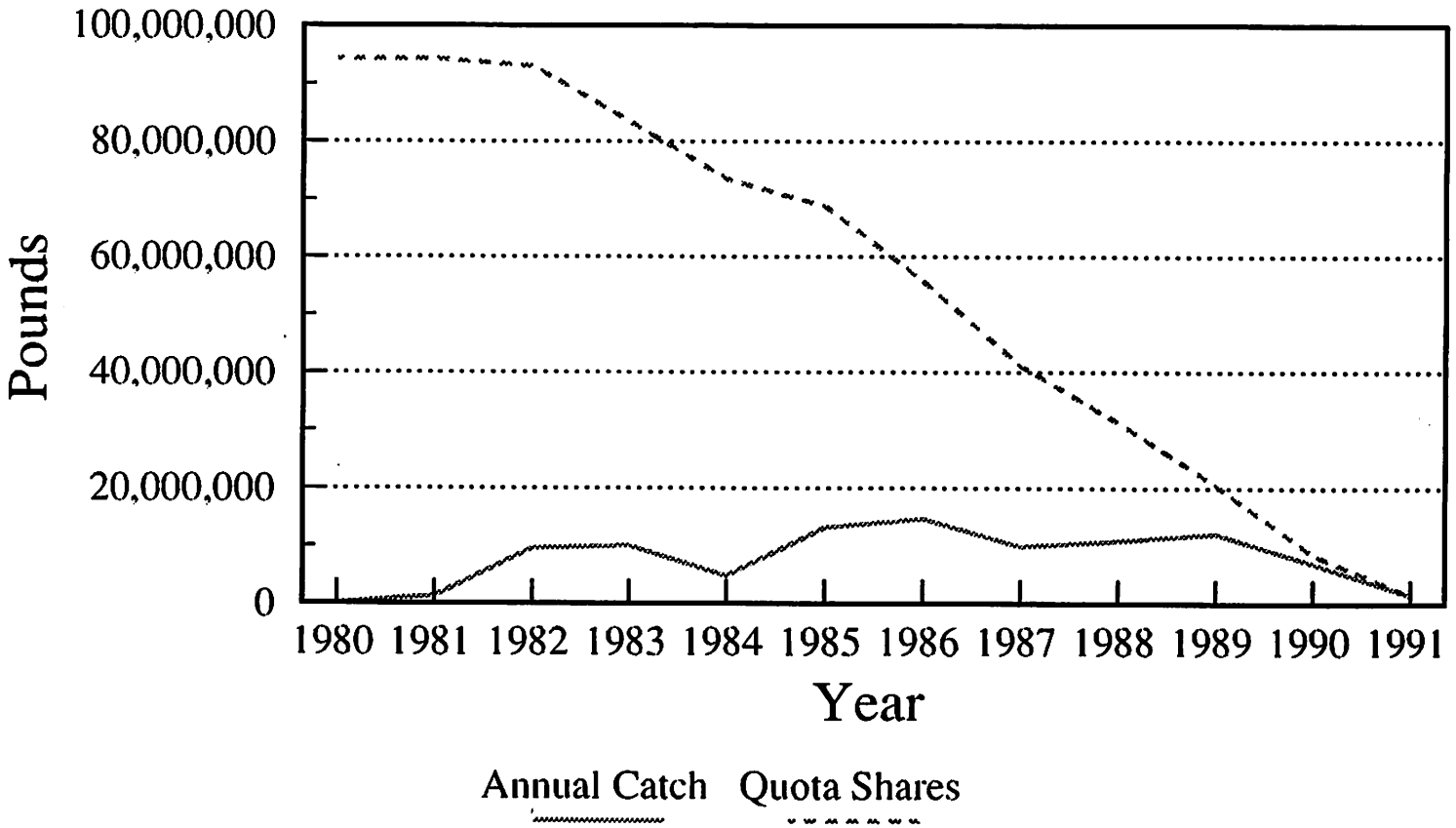


Qualifying Tons Through 1991



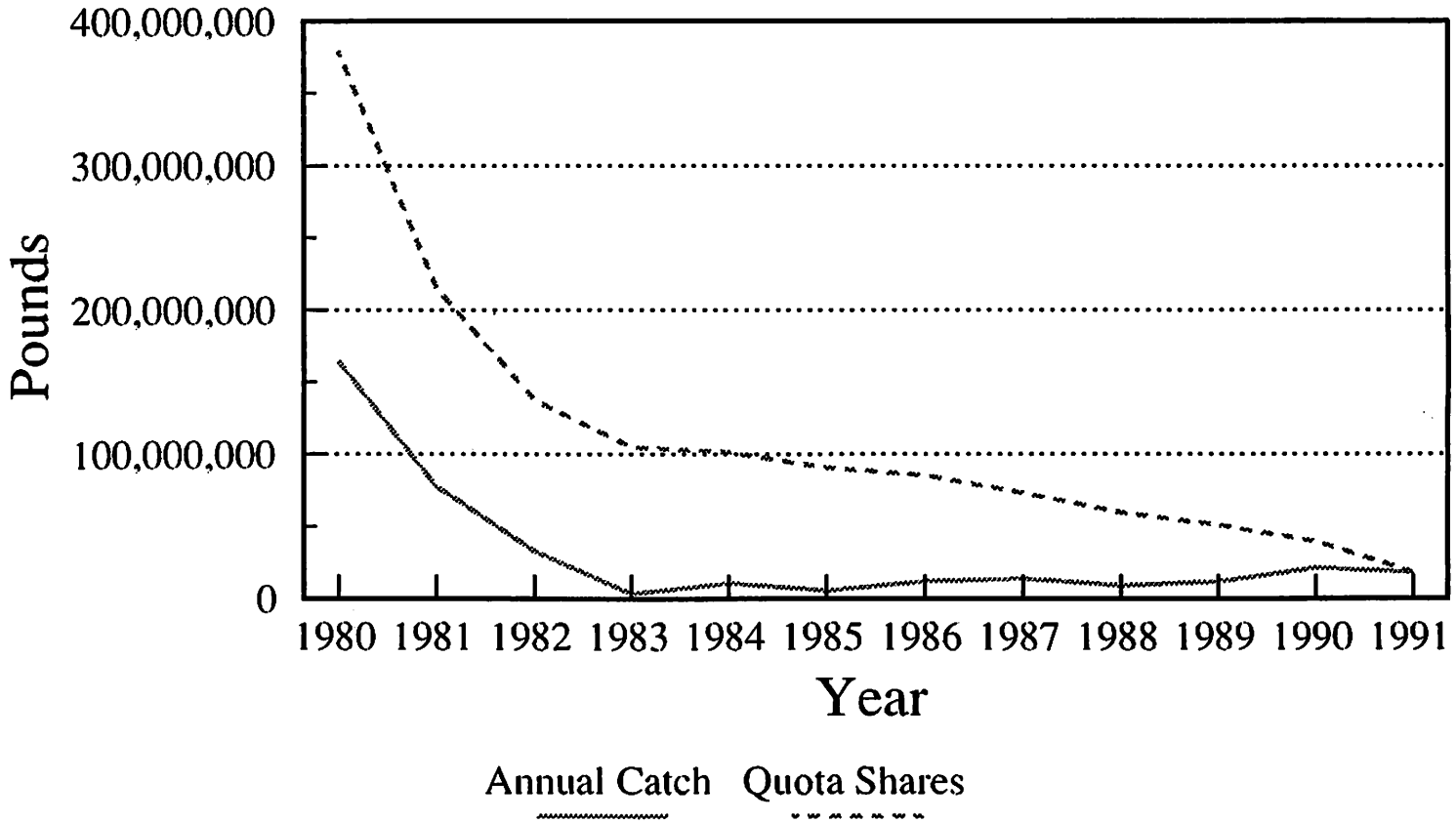
Note: All discards excluded.
Source: PACFIN Database

Brown King Crab Catch in Alaska



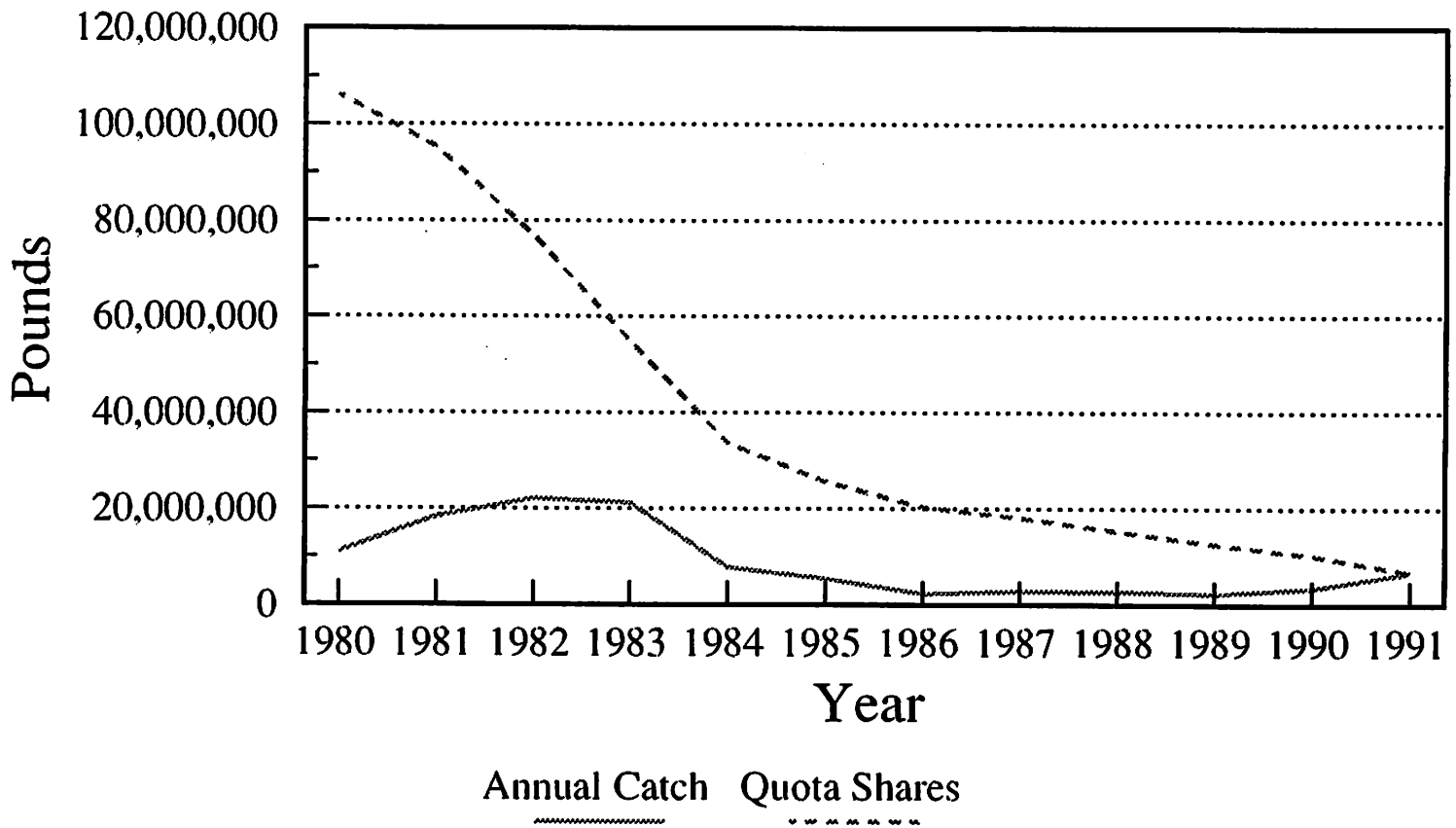
Source: Annual Management Report for the Shellfish Fisheries of the Westward Region, 1991

Red King Crab Catch in Alaska



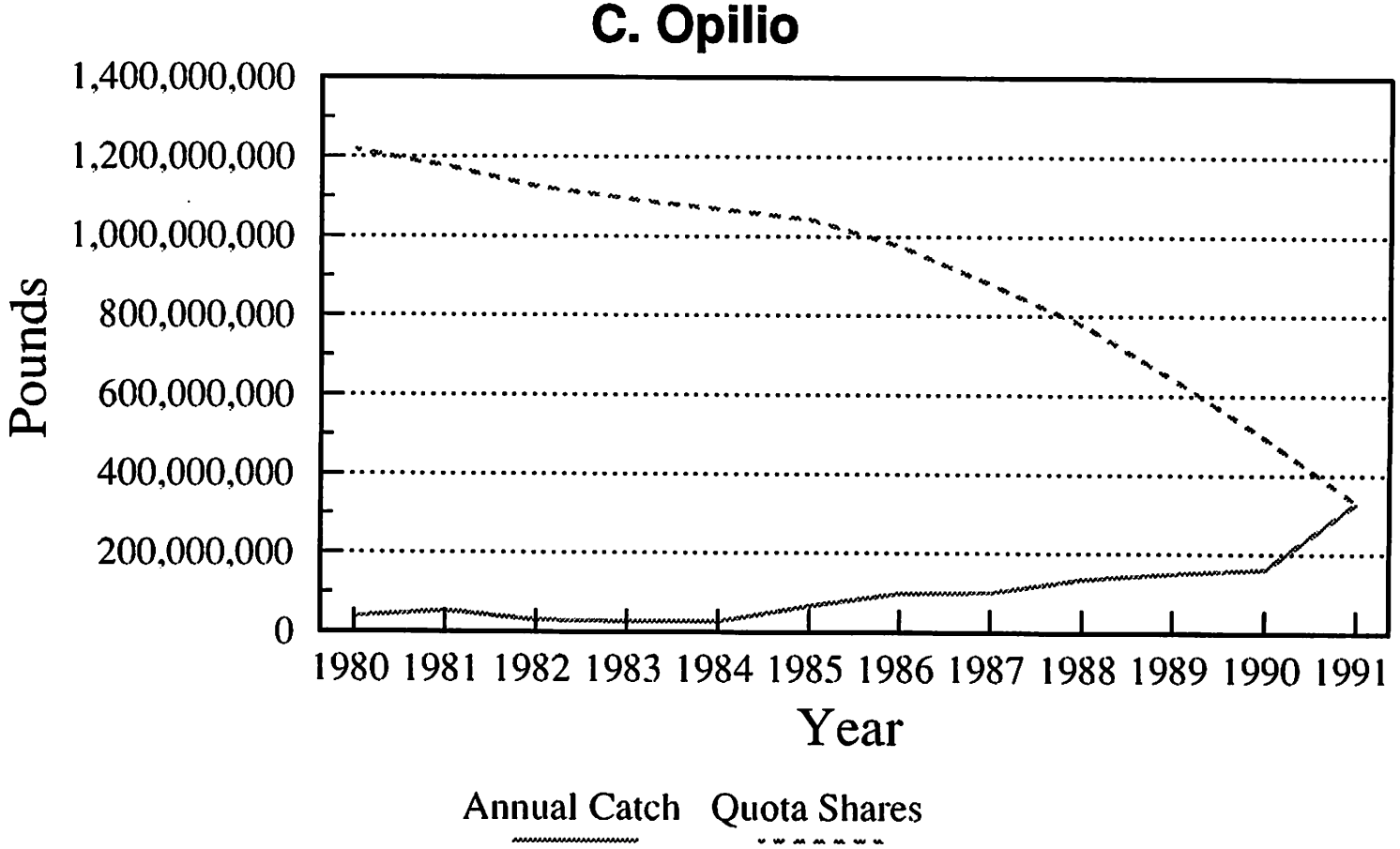
Source: Annual Management Report for the Shellfish Fisheries of the Westward Region, 1991

Blue King Crab Catch in Alaska



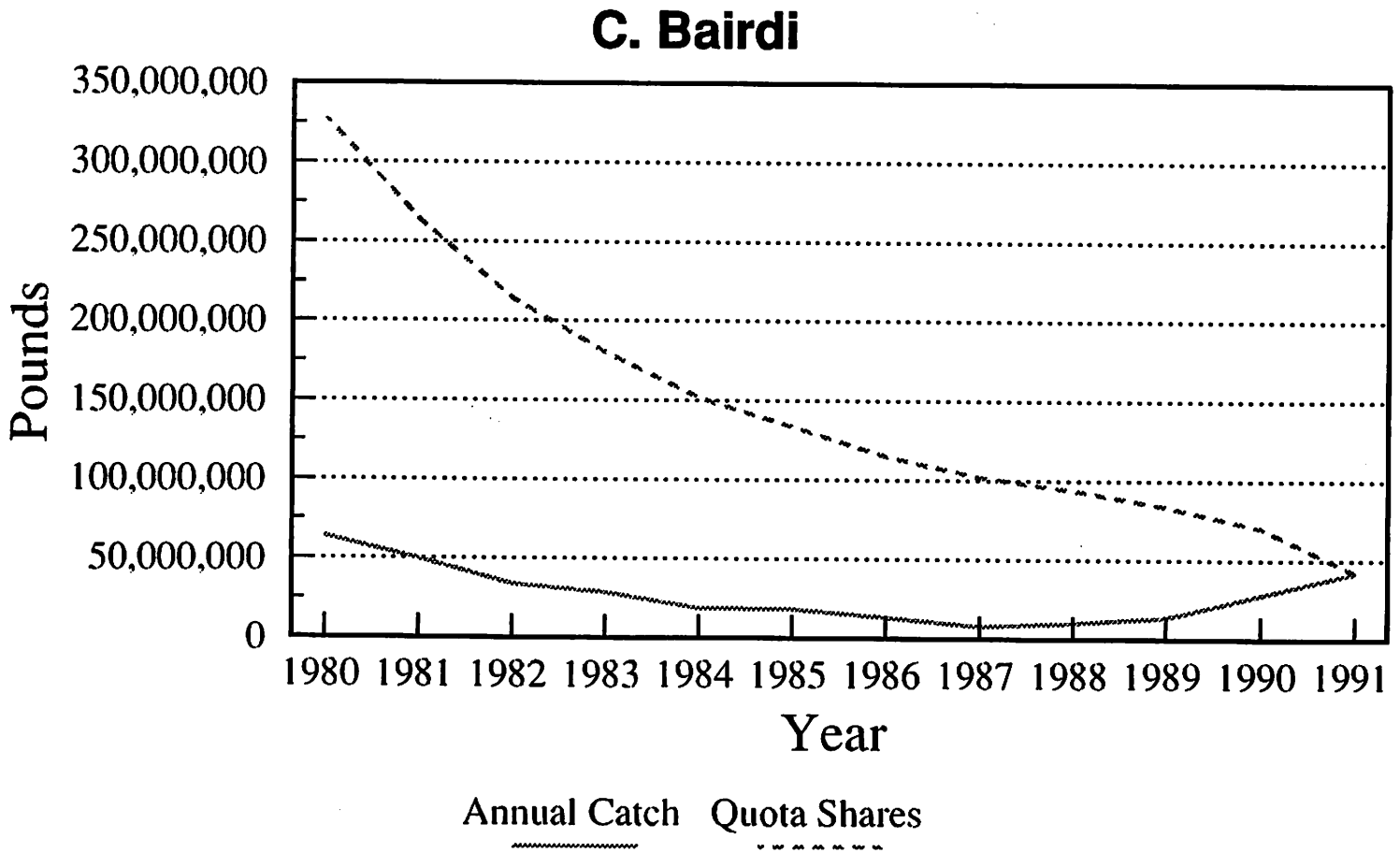
Source: Annual Management Report for the Shellfish Fisheries of the Westward Region. 1991

Tanner Crab Catch in Alaska



Source: Annual Management Report for the Shellfish Fisheries of the Westward Region, 1991

Tanner Crab Catch in Alaska



Source: Annual Management Report for the Shellfish Fisheries of the Westward Region, 1991

QUOTA SHARES

Crab Fishermen (Early & Late)		Bairdi	Opilio	Red King	Brown King	Blue King
BSAI & GOA	TOTAL 80-91	99,510	3,403,816	1,090,759	269,743	15

Crab Fishermen (All Years)		Bairdi	Opilio	Red King	Brown King	Blue King
BSAI & GOA	TOTAL 80-91	1,496,699	7,990,152	1,209,169	214,431	567,138

Longliner		Pollock	P. Cod	POP	Rock Sole	Yellowfin Sole
BSAI	TOTAL 90-91	0	0	0	0	0
BSAI	TOTAL 88-91	0	0	142	0	0
BSAI	TOTAL 85-91	0	0	456	0	0
GOA	TOTAL 90-91	0	0	0	0	0
GOA	TOTAL 88-91	0	0	0	0	0
GOA	TOTAL 85-91	0	197,732	0	0	0

JV Trawl		Pollock	P. Cod	POP	Rock Sole	Yellowfin Sole
BSAI	TOTAL 90-91	7,624,888	325,040	0	242,495	2,204,500
BSAI	TOTAL 88-91	24,427,125	811,853	882	385,788	3,626,403
BSAI	TOTAL 85-91	68,599,030	1,172,295	2,384	573,170	5,533,295
GOA	TOTAL 90-91	0	0	0	0	0
GOA	TOTAL 88-91	0	0	0	0	0
GOA	TOTAL 85-91	0	0	0	0	0

Head & Gut Catcher Processor		Pollock	P. Cod	POP	Rock Sole	Yellowfin Sole
BSAI	TOTAL 90-91	4,522,223	1,753,658	0	3,147,034	6,001,000
BSAI	TOTAL 88-91	4,522,223	1,753,658	0	3,147,034	6,001,000
BSAI	TOTAL 85-91	4,522,223	1,900,102	0	3,147,034	6,001,000
GOA	TOTAL 90-91	300,000	13,585	800,200	0	0
GOA	TOTAL 88-91	300,000	23,246	850,000	0	0
GOA	TOTAL 85-91	300,000	23,246	978,000	0	0

Fillet Catcher Processor		Pollock	P. Cod	POP	Rock Sole	Yellowfin Sole
BSAI	TOTAL 90-91	22,060,422	9,525,813	264,304	11,947,257	4,142,557
BSAI	TOTAL 88-91	29,491,164	26,538,200	278,193	17,896,239	5,007,603
BSAI	TOTAL 85-91	41,691,042	41,523,649	278,193	19,755,410	5,007,603
GOA	TOTAL 90-91	7,190	34,567	0	0	0
GOA	TOTAL 88-91	7,190	34,567	0	0	0
GOA	TOTAL 85-91	4,958,576	2,202,970	0	0	0

Trawl		Pollock	P. Cod	POP	Rock Sole	Yellowfin Sole
BSAI	TOTAL 90-91	0	0	0	0	0
BSAI	TOTAL 88-91	0	0	0	0	0
BSAI	TOTAL 85-91	0	0	0	0	0
GOA	TOTAL 90-91	4,623,669	221,132	0	0	0
GOA	TOTAL 88-91	8,927,176	2,473,741	0	0	0
GOA	TOTAL 85-91	8,927,176	2,473,741	0	0	0

Surimi Catcher Processor		Pollock	P. Cod	POP	Rock Sole	Yellowfin Sole
BSAI	TOTAL 90-91	107,549,545	1,462,233	497,140	7,443,523	2,449,559
BSAI	TOTAL 88-91	147,664,126	1,873,739	497,140	7,443,523	2,449,559
BSAI	TOTAL 85-91	147,664,126	1,873,739	497,140	7,443,523	2,449,559
GOA	TOTAL 90-91	678,076	17,764	0	0	0
GOA	TOTAL 88-91	678,076	17,764	0	0	0
GOA	TOTAL 85-91	678,076	17,764	0	0	0

Freezer Longliner		Pollock	P. Cod	POP	Rock Sole	Yellowfin Sole
BSAI	TOTAL 90-91	311	815,612	0	0	21,437
BSAI	TOTAL 88-91	518	1,219,168	216	0	21,437
BSAI	TOTAL 85-91	518	1,219,168	216	0	21,437
GOA	TOTAL 90-91	0	0	0	0	0
GOA	TOTAL 88-91	0	135,533	0	0	0
GOA	TOTAL 85-91	0	135,533	0	0	0

INDIVIDUAL QUOTA POUNDS (Assumed 1991 crab lanings are TAC)

Crab Fishermen (Early & Late)	Bairdi	Opilio	Red King	Brown King	Blue King
BSAI & GOA TOTAL 80-91	12,775	920,109	51,748	4,141	1

Crab Fishermen (All Years)	Bairdi	Opilio	Red King	Brown King	Blue King
BSAI & GOA TOTAL 80-91	192,146	2,159,873	57,366	3,292	36,039

Longliner		Pollock	P. Cod	POP	Rock Sole	Yellowfin Sole
BSAI	TOTAL 90-91	0	0	0	0	0
BSAI	TOTAL 88-91	0	0	217	0	0
BSAI	TOTAL 85-91	0	0	454	0	0
GOA	TOTAL 90-91	0	0	0	0	0
GOA	TOTAL 88-91	0	0	0	0	0
GOA	TOTAL 85-91	0	40,592	0	0	0

JV Trawl		Pollock	P. Cod	POP	Rock Sole	Yellowfin Sole
BSAI	TOTAL 90-91	4,056,091	154,178	0	132,908	2,938,158
BSAI	TOTAL 88-91	6,386,788	187,491	1,109	142,483	1,474,703
BSAI	TOTAL 85-91	11,996,515	192,746	2,373	205,793	1,051,130
GOA	TOTAL 90-91	0	0	0	0	0
GOA	TOTAL 88-91	0	0	0	0	0
GOA	TOTAL 85-91	0	0	0	0	0

Head & Gut Catcher Processor		Pollock	P. Cod	POP	Rock Sole	Yellowfin Sole
BSAI	TOTAL 90-91	2,405,616	831,825	0	1,724,843	7,998,134
BSAI	TOTAL 88-91	1,182,394	404,993	0	1,162,296	2,440,351
BSAI	TOTAL 85-91	790,841	312,411	0	1,129,924	1,139,977
GOA	TOTAL 90-91	2,537,711	4,950	371,511	0	0
GOA	TOTAL 88-91	1,436,898	5,731	346,387	0	0
GOA	TOTAL 85-91	594,724	4,772	168,632	0	0

Fillet Catcher Processor		Pollock	P. Cod	POP	Rock Sole	Yellowfin Sole
BSAI	TOTAL 90-91	11,735,134	4,518,444	403,827	6,548,117	5,521,201
BSAI	TOTAL 88-91	7,710,846	6,128,786	349,771	6,609,632	2,036,378
BSAI	TOTAL 85-91	7,290,879	6,827,227	276,811	7,093,063	951,267
GOA	TOTAL 90-91	60,821	12,596	0	0	0
GOA	TOTAL 88-91	34,438	8,521	0	0	0
GOA	TOTAL 85-91	9,829,943	452,239	0	0	0

Trawl		Pollock	P. Cod	POP	Rock Sole	Yellowfin Sole
BSAI	TOTAL 90-91	0	0	0	0	0
BSAI	TOTAL 88-91	0	0	0	0	0
BSAI	TOTAL 85-91	0	0	0	0	0
GOA	TOTAL 90-91	39,111,789	80,579	0	0	0
GOA	TOTAL 88-91	42,758,140	609,831	0	0	0
GOA	TOTAL 85-91	17,697,345	507,824	0	0	0

Surimi Catcher Processor		Pollock	P. Cod	POP	Rock Sole	Yellowfin Sole
BSAI	TOTAL 90-91	57,211,434	693,591	759,575	4,079,686	3,264,773
BSAI	TOTAL 88-91	38,608,694	432,725	625,053	2,749,122	996,131
BSAI	TOTAL 85-91	25,823,324	308,076	494,671	2,672,553	465,329
GOA	TOTAL 90-91	0	0	0	0	0
GOA	TOTAL 88-91	0	0	0	0	0
GOA	TOTAL 85-91	0	0	0	0	0

Freezer Longliner		Pollock	P. Cod	POP	Rock Sole	Yellowfin Sole
BSAI	TOTAL 90-91	166	386,875	0	0	28,571
BSAI	TOTAL 88-91	135	281,557	271	0	8,717
BSAI	TOTAL 85-91	91	200,453	215	0	4,072
GOA	TOTAL 90-91	0	0	0	0	0
GOA	TOTAL 88-91	0	33,412	0	0	0
GOA	TOTAL 85-91	0	27,823	0	0	0

Problem 1

Harvesting Capacity in Excess of that required to harvest the available resource.

Comparison of Alternatives

Specific Alternatives	Alleviates Problem	Comments, Caveats and Justifications
Exclusive Registration		
Seasonal Allocations		
License Limitation		
Gear Allocations		
Continue Inshore/Offshore		
CDQ Allocations		
Trip Limits		
IFQs for PSCs		
Non-Transferable IFQs		
Transferable IFQs		
Auctions		

\+ the alternative will significantly alleviate the problem.
– the alternative will not significantly alleviate the problem.
Only one answer per alternative. +/- is unacceptable in this exercise.
Add comments, caveats, or justifications in the right hand column.

An X Denotes Underlying Factors Affecting the Problem			
Common Property Resource	X	The Nature of the Resource	X
The Regulatory Environment	X	The Product Market	X
Inefficient Allocation System	X	The Physical Environment	X
Differing Needs of Competing Users		Geographic Location of Users	

Problem 2

Allocation and preemption conflicts between and within industry sectors, such as with inshore and offshore components.

Comparison of Alternatives

Specific Alternatives	Alleviates Problem	Comments, Caveats and Justifications
Exclusive Registration		
Seasonal Allocations		
License Limitation		
Gear Allocations		
Continue Inshore/Offshore		
CDQ Allocations		
Trip Limits		
IFQs for PSCs		
Non-Transferable IFQs		
Transferable IFQs		
Auctions		

\+ the alternative will significantly alleviate the problem.
– the alternative will not significantly alleviate the problem.
Only one answer per alternative. +/- is unacceptable in this exercise.
Add comments, caveats, or justifications in the right hand column.

An X Denotes Underlying Factors Affecting the Problem			
Common Property Resource	X	The Nature of the Resource	
The Regulatory Environment	X	The Product Market	
Inefficient Allocation System	X	The Physical Environment	
Differing Needs of Competing Users	X	Geographic Location of Users	X

Problem 3

Preemption conflicts between gear types.

Comparison of Alternatives

Specific Alternatives	Alleviates Problem	Comments, Caveats and Justifications
Exclusive Registration		
Seasonal Allocations		
License Limitation		
Gear Allocations		
Continue Inshore/Offshore		
CDQ Allocations		
Trip Limits		
IFQs for PSCs		
Non-Transferable IFQs		
Transferable IFQs		
Auctions		

\+ the alternative will significantly alleviate the problem.
– the alternative will not significantly alleviate the problem.
Only one answer per alternative. +/- is unacceptable in this exercise.
Add comments, caveats, or justifications in the right hand column.

An X Denotes Underlying Factors Affecting the Problem			
Common Property Resource	X	The Nature of the Resource	X
The Regulatory Environment	X	The Product Market	
Inefficient Allocation System	X	The Physical Environment	
Differing Needs of Competing Users	X	Geographic Location of Users	

Problem 4

Gear conflicts within fisheries where there is overcrowding of fishing gear due to excessive participation and surplus fishing effort on limited grounds.

Comparison of Alternatives

Specific Alternatives	Alleviates Problem	Comments, Caveats and Justifications
Exclusive Registration		
Seasonal Allocations		
License Limitation		
Gear Allocations		
Continue Inshore/Offshore		
CDQ Allocations		
Trip Limits		
IFQs for PSCs		
Non-Transferable IFQs		
Transferable IFQs		
Auctions		

\+ the alternative will significantly alleviate the problem.
– the alternative will not significantly alleviate the problem.
Only one answer per alternative. +/- is unacceptable in this exercise.
Add comments, caveats, or justifications in the right hand column.

An X Denotes Underlying Factors Affecting the Problem			
Common Property Resource	X	The Nature of the Resource	X
The Regulatory Environment	X	The Product Market	X
Inefficient Allocation System	X	The Physical Environment	X
Differing Needs of Competing Users	X	Geographic Location of Users	

Problem 5

Dead-loss such as with ghost fishing by lost or discarded gear.

Comparison of Alternatives

Specific Alternatives	Alleviates Problem	Comments, Caveats and Justifications
Exclusive Registration		
Seasonal Allocations		
License Limitation		
Gear Allocations		
Continue Inshore/Offshore		
CDQ Allocations		
Trip Limits		
IFQs for PSCs		
Non-Transferable IFQs		
Transferable IFQs		
Auctions		

\+ the alternative will significantly alleviate the problem.
– the alternative will not significantly alleviate the problem.
Only one answer per alternative. +/- is unacceptable in this exercise.
Add comments, caveats, or justifications in the right hand column.

An X Denotes Underlying Factors Affecting the Problem			
Common Property Resource	X	The Nature of the Resource	X
The Regulatory Environment	X	The Product Market	
Inefficient Allocation System	X	The Physical Environment	X
Differing Needs of Competing Users		Geographic Location of Users	X

Problem 6

Bycatch loss of groundfish, crab, herring, salmon, and other non-target species, including bycatch which is not landed for regulatory reasons.

Comparison of Alternatives

Specific Alternatives	Alleviates Problem	Comments, Caveats and Justifications
Exclusive Registration		
Seasonal Allocations		
License Limitation		
Gear Allocations		
Continue Inshore/Offshore		
CDQ Allocations		
Trip Limits		
IFQs for PSCs		
Non-Transferable IFQs		
Transferable IFQs		
Auctions		

\+ the alternative will significantly alleviate the problem.
– the alternative will not significantly alleviate the problem.
Only one answer per alternative. +/- is unacceptable in this exercise.
Add comments, caveats, or justifications in the right hand column.

An X Denotes Underlying Factors Affecting the Problem			
Common Property Resource	X	The Nature of the Resource	X
The Regulatory Environment	X	The Product Market	X
Inefficient Allocation System	X	The Physical Environment	
Differing Needs of Competing Users	X	Geographic Location of Users	

Problem 7

Economic loss and waste associated with discard mortality of target species harvested but not retained for economic reasons.

Comparison of Alternatives

Specific Alternatives	Alleviates Problem	Comments, Caveats and Justifications
Exclusive Registration		
Seasonal Allocations		
License Limitation		
Gear Allocations		
Continue Inshore/Offshore		
CDQ Allocations		
Trip Limits		
IFQs for PSCs		
Non-Transferable IFQs		
Transferable IFQs		
Auctions		

\+ the alternative will significantly alleviate the problem.
– the alternative will not significantly alleviate the problem.
Only one answer per alternative. +/- is unacceptable in this exercise.
Add comments, caveats, or justifications in the right hand column.

An X Denotes Underlying Factors Affecting the Problem			
Common Property Resource	X	The Nature of the Resource	X
The Regulatory Environment	X	The Product Market	X
Inefficient Allocation System	X	The Physical Environment	
Differing Needs of Competing Users	X	Geographic Location of Users	

Problem 8

Concerns regarding vessel and crew safety which are often compromised in the race for fish.

Comparison of Alternatives

Specific Alternatives	Alleviates Problem	Comments, Caveats and Justifications
Exclusive Registration		
Seasonal Allocations		
License Limitation		
Gear Allocations		
Continue Inshore/Offshore		
CDQ Allocations		
Trip Limits		
IFQs for PSCs		
Non-Transferable IFQs		
Transferable IFQs		
Auctions		

\+ the alternative will significantly alleviate the problem.
– the alternative will not significantly alleviate the problem.
Only one answer per alternative. +/- is unacceptable in this exercise.
Add comments, caveats, or justifications in the right hand column.

An X Denotes Underlying Factors Affecting the Problem			
Common Property Resource	X	The Nature of the Resource	X
The Regulatory Environment	X	The Product Market	X
Inefficient Allocation System	X	The Physical Environment	X
Differing Needs of Competing Users		Geographic Location of Users	

Problem 9

Economic instability within various sectors of the fishing industry, and in fishing communities caused by short and unpredictable fishing seasons, or preemption which denies access to fisheries resources.

Comparison of Alternatives

Specific Alternatives	Alleviates Problem	Comments, Caveats and Justifications
Exclusive Registration		
Seasonal Allocations		
License Limitation		
Gear Allocations		
Continue Inshore/Offshore		
CDQ Allocations		
Trip Limits		
IFQs for PSCs		
Non-Transferable IFQs		
Transferable IFQs		
Auctions		

\+ the alternative will significantly alleviate the problem.
– the alternative will not significantly alleviate the problem.
Only one answer per alternative. +/- is unacceptable in this exercise.
Add comments, caveats, or justifications in the right hand column.

An X Denotes Underlying Factors Affecting the Problem			
Common Property Resource	X	The Nature of the Resource	X
The Regulatory Environment	X	The Product Market	X
Inefficient Allocation System	X	The Physical Environment	
Differing Needs of Competing Users	X	Geographic Location of Users	X

Problem 10

Inability to provide for a long-term, stable fisheries-based economy in small economically disadvantaged adjacent coastal communities.

Comparison of Alternatives

Specific Alternatives	Alleviates Problem	Comments, Caveats and Justifications
Exclusive Registration		
Seasonal Allocations		
License Limitation		
Gear Allocations		
Continue Inshore/Offshore		
CDQ Allocations		
Trip Limits		
IFQs for PSCs		
Non-Transferable IFQs		
Transferable IFQs		
Auctions		

\+ the alternative will significantly alleviate the problem.
– the alternative will not significantly alleviate the problem.
Only one answer per alternative. +/- is unacceptable in this exercise.
Add comments, caveats, or justifications in the right hand column.

An X Denotes Underlying Factors Affecting the Problem			
Common Property Resource	X	The Nature of the Resource	X
The Regulatory Environment	X	The Product Market	X
Inefficient Allocation System	X	The Physical Environment	
Differing Needs of Competing Users	X	Geographic Location of Users	X

Problem 11

Reduction in ability to provide a quality product to consumers at a competitive price, and thus maintain the competitiveness of seafood products from the EEZ off Alaska on the world market.

Comparison of Alternatives

Specific Alternatives	Alleviates Problem	Comments, Caveats and Justifications
Exclusive Registration		
Seasonal Allocations		
License Limitation		
Gear Allocations		
Continue Inshore/Offshore		
CDQ Allocations		
Trip Limits		
IFQs for PSCs		
Non-Transferable IFQs		
Transferable IFQs		
Auctions		

\+ the alternative will significantly alleviate the problem.
– the alternative will not significantly alleviate the problem.
Only one answer per alternative. +/- is unacceptable in this exercise.
Add comments, caveats, or justifications in the right hand column.

An X Denotes Underlying Factors Affecting the Problem			
Common Property Resource	X	The Nature of the Resource	X
The Regulatory Environment	X	The Product Market	X
Inefficient Allocation System	X	The Physical Environment	
Differing Needs of Competing Users	X	Geographic Location of Users	X

Problem 12

Possible impacts on marine mammals and seabirds, and marine habitat.

Comparison of Alternatives

Specific Alternatives	Alleviates Problem	Comments, Caveats and Justifications
Exclusive Registration		
Seasonal Allocations		
License Limitation		
Gear Allocations		
Continue Inshore/Offshore		
CDQ Allocations		
Trip Limits		
IFQs for PSCs		
Non-Transferable IFQs		
Transferable IFQs		
Auctions		

\+ the alternative will significantly alleviate the problem.
– the alternative will not significantly alleviate the problem.
Only one answer per alternative. +/- is unacceptable in this exercise.
Add comments, caveats, or justifications in the right hand column.

An X Denotes Underlying Factors Affecting the Problem			
Common Property Resource	X	The Nature of the Resource	X
The Regulatory Environment		The Product Market	X
Inefficient Allocation System	X	The Physical Environment	X
Differing Needs of Competing Users	X	Geographic Location of Users	

Problem 13

Inability to achieve long-term sustainable economic benefits to the nation.

Comparison of Alternatives

Specific Alternatives	Alleviates Problem	Comments, Caveats and Justifications
Exclusive Registration		
Seasonal Allocations		
License Limitation		
Gear Allocations		
Continue Inshore/Offshore		
CDQ Allocations		
Trip Limits		
IFQs for PSCs		
Non-Transferable IFQs		
Transferable IFQs		
Auctions		

\+ the alternative will significantly alleviate the problem.
– the alternative will not significantly alleviate the problem.
Only one answer per alternative. +/- is unacceptable in this exercise.
Add comments, caveats, or justifications in the right hand column.

An X Denotes Underlying Factors Affecting the Problem			
Common Property Resource	X	The Nature of the Resource	X
The Regulatory Environment	X	The Product Market	X
Inefficient Allocation System	X	The Physical Environment	X
Differing Needs of Competing Users	X	Geographic Location of Users	X

Problem 14

A complex enforcement regimen for fishermen and management alike which inhibits the achievement of the Council's comprehensive goals.

Comparison of Alternatives

Specific Alternatives	Alleviates Problem	Comments, Caveats and Justifications
Exclusive Registration		
Seasonal Allocations		
License Limitation		
Gear Allocations		
Continue Inshore/Offshore		
CDQ Allocations		
Trip Limits		
IFQs for PSCs		
Non-Transferable IFQs		
Transferable IFQs		
Auctions		

\+ the alternative will significantly alleviate the problem.
– the alternative will not significantly alleviate the problem.
Only one answer per alternative. +/- is unacceptable in this exercise.
Add comments, caveats, or justifications in the right hand column.

An X Denotes Underlying Factors Affecting the Problem			
Common Property Resource		The Nature of the Resource	X
The Regulatory Environment	X	The Product Market	X
Inefficient Allocation System	X	The Physical Environment	X
Differing Needs of Competing Users	X	Geographic Location of Users	

Problem 1 Harvesting Capacity in Excess of that required to harvest the available resource.

Problem 2 Allocation and preemption conflicts between and within industry sectors, such as with inshore and offshore components.

Problem 3 Preemption conflicts between gear types.

Problem 4 Gear conflicts within fisheries where there is overcrowding of fishing gear due to excessive participation and surplus fishing effort on limited grounds.

Problem 5 Dead-loss such as with ghost fishing by lost or discarded gear.

Problem 6 Bycatch loss of groundfish, crab, herring, salmon, and other non-target species, including bycatch which is not landed for regulatory reasons.

Problem 7 Economic loss and waste associated with discard mortality of target species harvested but not retained for economic reasons.

Problem 8 Concerns regarding vessel and crew safety which are often compromised in the race for fish.

Problem 9 Economic instability within various sectors of the fishing industry, and in fishing communities caused by short and unpredictable fishing seasons, or preemption which denies access to fisheries resources.

Problem 10 Inability to provide for a long-term, stable fisheries-based economy in small economically disadvantaged adjacent coastal communities.

Problem 11 Reduction in ability to provide a quality product to consumers at a competitive price, and thus maintain the competitiveness of seafood products from the EEZ off Alaska on the world market.

Problem 12 Possible impacts on marine mammals and seabirds, and marine habitat.

Problem 13 Inability to achieve long-term sustainable economic benefits to the nation.

Problem 14 A complex enforcement regimen for fishermen and management alike which inhibits the achievement of the Council's comprehensive goals.

Exclusive Registration - this alternative is defined as a requirement that vessels register to fish in a specific geographic area, while giving up the right to fish in other areas.

Problem #	Alleviates Problem
Problem 1	–
Problem 2	–
Problem 3	–
Problem 4	–
Problem 5	–
Problem 6	–
Problem 7	–

Problem #	Alleviates Problem
Problem 8	–
Problem 9	–
Problem 10	+
Problem 11	–
Problem 12	–
Problem 13	–
Problem 14	–

- ☞ divides into smaller races for fish.
- ☞ could spread harvest and alleviate preemption in short term.
- ☞ must be careful not to discriminate between residents of different states.
- ☞ could address Problem 10, economic stability in fishing communities.
- ☞ exclusive registration between BS/AI and W/C Gulf approved by Council in December 1992.

Seasonal Allocations - defined as distribution of specific fishery TACs by time over the fishing season.

Problem #	Alleviates Problem
Problem 1	–
Problem 2	–
Problem 3	–
Problem 4	–
Problem 5	–
Problem 6	+
Problem 7	+

Problem #	Alleviates Problem
Problem 8	+
Problem 9	+
Problem 10	–
Problem 11	+
Problem 12	+
Problem 13	–
Problem 14	–

- ☞ could lead to smaller races for fish.
- ☞ could reduce bycatch of PSC or economic discards.
- ☞ could alleviate vessel safety concerns.
- ☞ could increase product quality and price.
- ☞ could address marine mammal concerns.
- ☞ could be used to protect stocks at biologically sensitive times.

License Limitation - issuance of licenses (fishing privileges) to a specified set of vessels; allocation criteria is unspecified.

Problem #	Alleviates Problem
Problem 1	+
Problem 2	–
Problem 3	–
Problem 4	–
Problem 5	–
Problem 6	–
Problem 7	–

Problem #	Alleviates Problem
Problem 8	–
Problem 9	–
Problem 10	–
Problem 11	–
Problem 12	–
Problem 13	–
Problem 14	–

- ☞ could alleviate excess capacity if number of licenses reduced to match available resource.
- ☞ real effort could increase under license limitation
- ☞ Council rejected license limitation for sablefish and halibut management.
- ☞ could be plausible alternative for species with no TACs, such as some crab species.
- ☞ initial allocation is "all or none" proposition and therefore very contentious.

Gear Allocations - assignment of harvest rights (specified % of TAC for example) to a specified gear group.

Problem #	Alleviates Problem
Problem 1	–
Problem 2	–
Problem 3	+
Problem 4	–
Problem 5	+
Problem 6	+
Problem 7	+

Problem #	Alleviates Problem
Problem 8	–
Problem 9	+
Problem 10	–
Problem 11	+
Problem 12	+
Problem 13	–
Problem 14	–

- ☞ could address preemption and allocation issues between gear types.
- ☞ could address gear loss and bycatch concerns.
- ☞ could provide stability for certain sectors.
- ☞ could address product quality concerns.
- ☞ could address marine mammal concerns.
- ☞ could concentrate race for fish into gear sectors.
- ☞ initial allocation very contentious.
- ☞ did not work for sablefish/halibut.

Continue Inshore/Offshore - beginning in 1996, reinstate some direct % allocation of processing privileges to onshore and offshore processing interests.

Problem #	Alleviates Problem
Problem 1	–
Problem 2	+
Problem 3	–
Problem 4	–
Problem 5	–
Problem 6	–
Problem 7	–

Problem #	Alleviates Problem
Problem 8	–
Problem 9	+
Problem 10	–
Problem 11	–
Problem 12	–
Problem 13	–
Problem 14	–

- ☞ address only one preemption protection.
- ☞ does address stability issues within one or two industry sectors.
- ☞ capacity within sectors still continues to grow.

CDQ Allocations - direct allocations to disadvantaged communities; assumes similar to previous CDQ Programs.

Problem #	Alleviates Problem
Problem 1	–
Problem 2	–
Problem 3	–
Problem 4	–
Problem 5	–
Problem 6	–
Problem 7	–

Problem #	Alleviates Problem
Problem 8	–
Problem 9	+
Problem 10	+
Problem 11	–
Problem 12	–
Problem 13	–
Problem 14	–

- addresses harvest capacity but only on that amount allocated as CDQs.
- promotes economic stability in coastal communities.
- could compound problem in remaining fisheries by reducing available TAC.

Trip Limits - prescribing a specific poundage limit, of a given species, to a vessel for a single fishing trip; number of trips allowed is not restricted in this definition.

Problem #	Alleviates Problem
Problem 1	–
Problem 2	–
Problem 3	–
Problem 4	–
Problem 5	+
Problem 6	–
Problem 7	+

Problem #	Alleviates Problem
Problem 8	–
Problem 9	+
Problem 10	+
Problem 11	–
Problem 12	–
Problem 13	–
Problem 14	–

- ☞ inefficient allocation mechanism.
- ☞ does not reduce capacity.
- ☞ does not reduce race for fish unless number of trips is limited.
- ☞ could provide economic stability for some industry sectors or communities.
- ☞ could reduce economic discards if <u>all</u> catch is counted against trip limit.

IFQs For PSCs - individual fishing quotas for prohibited species only; assumed to be transferable; no assumptions made as to allocation criteria.

Problem #	Alleviates Problem
Problem 1	+
Problem 2	+
Problem 3	+
Problem 4	+
Problem 5	+
Problem 6	+
Problem 7	–

Problem #	Alleviates Problem
Problem 8	+
Problem 9	+
Problem 10	+
Problem 11	+
Problem 12	–
Problem 13	–
Problem 14	–

- could alleviate excess capacity and preemption issues for those species for which PSC is a constraint.
- could reduce bycatch waste.
- could promote vessel safety.
- could promote economic stability in industry sectors.
- could increase product quality and price.
- could spread effort to some extent.

Non-Transferable IFQs - individual fishing quotas for all species (including PSCs) but non-transferable after initial allocation; no assumptions made as to allocation criteria.

Problem #	Alleviates Problem
Problem 1	+
Problem 2	+
Problem 3	+
Problem 4	+
Problem 5	+
Problem 6	+
Problem 7	+

Problem #	Alleviates Problem
Problem 8	+
Problem 9	+
Problem 10	+
Problem 11	–
Problem 12	–
Problem 13	–
Problem 14	–

- ☞ could address excess capacity but, like license limitation, only if you make tough cut in initial allocation.

- ☞ address most other concerns as <u>transferable</u> IFQs, but does not alleviate loss of net benefits.

- ☞ could reduce competitiveness.

Transferable IFQs - individual fishing quotas for all species (including PSCs) and transferable after initial allowance; no assumptions made as to allocation criteria.

Problem #	Alleviates Problem
Problem 1	+
Problem 2	+
Problem 3	+
Problem 4	+
Problem 5	+
Problem 6	+
Problem 7	+

Problem #	Alleviates Problem
Problem 8	+
Problem 9	+
Problem 10	+
Problem 11	+
Problem 12	–
Problem 13	+
Problem 14	–

- ☞ appears to address all problems except marine mammal and enforcement concerns.
- ☞ addressing underlying problems caused by common property resources.
- ☞ allows market to allocate those quotas to those who can use them most efficiently.
- ☞ could be sold by communities leading to instability.
- ☞ could be purchased by communities, or other governmental entities, leading to greater stability.
- ☞ administratively complex

Auctions - auction of specified amounts of the TAC (IFQs) for each species for a specified period of time; one assumption would be 5-10 year, or an average business/economic cycle; assumes that auction criteria could be designed to accommodate various Council objectives; assumes amendment of Magnuson Act.

Problem #	Alleviates Problem
Problem 1	+
Problem 2	+
Problem 3	+
Problem 4	+
Problem 5	+
Problem 6	+
Problem 7	+

Problem #	Alleviates Problem
Problem 8	+
Problem 9	+
Problem 10	+
Problem 11	+
Problem 12	–
Problem 13	+
Problem 14	–

- ☞ could address all problems except marine mammals and enforcement concerns.
- ☞ eliminates windfall profit issues.
- ☞ currently not allowed by Magnuson Act.
- ☞ transition to efficiency is immediate.
- ☞ administrative complexity, initially, is less than other allocation systems.
- ☞ could be structured to achieve Council objectives other than maximum economic efficiency.
- ☞ really an ITQ program; only addresses initial allocation issue.

Staff Comparison of Alternatives and Problems

	PROBLEMS													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Exclusive Registration	–	–	–	–	–	–	–	–	–	+	–	–	–	–
Seasonal Allocations	–	–	–	–	–	+	+	+	+	–	+	+	–	–
License Limitation	+	–	–	–	–	–	–	–	–	–	–	–	–	–
Gear Allocations	–	–	+	–	+	+	+	–	+	–	+	+	–	–
Inshore/Offshore	–	+	–	–	–	–	–	–	+	–	–	–	–	–
CDQ Allocations	–	–	–	–	–	–	–	–	+	+	–	–	–	–
Trip Limits	–	–	–	–	+	–	+	–	+	+	–	–	–	–
IFQs for PSCs	+	+	+	+	+	+	–	+	+	+	+	–	–	–
Non-Transferable IFQs	+	+	+	+	+	+	+	+	+	+	–	–	–	–
Transferable IFQs	+	+	+	+	+	+	+	+	+	+	+	–	+	–
Auctions	+	+	+	+	+	+	+	+	+	+	+	–	+	–

AGENDA C-1
JANUARY 1993
Supplemental

WINDY BAY INC
P. O. BOX 1315
SEWARD, AK 99664

Clarence G. Pautzke
North Pacific Fisheries Management Council
605 W. 4th, Suite #306
Anchorage, AK 99501

Re: Comprehensive Rationalization Plan

As crab fishermen we are concerned about our future. We know conservation of this resource is important for our future. We implore the NPFMC to move forward in an expeditious manner to some form of Comprehensive Rationalization Plan for the BSAI crab fisheries.

We feel it would be wise of the council to announce at the January meeting its intentions to form a subcommittee to study and recommend to the council the best possible solutions for the BSAI crab fisheries. We feel this subcommitee should be comprised of crab vessel owners whose fishing income is derived solely from the crab fisheries.

It is important for the council to note that a large number of vessel owners invested a great deal of money to improve or build new vessels with the understanding that they would have a fair and equal chance to apply their skills in the pursuit of earning a living. Due to the wording of the moratorium this investment was accelerated. Any Comprehensive Rationalization Plan must take this factor into account.

In closing we feel that the NPFMC working in concert with industry representatives will find the best solution for the future of both the resource and the fishery.

Peter F. Woeck II
On behalf of the following
Vessel Owners

Mike Burns	F/V SULTAN
Blue North Fisheries Seattle, WA	F/V TEMPEST
Morris Hansen Seattle, WA	F/V PACIFIC MONARCH
Todd Hiner Kodiak, AK	F/V SAGA
Tim Kennedy Kennedy Fisheries Cordova, AK	F/V NOWITNA F/V SECRET ISLAND
Jerry Matson Kodiak, AK	F/V HANDLER F/V ALICIA JEAN
Jim Nagai Aleutian Dragon Seattle, WA	F/V ALL AMERICAN
Mike Nixon Seattle, WA	F/V RELIANCE
Kevin Suydam Suydam Boats Kodiak, AK	F/V LADY ALASKA F/V LADY ALEUTIAN F/V LADY KODIAK F/V LADY PRIBILOFF
Steve Toomey Q&S Enterprises Seattle, WA	F/V EXITO F/V KODIAK QUEEN
Pete Woeck Windy Bay, Inc. Seward, AK	F/V WINDY BAY

		PROBLEMS													
		1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**
Exclusive Registration	+	14	25	18	21	7	7	8	13	26	22	7	10	12	15
	–	33	22	29	26	40	40	39	34	21	25	40	37	35	32
Seasonal Allocations	+	18	18	19	14	9	22	20	20	22	14	27	38	19	14
	–	29	29	28	33	38	25	27	27	25	33	20	9	28	33
License Limitation	+	29	25	22	23	19	15	11	24	24	15	18	19	25	21
	–	18	22	25	24	28	32	37	23	23	32	29	28	22	26
Gear Allocations	+	13	23	37	18	21	22	19	12	22	11	16	27	16	9
	–	34	24	10	29	26	25	28	35	25	36	31	20	31	38
Inshore/Offshore	+	14	29	15	14	3	6	10	10	25	19	12	11	11	9
	–	33	18	32	33	44	41	37	37	22	28	35	36	36	38
CDQ Allocations	+	9	13	8	10	5	7	10	12	23	35	14	7	13	5
	–	38	34	39	37	42	40	37	35	24	12	33	40	34	42
Trip Limits	+	16	14	9	15	14	10	8	17	17	12	10	13	7	5
	–	31	33	38	32	33	37	39	30	30	35	37	34	40	42
IFQs for PSCs	+	26	24	24	20	15	36	19	23	27	14	23	22	27	16
	–	21	23	23	27	32	11	28	24	20	33	24	25	20	31
Non-Transferable IFQs	+	19	16	18	20	19	18	18	30	23	26	28	19	22	18
	–	28	31	29	27	28	29	29	17	24	21	19	28	25	29
Transferable IFQs	+	38	35	35	10	31	31	28	43	37	29	40	29	39	25
	–	9	12	12	37	16	16	19	4	10	18	7	18	8	22
Auctions	+	27	24	17	22	16	16	15	28	18	15	23	15	19	15
	–	20	23	30	25	31	31	34	19	29	32	24	32	28	32

MEMORANDUM

TO: Council, SSC and AP Members

FROM: Clarence G. Pautzke
Executive Director

DATE: January 12, 1993

SUBJECT: Sablefish and Halibut IFQ Plan

ACTION REQUIRED

A. Receive status report on the program.

B. Review preliminary analyses of Block Proposals and 1,000 pound minimum and decide on development of Plan Amendment.

BACKGROUND

A. Status Report

The comment period on the Proposed Rule for the IFQ program for fixed gear sablefish and halibut fisheries ended on January 11, 1993. As requested by the Council, staff has reviewed the Proposed Rule in detail for consistency with Council intent. Some of the problems in the Proposed Rule were corrected through a Notice of Correction filed in the FEDERAL REGISTER during the comment period. Additional concerns identified by Council staff, which are primarily technical in nature, have been forwarded to NMFS within the comment period. These issues may be addressed by changes in the Final Rule or, based upon advice from the NMFS Regional Office, may be addressed later in a 'housekeeping amendment' to the IFQ Plan. Such a housekeeping amendment could be combined with a Block Proposal amendment, if the Council proceeds with such an amendment.

B. Block proposals and the 1,000 pound minimum proposal

At their September 1992 meeting, the Council reviewed draft analyses, prepared by analysts with the Alaska Commercial Fisheries Entry Commission (CFEC), of the original Sitka Block Proposal, a modified Block Proposal, and the proposed 1,000-pound minimum initial allocation for halibut. These analyses were forwarded by the Council for public review and the Council noticed that they would be addressing the amendment proposals at this meeting. Based on these draft analyses and on public comment received since September, the Council would determine whether to complete the analyses as formal plan amendments and schedule a decision for a future meeting. Written comments received are included in your notebooks as Item C-3(b)(1).

Analysts from the CFEC are on hand at this meeting to present the results of their preliminary analyses and will also provide, as the Council requested, a summary and comparison of the major features of each of the proposals. If the Council decides to proceed with any of the proposals, the analyses could be completed after the January meeting and sent out for public review as plan amendments, with a final decision at the April 1993 meeting.

DON YOUNG
CONGRESSMAN FOR ALL ALASKA
WASHINGTON OFFICE
2331 RAYBURN BUILDING
TELEPHONE 202/225-5765
COMMITTEES:
INTERIOR AND INSULAR AFFAIRS
MERCHANT MARINE AND FISHERIES
POST OFFICE AND CIVIL SERVICE

AGENDA C-3(b)(1)
JANUARY 1993

222 WEST 7TH AVENUE, SUITE 3
ANCHORAGE, ALASKA 99513-7595
TELEPHONE 907/271-5978
BOX10. 101 12TH AVENUE
FAIRBANKS, ALASKA 99701
TELEPHONE 907/456-0210
401 FEDERAL BUILDING
P.O. BOX 1247
JUNEAU, ALASKA 99802
TELEPHONE 907/586-7400
501 FEDERAL BUILDING
KETCHIKAN, ALASKA 99902
TELEPHONE 907/225-6880
120 TRADING BAY
SUITE 260
KENAI, ALASKA 99611
BOX 177
KODIAK, ALASKA 99615
P.O. BOX 1860
NOME, ALASKA 99762

Congress of the United States
House of Representatives
Washington, D.C. 20515

October 21, 1992

Mr. Richard Lauber
Chairman, North Pacific Fishery
Management Council
P.O. Box 103136
Anchorage, Alaska 99510

Dear Rick:

During a recent visit to Sitka, a number of fishermen expressed concern over statements made at the last Council meeting regarding the letter that Senator Stevens, Senator Murkowski and I wrote to Secretary of Commerce Franklin in reference to the Council's IFQ proposal. Specifically, the felt that the letter was inadvertently interpreted to indicate opposition to the "Sitka block" proposal. I am writing to clear up any misconceptions that may have arisen.

I have taken no position for or against the "Sitka block" proposal and the letter to Secretary Franklin was not intended to signal any position on this issue. If the Council finds merit with the proposal, then the Council should move it forward. Further, statements in our letter to the Secretary should not be used to indicate that adoption of the "Sitka block" amendment would in some way hamper adoption of the entire IFQ proposal. The IFQ proposal will stand or fall on its own and I fully expect that the Council will be looking at modifications and fine-tuning if the proposal is accepted.

On another issue, I understand that the Council chose not to adopt a trawl closure in the eastern Gulf of Alaska. As you know, I supported the trawl closure by emergency rule that was in effect last year. I hope that the Council will continue to examine this problem and act in the best interests of the resource.

I appreciate having this opportunity to bring these matters to your attention. I look forward to working with you and other Council members and staff in the future.

Sincerely,

Don Young

DON YOUNG
Congressman for all Alaska

United States Senate
COMMITTEE ON APPROPRIATIONS
WASHINGTON, DC 20510-6025

December 21, 1992

Richard B. Lauber
Chairman
North Pacific Fishery Management Council
P.O. Box 103136
Anchorage, Alaska 99510

Dear Rick:

I remain concerned about the potential impacts on fishermen of the Council's proposed Individual Fishing Quota (IFQ) management plan for sablefish and halibut. Fishermen who do not own vessels or who only receive a very small IFQ under the plan will be particularly hard hit if the Council's proposal is approved by the Secretary.

In light of this, I would like to urge the Council to consider further modifications to the proposed IFQ plan, such as the Sitka Block proposal and the 1,000 pound minimum allocation, which would increase the chance that small boat fishermen and fishermen who do not receive an initial allocation may continue to participate in these fisheries. Should the Secretary approve the proposed IFQ plan, quick action by the Council at the January meeting could allow these two amendments to be incorporated into the IFQ plan prior to its proposed implementation for the 1994 fishing season.

While the inclusion of these two amendments will not resolve all of the outstanding concerns that I have with the Council's IFQ proposal, it would help to alleviate some of the major inequities found in the present plan.

With best wishes,

Cordially,

TED STEVENS

Box 1367
Sitka, Alaska 99835
December 15, 1992

Clarence G. Pautzke
Executive Director
NPFMC

Dear Mr. Pautzke:

Please place my comments in the board packet that includes discussion on the 1000 pound minimum halibut IFQ.

I have just finished reading the discussion draft that outlines the 1000 pound mininum quota. As a fisherman who has worked his butt off in the halibut fishery in order to try and make a living in the fishing industry, I take exception to the concept of providing a minimum quota to anyone.

Under the present proposed IFQ plan that is before the Secretary of Commerce, I will not receive a large quota. I am expecting somewhere around 5000 pounds. My intent is to purchase an additional 5000 pounds. This would provide me with enough quota to make a reasonable return on the investment in my 40 foot boat.

Between halibut fishing and salmon fishing I could expect to make a living wage. Nothing big, just an average guy with an average boat contributing to the local and national economy.

The 1000 pound mininum quota rewards those people who are not dependent on the fishery and penalizes those who are. The majority of the small quota share receivers-those under the 1000 pound level-are part time fishermen who use thier skiffs and sport boats to try and make a few bucks on a day off or to use halibut income to offset pleasure boating through tax write-offs. One only needs to analyze the statistics in the discussion draft to see the disparity that would occur if this proposal, in any of its forms, would be enacted.

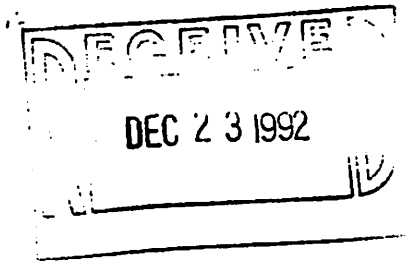
There are too many boats in the fishery now. Implementing IFQs in there present form would not be a panacea but it certainly is a step in the right direction. We need to be working towards a professional fleet with a stake in the resource. Giving anyone who has ever fished a disproportinate share in the resource is a step backwards and certainly violates all principles of fairness.

Sincerely,

Robert D. Schell

Robert D. Schell
F/V Alice Faye

CM ✓



Box 1367
Sitka, Alaska 99835
December 17, 1992

Clarence G. Pautzke, Ex. Dir.
NPFMC

Dear Director Pautzke:

Please include these comments in the board packet that deals with the BLOCK PROPOSALS.

A general comment. The information provided and the statistics provided are very helpful, but in reality they are not and cannot be read and understood by the average fisherman. Most of the people that I have talked to concerning these proposals do not even know they are up for consideration, leave alone what the options are. I realize that it is the responsibility of each individual to be informed and that the information is available, but many people have niether the time nor the ability to organize the volumes of material and options that are presented. I have a graduate degree with emphasis in communication and it is very time consuming to keep up with and understand the workings of the council on the halibut issues alone. Your comments are going to be few by the small boat fisherman because most do not belong to an organization and do not receive your printed material.

As a small boat fisherman-40 foot boat-in area 2C, I am in favor of the Block Proposal as presented by Ron Hegge. The 10,000 pound block with three partial blocks appears to be the best compromise between large and small vessels. There should also be a limit of five blocks fished per boat. Provisions also need to be made for specific hardships such as boat breakdowns, sinkings or severe illness of block owners. Hardship provisions would need a very critical review under any plan as this type of transferability is definitely abused in our present limited entry system for salmon.

The analysis provided with the Sitka and Hegge proposals speaks to some potential loss economic loss if either of the proposals is adopted. By keeping the number of participants at a smaller level than present, but at a higher level than under the councils present plan, I believe the economic benefits to the smaller coastal communities more that offsets the economic gain possible by consolidating into fewer supposedly more efficient operations. The composition of the halibut fleet in Southeast in the years prior to the recent influx of vessels was predominatly small boat, with the fish being delivered into Southeast ports. The councils present plan has the potential to disrupt these historic deliveries if the maximum consolidation occurs. Under the block proposal concept this would not happen to any great extent.

Dr. Terry's analysis is completely negative as to any benefits of a block proposal. Is he an author of the orginal plan or is his job to look at the proposals with a jaundiced eye and a worst case scenario? I could refute each of his eleven pessimistic points with rhetoric just as one sided but will not waste your time nor mine with suppositon. It is sufficient to say that I am a small boat combination fisherman from a small coastal community who disagrees with Dr. Terry's analysis.

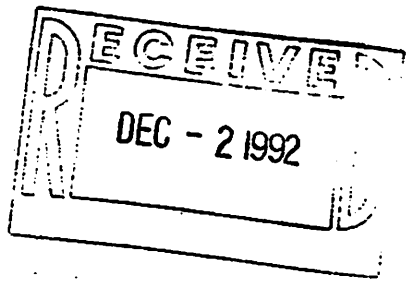
The councils original intent of implementing an IFQ program was to make the fisheries more economically stable, to protect the resource and to make the fisheries more orderly and safe for the participants. Some of these objectives are accomplished with the original plan. The Block Proposals help to complete the task. Ron Hegge's original proposal seems to do this best.

What ever the outcome of IFQs, I do want to take this opportunity to thank each of the council members for the time and effort you put into the council process. Yours is not an easy job and I admire you for your dedication.

Sincerely,

Robert D. Schell

Robert D. Schell
F/V Alice Faye



To: Kurt Schelle, Ben Muse
From: Linda Behnken linda
Date: November 26, 1992
Subject: 1,000 lb minimum IFQ allocation

Dear Kurt and Ben,

I've been meaning to contact you regarding the analysis of the 1,000 lb minimum allocation since the September meeting. Time flies. . .

I did not realize until I read through the 1,000 lb allocation analysis how many different ways the concept could be applied. I may be off-track, but my understanding of the intent behind the 1,000 lb minimum concept was to ensure that every IFQ recipient received an initial allocation of quota shares (QS) that was the equivalent of no less than 1,000 lbs. The QS allocation would be a one time only award, and would be based on an individual's cumulative holdings under the halibut quota share plan; in other words, a fishermen who had "earned" through historic participation QS that amounted to 700 lbs in 2C and 300 lbs in 3A during the first year of IFQ implementation would not receive any additional QS under the 1,000 lb minimum plan. A fisherman who had earned QS that amounted to 400 lbs in 2C and 500 lbs in 3A would be entitled to a 100 lb additional allocation under the 1,000 lb minimum plan, and could, perhaps, be allowed to indicate the area in which he/she would like to receive the additional shares. It would seem to me that this application of the 1,000 lb minimum concept would fulfill the intent of the proposed amendment while minimizing impacts on the remainder of the QS recipients.

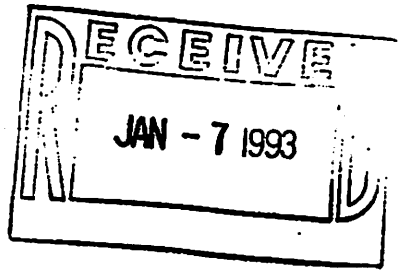
I also had a comment on the manner in which the "cost" to the fleet of the 1,000 lb allocation was calculated. As I understand the graphs, the QS allocated in order to ensure 1,000 lb minimum to each recipient are deducted from other QS holders on an area by area basis. As a result, IFQ recipients in some areas are more affected by the 1,000 lb allocations than are recipients in other areas. It would seem more equitable to spread the cost of the 1,000 lb minimum program across the entire fleet, as was done to compensate Bering Sea fishermen affected by the CDQ allocations. Would it be possible to analyze the percent cost to IFQ holders if compensation was calculated on a fleet-wide, rather than on an area by area basis? It would help me in evaluating the program, and may be useful to other Council members as well.

I hope that these comments are helpful. Thanks again for all your work on these proposed amendments.

cc: NPFMC

NPFMC
Anchorage, AK.

Kirk Wollin
Box 1906
Sitka, AK. 99835



Jan. 4, 1993

Dear Mr. Pautzky and all other members of the Council,

I want to congratulate you on your decision in favor of an I.F.Q. system for managing black cod and halibut in Alaska.

In order to make this system fair to most of the people involved in these fisheries, it is necessary for one of the block proposals to be added to the plan as it now stands — to protect the intent of the plan as it was written, and to protect the well being of the communities and large numbers of people who depend on these fisheries to a very large extent.

I personally prefer the Sitka block proposal with only 3 blocks per area per person allowed, as

this seems the most likely way to keep blocks small and accessable to a diverse fleet — which in turn seems best for both the fishery and the communities. If a slightly different block proposal seems more likely to maintain the diversity we now have please vote for it. Vote for the block system that will keep the most people who are now involved in these fisheries, working - fishing, selling gear, repairing boats, providing groceries and services, etc.

The Council system seems to be under a lot of attack lately for being unfair and narrow in it's outlook. Please adopt a block system that is fair to the most people now involved in these fisheries. I have faith you can do it.

Thank-you,

Kirk Wollin

OWNER/OPERATOR F/V DAYBREAK.

CMC

Clarence Pautzky, Director
N.P.F.M.C.
P.O. Box 103136
Anchorage, Alaska 99510

Robert Younger
F/V Cape Alava
311 Peterson Ave.
Sitka, Alaska 99835
(907) 747-6965

December 8, 1992

Dear Council Members,

I would like to take this opportunity to comment on the addition of a block system to the sablefish and halibut IFQ plan. The original FMP stated that when a plan was developed it may "cause social and economic dislocation and must be tailored specifically to minimize or avoid these effects in a given fishery." I think a block system is a good way to lessen the socio-economic impact of IFQ's. It would slow consolidation and give the industry a chance to adapt to life under the new plan. It is hard to predict how much and how fast consolidation will occur, so why not lessen its possibility. What is not hard to predict is the effect of too much consolidation on our coastal communities.

Economists would argue on the efficiency of a totally market driven system. What the economist does not realize is our coastal communities dependence on the small boat participation and our lack of alternative incomes. The availability of small blocks on the market will not only keep the fleet diverse it will also maintain an entry level into the longline fisheries.

Even the smallest of blocks could be harvested very efficiently as by-catch in other fisheries. A troller for example, could harvest a small halibut block with zero expense.

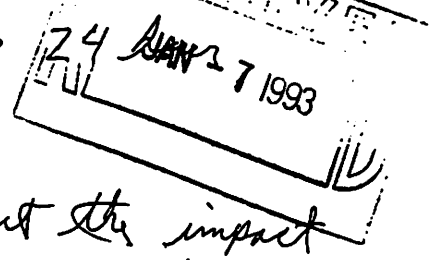
There was alot of opposition to the IFQ plan. The common consolidation fears and there affect should dictate the need to weigh socio-economic concerns over economic efficiency.

Sincerely,

Robert Younger
F/V Cape Alava

Dear Clarence Pautzke,

I've commercially fished for halibut since the middle 970's. When I started halibut fishing the season ran from may through Sept. Now we get two or three openings a year.



Myself and many others are concerned about the impact of Individual Fishing Quotas (IFQ's) on the small boat longline fleet, and Alaska's coastal communities. I'm also concerned about the future of the resource, the fisheries, and coastal communities under the current open access system, and under management systems proposed as alternatives to IFQ's.

For these reasons I support an ammendment of the halibut and sablefish IFQ plan to include either the Sitka Block Proposal as an ammendment or Ron Hegge's Partial/Full Block Ammendment. Either of these as an ammentment to the IFQ plan would be a good comprimise to to halibut and sablefish longline fleet.

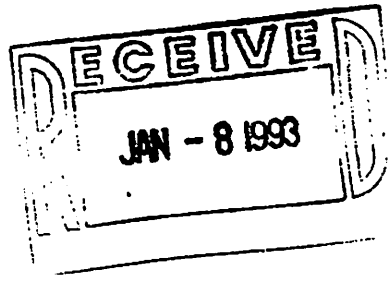
The ammendment would provide protection to the small boat fleet and the Alaska Coastal communities. It ensiures that the longline fisheries will remain accessible to small independent operators since small quota blocks under this system will remain affordable. Crew members and others who wish to enter the fishery will be able to afford the smaller quota blocks also.

Sincerely, Marty Remund

Marty Remund
Box 8147
Port Alexander, Ak. 99836

Petersburg Vessel Owners Association

P.O. Box 232
Petersburg, Alaska 99833
Phone (907) 772-9323 Voice and Fax



January 8, 1993

Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
P.O. Box 103136
Anchorage, Alaska 99510

Dear Mr. Lauber,

After careful examination of the discussion draft papers on the 1,000 pound minimum IFQ, the Sitka Block, and the Full/Partial Block proposals, we recommend that the Council not proceed with these proposals as amendments to the IFQ program.

It is our belief that these proposals would not improve upon the IFQ plan that has already been adopted by the Council for the halibut and sablefish longline fisheries.

Thank you for this opportunity to comment.

Sincerely,

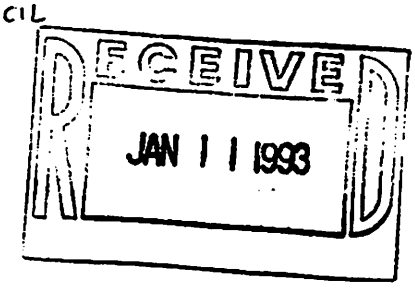
Kris Norosz

Kris Norosz
Director

MARGARET TESTARMATA
PO BOX 263
SELDOVIA, AK 99663

10 JANUARY 1992

NORTH PACIFIC FISHERY MANAGEMENT COUNCIL
605 WEST 4th AVENUE
ANCHORAGE, AK 99501



DEAR COUNCIL:

I AM WRITING TO COMMENT ON THE PROPOSED AMENDMENTS TO THE IFQ PLAN. I HAVE BEEN OPPOSED TO THE IFQ PLAN BECAUSE OF THE DETRIMENTAL ECONOMIC IMPACT IT WOULD HAVE ON MOST PEOPLE IN SMALL COASTAL COMMUNITIES. I BELIEVE THE "1000 POUND MINIMUM IFQ" AMENDMENT WOULD HELP SOFTEN THE NEGATIVE IMPACT, AND AM THEREFORE IN FAVOR OF IT. I WOULD PREFER ALTERNATIVE 3 OVER ALTERNATIVE 4 BECAUSE IT WOULD INSURE THAT THE MINIMUM INDIVIDUAL ALLOCATION WOULD BE "FISHABLE", I.E 1000 POUNDS, EVEN IF THE TAC DECREASED. HOWEVER, IT SEEMS THAT ALTERNATIVE 3 WOULD ONLY WORK IN CONJUNCTION WITH A BLOCK AMENDMENT OR SOME OTHER CONSTRAINT THAT WOULD PREVENT SOMEONE FROM BUYING 1 QUOTE SHARE TO GET 1000 POUND ALLOCATION. I WOULD LIKE YOU TO PASS A 1000 POUND MINIMUM OF SOME VARIETY, RATHER THAN NONE AT ALL. (AS FAR AS OPTIONS 1 AND 2, AND A AND B, I HAVE NO STRONG PREFERENCE).

FOR THE SAME REASONS OF ECONOMIC SURVIVAL IN COASTAL COMMUNITIES, I WOULD FAVOR A BLOCK PROPOSAL THAT WOULD PREVENT MAJOR CONSOLIDATION OF SHARES. I HAVE NOT BEEN ABLE TO ANALYSE THE ALTERNATIVES THOROUGHLY ENOUGH TO DEVELOP A PREFERENCE.

THANK YOU FOR CONSIDERING MY COMMENTS IN YOUR VOTE.

SINCERELY,

Margaret M. Testarmata

Sea Grant Marine Advisory Program

University of Alaska Fairbanks

School of Fisheries and Ocean Sciences

Program Offices

Carlton Trust Building, #110
2221 E. Northern Lights Blvd.
Anchorage, Alaska 99508-4140
(907) 274-9691
FAX (907) 277-5242

P.O. Box 830
Cordova, Alaska 99574
(907) 424-3446
FAX (907) 424-5246

P.O. Box 1549
Dillingham, Alaska 99576
(907) 842-1265

4014 Lake Street
Suite #210 B
Homer, Alaska 99603
(907) 235-5643

900 Trident Way
Kodiak, Alaska 99615
(907) 486-1514
FAX (907) 486-1540

P.O. Box 297
Kotzebue, Alaska 99752
(907) 442-3063

P.O. Box 1329
Petersburg, Alaska 99833
(907) 772-3381
FAX (907) 772-4431

1297 Seward Avenue
Sitka, Alaska 99835
(907) 747-3988

January 11, 1993

TO: North Pacific Fishery Management Council

FR: Dolly Garza

Enclosed is the Sablefish/Halibut IFQ/Block Discussion Paper that I am submitting to the Council.

SABLEFISH/HALIBUT IFQ/BLOCK DISCUSSION

Despite the analyses provided in the above proposals, the actual impacts of the proposed ITQ plan and modified block proposals are uncertain because of significant differences between economic theory and real world situations.

The goals and objectives of the plan(s) must be consistent with the national standards of the MFCMA which include promoting economic efficiency, allowing for management measures to "take into account and allow for variations among, and contingencies in, fisheries...", and minimizing costs where practicable[1]. It is the Council which has the responsibility for balancing economic efficiency with social considerations, so it is important that the Council clearly understand the limitations of the economic and social assessments.

The North Pacific Fisheries Management Council has developed a management plan with an ITQ program that strives for improved economic efficiency. The proposed plan would reduce the size of the fleet and ensure benefit to qualifying participants.

The two block proposal options are compromises which attempt to limit the level of fleet reduction. The resulting fisheries will be less economically efficient than the ITQ plan and are suggested to reduce the negative social impacts of the proposed changes. Hence, the block proposal options are attempts to reach a happy medium by balancing the gains in economic efficiency against maintaining some levels of social equity.

Social considerations are difficult to quantify. It is also not easy to decide which social factors to consider and how the subsequent potential impacts should be estimated. It is often easier to justify striving for some level of economic efficiency because economic analysis is based on numbers and equations, backed up by clear assumptions and documented methods. On the other hand, decisions based on social considerations are harder to defend either in court or to opposing constituents. Social considerations, however, should not be ignored. Carefully addressing social considerations can result in solutions which are more equitable and acceptable to society as a whole.

The important question about the level of ITQ consolidation that should be allowed or prohibited is not addressed in the three proposals. The block proposals offer several scenarios attempting to balance social equity with economic efficiency. The proposals offer ways to reduce consolidation of the ITQs. The analyses offer estimates of the number of vessels for given options. However the decision about the acceptable level of ITQ consolidation is a Council decision.

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1 Not a complete list of the national standards.

The NPFMC IFQ plan does not maximize economic efficiency in that it does not maximize the net benefit to the Nation. The theory of reaching economic efficiency through privatization is a valid one although there are several economic assumptions which are not met under this particular plan:

A. Economic theory assumes that labor is freely transferable. Economic theory predicts economic efficiency with an optimum number of laborers in an industry (along with other assumptions). Excess laborers result in economic inefficiency. If excess labor is moved out of the industry, an assumption is made that the unemployed will be able to find productive employment in another field. If these other labor markets are operating efficiently, the net result will be an increase in the net benefit to society.

   The labor transfer assumption does not fit in rural Alaska where unemployment varies seasonally and may range anywhere from 10% to 50% throughout the year. If the plan is enacted, displaced fishermen, whether captains or crew members, will attempt to re-enter the labor force. If they live in rural Alaska communities, the employment opportunities will be limited but will likely include seasonal construction, participating in other already over capitalized fisheries, or a limited number of government and private jobs. Some fishermen, particularly in rural communities, will be unemployed and rely on state and federal subsidies. The net gain to society from efficiently operating fisheries will be offset by subsidized unemployed fishermen in rural communities. Fewer fishermen may be fishing more efficiently but some of the cost of the improvement will be born through government subsidies. In addition, a reduction in rural employment will have additional negative impacts on local businesses and community stability.

B. Economic theory also assumes that equipment is freely transferrable. As ITQs are sold and consolidated, longline fishing boats and equipment will become idle. Economic theory assumes that such equipment would be transferred and used elsewhere and continue to contribute to a productive society. This may not hold true with North Pacific vessels and equipment. Most Pacific and North Pacific fisheries are already fully capitalized, if not over capitalized. In addition, the longline fishing vessels may not be easily transferred to other fisheries.

Combination vessels will likely continue to be used in other fisheries such as seining or crabbing. Pleasure-type craft used by speculators to qualify for the IFQ program will likely go back to being used as pleasure craft. Older, less sea-worthy craft, which were used to qualify for this program, will likely be retired within a few years. Those longline vessels that lie idle and do not participate actively in other fisheries will be a cost to society.

Another limitation to the studies is lack of knowledge about the distributional consequences of ITQ consolidation. Who is likely to purchase ITQs and where will these purchasers reside? The experience with the Alaska salmon limited entry program showed the importance of financing to ultimate distribution of fishing privileges.

One of the major drawbacks of the Alaska salmon limited entry program was the lack of available financing for rural residents. During the initial years of the limited entry program licenses left rural communities. Rural residents did not necessarily sell more permits than urban residents but rather urban residents were better able to secure financing to buy permits. Rural residents often lacked collateral, had no credit history, and did not have easy access to financial institutions.

The State of Alaska responded to this rural permit draw and instituted a financial program that provided loans to qualified fishermen who lacked credit history but had good fishing histories.

It is likely that unless special financing is provided to rural residents there could be an ITQ drain from rural communities. Neither the Council's ITQ program nor the two block proposals address the potential drain of ITQs from rural communities caused by lack of financing.

Who in rural communities are likely to sell? Many rural resident fishermen will be small boat fishermen with smaller quotas. It is suggested that these small quotas will be in higher demand. Quotas will be sold by urban and rural residents but more of the ITQs will be purchased by urban residents.

In summary, the Council's plan will not maximize the net benefit to society. While the economic efficiency gains are estimable, the social costs are not easy to identify or quantify. As ITQs are consolidated unemployment will rise in some rural communities and vessels may lie idle or may no longer be able to fish in these two longline fisheries. Increased economic efficiency of the participating vessels will be offset to some degree by the costs of unemployment payments, idle equipment and a potential decrease in community stability.

Alaska Longline Fishermen's Assoc.
P.O. Box 1229 Sitka, AK 99835 (907) 747-3400

January 8, 1993

North Pacific Fishery Management Council
P.O. Box 103136
Anchorage, AK 99510

Agenda Item C-3: IFQ Block Proposals

Dear Members of the Council,

Members of the Alaska Longline Fishermen's Association (ALFA) urge the Council to continue to a Block Amendment to the sablefish and halibut IFQ Plan. Our reasons for supporting a Block Amendment and some suggested refinements to the proposed programs are discussed below.

Rationale for a Block System

During the IFQ debate, the Council heard hours of testimony from industry and coastal community members concerned about the socioeconomic impacts that would result from excessive consolidation of quotas shares and substantial reductions in the size of the sablefish and halibut fleets. People testifying cited the theoretical minimum number to which the fleet could be reduced under the Council-approved IFQ Plan, expressing concern about changes in the historic nature and diversity of the fleet and disruption of traditional delivery patterns. Although ALFA shared many of these concerns, members recognized the importance of protecting the resource and the traditional longline fleet, and considered IFQs the best solution to current management problems. ALFA members supported and continue to support the IFQ Plan awaiting Secretarial approval, however consider the work on IFQs not yet completed. The public's concern dictates the need for additional safeguards and a more conservative approach to IFQ implementation.

A Block system will provide these safeguards. By further restricting consolidation, a Block system will maintain the current diversity and nature of the sablefish and halibut fleets which, in turn, will preserve traditional delivery patterns and protect the economic stability of the coastal communities. A Block system will enhance the structure of the

IFQ Plan, defining the amounts of quota that can be purchased or sold and thereby simplifying the monitoring of transfers. A block system will launch the IFQ program on a more conservative basis, giving the industry, the communities and the NMFS enforcement an opportunity to adapt. For these reasons, ALFA members urge the Council to move ahead with the Block systems.

Refining the Block Programs

After reviewing the Block Proposal discussion papers, ALFA members concluded that they would support the Sitka Block Proposal with limits of 3 blocks per person and 5 per vessel per area, or the Partial/Full Block Proposal with a full block size of 20,000 or 30,000 lbs and 3 per person 5 per vessel partial block limit. This version of the Sitka Block plan results in a "theoretical minimum" fleet size comparable to the fleet size in 1985 when the sablefish resource became fully-utilized by the domestic longline fleet. The Partial/Full Block plan with a 20,000 or 30,000 lb full block size also provides the desired socioeconomic safeguards by allocating adequate quota in partial blocks. With either program, ALFA members consider retention of the vessel classes--at least the catcher/freezer and 60' splits--mandatory. All other limits on consolidation, transfer, leasing, etc. would also remain unchanged. ALFA suggests that the Council complete analysis of these options, send them out for public review, and schedule final action on the Block Amendments for April.

Summary

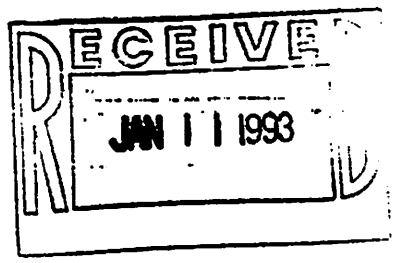
In closing: ALFA urges the Council to move ahead with the IFQ Block systems for the sablefish and halibut fixed gear fisheries. By mitigating socio-economic impacts, the Block systems respond to public concern and will therefore make the IFQ program acceptable to a greater portion of the industry and affected communities. ALFA recommends refining the Block systems as suggested above, and will support either the Sitka Block or the Partial/Full Block provided the details are as explained. The State has completed virtually all of the necessary analysis; all that remains is the "boiler plate" work to develop the discussion papers into a Plan Amendment. ALFA requests that this work be completed and action on the Block Proposals remain on schedule for April.

Thank you for the opportunity to comment. Sincerely,

Dennis Hicks
(President, ALFA)

to: Clarence Pautzke
executive Director

North Pac. Fisheries Mgt. Council
Box 103136
Anchorage, Ak. 99510



Dear Council Members,

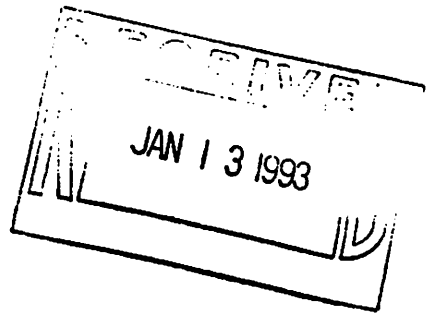
I am a Sitka based skiff Fisherman I wish to extend my support for analysis of an I.F.Q. block system. As an A.F.A. member I hope you will support our position on the block proposal.

I feel this will greatly help deck hands ~~and smaller vessels remain competitive when~~ I.F.Q.s become adopted. Thank you for your consideration

Sincerely,
Terry Perensovich

Terry Perensovich
506 Baranof
Sitka, Ak. 99835

Sheldon Jackson College



January 11, 1993

Clarence Pautzke
Executive Director
North Pacific Fisheries Management Council
Box 103136
Anchorage, AK 99510

Dear Council Members:

As a resident of one of Alaska's coastal communities I have become increasingly concerned by the potential for proposed individual fishing quotas (IFQ) to consolidate longline fisheries into a fraction of the existing fleet. The Sitka Block Proposal suggests further restrictions on the amount of quota consolidation that can occur under the IFQ program and seeks to maintain a relatively large, diverse longline fleet.

I believe that the IFQ plan would be improved by the block proposal. I urge you to proceed with analysis of the block proposal.

Sincerely,

Molly O. Ahlgren

Molly O. Ahlgren, Ph.D
Assistant Professor, Aquatic Resources

801 Lincoln Street • Sitka, Alaska 99835 • 907/747-5220