


MEMORANDUM

TO: Council, SSC, and AP Members

FROM: Chris Oliver 
Acting Executive Director

ESTIMATED TIME 2 HOURS

DATE: April 4, 2001

SUBJECT: GOA Rationalization

ACTION REQUIRED

Receive committee report.

BACKGROUND

The GOA Rationalization Committee met on March 20-21, 2001 for its second meeting to develop a problem statement and list of alternatives for analysis to rationalize the GOA groundfish fisheries. The minutes of its meeting are attached (Item C-6(a)). The committee has developed three problem statements for Council consideration:

- (1) to rationalize the GOA groundfish fisheries;
- (2) to eliminate latent licenses; and
- (3) effects of parallel State water fisheries on rationalizing Federal fisheries.

The committee will meet again on May 15-16 to develop management alternatives for analysis. Due to the complex interaction among target fisheries and bycatch and across regulatory areas, the committee may identify only a few test fisheries (e.g., Pacific cod, Pacific ocean perch) for initial attempts to rationalize the fisheries. The committee welcomes public comment and Council direction on its three draft problem statements and its potential approach for selecting test fisheries rather than attempting to analyze and implement a comprehensive rationalization scheme for the entire Gulf. The committee will provide final recommendations to the Council at its June meeting.

GOA Rationalization Committee
Revised Minutes
March 20, 2001

The committee convened approximately 9:30 am on Wednesday, March 20. The chairman delayed the start of the meeting by one hour to await late arriving members. Members in attendance were: Chairman Dave Hanson, Craig Cochran, Mike Martin, Dale Schwarzmiller, Chris Blackburn, John Henderschedt, Oliver Holm for Duncan Fields, Dorothy Childers, Kris Norosz, Sue Aspelund, Paula Brogdon, Joe Plesha, Joe Childers, and Beth Stewart for Dick Jacobsen. Members not in attendance were Tom Suryan, Jeff Stephan, Ken Roemhildt, and Arne Fuglvog. Staff in attendance were Jane DiCosimo (Council), Marcus Hartley (Northern Economics), and Kate Troll (for the State of Alaska). Five members of the public were in attendance.

Problem statement

The committee discussed the proposed problem statement and a separate list of objectives of rationalization in the Gulf. Joe Plesha agreed to revise the draft statement for review on the second day of the meeting. The committee discussed specific and broad interpretations of "rationalization." It extensively discussed the meaning of specific language in one of the proposed objectives addressing "maintaining the independent fleet" vs. "consolidating the fleet" in the context of meaningful "consolidation," "rationalization," and "reduction in capacity." "Fishing communities" were recognized to include Alaskan and non-Alaskan communities (e.g., Ballard, Newport). On its second day of discussion, the committee revised and approved its draft Gulf Rationalization Problem Statement for the Council's review at its April 2001 meeting (*Attachment 1*).

Flowchart

John Henderschedt presented a revised flowchart of a model for depicting how the proposed alternatives might be analyzed. The committee adopted the revised flowchart, recognizing that subareas are included vertically under area headers (e.g., Kodiak includes Old Harbor, Larsen Bay, Port Lions, Ouzinkie) (*Attachment 2*). The committee noted that such a flowchart would be useful for determining whether certain fisheries could be identified for fast-track development or a demonstration fishery as the committee discussed at its February meeting.

Interactive spreadsheet

Joe Childers indicated that the most recent crab proposals and the AMCC (Alaska Marine Conservation Council) proposal for GOA rationalization are not yet updated on the interactive spreadsheet. He asked for any recommendations for improving the site. Council staff will provide a link between the Council's website (<http://www.fakr.noaa.gov/npfmc/>) address for GOA rationalization to his website (<http://www.users.qwest.net/~jcjr3/>).

Review proposals

Dorothy Childers presented a discussion draft of an AMCC proposal. Committee members discussed the proposal's talking point of assigning only 80% of vessel catch history to the trawl fleet compared with 100% of vessel catch history to the pot, jig, and longline fleet. Members questioned the rationale for the proposed reduction of 20% based on habitat impacts.

The committee corrected comments in the Kachemak Bay proposal that was requested to be resubmitted to the committee. In the mid-1980's the Council allocated 20% of sablefish to the trawl fishery as a directed fishery; the trawl fishery then asked the Council to set that harvest as bycatch only.

Beth Stewart presented a proposal by the Aleutians East Borough. It proposed that rationalization of the GOA fisheries occur in two phases: 1) prevent groundfish latent licenses from becoming active (restrict licenses to 2 of 3 last years); and 2) rationalize the fisheries (to be specified separately).

John Henderschedt presented similar recommendations on behalf of Groundfish Forum.

Latent Licenses

The committee concurred that the first step in rationalizing the over-capitalized GOA groundfish fisheries to be considered by the Council and the public should be eliminating latent licenses, but did not endorse this phase-in approach at this meeting. Eliminating latent licenses would reduce the risk of increasing capitalization in these fisheries while the Council develops its rationalization program. The committee further identified that the current and potential state water fisheries posed a risk to successfully rationalizing these fisheries (see below). The committee discussed but did not endorse the AP recommendations that were adopted by the Council for development by industry to rationalize the Pacific cod fishery, the Groundfish Forum and AEB proposals. It recommended that the Council call for proposals for latent license criteria. The committee developed a problem statement for the Council's consideration on this issue (*Attachment 3*).

Parallel Pacific cod State fishery

Earl Krygier, ADF&G, discussed the state water fishery with the committee. Some members expressed concern that history accrued in the state fishery by fishermen who are not federally licensed might be deemed eligible in future rationalization plans by the Council. Additional concern was expressed regarding the state water parallel fishery for P. cod and the possibility that additional state groundfish fisheries could be developed by the BOF after the Council rationalizes the Federal groundfish fisheries, whether it includes those fishermen who do not hold a Federal license or not. That is, if the Council includes those state water fishermen who fish in federal waters, other displaced fishermen may also enter those same state fisheries, thereby exacerbating effort in those fisheries and making future Council rationalization efforts ineffective.

Currently, fishermen with or without a Federal LLP permit may fish in state waters while the Federal fishery is open. All of those landings count against the Federal quota. Jane DiCosimo asked why it was not possible to distinguish landings from those fishermen fishing in state waters without a federal permit so that only landings from Federally-permitted fishermen count against the federal quota and those from fishermen without a Federal license count against the 25% quota in the State fishery. Earl Krygier indicated that he would look into this issue. The committee developed a problem statement on this issue (*Attachment 4*).

Elements and options for analysis

Marcus Hartley presented a strawman outline for alternatives for analysis. The strawman proposed three methods for development:

- 1) a phased-in approach for:
 - a) eliminating latent licenses and
 - b) rationalizing the fishery;
- 2) a gulf-wide approach to rationalization; or
- 3) a fishery-specific approach to rationalization.

The committee requested that the Chairman Hanson send a letter to NOAA GC seeking an opinion on whether GOA rationalization may be frameworked in the GOA FMP, particularly in relation to Regulatory Flexibility Act requirements. It was noted that frameworking would not necessarily speed implementation.

The committee began developing the outline into a full list of elements and options. After a few hours of work, the complexity of the issues in conjunction with identifying area and species units for rationalization became daunting. The committee concurred with the chairman to set up an ad hoc committee to develop a strawman analytical outline for POP and P. cod for the Central Gulf and perhaps the Western Gulf, identifying crossover impacts by area and species group. The draft analytical outline will be distributed to the committee on May 1.

Next meeting: The committee will next meet on May 15-16 to review the draft analytical outline.

Adjourn: The committee adjourned at approximately 4 pm on Wednesday, March 21, 2001.

Public: Doug Hoedel, Julie Bonney, Jon Black, Linda Kozak, Al Burch.

**GULF RATIONALIZATION
DRAFT PROBLEM STATEMENT
March 21, 2001**

The Gulf of Alaska (GOA) ecosystem is complex and productive, supporting diverse communities of fish, seabirds, marine mammals, fishermen, processors and coastal communities. The Magnuson-Stevens Act (MSA) charges the Council with minimizing bycatch, protecting habitat, preventing overfishing, promoting safety at sea and enhancing opportunities for fishery-dependent communities.

Increasing participation in Gulf of Alaska fisheries, as well as increasing catching and **processing** capacity, have intensified the race for fish with attendant problems of high bycatch, decreased safety, and reduced product value. In addition there are concerns about sea lion recovery, consequences of Bering Sea crab reductions, spillover effects from the American Fisheries Act (AFA), and habitat conservation requirements. All of these factors have made achieving MSA goals difficult and force re-evaluation of the status quo.

Amendments to the MSA, passed by Congress in December of 2000, called for the North Pacific Fishery Management Council to examine the Gulf of Alaska groundfish fisheries to determine whether rationalization is needed. The statute specifically requires the Council to analyze individual fishing quotas, processor quotas, cooperatives and quotas held by **communities** and to include an economic analysis of the impact of all rationalization options on **communities, processors,** and the fishing fleet.

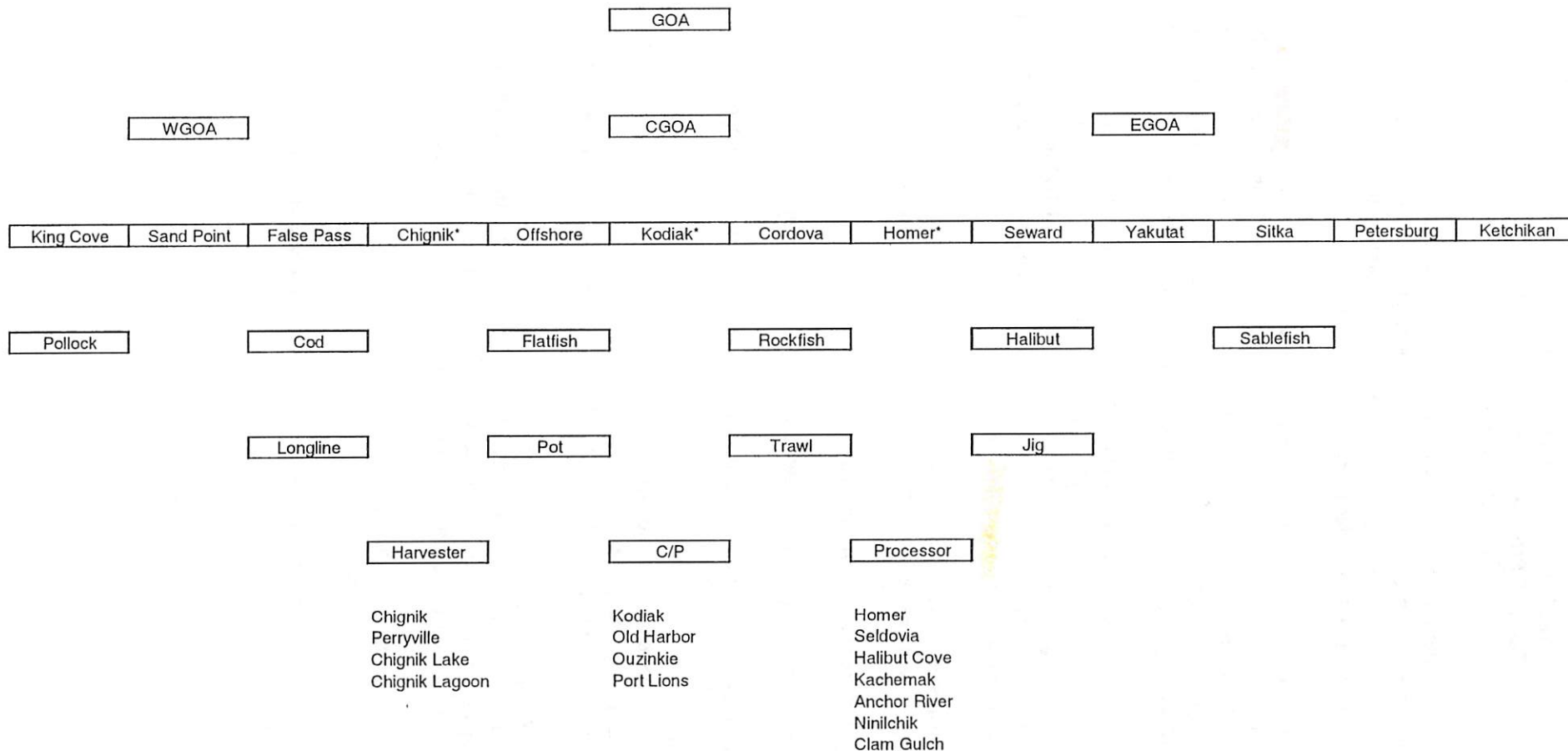
Alternative strategies for fisheries management in the Gulf need to be analyzed as required by the MSA amendments. These strategies must be developed in an open and accessible public process.

Specific objectives for GOA rationalization implementation include:

1. Meeting MSA conservation requirements (bycatch avoidance, habitat conservation, prevention of overfishing);
2. Improved ability of industry to adjust to ecosystem measures such as spatial and temporal management for sea lion protection;
3. Promotion of safety at sea;
4. Increase utilization and improved product quality;
5. Community stability, including fish tax revenue;
6. Maintaining the character of an independent harvester fleet while allowing for meaningful reduction of excess capacity;
7. Fostering of a healthy, competitive processing environment;
8. Protecting both the harvesting and primary processing sectors from losing the **relative** value of those existing investments and maintain the existing market balance between the two;
9. Provide opportunities for coastal communities to directly participate in the economic benefits of the fisheries;
10. Recognize historic and recent participation; and
11. Accountability through performance reviews.

The examination will include an economic analysis of the impact of all options on communities, processors and fishing vessel owners and crews.

GULF RATIONALIZATION
PROPOSED FLOWCHART FOR DESIGNING THE ANALYTICAL ALTERNATIVES
 March 21, 2001



**GOA Rationalization Committee Recommendation to
Eliminate Latent License Limitation Program (LLP) Permits
Draft Problem Statement
March 21, 2001**

Latent licenses represent a risk of increased capitalization in currently over-capitalized groundfish fisheries. By reducing this risk, a solid foundation for potential additional future fisheries rationalization can be established.

In order to eliminate latent LLP permits, the committee recommends that the Council initiate a request for proposals for recency criteria for the groundfish fisheries. While the committee focused its discussions on Gulf fisheries, it acknowledges the merit of addressing the problem of latent licenses on an Alaska-wide basis (GOA, BS, AI).

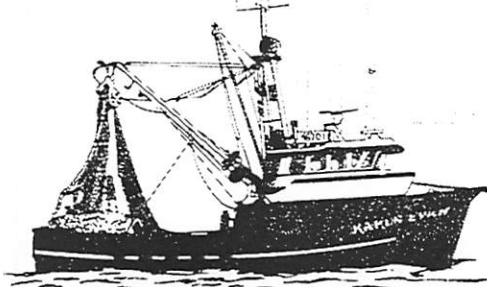
The committee notes that the primary objective of a groundfish recency requirement is the elimination of currently unused LLP permits and the possibility that those permits might be used to bring new or inactive capital into the fishery. Recency criteria should not be considered a means of eliminating or reducing the significance of vessels' long-term catch history in the development of rationalization plans, nor should a recency requirement be applied to LLP groundfish area endorsements.

The committee hopes that by initiating the process to eliminate latent licenses as soon as possible, final regulations can be in place by January 1, 2003. The committee does not endorse the industry recommendations but forwards them for public comment.

**GOA Rationalization Committee Recommendation to
consider the need to rationalize the State parallel fisheries
Draft Problem Statement
March 21, 2001**

The GOA Rationalization Committee has recognized that dual management responsibilities for groundfish fisheries could confound Federal attempts to rationalize the GOA. Currently, vessels without valid License Limitation Program licenses can and do fish in state waters during Federal openings. In most cases, certainly in the pollock and cod fisheries, Federally licensed vessels fish in both state and Federal waters. Finally, there is a state waters P. cod fishery for pot and jig gear with vessel size limits which occurs after the Federal fishery.

If the Council proceeds with GOA rationalization, those vessels that do not qualify will still be able to fish during the Federal fishery as long as they remain in state waters. Closing state waters during the Federal fishery would prevent this practice, however this solution imposed an unnecessary burden on the vessels qualified under the Federal rationalization plan. The unlicensed vessels' catch could even pre-empt the state fishery. Therefore, the GOA Rationalization Committee recommends that the Council work closely with the Alaska Department of Fish and Game and the Commercial Fisheries Entry Commission to develop a solution to the problems that will certainly arise if this is not addressed.



RECEIVED

March 11, 2001

MAR 15 2001

N.P.F.M.C

David Benton, Chairman
North Pacific Fishery Management Council
605 W. 4th Ave. Suite 306
Anchorage, AK 99501-2252

Dear Chairman Benton and Council Members,

I own and operate a 58' trawler that is based in Sand Pt. AK. I have other opportunities for the boat for the rest of the year where at least I may be able to make a living, but leaving AK. And all that I have invested is not my first choice. Under the current situation we have no idea what regulations we may be faced with for the rest of the year. I can not do any sort of planning and not able to give the people who work for me an answer on what they may expect. All though I did not like the 60/40 split for cod I have planned to fish around Sand Pt. in June. Now the rumor is that opening may be delayed until September. After talking to people that have experience fishing there that time of year it sounds like the bycatch will make it impossible to stay there. This is just the latest example of not knowing what to expect and probable rule changes just prior to when we are suppose to participate in the next fishery. I hope that the remaining 40% cod quota stays in June. Management of the ground fisheries the past several years have been, in my opinion, in complete chaos and I have no faith that the challenges that we are faced with can be dealt with other than with rationalization. So again, I am writing to you and asking, no pleading, for Gulf rationalization.

Sincerely

A handwritten signature in black ink, appearing to read 'John T. Evich'. The signature is fluid and cursive.

John T. Evich