


MEMORANDUM

TO: Council, SSC and AP Members

FROM: Clarence G. Pautzke
Executive Director 

DATE: January 26, 1998

SUBJECT: License Limitation Program (LLP) and CDQs

ESTIMATED TIME 6 HOURS

ACTION REQUIRED

- (a) Receive status report on Crab Buyback Program.
- (b) Discuss potential LLP amendments and provide direction to staff.
- (c) Discussion of CDQ vessel exemptions and progress on multi-species CDQ program implementation.
- (d) Discuss extension of vessel moratorium and task staff.

BACKGROUND

(a) Crab Buyback Program

The Council last heard from the Crab Reduction and Buyback (CRAB) group in September, where we received a copy of a draft buyback plan and analysis. At that meeting you endorsed the efforts of the CRAB group, and we sent a letter from the Council to NMFS (Item C-6(a)(1)) urging our support and for the agency to take the necessary steps to get the program implemented, including the required referendum regarding industry funding through a fee system. The letter also endorsed the CRAB groups' draft business plan as appropriate comment to NMFS regarding development of the proposed regulations (general guidelines) for buyback program development.

According to the language of the Magnuson-Stevens Act (Item C-(a)(2)), the Secretary must publish an implementation plan for each proposed buyback program, to be followed by a 60-day public comment period which includes a public hearing in each State affected by the program. Within 45 days after such comment period the Secretary, in consultation with the Council, would publish a final implementation plan.

Proposed regulations, which will include the specific implementation plan for the North Pacific crab buyback program, are currently under review in NMFS and are expected to be completed soon and published as a Proposed Rulemaking. This schedule should allow the Council to review and formally comment on that plan at the April 1998 meeting. CRAB group representatives are available to report further to the Council.

(b) Potential amendments to the LLP

In December an issue was raised by staff regarding a potential 'loophole' in the LLP regulations, as they relate to ownership of a vessel on June 17, 1995 and subsequent transfers of the fishing rights. To summarize, the Council's LLP program specifically attempted to disallow certain vessels (or replacement capacity) from re-entering U.S. fisheries off Alaska, where the owners of such vessels, as of June 17, 1995, were unable to

document a vessel according to Chapter 121, Title 46, U.S. Code. The Council also wanted transfers of catch history to be recognized by NMFS in the process of license issuance.

For vessels in the ownership situation described above, transfers of catch history prior to June 17, 1995 would be approved. The problem is that the proposed regulations as drafted would also allow transfers which occurred after that date, and a license would be granted, thereby allowing those vessels, or replacement vessels, back into the fisheries. In order to close the apparent loophole staff recommended that an amendment be initiated to clarify that catch history transfers would be recognized, *except those occurring after June 17, 1995, and where the owner of the vessel at that time was unable to document a vessel under Chapter 121, Title 46, U.S. Code.*

The Council requested staff to report back at this meeting regarding the number of vessels involved and the potential impacts of such an amendment. Since we do not know of private ownership and catch history transfers, we can only provide an upper bound estimate of the vessels involved. In December you also requested that information be provided on a possible recent participation requirement for basic LLP qualification (for example, a vessel must have fished in 1995 and 1996, in addition to already approved requirements, to qualify for the LLP). Such a requirement would likely subsume the June 17 ownership issue described above, and would have additional implications as well.

NMFS and Council staff have prepared a discussion paper (Item C-6(b) Supplemental) which provides information relative to the issues raised above, as well as information on a number of proposed LLP amendments raised by the AP in December - these include: a recent participation requirement specifically for the crab fisheries; addition of gear designations to disallow fixed gear vessels from 'becoming trawlers'; prohibiting transfers of licenses earned without a federal fisheries permit; and, adjustment of the groundfish landings requirements for the Western Gulf and the BSAI (to require one landing in each of *two* endorsement years).

In addition to vessel number impacts, the paper addresses other considerations including process and timing implications. Comments received on LLP issues are included under Item C-6(b)(1). Primarily these comments are in reference to the Council discussions from December, though one is a letter (and the staff response) proposing adjustment of the landings requirements for lost vessels.

(c) Status of CDQ regulations and CDQ vessel exemption issue

NMFS will summarize for the Council the status and implementation outlook for the multi-species CDQ Program. One specific issue raised at the December meeting was the potential 'loophole' involved in the CDQ vessel exemption under LLP (as well as under the vessel moratorium). The concern appears to be that vessels could be constructed under this provision, and then compete in the LLP fishery, in addition to fishing the CDQ allocations. Item C-6(c)(1) is a letter expressing this concern. While there is no evidence that this provision is being abused, you requested that we put the issue on this agenda for further discussion. The relevant provision in the LLP regulations exempts:

"A catcher vessel or catcher/processor vessel that does not exceed 125 ft. LOA, and that was, after November-18, 1992, specifically constructed for and used exclusively in accordance with a CDP approved by the Secretary of Commerce under subpart C of this part, and is designed to meet specific needs that are described in the CDP."

(d) Moratorium extension

With implementation of the LLP program delayed until 1999, and potentially longer if eligibility amendments are initiated, the Council needs to formally extend the existing vessel moratorium beyond the current December 31, 1998 expiration date. We believe that this will not be a big analytical undertaking, but more of a technical amendment which we would bring back in April for review, with final approval in June.

North Pacific Fishery Management Council

Richard B. Lauber, Chairman
Clarence G. Pautzke, Executive Director

Telephone: (907) 271-2809



605 West 4th Avenue, Suite 306
Anchorage, AK 99501-2252

Fax: (907) 271-2817

October 10, 1997

Mr. Mike Grable
Chief, Financial Services Division (F/SF2)
National Marine Fisheries Service
1315 East West Highway
Silver Spring, Maryland 20910

Dear Mr. Grable:

Thank you for the opportunity to comment on the capacity reduction (buyback) document prior to its publication as a Proposed Rule. While we do not possess the expertise to comment on all of the facets of a potential buyback program, our Council has had the opportunity to review the initiatives developed by the Crab Reduction and Buyback (CRAB) group relative to the limited entry crab fisheries in the North Pacific. Now that the Council's license limitation program for the groundfish and crab fisheries off Alaska has been approved by the Secretary of Commerce, with implementation expected beginning in 1999, we feel it is appropriate to express our endorsement and support for the program outlined by the CRAB group (please see attachment).

As pointed out in the draft document for comment, Secretarial implementation of any buyback program requires the support of the appropriate regional management Council. Mr. Gordon Blue and Mr. Arni Thomson spearheaded an industry initiative for a crab vessel buyback program, and have provided detailed reports to our Council over the past several meetings. Based on these reports, the Council agrees that such a program would be viable and would produce the benefits envisioned under the authorizing language of the Magnuson-Stevens Act. As such we are recommending that the Secretary take the steps necessary to bring this program to fruition, including the referendum regarding industry funding through a fee system.

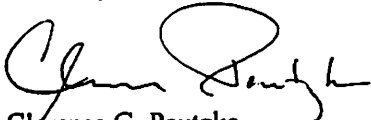
The attached document from the CRAB group does, I believe, address many of the issues and questions raised in your draft document for comment. It represents a concerted effort on the part of the producers (crab fishermen) to develop the general nature, as well as specifics, of a buyback business plan for their fishery. Based on the draft regulation, it is my understanding that the program would, at some point in time, come back before the Council for review, prior to actual implementation.

It is uncertain at this time whether amendments to our FMPs would be required for consistency with the buyback program. One issue raised by the CRAB group was the severability of crab licenses from groundfish licenses under our license limitation program. The general crab license is currently not severable from the groundfish license (where a vessel holds both), possibly creating problems if a vessel wants to continue in the groundfish fisheries. Other industry members were concerned about severing those licenses, due to the potential of creating additional effort within the groundfish fisheries. The Council took no action at this time, recognizing that actual implementation of the license limitation program is quite a ways off (1999), and that we would have the opportunity to make any adjustments as necessity dictates.

Mike Grable
October 10, 1997
Page 2

In summary, we believe that the North Pacific crab fisheries represent a prime opportunity to realize the benefits of a buyback program as envisioned under the Act, and our Council urges the Secretary, and NMFS, to proceed with its development based on the plan outlined by the CRAB group. The CRAB group's intent is to continue fleshing out the necessary legal and economic issues surrounding buyback programs. In the meantime, the Council felt it was appropriate to voice its support now for development of this program. Please contact me, or Chris Oliver of my staff, if you have any questions regarding this recommendation.

Sincerely,



Clarence G. Pautzke
Executive Director

Enclosure

Copy to: Steven Pennoyer, NMFS Regional Administrator
Gordon Blue and Arni Thomson, CRAB group

16 U.S.C. 1861a
M-S Act § 312

(2) Upon the determination under paragraph (1) that there is a commercial fishery failure, the Secretary is authorized to make sums available to be used by the affected State, fishing community, or by the Secretary in cooperation with the affected State or fishing community for assessing the economic and social effects of the commercial fishery failure, or any activity that the Secretary determines is appropriate to restore the fishery or prevent a similar failure in the future and to assist a fishing community affected by such failure. Before making funds available for an activity authorized under this section, the Secretary shall make a determination that such activity will not expand the size or scope of the commercial fishery failure in that fishery or into other fisheries or other geographic regions.

(3) The Federal share of the cost of any activity carried out under the authority of this subsection shall not exceed 75 percent of the cost of that activity.

(4) There are authorized to be appropriated to the Secretary such sums as are necessary for each of the fiscal years 1996, 1997, 1998, and 1999.

(b) FISHING CAPACITY REDUCTION PROGRAM.--

(1) The Secretary, at the request of the appropriate Council for fisheries under the authority of such Council, or the Governor of a State for fisheries under State authority, may conduct a fishing capacity reduction program (referred to in this section as the 'program') in a fishery if the Secretary determines that the program--

(A) is necessary to prevent or end overfishing, rebuild stocks of fish, or achieve measurable and significant improvements in the conservation and management of the fishery;

(B) is consistent with the Federal or State fishery management plan or program in effect for such fishery, as appropriate, and that the fishery management plan--

(i) will prevent the replacement of fishing capacity removed by the program through a moratorium on new entrants, restrictions on vessel upgrades, and other effort control measures, taking into account the full potential fishing capacity of the fleet; and

(ii) establishes a specified or target total allowable catch or other measures that trigger closure of the fishery or adjustments to reduce catch; and

(C) is cost-effective and capable of repaying any debt obligation incurred under section 1111 of title XI of the Merchant Marine Act, 1936.

(2) The objective of the program shall be to obtain the maximum sustained reduction in fishing capacity at the least cost and in a minimum period of time. To achieve that objective, the Secretary is authorized to pay--

(A) the owner of a fishing vessel, if such vessel is (i) scrapped, or (ii) through the Secretary of the department in which the Coast Guard is operating, subjected to title restrictions that permanently prohibit and effectively prevent its use in fishing, and if the permit authorizing the participation of the vessel in the fishery is surrendered for permanent revocation and the owner relinquishes any claim associated with the vessel and permit that could qualify such owner for any present or future limited access system permit in the fishery for which the program is established; or

(B) the holder of a permit authorizing participation in the fishery, if such permit is surrendered for permanent revocation, and such holder relinquishes any claim associated with the permit and vessel used to harvest fishery resources under the permit that could qualify such holder for any present or future limited access system permit in the fishery for which the program was established.

(3) Participation in the program shall be voluntary, but the Secretary shall ensure compliance by all who do participate.

(4) The Secretary shall consult, as appropriate, with Councils, Federal agencies, State and regional authorities, affected fishing communities, participants in the fishery, conservation organizations, and other interested parties throughout the development and implementation of any program under this section.

(c) PROGRAM FUNDING.--

(1) The program may be funded by any combination of amounts--

(A) available under clause (iv) of section 2(b)(1)(A) of the Act of August 11, 1939 (15 U.S.C. 713c-3(b)(1)(A); the Saltonstall-Kennedy Act);

(B) appropriated for the purposes of this section;

(C) provided by an industry fee system established under subsection (d) and in accordance with section 1111 of title XI of the Merchant Marine Act, 1936; or

(D) provided from any State or other public sources or private or non-profit organizations.

(2) All funds for the program, including any fees established under subsection (d), shall be paid into the fishing capacity reduction fund established under section 1111 of title XI of the Merchant Marine Act, 1936.

(d) INDUSTRY FEE SYSTEM.--

(1) (A) If an industry fee system is necessary to fund the program, the Secretary, at the request of the appropriate Council, may conduct a referendum on such system. Prior to the referendum, the Secretary, in consultation with the Council, shall--

(i) identify, to the extent practicable, and notify all permit or vessel owners who would be affected by the program; and

(ii) make available to such owners information about the industry fee system describing the schedule, procedures, and eligibility requirements for the referendum, the proposed program, and the amount and duration and any other terms and conditions of the proposed fee system.

(B) The industry fee system shall be considered approved if the referendum votes which are cast in favor of the proposed system constitute a two-thirds majority of the participants voting.

(2) Notwithstanding section 304(d) and consistent with an approved industry fee system, the Secretary is authorized to establish such a system to fund the program and repay debt obligations incurred pursuant to section 1111 of title XI of the Merchant Marine Act, 1936. The fees for a program established under this section shall--

(A) be determined by the Secretary and adjusted from time to time as the Secretary considers necessary to ensure the availability of sufficient funds to repay such debt obligations;

(B) not exceed 5 percent of the ex-vessel value of all fish harvested from the fishery for which the program is established;

(C) be deducted by the first ex-vessel fish purchaser from the proceeds otherwise payable to the seller and accounted for and forwarded by such fish purchasers to the Secretary in such manner as the Secretary may establish; and

(D) be in effect only until such time as the debt obligation has been fully paid.

(e) IMPLEMENTATION PLAN.--

(1) The Secretary, in consultation with the appropriate Council or State and other interested parties, shall prepare and publish in the Federal Register for a 60-day public comment period an implementation plan, including proposed regulations, for each program. The implementation plan shall--

(A) define criteria for determining types and numbers of vessels which are eligible for participation in the program taking into account characteristics of the fishery, the requirements of applicable fishery management plans, the needs of fishing communities, and the need to minimize program costs; and

(B) establish procedures for program participation (such as submission of owner bid under an auction system or fair market-value assessment) including any terms and conditions for participation which the Secretary deems to be reasonably necessary to meet the goals of the program.

(2) During the 60-day public comment period--

(A) the Secretary shall conduct a public hearing in each State affected by the program; and

(B) the appropriate Council or State shall submit its comments and recommendations, if any, regarding the plan and regulations.

(3) Within 45 days after the close of the public comment period, the Secretary, in consultation with the appropriate Council or State, shall analyze the public comment received and publish in the Federal Register a final implementation plan for the program and regulations for its implementation. The Secretary may not adopt a final implementation plan involving industry fees or debt obligation unless an industry fee system has been approved by a referendum under this section.

101-627

SEC. 313. NORTH PACIFIC FISHERIES CONSERVATION

16 U.S.C. 1862

104-297

(a) **IN GENERAL.**--The North Pacific Council may prepare, in consultation with the Secretary, a fisheries research plan for all fisheries under the Council's jurisdiction except salmon fisheries which--

(1) requires that observers be stationed on fishing vessels engaged in the catching, taking, or harvesting of fish and on United States fish processors fishing for or processing species under the jurisdiction of the Council, including the Northern Pacific halibut fishery, for the purpose of collecting data necessary for the conservation, management, and scientific understanding of any fisheries under the Council's jurisdiction; and

(2) establishes a system of fees to pay for the costs of implementing the plan.

102-582

(b) **STANDARDS.**--

(1) Any plan or plan amendment prepared under this section shall be reasonably calculated to--

(A) gather reliable data, by stationing observers on all or a statistically reliable sample of the fishing vessels and United States fish processors included in the plan, necessary for the conservation, management, and scientific understanding of the fisheries covered by the plan;

(B) be fair and equitable to all vessels and processors;

(C) be consistent with applicable provisions of law; and

(D) take into consideration the operating requirements of the fisheries and the safety of observers and fishermen.

Mail for Clarence Pautzke

Date: 1/21/98
Sender: constaff@hulkhovis.rdc.noaa.gov
To: Clarence Pautzke
Priority: Normal
Subject: Final Boat in New England Buyout Announced

TO: Clarence Pautzke
North Pacific Fishery
9,1-907-271-2817

NOAA 98-R701
1/20/98

Contact: Teri Frady
(508) 495-2239

Constituent Contact: Susan A. Weaver
Susan.A.Weaver@NOAA.gov
(202) 482-2610

**FINAL BOAT IN \$24 MILLION BUYOUT ANNOUNCED:
PROGRAM AIDS FISHERIES RESTORATION AND FISHERMEN**

A program that traded \$24 million in federal relief funds for the rights of 78 vessels to fish for hard-pressed New England groundfish such as cod, haddock and flounder has just been completed by the Commerce Department's National Oceanic and Atmospheric Administration.

The 78 vessels represent 18 percent of the days used to fish groundfish in the Northeast (days-at-sea), and 22 percent of the revenue generated by groundfish landings. The program, which began in 1994, has contributed to the overall reduction in fishing for these stocks, which have historically formed the basis of New England's commercial fishery and have been near collapse in recent years. The program's purpose was to both assist fishermen adversely impacted by the groundfish crisis and to aid in the long-term viability of the groundfish fishery.

In a ceremony at the Boston Fish Pier on Wednesday, officials will award the last grant in the program. Michael Barry will accept \$517,000 to retire his groundfishing vessel, the 80-foot trawler Captain Sam, homeported in Boston. The vessel will land its last trip earlier in the day at the Boston Fish Pier.

The award will be made by John Bullard, director of NOAA's Office of Sustainable Development and Intergovernmental Affairs, the primary designer of the Northeast Fisheries Assistance Program, which provided almost \$100 million of economic assistance to Northeast fishing families. The NFAP is made up of several programs, including a two-part vessel buyout program (pilot and expanded), fishing industry grants, loans, a subsidy for health insurance for fishing families, and the establishment of a few fishing family assistance centers. "The buyout has been successful in part because fishermen helped design it," Bullard said.

"At the same time," Bullard said, "we remain concerned about the number of groundfish permits that are currently held, but not used, and may become active as these stocks recover." This so-called "latent effort" represents many times the ability to harvest and land groundfish than the buyout program removed from the fishery. "We will continue to make the latent effort problem as visible as possible to ensure that the sacrifices made by fishermen to reduce their effort now are not lost to new effort as stocks recover," Bullard said.

Mail for Clarence Pautzke

Of the 78 vessels, 53 were homeported in Massachusetts, 21 in Maine, two in New Hampshire, and one each in Rhode Island and New York. To prevent transfer of effort into other fisheries, the vessels had to be scrapped, legally sunk, or put to uses that would preclude the capacity to fish. Of the 78, 61 were scrapped and seven sunk, and six are being used for research or education and four for harbor patrol or humanitarian pursuits.

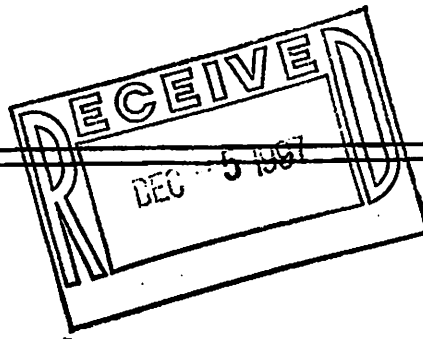
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NOTE: PLEASE HELP US TO BETTER SERVE YOU BY NOTIFYING THE ABOVE-NAMED CONSTITUENT CONTACT OF ANY CHANGE IN YOUR FAX OR E-MAIL ADDRESS.

Three Rivers, Inc. of Anacortes

910 District Line Rd.
Burlington, Wa. 98233

Phone 360-757-4544
Fax 360-757-8063



December 05, 1997

North Pacific Fishery Management Council
605 West 4th Avenue, Suite 306
Anchorage, Ak. 99501-2252

Dear Mr. Lauber,

Our correspondence to the council in the past regarding our qualifications for the Pacific Cod fishery in the Gulf of Alaska seems to be slightly misunderstood. We are not looking for the wording of the law to be changed, we are asking for special consideration for our situation only.

We were fishing cod prior to our loss and after we replaced the Lady Selket, but due to the timing of our loss February 4, 1994, we were unable to make the necessary deliveries to qualify for the limited entry permit.

We were not able to purchase a vessel that was already in the fishery. The Sea Warrior was a utility vessel that required a major refit. We did not have the funds to do all that was necessary at once. We did what was needed to get the vessel ready for the 1995 Opilio season. At the conclusion of that season the Sea Warrior came back to Anacortes to Lovric's shipyard to have the fish holds foamed and glassed and refrigeration installed so we would not lose our very valuable salmon tendering contract which started June 15, 1995.

Based on our past and present fishing of Pacific Cod we feel the one delivery needed for us to qualify would have been accomplished had we not suffered the loss of the Lady Selket Feb. 4, 1994.

Sincerely,

Mike and Susan Goad
1212 31st ST.
Anacortes, WA. 98221
360-293-3005

North Pacific Fishery Management Council

Richard B. Lauber, Chairman
Clarence G. Pautzke, Executive Director



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January 9, 1998

Mike and Susan Goad
Three Rivers, Inc. Of Anacortes
1212 31st Street
Anacortes, WA 98221

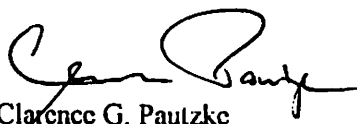
Dear Mr. and Mrs. Goad:

The Council received your letter regarding qualification of the F/V Lady Selkct for the Pacific cod fishery in the Gulf of Alaska. While I may sympathize with your situation, the Council's design of the license limitation program contained specific provisions regarding qualification of lost vessels, and provided a window of opportunity for replacement vessels to make a qualifying landing. The Council did not put itself in the position of adjudicating individual cases or appeals. There will be an application and appeals process conducted by National Marine Fisheries Service (NMFS) to implement the program, though I cannot assess your chances for success in being granted a special dispensation.

The NMFS has not yet published the final regulations to implement the license limitation program, and there is still a chance that the program may be amended. For example, at our recent December Council meeting, several proposed amendments to the program were suggested by industry representatives and the Council's Advisory Panel (please see enclosed newsletter), including recent participation requirements above and beyond those already prescribed. Though the Council did not initiate any action on these proposed amendments, we have scheduled this as a major agenda item for our February meeting in Anchorage (week of February 3-9). It is possible that the Council would consider your issue at that time, though I believe it would take a general change in the program regulations to accommodate your situation, as opposed to an individual 'exemption'.

This might require an extension of the landings period for lost vessels, for example, and I do not know whether the Council would support such a change, nor do I know when the Sea Warrior did make cod landings after June 17, 1995. I will include your letter in the Council's briefing package for the February meeting.

Sincerely,


Clarence G. Pautzke
Executive Director

Enclosure

GROUND FISH FORUM, INC.

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Seattle, WA 98199
(206) 301-9504 FAX (206) 301-9508

Chief, Fisheries Management Division
NMFS- F/AKR
P.O. Box 21668
Juneau, AK 99802

September 29, 1997

RE: Comments on Proposed Rule to implement Amendments 41 to the BS/AI Groundfish FMP and Amendment 41 to GOA Groundfish FMP; License Limitation (LLP)

Dear Management Division Chief:

The following comments suggest modifications that we feel would improve the ability of the License Limitation Plan (LLP) to accomplish the Council's objectives for the plan. Comments are divided into sections specific to License Limitation and Community Development Quotas, although there are some effects of the proposed implementation regulations that overlap the two programs.

License Limitation

Unintended exemptions and loopholes. The proposed rule argues that even if there are recognized flaws in the measures proposed in LLP, the plan at least accomplishes "stability". Stability is certainly an under-achievement in light of the Council's Comprehensive Rationalization Plan objectives and the value of stability (if it is achieved) in a grossly overcapitalized fishery certainly merits consideration. For instance, the head and gut sector has experienced significant incursions into its core fisheries for flatfish and Atka mackerel in the last few years by pollock factory trawlers and vessels from other sectors. These vessels are existing participants, none of which will be eliminated by the proposed plan. The focus of these comments, however, is the question of whether the door to new entry will actually be shut to any degree with LLP, and whether NMFS will agree to close the door, at least where the Council did not specifically or intentionally leave it open. We believe there are areas where the Council did not recognize that an exemption or loophole had been created or did not understand the magnitude to which new effort was likely to enter the fishery due to an exemption.

CDQ vessels: In addition to the intentional exemptions made for all small vessels and vessels under 60 feet, the Council exempted vessels less than 125 feet from having to obtain a LLP permit if the vessel was built in association with a CDQ plan and was built after 1992. That exemption probably seemed minor to the Council at the time it was considered. In our opinion, however, its potential to allow new capital to enter the fishery is huge. Because proposed CDQ regulations allow CDQ vessels to switch between CDQ and LLP fisheries on a tow by tow basis, CDQ groups or their partners can use this exemption to build new vessels. Under the proposed regulations, these vessels could be minor players in CDQ and fish regular LLP fisheries for the remainder of the year.

NMFS could prevent this increase in capacity by restricting the percentage of landings outside of CDQ for any vessel fishing without an LLP permit under this CDQ exemption. For instance, on an annual basis no more than 20% of the vessel's landings can be outside of CDQ or the vessel has to obtain an LLP permit. Another approach would be to limit the applicability of the exemption to vessels that have already been built for existing CDQ plans before the LLP final rule date, and require CDQ vessels not already mentioned in existing plans to obtain LLP permits.

Using permits from fixed gear vessels to create more trawl effort: The documents prepared in support of the Council's LLP are devoid of any analysis or even reasonable description of the potential for increasing trawl effort through the purchase of permits from fixed gear vessels of comparable length. This potential for increasing effort arises because vessel licenses are not gear specific. The greatest potential for increase exists with larger scale vessels through the purchase of fixed gear groundfish licenses from catcher-processor longliners or crab vessels with groundfish licenses. These licenses and area endorsements can be used on trawl catcher-processors that are newly constructed or existing vessels that have never fished in the North Pacific. Under the proposed License Limitation Plan, trawl vessels that do not even qualify under the Council's Moratorium can now use this exemption to enter the fishery.

The record created during the development of LLP is replete with statements of the Council's intent to be most restrictive for vessels over 125 feet, as these vessels create the largest potential for increased fishing power. The stated objective of LLP dramatically contradicts this enormous loophole which allows the conversion of licenses from defunct longline and crab vessels over 125 feet in length into new trawl effort. Groundfish Forum strongly recommends that NMFS consider eliminating this means of increasing effort on the basis that it counters the Council's rationale for LLP. The Council simply failed to recognize this potential area for increased capitalization.

Length Overall: The proposed rule lists length overall (LOA) as defined at §679.2 as the criterion for determining vessel length for purposes of LLP. Basing LLP regulations on that definition of LOA would, in fact, adopt the same measure of length used in other regulations, such as observer coverage requirements, Inshore/Offshore, etc. Comment is invited on the use of U.S. Coast Guard "documented length" as a measure of LOA because NMFS believes the substitute definition would facilitate enforcement of the license limitation program. The Groundfish Forum believes this is a bad idea because it flies in the face of the Council's capacity reduction objectives.

The U.S. Coast Guard's "documented" or "registered" length is based on the concept of length at the water line. Using that definition would allow additional fishing and processing power to be added to vessels because vessel length above the water line could be increased. Bow appendages for additional storage of product, gear, or crew quarters would then be possible. In addition, the registered length standard could create a greater number of Gulf of Alaska area endorsements than was anticipated. This is because the criteria for Central and Western GOA endorsements were more restrictive for vessels over 125 feet. Vessels probably exist that are greater than 125 feet under the current LOA definition but less than 125 feet under the documented length definition. In addition, a greater number of vessels might be eligible for the 20% upgrade provision in the LLP under the documented length definition. Although enforcement might be facilitated by the use of documented length, we feel its adoption would further weaken measures to limit fishing capacity, as well as, creating unanticipated distributional effects between different participants in the groundfish fishery.

Proposed CDQ Regulations

Requirement for motion compensating scales: Groundfish Forum has already provided extensive comments on the potential problems with motion compensating scales given the state of that technology and the size of H&G vessels. In the proposed rule to certify motion compensating scales for use at-sea, we pointed out that the required scales may not function well on our vessels and that scales may be prohibitively expensive to install on H&G vessels. We have also pointed out that in the absence of improvements to species composition sampling (which accounts for most of the uncertainty in determining catches on a species-specific basis), the value of scales for CDQ management may be limited.

To summarize our concerns with scales, flow or conveyor scales are the only available type of motion compensated scale to weigh total catch and we feel that they may fail to function well due to the greater forces of motion on H&G vessels. When seas are moderate to large, fish can move against the flow of the belt or lift off the surface of the belt. The forces of movement and lift on H&G vessels may exceed those experienced on vessels where flow scales have been tested. Because the installation of a flow scale is an expensive investment, given the limited space available on H&G vessels, we feel Groundfish Forum members are entitled to know whether these scales will work adequately before expensive steps are taken to install them.

Lacking any field testing of scales on H&G vessels by NMFS, we are endeavoring to learn what we can about the performance of flow scales on H&G vessels. One effort was to inquire about the performance of a flow scale known to be in use on a German vessel fishing in the North Sea. In June we contacted the owner of the F/V Bianca, a small catcher-processor vessel roughly equivalent to the smaller range of H&G vessels in the North Pacific. By means of an interpreter, we learned that the Bianca's scale appears to work well but is not being used to weigh unprocessed catch. Their flow scale is used to weigh finished product, therefore it performs the same function as the motion compensated platform scales we currently use to weigh finished product. The flow scale on the Bianca weighs headed and eviscerated fish that are individually fed onto the scale. The fish are hand placed on a short conveyor belt that leads to the scale and crew members reportedly often need to stabilize the fish on belts as they come on to the scale. One other difference is that the Bianca's flow scale weighs a maximum of approximately two metric tons of finished product per hour.

Lacking evidence that flow scales will work on our vessels, Groundfish Forum is currently attempting to organize tests of flow scales on H&G vessels. One scale has successfully been installed on the F/T Unimak Enterprise. At 185 feet overall, the Unimak is not necessarily representative of the typical H&G vessel (most are 100 to 165 feet overall), but because the vessel was in Seattle before the fall yellowfin sole fishery, it was available for scale installation for purposes of the test. In addition, the vessel's layout did not present major difficulties for installation and so the company was able to accomplish this with minimal delay. We have heard the performance of the scale has been variable and we are most interested in its performance in the coming weeks as seasonal weather changes increase the motion of the vessel.

Another effort to test the scale on a smaller H&G vessel has been postponed until next year. We had hoped that the 124 foot F/T Enterprise could be fitted with a scale for a trial during the Fall yellowfin

season. Unfortunately, after reviewing the vessel's blueprints, the scale vendor stated that the vessel presents large challenges for flow scale installation. The installation cannot be accomplished with the infrastructure available in Dutch Harbor which means that testing on the vessel cannot begin until January of 1998.

Groundfish Forum feels the proposed CDQ scale requirement holds great potential for a scenario where NMFS approves flow scales for use in CDQ and later discovers that the flow scales currently available do not work adequately on H&G vessels. Several factors contribute to this inevitability. Companies that have successfully applied for CDQ will want to fish for it in 1998. They certainly do not want to discover that they are eliminated or that other arrangements have been made to harvest the fish because they do not have the required scale. Because scales can only be installed in conjunction with major shipyard work, this means companies with CDQ will likely make modifications to their factories to accommodate flow scales this winter. If nothing is done to change the current impending regulations, companies will have to gamble that the scale will operate reasonably well and NMFS will be satisfied with its performance.

The need to determine whether flow scales work stems from the fact that there is currently no other type of motion compensating scale available that can be used to determine total weight. A platform scale is not an alternative because it can only accommodate very small volumes of catch. There is currently no hopper scale available for testing. Additionally, costs for developing a hopper scale system are difficult to estimate. This is because hopper scales configurations are apparently unique to each application and installation and therefore cost estimates are vessel-specific. We know of no hopper scale systems in use on fishing vessels.

On most H&G vessels, installations will entail expensive factory modifications for the sole purposes of accommodating the flow scale. Modifications are expected to cost in the range of hundreds of thousands of dollars per vessel. During discussions with scale manufacturers, they have expressed doubt that flow scales will work reliably on H&G vessels. In a meeting at Groundfish Forum to set up a trial for flow scales, one of the two scale vendors known to currently have flow scales for sale suggested the possibility of motion compensated hopper scales as a potential fall back technology. H&G companies fishing CDQ should not have to face the impact of having modified their factories for flow scales only to find out later that the scales do not work sufficiently well and, therefore, NMFS has decided to mandate hopper scales or some other type of scale for H&G vessels. NMFS needs to recognize that based on the information presented by scale manufacturers, factory modifications to accommodate a flow scale are quite different from modifications for a hopper scale.

Groundfish Forum would like NMFS assistance in analyzing whether flow scales can work effectively on H&G vessels before companies with CDQ commitments make modifications for flow scales. Given that the anticipated start date for Multispecies CDQ is July of 1998, there may be time to test flow scales on a greater range of H&G vessels than we alone have been able to accomplish. The industry needs to know that flow scales will be tested sufficiently on vessels that have a similar potential for motion. Any test that is conducted must be a field test prior to approval of regulations requiring flow scales to be used on H&G vessels.

As a matter of practicality, this would mean that the requirement for scales on H&G vessels that fish CDQ may not be in place until 1999. We believe that if the Multispecies CDQ program is

implemented in time for fishing in 1998, then NMFS should exempt H&G vessels from the requirement to use motion compensated scales for CDQ in 1998. Under this scenario, scales could be tested this Spring in the rock sole fishery; and if proven to work on H&G vessels, companies could install them while vessels are in shipyards during the Winter of 1998. This would also provide some time for scale companies to develop motion compensated hopper systems for H&G vessels in the event that flow scales do not function properly on H&G vessels. This, in turn, would allow industry to evaluate the space required for hopper scales compared to flow scales and allow scale manufacturers to develop a working model of a hopper scale and an estimate of its cost.

Fishery observer duties under CDQ: The draft LLP regulations include special procedures and practices for NMFS observers working on vessels fishing CDQ allocations. Some of these new procedures are different from current observer duties and in some cases could decrease the benefits from the Multispecies CDQ program. We believe NMFS needs to recognize that all changes in observer duties should strike a balance between the additional data requirements for CDQ and what is practical and feasible for NMFS observers, the CDQ program, and industry partners.

In our opinion, the proposed requirements for 12 hour observer shifts and limits on the number of tows that an observer can sample per shift are impractical. These proposed regulations may weaken the ability of fishermen in the CDQ fishery to maximize utilization of catch and minimize bycatch.

The H&G industry faces rigorous product quality standards determined by Asian and domestic markets. Only by catching fish that are in good shape and rapidly processing them after they are brought on board can we meet these standards. Under the proposed regulations, vessels are limited to a maximum of six tows per day. This is an upper limit based on three hauls per observer shift and two observers on each vessel. It is doubtful that H&G vessels will be able to accommodate or justify the expense of three observers for CDQ fishing. With six hauls per day, vessels will be forced to increase their catch per haul over what is now the industry standard under the current Olympic fishery. In the current fishery, most H&G vessels exceed 6 tows per day. If limited to six tows per day, vessels will use larger codends and tow longer durations in order to increase catch per haul. Larger codends and longer hauls will result in increases in bruising of fish. Additionally, these larger hauls will increase the time which fish are held in tanks before processing. With extra bruising and longer delays before processing, quality will likely decrease for CDQ fishing when the expectation was that quality would be higher for CDQ.

Additionally, loss of quality will result from the inflexible shift schedule proposed for CDQ. With the number of tows limited to three per observer shift and shifts set at 12 hours, a company seeking to get reasonable production from each observer shift will likely try to make even larger hauls to compensate for any earlier tows that did not produce well. Unforeseen occurrences such as catching a derelict crab pot or having a twist in the net bridles or trawl doors can greatly reduce the catch for one or more of the hauls in a shift. The need to compensate for the low production period is greater because more towing time was spent as a result of the three tows per shift rule. H&G vessels that currently aim at 10 MT of catch per tow and make 8-10 tows per day might be looking at the occasional necessity of having to catch 30-50 MT per haul. This amount of fish would be necessary to keep tanks full and crews working until the next observer shift. This large increase in amount per haul will have an obvious deleterious effect on quality and could increase discards.

An even more troubling consequence of these proposed observer guidelines is that they limit a vessel's ability to use test tows to learn about bycatch rates in an area before a tow of normal duration is made. Test tows are an integral part of responsible fishing strategies that the H&G fleet have insisted upon since the adoption of the Sea State program. Over a 12 hour period, a vessel that makes a test tow will have two remaining hauls to get enough fish to keep the vessel in production for the period. Low production increases costs per trip and the tradeoff between bycatch minimization goals and necessary production levels to justify fishing becomes more difficult with a limit on the number of tows per observer shift. We feel the proposed limits could cripple the ability to use test tows to avoid areas of high bycatch. Because vessels face the consequences of their own actions under individual allocations, the incentives are great for the use of test tows under CDQs. We believe the expected benefit from the individual accountability aspects of CDQ is reduced if implementing regulations constrain the tools available to fishermen to attempt to fish cleanly.

To circumvent the problems with limitations on number of tows and observer shifts, NMFS should consider allowing and encouraging vessels to furnish additional manpower to observers. Assistance should be furnished at the observer's request. We believe assistance can be provided by designated crew members in a manner that protects the integrity of data, avoids conflicts, and increases the ability for larger samples thus improving the accuracy of species composition sampling.

Lack of a backup plan in 1998

It appears possible that unanticipated events could prevent implementation of the Multispecies CDQ program early enough in 1998 for a reasonable opportunity for CDQ communities and their partners to utilize allocations. We believe a comment period should be created to solicit opinions on what to do with 1998 CDQ allocations under that scenario. This would help NMFS understand the practical limitations to the industry's ability to utilize different target species and PSQs later in the year. Such a comment period might also provide suggestions that would avoid the divisiveness of a situation where a fallback plan is not in place.

Thanks in advance for considering our comments. Please call us if you have questions.

Sincerely,



John R. Gauvin

RECEIVED

JAN 26 1998

N.P.F.M.C

January 19, 1998

Mr. Richard B. Lauber, Chairman
NORTH PACIFIC FISHERY MANAGEMENT COUNCIL
605 West Fourth Avenue, Suite 306
Anchorage, AK 99501

RE: Regulations Pertaining to License Limitation Program

Dear Mr. Chairman:

We are Oregon trawl fishermen who, in the summer of 1997, purchased and obtained a transfer of a vessel moratorium permit to allow us to fish for groundfish in the North Pacific. Our vessel is the F/V Miss Sarah and its LOA is 103. We paid the sum of \$75,000.00 to purchase the moratorium permit as well as the catch history of the vessel. The moratorium permit that we purchased was endorsed for the crab fisheries with pot gear and for the groundfish fisheries with trawl pot and hook gear.

We have received a copy of the North Pacific Council's newsletter, published in December 1997 which has identified some possible regulatory changes to the License Limitation Program.

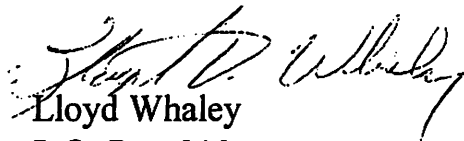
We understand that the Council may consider a possible recent participation requirement for the Limited License Program qualification. We would specifically **oppose any recent participation requirement**. In addition to the \$75,000.00 that we spent for the catch history and the moratorium permit, we have spent, conservatively, an additional \$150,000.00 in equipping the vessel to fish in the North Pacific, including improvements to our winches, new radar, an additional generator, a telex machine, and additional gear. To

Mr. Lauber, Chairman
January 19, 1998
Page 2

add a recent participation requirement at this point, relative to the groundfish fishery, would make our \$225,000.00 investment worthless.

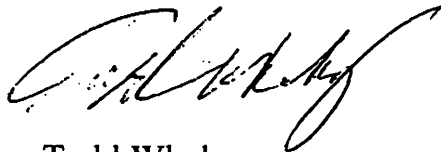
We hope to be able to be present to testify before the Council at the February meeting regarding these issues. Thank you for your consideration of this issue.

Very truly yours,



Lloyd Whaley
P.O. Box 310
Brookings, Or 97415

Very truly yours,



Todd Whaley
P.O. Box 310
Brookings, Or 97415

• FRED A. YECK, President
(541) 867-3911

F/V Seadawn Fisheries, Inc.

P.O. Box 352 • Newport, Oregon 97365
Fax (541) 867-3913



F/V Seadawn

January 22, 1998

RECEIVED

JAN 26 1998

N.P.F.M.C

Richard Lauber, Chairman
North Pacific Fishery Management Council
605 W. 4th Avenue, Suite 306
Anchorage, AK 99501

RE: Agenda Item C-6 (b) License Limitation (LLP Potential Amendments) - February 1998 Agenda

Dear Chairman Lauber and Council Members:

It has been proposed, by one segment of the industry, that the Council initiate an amendment to include recent participation as part of the Crab License Limitation Program with years to be included being 1995, 1996 and/or 1997. Another group is requesting a change in the qualifying criteria for a groundfish endorsement in the Western Gulf. These proposals would seriously damage the fishing rights my fishing vessel otherwise would be entitled to and should be rejected by the Council for the following reasons:

1. The License Limitation regulations have not even been implemented yet and industry groups are requesting the Council to amend the License Limitation Program to disenfranchise others who are entitled to licenses under the Council adopted plan. This is patently unfair because the License Limitation Plan, as adopted by the Council, was a comprehensive package based upon many factors and compromises which resulted in one License Limitation Plan for both groundfish and crab. The Council should not allow itself to become party to an attempt by one group or another to now segregate out their fishery and attempt to obtain amendments for competitive economic gain, the results of which would deprive others who are legitimately entitled to licenses under the Council's Comprehensive Plan.
2. For the Bristol Bay Red King crab, Bairdi and Opilio Tanner crab fisheries, in the years in which there were openings during the proposed recent participation window, the average annual quotas were less than 1/2 of the average quotas during the License Limitation endorsement period. For example, during the four years of the endorsement period, the average annual quota in the Opilio fishery was 215 million pounds, but in the recent participation window being proposed the annual quota just averaged 77 million pounds. The unfairness of the proposal is obvious for the reason that during the past three years the quotas and, also, the market conditions for crab were extremely low resulting in a situation where those who are diversified and had other opportunities legitimately took those other opportunities. The result should not be to now lose fishing rights that were previously legislated by the Council.
3. It is perfectly legitimate for the Council to consider technical or even some substantive amendments to the extent the regulations, as proposed by NMFS, do not accurately reflect the intent of the Council at the time the License Limitation Program was adopted. However, I believe it would be inappropriate for the Council, at this time, to entertain the proposals of various competitive groups to

disenfranchise others who are entitled to licenses consistent with the Council's intent under the plan as adopted. This would be unfair and would encourage more requests from others which would have the potential of taking a large portion of the Council's time.

4. The Council should clearly refuse to consider amendments to qualification requirements to the License Limitation Program, whether it be from the crab sector or the groundfish sector or a very clear negative signal will be sent to industry. That signal will be to not only encourage but make imperative that to maintain ones license rights in the future that a vessel currently entitled to a groundfish license and/or crab license would be forced to protect itself by fishing in every area and fishery in which area and/or fishery endorsements are available, regardless of whether it made economic sense. The result would be to create added instability and crowding with the vessels and markets normally operating in those areas and fisheries. These are not desirable results and, hopefully, the Council will act definitively so as not to add stimulus to these type of activities.

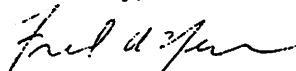
5. It was recognized by the Council that the License Limitation Program was not the end of the line as far as Comprehensive Rationalization was concerned. Hopefully, the Council will expend its time considering legitimate plans for a rationalization which are comprehensive in nature and not get caught up in the attempt by isolated sectors engaging in regulation warfare attempting, politically, to disenfranchise others.

In conclusion, I would like to add that I am the managing owner of a family owned and operated fishing vessel that was built in the Northwest originally for the crab fisheries in 1976. The vessel was converted in 1986 to a trawler and since has participated in most of the trawl fisheries in the Gulf of Alaska and Bering Sea. In 1991, at considerable expense in equipment and gear, our vessel re-entered the crab fisheries. Our vessel had crab landings in 1991, 1992, 1993 and 1994 which legitimately entitles us to crab licenses under the Council's Comprehensive License Limitation Plan. We did not participate in the crab fisheries in 1995 or 1996 when the crab stocks were at extremely low levels. By not crowding into the crab fisheries we benefited those who didn't have other options and now we should not be penalized for seeking the options that made the most economic sense after the rules for the License Limitation Program had been legislated.

We have been in the fishing business for in excess of 30 years. We paid the price to diversify our vessel under legitimate circumstances and over many years. Currently, my son shares the Captain duties on our vessel and it is our intent to remain in the fisheries for the long term which, in our view, can only be accomplished by being diversified. If the crab fleet or other fleets decide to reduce their respective size it should be done pursuant to a legitimate vessel buy back plan not by targeting competition for regulatory disenfranchisement.

Thank you for considering my comments.

Sincerely,



Fred A. Yeck

GALAXY FISHERIES LLC
5470 Shilshole Avenue NW Suite 500
Seattle WA 98107
(206) 784-5000
Fax: (206) 784-5500

January 23, 1998

Mr Rick Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue, Suite 306
Anchorage AK 99501-2252

RECEIVED

JAN 27 1998

N.P.F.M.C

Re: LLP Potential Amendments
February 1998 Council Agenda C-6-b

Dear Chairman Lauber:

We write to express our very serious concern about what we understand may happen at the February 1998 North Pacific Fishery Management Council (NPFMC) meeting regarding changes to the LLP previously approved by the Council in June 1995 and subsequently approved by the Secretary of Commerce in September 1997.

In a nutshell, we have invested several millions of dollars during 1997 in full knowledge of, and in complete compliance with the Council-approved and Dept. of Commerce-approved rules of the LLP, only to learn that those rules may be changed and back-dated to exclude us.

Here is our situation:

- ▶ We are American citizens with long histories in the Alaska fishing industry.
 - ▶ We play by the rules and we run a quality operation.
 - ▶ We own and operate catcher vessels and one factory trawler. We belong to United Catcher Boats, support the North Pacific Fishing Vessel Owners Association's (NPFVOA's) vessel safety program and attend NPFMC meetings. We research our investments carefully.
 - ▶ In 1997 we purchased the well-known U.S.-built and U.S.-flagged 180-ft crab processor *Galaxy* from Dick Pace/Rich White and partners and have converted that vessel into a first class freezer/longliner.
 - ▶ Because *Galaxy* had processing history but no fishing history, in 1997 we separately purchased all fishing history/rights of the U.S.-built, U.S.-flagged and U.S.-owned *Northern Empire*.
 - ▶ Though U.S.-owned and U.S.-flagged, the *Northern Empire* did not fish in the U.S. in 1995/1996.
-

Mr Rick Lauber, Chairman
North Pacific Fishery Management Council
January 23, 1998
Page 2

- ▶ The fishing history/rights we purchased in 1997 from owners of the *Northern Empire* qualified us, the new owners of the *Galaxy*, for the moratorium and LLP under the rules adopted by the NPFMC in 1995 and by the Dept. of Commerce in 1997.
- ▶ New, post-dated rules establishing a new LLP qualification window during 1995/1996 would clearly exclude *Galaxy's* qualification.
- ▶ This newly proposed post-dated qualification requirement for 1995/1996 was never discussed by the NPFMC during deliberations prior to June 17, 1995. No one can paint this new requirement as a "clarification" or as "consistent with prior Council intent".
- ▶ *Galaxy* is currently working in Alaska with all licenses and permits, and with a crew of 30 on board.
- ▶ *Galaxy* has already made one delivery of product to Dutch Harbor on January 20, 1998.

Our position, Chairman Lauber, is one of pure frustration that some on the NPFMC would now propose completely new rules with retroactive provisions, after we have made this substantial investment in full compliance with the approved rules. The situation is absurd. With all due respect to you and to the NPFMC process which we have long supported, we will have no choice but to take full legal action against those who approve any new qualification requirements that result in the exclusion of *Galaxy* from LLP qualification.

We thank you for making these comments part of the public record on this item being considered at the Council's February 1998 meeting.

Sincerely,
Galaxy Fisheries, LLC
Aleutian Spray Fisheries, Inc.



Cary K. Swasand
Owner/Manager

CKS/sp

cc: Steve Pennoyer, NMFS Alaska Regional Director
Lisa Lindaman, Alaska NOAA General Council
Rollie Schmitten, NMFS National Director
File

Alaska Groundfish Data Bank

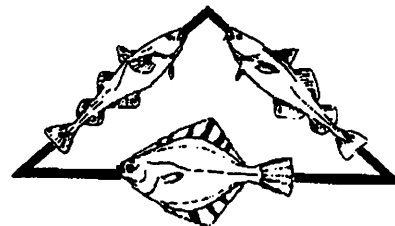
P.O. Box 2298 • Kodiak, Alaska 99615

TO: RICK LAUBER, CHAIRMAN
NORTH PACIFIC FISHERY MANAGEMENT COUNCIL

RE: C-6(b) LICENSE LIMITATION
PROPOSED AMENDMENTS

RECEIVED

JAN 28 1998



DATE: JANUARY 27, 1998

SENT BY FAX: 2 PP

N.P.F.M.C

COMMENTS ON AGENDA ITEM C-6(b) PROPOSED LICENSE LIMITATION AMENDMENTS

The members of Alaska Groundfish Data Bank feel the amendments to the long awaited License Limitation program proposed by the Advisory Panel in December have considerable merit. However, two of the groundfish amendments proposed will cause financial losses to people who have made investments based on the North Pacific Fishery Management Council's License Limitation program as approved by the Secretary of Commerce.

1. The proposed amendment prohibiting a vessel which used only fixed gear during the qualifying years, would create a major financial disaster to anyone who has taken a former longline vessel to the shipyard for conversion to a trawler.
2. The proposed amendment to change the qualifying criteria used for the Western Gulf to the more stringent criteria used in the Central Gulf (an issue which was thoroughly debated before the license limitation program was approved by the NPFMC) represents a financial loss to anyone who has purchased a vessel, or a vessel's fishing rights, which now qualifies under license limitation for the Western Gulf, but would not qualify under the Advisory Panel's proposed amendment.

After considerable discussion AGDB members unanimously recommended that these two proposed amendments not be further considered because business decisions have been made in good faith based on the NPFMC's and the Secretary of Commerce's approval of the license limitation package.

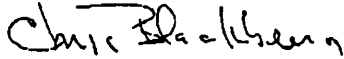
If the NPFMC wishes to proceed with these two proposed amendments AGDB members request that all vessels who qualified to fish the Western Gulf based on one landing during the qualifying receive a non-transferable endorsement for the Western Gulf. This grandfather provision should also apply to those who have purchased fishing rights which included one landing in the Western Gulf. Cut off date for qualifying for the proposed grandfather provision could be the day the NPFMC takes action.

Similarly, any vessel owner who has converted or is in the process of converting a fixed gear vessel for trawling after the qualifying period should be allowed to fish the vessel as a trawler. We believe "in the process of converting a fixed gear vessel for trawling" means the vessel is in the shipyard being converted prior to the cut off date set by the NPFMC.

AGDB COMMENTS ON C-6(B) LICENSE LIMITATION - JANUARY 27, 1998 - PAGE 2 OF 2

The proposed amendment to cut off the issuance of moratorium permits at the earliest date possible is whole heartedly supported by AGDB members.

. Thank you for your consideration of our comments.



Chris Blackburn, Director
Alaska Groundfish Data Bank

Black Sea Fisheries Inc.
Stoian and Angelique Iankov
740 Old Gardiner Rd.
Gardiner, WA. 98382
Ph. (360) -797-7131
Fax (360) -797-72

January 27, 1998

Mr. Richard Lauber
Chairman
North Pacific Management Council
605 West 4th Avenue, Suite 306
Anchorage, AK. 99501-2252

RECEIVED

JAN 28 1998

N.P.F.M.C

Re: LLP potential amendments (Agenda Item c-6b)

Dear Mr. Lauber,

We understand that the Council will be discussing changing some of the components of the license limitation program at the upcoming Council meeting. One of those potential changes is increasing the number of landings required to have an endorsement to fish in the Western Gulf of Alaska. We believe making such a change would be unfair to those who have already made investments based on the Council's existing rules in the license limitation program.

My husband has fished for twenty-two years. He started out as a processor on a factory boat, then a deckhand on a small trawlers and shrimpers and eventually became captain. He has fished groundfish from California up to the Pribilofs and beyond, spending thousands of days offshore in the North Pacific. Everything he has ever done and we have done together has been in preparation for owning our own vessel.

In 1997, we finally were able to buy a vessel of our own and my husband is now in the shipyard making modifications. Before we purchased this vessel, we researched the license limitation endorsement qualifying periods thoroughly. We wanted to make sure that our vessel qualified to fish in all the areas where my husband traditionally makes his living. We found such a permit and purchased it. So our boat has a WGOA endorsement but it will lose that endorsement if the Council increases the landing requirements for that area.

This has been a lifelong dream of ours and we have saved for years to be able to attain it. We believe that changing the rules in the manner under discussion by the council would be negating the value of our permit. We purchased this permit in good faith based on the council's final actions on license limitation. If any expansion of qualifying landings occur, the Council must structure them so investments such as ours are not taken from us.

Thank you for your attention to this matter.

Sincerely,

Angelique and Stoian Iankov

Alaska Fisheries Conservation Group

Bering Sea Crab Vessel Owners from Washington, Oregon and Alaska

P.O. Box 910 Woodinville, WA 98072 (425) 488-7708 Fax (425) 823-3964

September 28, 1997

Rollie Schmitt, Administrator
National Marine Fisheries Service
1315 East-West Highway
Silver Spring, Maryland 20910
By fax (301) 713-2258

Rollie,

I attended the NPFMC's June 1995 meeting in Dutch Harbor at which they adopted License Limitation for BSAI crab and groundfish. At no time do I recall any Council member or staff expert explaining the consequences of the CDQ-loop-hole that now appears in the Secretary's proposed rule.

That CDQ-loop-hole defeats the purpose of the License Limitation program and renders it useless because any owner of a newly-constructed CDQ-vessel under 125-feet can join the License Limitation fishery without qualifying for or purchasing a valid license.

For that reason, we request that the Secretary not adopt the CDQ-loop-hole language as it appears in the proposed rule but, instead, prohibit any CDQ-vessel from fishing in the License Limitation fishery without a valid crab or groundfish license.

Sincerely,


Tom Casey, Executive Director

RECEIVED

JAN 28 1998

N.P.F.M.C

Date: January 28, 1998

To: Clarence Pautzke, Executive Director NPFMC

From: Kris Poulsen, Kris Poulsen and Associates

Subject: CDQ Vessel Exemption

Dear Clarence,

I believe the CDQ Vessel Exemption is a very large problem, and must be dealt with immediately. The exemption is much too ambiguous and creates an enormous loophole.

Background

The CDQ Vessel Exemption was enacted in 1992 with the implementation of the moratorium. The moratorium included provisions which would allow vessels specifically built for the needs of the CDQ groups to fish the CDQ fishery without a valid moratorium license, and then fish the regular season as well, without a valid moratorium license. The license limitation program was rolled-over from the moratorium and thus included the original provisions proposed by Larry Cotter. Exempt vessels according to the license limitation regulations are as follows:

"Catcher vessels or catcher/processor vessels less than or equal to 125 feet LOA that after November 18, 1992, are specifically constructed for and used in accordance with a Community Development Plan (CDP) under 679.30, and that are designed and equipped to meet specific needs described in the CDP" (679.40).

A Community Development Plan is defined as well under 679.30. "Community Development Plan (Applicable through December 31, 1998) means a business plan for the development of a specific Western Alaska community or group of communities under the CDQ program at 679.30."

The reasoning for including this into the regulations is that it was perceived that the CDQ communities had specific needs of vessels due to the lack of deep water ports associated with these communities. It was assumed that CDQ communities would require vessels with extremely shallow draft or with the ability to beach themselves.

Ambiguity

There are several ambiguous or poorly defined statements in this regulation. First, the language in 679.40 currently reads"used in accordance with a CDP under 679.30". This should be modified to"used in accordance with an approved CDP under 679.30". It is possible for a vessel to create a CDP but not have it approved, and catch a minimal amount of crab or fish and still qualify for the regular season. By making the requirement contingent on being associated with an approved CDP, the vessel will play an integral role in the economic success of the community.

Secondly, 679.40 mentions the vessel must be "specifically constructed for" the CDP. Does this mean the vessel must be specifically constructed from scratch? It is currently unclear. If this can be interpreted as a modification to a current vessel, a problem exists. If a CDQ group were to simply add some steel to the keel of a vessel with no moratorium license, so that it was specifically constructed to be beached, the CDQ group could experience substantial savings by purchasing a used vessel and not spend the extra money for a moratorium licensed vessel.

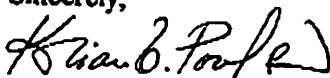
Lastly, the regulation does not address problems associated with the License Limitation Plan or the Buyback proposal. Currently the fleet is overcapitalized and a Buyback Plan is being considered to deal with this issue. If a buyback plan is passed, the amount of vessels would be limited and thus profits would increase. This would create an incredible opportunity for the CDQ groups with regulations as they are currently. In a situation such as this, it may even make sense for CDQ communities to construct a new vessel with no moratorium license, fish it in the CDQ fishery and then fish it in the regular season. It would be more expensive for them to buy a vessel from the licensed fleet. Effort is added to the fishery, exactly what we are attempting to stop with the LLP and Buyback programs.

Conclusion


The current language of the CDQ Vessel Exemption is very ambiguous and allows for multiple loopholes. It is in the best interest of the crab industry and fish managers to attempt to keep the number of vessels involved in the fishery at a minimum. The CDQ Vessel Exemption does exactly the opposite, allowing multiple avenues for CDQ vessels to participate in the regular season, without a moratorium license.

The CDQ Vessel Exemption should be discarded. It does exactly opposite of the intent of the LLP and Buyback proposals. The crab fleet, crab managers as well as the nation as a whole should all oppose this Exemption. It expands the fleet size, lowering the profits of the already depressed crab fleet, creates problems for crab managers attempting to stay below quota levels, and is a waste of capital.

Sincerely,



Kris Poulsen



License Limitation Program (LLP) and
Community Development Quota (CDQ) Program
Development History

Date	Event
April 1994	Council received LLP/CDQ proposal from State of Alaska representative
September 18, 1994	EA/RIR Analysis for Council and public review
March 1, 1995	Supplemental social impact assessment
March 9, 1995	Supplemental analysis of revised LLP alternatives
April 1995	Council decision to release LLP/CDQ analysis of alternatives for public review
June 2, 1995	Supplemental analysis and executive summary released for public review
June 17, 1995	Council adopted LLP/CDQ programs
September 1995	Council provided clarifications to NMFS on its intent for the LLP
January 11, 1996	Draft final supplemental analysis of Council's preferred alternative sent to NMFS, Alaska Region
April 1996	Council reviewed draft proposed rules for the LLP
October 8, 1996	Supplemental final analysis revisions
May 27, 1997	Supplemental final analysis revisions (added CDQ analysis)
June 3, 1997	Formal Council transmittal to Secretary of Commerce
June 9, 1997	Begin formal Secretarial review
June 16, 1997	Publication of notice of availability; begin 60-day public comment period on proposed amendments
August 15, 1997	Publication of proposed rules; begin 45-day public comment period
August 15, 1997	Comment period on NOA ends

September 12, 1997 Secretarial approval

September 29, 1997 End public comment
 period on proposed rules

Final rules implementing the LLP and CDQ program are being developed and published in three parts. Part 1 provides authority for establishing CDQ groundfish and crab reserves, and the LLP trawl closure east of 140 degrees in the GOA. Part 2, establishes the LLP. Part 3 establishes the remaining multispecies CDQ program.

October 31, 1997 Begin Region review of Part 1 FR

December 1, 1997 Begin Region review of Part 2 FR

December 6, 1997 Begin Region review of Part 3 FR

January 14, 1998 Begin HQ review of Part 1 of LLP/CDQ FR

DISCUSSION PAPER ON SUGGESTED CHANGES TO THE
LICENSE LIMITATION PROGRAM

1. INTRODUCTION

This paper addresses the potential impacts of changes suggested for the proposed License Limitation Program (LLP) for the commercial groundfish fisheries in the exclusive economic zone (EEZ) off Alaska and the commercial crab fisheries in the Bering Sea/Aleutian Islands. Data are provided for some of the suggested changes; other suggested changes only are discussed in a qualitative manner. It is important to clarify up front that this is not a comprehensive analysis of the suggested changes. Further, the Fishery Management Plan (FMP) Amendments implementing the proposed LLP have been approved by the Secretary of Commerce, a proposed rule has been published, public comment on the proposed rule has been received, and a final rule is being developed. Therefore, if the Council decides that some or all of the suggested changes should be incorporated in the proposed LLP, FMP Amendments will be necessary to implement those changes, and an Environmental Assessment/Regulatory Impact Review (EA/RIR) analyzing those amendments will have to be developed.

Each of the suggested changes is discussed in a separate section. Also, extension of the current Moratorium on Entry in to the groundfish and crab fisheries in and off Alaska is discussed, as that program is scheduled to expire before the proposed LLP can be implemented.

2. ADDITIONAL QUALIFICATION PERIOD FOR VESSELS 125 FEET OR GREATER

One suggested change would add a new qualification period to the proposed LLP that would require documented harvests in 1995 and 1996 for vessels with a length of 125 feet or greater. This new requirement would reduce the estimated number of groundfish licenses that would be issued based on the documented harvests of catcher vessels with a length overall (LOA) of 125 feet or greater from 35 to 20. This requirement also would reduce the estimated number of groundfish licenses that would be issued based on the documented harvests of catcher/processor vessels with an LOA of 125 feet or greater from 98 to 61.¹ These numbers translate into a 43% reduction in estimated groundfish licenses issued based on the documented harvests of catcher vessels with an LOA of 125 feet or greater, and a 38% reduction in estimated groundfish licenses issued based on the documented harvests of catcher/processor vessels with an LOA of 125 feet or greater. This reduction could have a significant impact on overall

¹See groundfish vessel Tables 3.1 and X.X in Appendix A.

harvesting capacity of the resulting fleet. Vessels with an LOA of 125 feet or greater accounted for 74% of the total harvest 1988-1992.

This change also would result in reductions in the crab fleet. The reduction in the estimated number of crab licenses that would be issued based on the documented harvests of catcher vessels with an LOA of 125 feet or greater because of the new qualification period would be from 55 to 33. Also, the reduction in the estimated number of crab licenses that would be issued based on the documented harvests of catcher/processor vessels with an LOA of 125 feet or greater because of the new qualification period would be from 25 to 14.² These numbers translate into a 40% reduction in estimated crab licenses issued based on the documented harvests of catcher vessels with an LOA of 125 feet or greater, and a 44% reduction in estimated crab licenses issued based on the documented harvests of catcher/processor vessels with an LOA of 125 feet or greater. Like the groundfish fishery, it is anticipated that this reduction would have a significant impact on the overall harvesting capacity of the crab fleet.

Adding a new qualification period that required documented harvests in 1995 and 1996 for vessels with an LOA of 125 feet or greater was suggested to eliminate the issuance of a license based on the fishing history of a vessel that was reflagged prior to June 17, 1995. However, the data used for the information above did not distinguish between a vessel that was reflagged and a vessel that may have left the affected fisheries for some other reason.

Information provided by the United States Coast Guard indicates that documentation for a vessel must be surrendered prior to reflagging. Therefore, it may be possible to identify vessels for which documentation was surrendered prior to June 17, 1995, and that met the landing requirements of the LLP. However, it might not be possible to distinguish between those vessels for which documentation was surrendered because of reflagging, and those vessels for which documentation was surrendered for some other reason.

3. NON-TRANSFERABLE LICENSES FOR ELIGIBILITY BASED ON DOCUMENTED HARVESTS WITHOUT A FEDERAL FISHERIES PERMIT

Another suggested change would provide that a person who was found eligible based on documented harvests from a vessel made without a Federal Fisheries Permit would be issued a non-transferable license. According to the data, 685 out of 2435 vessels from which sufficient documented harvests for eligibility

²See crab vessel Tables 3.9 and X.X in Appendix A.

were made were deployed without a Federal Fisheries Permit.³ Of those 685 vessels, 660 had an LOA of under 60 feet, 23 had an LOA of 60 feet to less than 125 feet, and 2 had an LOA of 125 feet or greater. Issuing non-transferable licenses to persons found eligible based on documented harvests made from a vessel without a Federal Fisheries Permit would mean a reduction of 28% in the number of transferable licenses issued. As the numbers indicate, the majority of the vessels that were deployed without a Federal Fisheries Permit were vessels with an LOA of under 60 feet. It can be assumed that the majority of those vessels were most likely participating within the waters of the State of Alaska. Continued participation in state waters would be unaffected by the proposed LLP; therefore, the issuance of non-transferable permits should not pose an undue burden on these applicants.

4. RESTRICTING CROSS-OVERS AMONG GEAR TYPES

Currently, the proposed LLP would not restrict a person with a license from deploying a vessel using any legal gear type, regardless of what gear type was used for the qualifying documented harvests. Preliminary data show that approximately 363 licenses out of a total of 2435, or 15%, could be issued based on documented harvests with trawl gear.^{4,5} The Advisory Panel suggested that a provision restricting gear cross-overs be added to the LLP. This issue was addressed during Council deliberation on the design of the LLP in Dutch Harbor in June 1995.⁶ A motion was made during that meeting to restrict a license holder from deploying a vessel using trawl gear if eligibility for the license used was based on fixed gear documented harvests. The June 1995 motion was made based on the recommendation of the Advisory Panel. This motion was withdrawn after consulting with staff and determining that the issue had not been adequately analyzed. No further analysis has been performed on this issue.

5. INCREASING THE DOCUMENTED HARVESTS REQUIREMENTS FOR AREA ENDORSEMENTS FOR THE WESTERN GULF, THE BERING SEA, AND THE ALEUTIAN ISLANDS

The issue of different documented harvest requirements for Area

³See table 3.5 in Appendix A.

⁴See groundfish vessels using trawl gear Table X.X in Appendix A.

⁵These 363 vessels had at least one documented harvest made with trawl gear.

⁶See Council Meeting transcript from June 1995, pp. 157-159 in Appendix B.

Endorsements was addressed by the Council twice, once when designing the LLP in June 1995, and again in October 1995.⁷ The Council provided several reasons for its decision to have different documented harvest requirements. The Council indicated that the industrial nature of the Bering Sea and the Aleutian Island fisheries justified a single documented harvest requirement because vessels with the largest harvest capacities would be relatively unaffected by higher documented harvest requirements. However, many smaller capacity vessels could be eliminated from the Bering Sea and Aleutian Islands if more than a single documented harvest was required. This rationale also was used to justify the single documented harvest requirement for catcher vessels with an LOA of 60 feet to less than 125 feet for a Western Gulf Area Endorsement.⁸ Further rationale for the single documented harvest requirement for a Western Gulf Area Endorsement was (1) the incidence of concurrent seasons in the Bering Sea and the Western Gulf, meaning that a person had to choose between the two areas when deploying a vessel, and (2) the problem with stocks in the Western Gulf during the Endorsement Qualification Period, meaning that some people may have chosen not to fish the Western Gulf for conservation purposes.

6. COMMUNITY DEVELOPMENT QUOTA (CDO) VESSEL EXEMPTION

Currently, the proposed LLP contains a provision that would exempt catcher vessels and catcher/processor vessels from a license requirement to be deployed in LLP fisheries if those vessels (1) do not exceed 125 feet LOA, (2) were specifically constructed for and used exclusively in accordance with a Community Development Plan (CDP)⁹ approved by the Secretary of Commerce, and (3) were designed and equipped to meet specific needs that are described in the CDP. This exemption is consistent with the exemption allowed under the Moratorium on Entry and was discussed by the Council in June 1995.¹⁰ The stated intent of this exemption was to provide an alternative means to finance vessels built for CDQ fishing by CDQ organizations. This exemption is contained in the FMP amendment language for groundfish and crab; therefore, any change to this

⁷See Council Meeting transcript from June 1995 p. 28 and p. 126, and from October 1995 pp. 31-35 in Appendix B.

⁸Vessels with a length of less than 60 feet need only a single landing during the Endorsement Qualification Period for all Area Endorsements.

⁹The proposed rule implementing the LLP (62 FR 43865, August 15, 1997) inadvertently substituted CDQ for CDP.

¹⁰See Council Meeting transcript from June 1995 pp. 72-75 and p. 159 in Appendix B.

exemption would require FMP amendments.

7. EXTENSION OF THE MORATORIUM ON ENTRY

Consistent with the FMP amendment language, the Federal regulations implementing the Moratorium on Entry provides that the program will expire December 31, 1998. A specific expiration date was included in the Moratorium on Entry because it was anticipated during the development of the Moratorium on Entry that a succeeding management program would be ready to implement at the time of expiration. However, the LLP will not be in place by January 1, 1999. To avoid a gap between management programs, the Moratorium on Entry must be extended beyond its current expiration date. This extension would require FMP amendments. To avoid future problems with premature expirations, the extension should not contain a specific expiration date, but rather should state that the Moratorium on Entry will be effective until superseded by the LLP.

8. IMPACTS ON IMPLEMENTATION OF THE LLP

The inclusion of the suggested changes in the LLP may cause implementation delays. For example, additional harvest information would have to be included in the LLP database for an additional qualification period, and new fields would have to be included database for non-transferable licenses and restrictions on gear cross-overs. Although incorporating these changes into the LLP program regulations would be a relatively simple process, the same cannot be said for revising the computer program to accommodate such changes. In fact, NMFS would have to carefully consider whether it would be wise to begin computer program development until after these changes were either approved or disapproved. As explained earlier, most of the changes addressed in this discussion paper would require FMP amendments. Development of an EA/RIR to support those FMP amendments would take time and resources. All the suggested changes have merit; however, the Council must carefully weigh the benefits of these changes against the time delays that they might cause.

As for the extension of the Moratorium on Entry, FMP amendments must be initiated as soon as possible to avoid a management program lapse between December 31, 1998 and the commencement of the LLP.

Appendix A

Table 3.1 Vessels That Qualified Under the Groundfish Vessel License Program

	Alaska								Other									
	Catcher Vessels				Catcher Processors				Alaska Total	Catcher Vessels				Catcher Processors			Other Total	
	<60	60-125	>=125	Total	<60	60-125	>=125	Total		<60	60-125	>=125	Total	<60	60-125	>=125		Total
Aleutian Islands (Vessels Fished)	7	9	0	16	0	6	11	17	33	13	55	17	85	2	26	84	112	197
Bering Sea (Vessels Fished)	99	54	2	155	1	7	12	20	175	35	177	32	244	2	33	84	119	363
CO+WY (Vessels Fished)	914	105	0	1,019	3	7	9	19	1,038	175	97	5	277	1	27	22	50	327
SEO (Vessels Fished)	855	19	0	874	2	1	0	3	877	144	10	0	154	1	10	3	14	168
Western Gulf (Vessels Fished)	160	42	1	203	1	4	8	13	216	52	113	18	183	1	17	30	48	231
TOTAL ENDORSEMENTS	2,035	229	3	2,267	7	25	40	72	2,339	419	452	72	943	7	113	223	343	1,286
BSA/GOA Vessels	80	43	1	124	1	6	10	17	141	32	111	18	161	1	25	37	63	224
BSAI Only Vessels	19	12	1	32	0	1	2	3	35	5	71	14	90	1	8	49	58	148
GOA Only Vessels	1,531	83	0	1,614	2	1	0	3	1,617	235	31	1	267	0	3	0	3	270
TOTAL VESSELS	1,630	138	2	1,770	3	8	12	23	1,793	272	213	33	518	2	36	86	124	642

	Total									
	Catcher Vessels				Catcher Processors				Total	Total
	<60	60-125	>=125	Total	<60	60-125	>=125	Total		
Aleutian Islands (Vessels Fished)	20	64	17	101	2	32	95	129	230	
Bering Sea (Vessels Fished)	134	231	34	399	3	40	96	139	538	
CO+WY (Vessels Fished)	1,089	202	5	1,296	4	34	31	69	1,365	
SEO (Vessels Fished)	999	29	0	1,028	3	11	3	17	1,045	
Western Gulf (Vessels Fished)	212	155	19	386	2	21	38	61	447	
TOTAL ENDORSEMENTS	2,454	681	75	3,210	14	138	263	415	3,625	
BSA/GOA Vessels	112	154	19	285	2	31	47	80	365	
BSAI Only Vessels	24	83	15	122	1	9	51	61	183	
GOA Only Vessels	1,766	114	1	1,881	2	4	0	6	1,887	
TOTAL VESSELS	1,902	351	35	2,288	5	44	98	147	2,435	

Note: Two vessels must choose between BS and CO+WY endorsements and two vessels must choose between BSAI and WG endorsements. These four vessels qualify as both crab to groundfish crossover vessels and vessels < 60' using pot/jlg gear 1992-94. All their potential endorsement areas are listed so the total number of endorsements that would be issued is overstated by four.

Table X.X Groundfish License Qualifiers with the Additional Requirement of Making Groundfish Landings in 1995 and 1996

	Alaska									Other								
	Catcher Vessels				Catcher Processors				Alaska Total	Catcher Vessels				Catcher Processors			Other Total	
	< 60	60-125	>=125	Total	< 60	60-125	>=125	Total		< 60	60-125	>=125	Total	< 60	60-125	>=125		Total
Aleutian Islands (Vessels Fished)	6	7	0	13	0	4	11	15	28	11	32	12	55	2	17	49	68	123
Bering Sea (Vessels Fished)	45	42	2	89	1	5	11	17	106	20	102	17	139	2	20	49	71	210
CG+WY (Vessels Fished)	415	80	0	495	3	5	8	16	511	78	71	5	154	1	15	15	31	185
EY+SO (Vessels Fished)	348	14	0	362	2	1	0	3	365	63	8	0	71	1	8	1	10	81
Western Gulf (Vessels Fished)	69	30	1	100	1	4	8	13	113	31	85	14	130	1	12	19	32	162
TOTAL ENDORSEMENTS	883	173	3	1,059	7	19	38	64	1,123	203	298	48	549	7	72	133	212	761
BSAI/GOA Vessels	44	35	1	80	1	5	9	15	95	19	85	13	117	1	15	23	39	156
BSAI ONLY Vessels	1	8	1	10	0	0	2	2	12	3	19	4	26	1	5	27	33	59
GOA ONLY Vessels	568	55	0	623	2	0	0	2	625	80	20	1	101		1		1	102
TOTAL VESSELS	613	98	2	713	3	5	11	19	732	102	124	18	244	2	21	50	73	317

	Total								
	Catcher Vessels				Catcher Processors				Total
	< 60	60-125	>=125	Total	< 60	60-125	>=125	Total	
Aleutian Islands (Vessels Fished)	17	39	12	68	2	21	60	83	151
Bering Sea (Vessels Fished)	65	144	19	228	3	25	60	88	316
CG+WY (Vessels Fished)	493	151	5	649	4	20	23	47	696
EY+SO (Vessels Fished)	411	22	0	433	3	9	1	13	446
Western Gulf (Vessels Fished)	100	115	15	230	2	16	27	45	275
TOTAL ENDORSEMENTS	1,086	471	51	1,608	14	91	171	276	1,884
BSAI/GOA Vessels	63	120	14	197	2	20	32	54	251
BSAI ONLY Vessels	4	27	5	36	1	5	29	35	71
GOA ONLY Vessels	648	75	1	724	2	1	0	3	727
TOTAL VESSELS	715	222	20	957	5	26	61	92	1,049

Table 3.9 Licenses and endorsements issued to current vessel owners based on landings during the crab license qualifying period. Vessels qualifying for Brown king crab and *C. bairdi* and *C. opilio* were required to make a minimum of three landings for those species and area combinations to earn an endorsement.

Area/Species Endorsements	Current Owner's State of Residence																	
	Alaska									Other								
	CV				CP				Alaska Total	CV				CP				Other Total
< 60	60-125	>=125	Total	< 60	60-125	>=125	Total	< 60		60-125	>=125	Total	< 60	60-125	>=125	Total		
Bering Sea Bairdi & Opilio	2	86	11	99	0	0	1	1	100	0	156	41	197	0	2	24	26	223
Dutch Harbor Brown King	0	2	1	3	0	0	0	0	3	0	7	7	14	0	0	4	4	18
St. Matthew Blue King	0	46	8	54	0	0	0	0	54	0	110	25	135	0	1	11	12	147
Norton Sound Red & Blue King	51	0	0	51	0	0	0	0	51	8	4	0	12	0	0	0	0	12
Pribilof Red & Blue King	9	51	2	62	0	0	0	0	62	3	83	19	105	0	0	8	8	113
Adak Brown King	0	4	1	5	0	0	0	0	5	0	10	7	17	0	0	5	5	22
Adak Red King	0	8	1	9	0	0	0	0	9	0	18	3	21	0	0	1	1	22
Bristol Bay Red King	3	94	11	108	0	0	1	1	109	1	161	40	202	0	1	24	25	227
Total Endorsements	65	291	35	391	0	0	2	2	393	12	549	142	703	0	4	77	81	784
Total Licenses	62	101	12	175	0	0	1	1	176	11	171	43	225	0	2	24	26	251

Area/Species Endorsements	Total									Licenses
	CV				CP					
	< 60	60-125	>=125	Total	< 60	60-125	>=125	Total		
Bering Sea Bairdi & Opilio	2	242	52	296	0	2	25	27	323	
Dutch Harbor Brown King	0	9	8	17	0	0	4	4	21	
St. Matthew Blue King	0	156	33	189	0	1	11	12	201	
Norton Sound Red & Blue King	59	4	0	63	0	0	0	0	63	
Pribilof Red & Blue King	12	134	21	167	0	0	8	8	175	
Adak Brown King	0	14	8	22	0	0	5	5	27	
Adak Red King	0	26	4	30	0	0	1	1	31	
Bristol Bay Red King	4	255	51	310	0	1	25	26	336	
Total Endorsements	77	840	177	1,094	0	4	79	83	1,177	
Total Licenses	73	272	55	400	0	2	25	27	427	

Table X.X: Crab License Qualifiers with the Additional Requirement that they Also Fished Crab in 1995 and 1996

	Alaska									Other								
	Catcher Vessels				Catcher Processors				Total	Catcher Vessels				Catcher Processors				Total
	< 60	60-125	>=125	Total	<60	60-125	>=125	Total		< 60	60-125	>=125	Total	<60	60-125	>=125	Total	
Bering Sea Bairdi & Opilio	0	67	5	72	0	0	1	1	73	0	118	27	145	0	2	13	15	160
Dutch Harbor Brown King	0	2	1	3	0	0	0	0	3	0	7	5	12	0	0	1	1	13
St. Matthew Blue King	0	43	4	47	0	0	0	0	47	0	96	19	115	0	1	8	9	124
Norton Sound Red & Blue King	n/a																	
Pribilof Red & Blue King	1	39	1	41	0	0	0	0	41	0	74	15	89	0	0	6	6	95
Adak Brown King	0	4	1	5	0	0	0	0	5	0	9	5	14	0	0	2	2	16
Adak Red King	0	8	1	9	0	0	0	0	9	0	16	1	17	0	0	1	1	18
Bristol Bay Red King	0	65	5	70	0	0	1	1	71	0	118	27	145	0	1	13	14	159
Total Endorsements	1	228	18	247	0	0	2	2	249	0	438	99	537	0	4	44	48	585
Total Licenses	1	67	5	73	0	0	1	1	74	0	123	28	151	0	2	13	15	166

	Total									
	Catcher Vessels				Catcher Processors				Total	Total
	< 60	60-125	>=125	Total	<60	60-125	>=125	Total		
Bering Sea Bairdi & Opilio	0	185	32	217	0	2	14	16	233	
Dutch Harbor Brown King	0	9	6	15	0	0	1	1	16	
St. Matthew Blue King	0	139	23	162	0	1	8	9	171	
Norton Sound Red & Blue King	n/a									
Pribilof Red & Blue King	1	113	16	130	0	0	6	6	136	
Adak Brown King	0	13	6	19	0	0	2	2	21	
Adak Red King	0	24	2	26	0	0	1	1	27	
Bristol Bay Red King	0	183	32	215	0	1	14	15	230	
Total Endorsements	1	666	117	784	0	4	46	50	834	
Total Licenses	1	190	33	224	0	2	14	16	240	

Table 3.5 Vessels That Qualified Under the Groundfish Vessel License Program but Did Not Hold a Federal Permit

	Alaska									Other								
	Catcher Vessels				Catcher Processors				Alaska Total	Catcher Vessels				Catcher Processors			Other Total	
	<60	60-125	>=125	Total	<60	60-125	>=125	Total		<60	60-125	>=125	Total	<60	60-125	>=125		Total
Aleutian Islands (Vessels Fished)	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	
Bering Sea (Vessels Fished)	24	3	0	27	0	0	0	0	0	27	3	3	2	8	0	0	0	8
CG+WY (Vessels Fished)	194	7	0	201	0	0	0	0	201	14	2	0	16	0	0	0	16	
SEO (Vessels Fished)	390	4	0	394	0	0	0	0	394	45	0	0	45	0	0	0	45	
Western Gulf (Vessels Fished)	23	2	0	25	0	0	0	0	25	5	2	0	7	0	0	0	7	
TOTAL ENDORSEMENTS	631	16	0	647	0	0	0	0	647	67	8	2	77	0	0	0	77	
BSAI/GOA Vessels	13	1	0	14	0	0	0	0	14	1	0	0	1	0	0	0	1	
BSAI Only Vessels	11	2	0	13	0	0	0	0	13	2	4	2	8	0	0	0	8	
GOA Only Vessels	572	12	0	584	0	0	0	0	584	61	4	0	65	0	0	0	65	
TOTAL VESSELS	596	15	0	611	0	0	0	0	611	64	8	2	74	0	0	0	74	

	Total								
	Catcher Vessels				Catcher Processors				Total
	<60	60-125	>=125	Total	<60	60-125	>=125	Total	
Aleutian Islands (Vessels Fished)	0	1	0	1	0	0	0	0	1
Bering Sea (Vessels Fished)	27	6	2	35	0	0	0	0	35
CG+WY (Vessels Fished)	208	9	0	217	0	0	0	0	217
SEO (Vessels Fished)	435	4	0	439	0	0	0	0	439
Western Gulf (Vessels Fished)	28	4	0	32	0	0	0	0	32
TOTAL ENDORSEMENTS	698	24	2	724	0	0	0	0	724
BSAI/GOA Vessels	14	1	0	15	0	0	0	0	15
BSAI Only Vessels	13	6	2	21	0	0	0	0	21
GOA Only Vessels	633	16	0	649	0	0	0	0	649
TOTAL VESSELS	660	23	2	685	0	0	0	0	685

Table X.X Vessels Qualifying in the Groundfish Vessel License Program with the Number which Fished Using Trawl Gear (Yes).

Fishery Mgt. Area	Trawler?	Alaska								Other									
		Catcher Vessels				Catcher Processors				Catcher Vessels				Catcher Processors				Other Total	
		<60	60-125	>=125	Total	<60	60-125	>=125	Total	<60	60-125	>=125	Total	<60	60-125	>=125	Total		
Aleutian Islands	No	7	7	0	14	0	4	3	7	21	12	23	0	37	1	19	25	45	82
	Yes	0	2	0	2	0	2	8	10	12	1	30	17	48	1	7	59	67	115
AI Total		7	9	0	16	0	6	11	17	33	13	55	17	85	2	26	84	112	197
Bering Sea	No	77	32	2	111	1	4	4	9	120	27	88	13	128	1	19	25	45	173
	Yes	22	22	0	44	0	3	8	11	55	8	89	19	116	1	14	59	74	190
BS Total		99	54	2	155	1	7	12	20	175	35	177	32	244	2	33	84	119	363
CG-WY	No	249	69	0	918	3	4	3	10	928	156	35	0	191	1	15	5	21	212
	Yes	65	36	0	101	0	3	6	9	110	19	62	5	86	0	12	17	29	115
CG-WY Total		914	105	0	1019	3	7	9	19	1038	175	97	5	277	1	27	22	50	327
EG-SO	No	845	19	0	864	2	1	0	3	867	141	10	0	151	1	7	0	8	159
	Yes	10	0	0	10	0	0	0	0	10	3	0	0	3	0	3	3	6	9
EG-SO Total		855	19	0	874	2	1	0	3	877	144	10	0	154	1	10	3	14	168
Western Gulf	No	108	24	1	133	1	1	1	3	136	37	43	2	82	1	11	9	21	103
	Yes	52	18	0	70	0	3	7	10	80	15	70	16	101	0	6	21	27	128
WG Total		160	42	1	203	1	4	8	13	216	52	113	18	183	1	17	30	48	231
TOTAL ENDORSEMENTS		2035	229	3	2267	7	25	40	72	2339	419	452	72	943	7	113	223	343	1286
BSAI/GOA Vessels	No	64	22	1	87	1	3	3	7	94	27	37	1	65	1	16	12	29	94
	Yes	16	21	0	37	0	3	7	10	47	5	74	17	96	0	9	25	34	130
BSAI/GOA Vessels Total		80	43	1	124	1	6	10	17	141	32	111	18	161	1	25	37	63	224
BSAI Only Vessels	No	13	10	1	24	0	1	1	2	26	2	56	13	70	0	3	15	18	88
	Yes	6	2	0	8	0	0	1	1	9	3	15	2	20	1	5	34	40	60
BSAI Only Vessels Total		19	12	1	32	0	1	2	3	35	5	71	14	90	1	8	49	58	148
GOA Only Vessels	No	1465	66	0	1531	2	1	0	3	1534	219	16	1	236	0	0	0	0	236
	Yes	66	17	0	83	0	0	0	0	83	16	15	0	31	0	3	0	3	34
GOA Only Vessels Total		1531	83	0	1614	2	1	0	3	1617	235	31	1	267	0	3	0	3	270
TOTAL VESSELS		1630	138	2	1770	3	8	12	23	1793	272	213	33	518	2	36	86	124	642

Fishery Mgt. Area	Trawler?	Total									
		Catcher Vessels				Catcher Processors				Total	
		<60	60-125	>=125	Total	<60	60-125	>=125	Total		
Aleutian Islands	No	19	32	0	51	1	23	28	52	103	
	Yes	1	32	17	50	1	9	67	77	127	
AI Total		20	64	17	101	2	32	95	129	230	
Bering Sea	No	104	120	15	239	2	23	29	54	293	
	Yes	30	111	19	160	1	17	67	85	245	
BS Total		134	231	34	399	3	40	96	139	538	
CG-WY	No	1005	104	0	1109	4	19	8	31	1140	
	Yes	84	98	5	187	0	15	23	38	225	
CG-WY Total		1089	202	5	1296	4	34	31	69	1365	
EY-SO	No	986	29	0	1015	3	8	0	11	1026	
	Yes	13	0	0	13	0	3	3	6	19	
EG Total		999	29	0	1028	3	11	3	17	1045	
Western Gulf	No	145	67	3	215	2	12	10	24	239	
	Yes	67	88	16	171	0	9	28	37	208	
WG Total		212	155	19	386	2	21	38	61	447	
TOTAL ENDORSEMENTS		2454	681	75	3210	14	138	263	415	3625	
BSAI/GOA Vessels	No	91	59	2	152	2	19	15	36	188	
	Yes	21	95	17	133	0	12	32	44	177	
BSAI/GOA Vessels Total		112	154	19	285	2	31	47	80	365	
BSAI Only Vessels	No	15	66	13	94	0	4	16	20	114	
	Yes	9	17	2	28	1	5	35	41	69	
BSAI Only Vessels Total		24	83	15	122	1	9	51	61	183	
GOA ONLY Vessel	No	1684	82	1	1767	2	1	0	3	1770	
	Yes	82	32	0	114	0	3	0	3	117	
GOA ONLY Vessels Total		1766	114	1	1881	2	4	0	6	1887	
TOTAL VESSELS		1902	351	35	2288	5	44	98	147	2435	

Appendix B

Benton: Yeah, I think that's a very good suggestion.

Lauber: O.K. We're done with that item and we move on to differential landing requirements by area for endorsements.

John : Mr. Chairman. Just a quick issue. This was brought up in the letter from Dr. Pennoyer to yourself, and this is the issue on having differing landing requirements in the Bering Sea as opposed to the Gulf of Alaska, and also differing landing requirements from the Eastern and Central Gulf and the Western Gulf. And essentially, what the Agency is looking for is a clarification of these issues and some type of rationale.

Benton: Well, Mr. Chairman, I think we discussed a lot of this...well, I know we discussed a lot of this over the course of several meetings; the differential landing requirements between vessel size categories, between catcher and catcher/processor, and between areas, and that the record on that in June is very extensive, and from the meetings previous to that. The analysis looked at, I can't remember the number of permutations that Marcus calculated this out to be, but there was at least several hundred different permutations of different landings requirements and configurations that were analyzed, discussed, considered by the Council. I think it would not be productive to spend days going back and re-reading into the record the same record, but I would say that I have read that record, I have thought about it, we all helped build that record over several days, and I think that that record is fairly, fairly extensive. The issue perhaps that is...well there's two issues that perhaps do need some clarification, in my mind at least. One that has received considerable debate is the difference between the Western and Central Gulf. And the second one is a...what I believe is probably an error in the newsletter, the version of what came out in the newsletter and what was intended by the Council at the June meeting with regard to the relaxation of that landing requirement for the Western Gulf. And I think I'll speak to the second one first. The newsletter would have as a landing requirement for the vessels 60 to 124, one landing in the EQP, and the newsletter applied that both to catcher vessels and to catcher/processor vessels. And I went back, when I saw that I wondered about that, and I went back and found the motion that was before us on the morning that we were dealing with this, and I went back and reviewed the record. And the motion that was before us, and I'll read it, was...and this is landings requirements in the Gulf of Alaska, and the last sentence read, for the Western Gulf use the above, except that catcher vessels which are greater than or equal to 60 feet and less than 125 feet, underline catcher vessels, need only make one landing between 1/1/95 and 6/15/95. That's what the written, typed sentence was. The record on this, among other things, had Mr. Mace in dialogue with Marcus, correcting that 1/1/95 date to a 1/1/92 date to make it consistent, and Marcus' response was yes, that was a typo, can you believe it? And given the work load, I think we all could believe that that certainly was a typo. And then we voted on that and passed that particular motion. And my recollection was of that, that the intent of the Council with regard to this landing requirement for the 60 to 125 foot category, one landing would only apply to catcher vessels and the other requirements would have applied to catcher/processors, which was the two of four, or four between 1/1/95 and 6/15/95, I believe is how that worked. So that issue is one that I believe just needs to be clarified. I think it was simply a, you know, matter of mis-reporting in the newsletter, so I don't see that as being a big issue. And I'd look at, I think that the genesis of the one landing requirement came from Mr. Mace and Ms. Behnken, and I think I've got this correct.

Mace: I concur with Mr. Benton's interpretation. It was for catcher vessels. We did correct the date, as I recall, and after a great deal of testimony at the June meeting I feel that the record is sound, and I for one want to hang with those decisions.

Lauber: Any further discussion on this issue? O.K. Then why don't we take a break. Let's make it relatively short, maybe no longer than 15 minutes.

Lauber: Can we have quiet out there please.

Lepore: Mr. Chairman, I guess that speaking with Mr. Benton, he said that there was one other issue he wanted to clarify before we move into the overlap. Is that correct?

Benton: Well, Mr. Chairman, Mr. Pennoyer has asked that we at least re-emphasize the record on landings requirements generally, and some of the other requirements. And I am prepared to speak to that. But before I do, and I don't want to open this issue back up, but I do want to say something for the record with regard to this issue over state licenses and state waters. And that is that...and Mr. Robinson...Nielsen sort of alluded to it, and that is that the state recognizes that there will be a need to address groundfish management in state waters, and that very well may lead to...I can't predict this for sure because there's a whole range of regulatory matters that would have to be addressed, but that may lead to a limit access program inside state waters as well, and certainly, that if the worst scenario envisioned by Dr. Pereyra looked like it was unfolding in state waters, the federal government always has the opportunity to pre-empt fisheries in state waters and to take care of that problem, if indeed it is going to cause a conservation problem for those resources. And the only reason I'm saying that is that this isn't...not to open the issue back up, but to at least identify that there are mechanisms for addressing that problem over and above the things that we've talked about here.

Pereyra: Mr. Chairman.

Lauber: O.K. That's one, and that's one, and then...

Tillion: Let's get out of this. We're debating after the vote.

Pereyra: No, this is not after the vote, this is sort of leading up to December I think. And a question was raised in my mind by someone else as to how the state will manage the fisheries in Prince William Sound, particularly the pollock fisheries?

Benton: I'm sorry, I was thinking, but would you repeat your question?

Pereyra: Well, the fishery in Prince William Sound, it's in state waters, pollock for example, Prince William Sound, how are you going to manage that?

Benton: Well, there was a fishery that was conducted as an experimental fishery, as you know, and I think that matter is going to come up before the Board in terms of whether or not there would be any continuation as a regular fishery. I can't answer that right now, it's sort of a Board decision as to how that's going to go.

Lauber: O.K. That's enough. Now you have an issue on overlap.

Benton: Well, Mr. Chairman, I think we need to speak first to the general issue of landings requirements.

Lauber: Is that...what was it you asked? I thought you told me we had one more issue on this...on the issue that we were on when I recessed.

Lepore: That is correct Mr. Chairman, but Mr. Benton brought up two issues before, and I guess he addressed only the second issue, which was the error in the newsletter. There's still the issue of the differential between the Western and Central Gulf. Is that...

Benton: There are those issues, and also as Mr. Pennoyer requested, he wanted to at least have some discussion here of the rationale for some of the other requirements that were in the program as I understood.

Pennoyer: Yeah, landing differentials I think is what we talked about.

Lauber: Well, that's the next item on the agenda, isn't it? No?

Pennoyer: Item two.

Lepore: We're still on item two.

Benton: We're on item two, Mr. Chairman. They're all under item two.

Lauber: O.K. Fine, go. Ms. Behnken.

Behnken: Thank you Mr. Chairman, I'll start on that. And I think this is something we did talk about quite a bit previously, or at our June meeting. It was a difficult issue to resolve. But we did hear some good testimony that I found compelling anyway, that supported what we did. And that is, that during that EQP there were a number of concurrent seasons between the Bering Sea and the Gulf...or Western Gulf with pollock, which meant vessels had to fish one or the other side of the chain. There was also a problem with stocks in the Western Gulf during some of those years, and some vessels chose not to fish for conservation reasons. In effect, that shortened the EQP for vessels out there. There was also indications that it's a somewhat less stable environment because of regulatory changes, because of market conditions, because there's less processors, from the Central Gulf or the Southeast area, that led us to make those decisions. I'm hoping that some of the clarifications we've already done today with regards to the catcher/processors in that area and also crossovers, will alleviate the concerns of some of the people in the Western Gulf that testified to us about those differences.

Benton: I think that Mr. Pennoyer's question really was broader than just the Western Gulf issue, and he wanted a general discussion about the differential landings requirements across most all the areas, and some of the reasoning behind that. And I think as I pointed out, the record that was developed in June and prior to June, and the analysis that was developed about the different options that were considered, they are a matter of record. I think they are fairly extensive, but I can perhaps recap some of the high points of those, as well as I can remember them today. So I guess that I would start that off by noting that what we've done is, we have provided differential landing requirements for different sub-areas within the different FMP areas. And I think that the general underlying theme there is that there are different operational characteristics in the fisheries, those are different geographical areas, the fisheries are operated differently, the social and economic conditions that affect those fisheries are different within different areas as you go around the coast. There are similarities between areas and there are differences between areas. And if you look at sort of the range as you go around the coast, you see that for example, in the Eastern Gulf, the provisions that relate to Eastern Gulf qualifications recognize that that area is dominated by a small boat fleet that's located in pretty sparse coastal communities, that that fishery is by and large a fishery that is...that those communities are very dependent upon, and that those fleets are very dependant upon. And so the requirements in the Eastern Gulf are designed, in my view, to promote the stability of those fisheries and to ensure that pre-emption problems and similar kinds of problems that were identified by this Council through the course of the CRP process were addressed. And landings requirements, in particular I believe, were designed to do that and were, along with the trawl provisions, or the fixed gear provisions, a recognition of the overwhelming nature of the fleet and the fisheries that occur in the Eastern Gulf. So the Eastern Gulf generally has probably the most restrictive provisions of any of the areas. That also reflects sort of the historical development of that fishery. Those fisheries have been by and large, fully developed for quite a long time. You move up into the Central Gulf and the nature of the fleet and the nature of the fisheries changes to some degree. A little bit bigger water. More distant water fishing goes on out of Kodiak, for example, obviously it's one of the more powerful fishing ports in Alaska. Those fleets range further afield. The fisheries, however, right around the Central Gulf also have a large component of small vessels that are based in the local communities and that are dependent on those fisheries. And the competition in those fisheries is pretty aggressive right now, and witness some of the short seasons and openings that occur there. I think that helps to clarify that. There is a strong trawl component there, and I think that, so you know, a fixed gear only requirement obviously doesn't

work in the Central Gulf, like it doesn't work really anywhere else. If you look at the landings requirements, they are generally the same, however, with the Eastern Gulf because of the nature of the communities, and I think, the nature of the fleet. You move into the Western Gulf, and the Western Gulf is sort of a difficult area. The Western Gulf is a transitional area between the Bering Sea and the rest of the Gulf of Alaska. There is a local fleet there, it's composed of small vessels. Many of those small vessels did not actively participate in the fisheries in the earlier parts of the qualifying periods. We heard substantial testimony about the unique situation that caused that. I think the Council tried to address that issue in a number of ways with some of the landings requirements for smaller vessels to afford those individuals that got into those fisheries an opportunity. But nonetheless, the Council also, I believe, recognized that the Western Gulf is closely akin, in many ways, to fisheries in the Bering Sea, and that there is a transitional nature to the Western Gulf. And indeed, we heard testimony even this week again reiterating that characteristic in the Western Gulf. The landings requirements, and we've already clarified this for catcher vessels, were somewhat in the mid-range category were somewhat relaxed from the Central Gulf in recognition of that characteristic. The landings requirements, however, for catcher/processors were more akin to the rest of the Gulf because of concerns regarding the fishing power that catcher/processors have versus catcher vessels and the implications that would have overall for the fisheries and management of those fisheries. We had quite an extensive discussion about this issue, I believe, in June...the difference between catching capacity in various size categories of catcher vessels, and then also the true difference between catcher/processors and catcher vessels. And in fact, we had a fairly good analysis provided to us by Joe Terry in that regard, that demonstrated that there is a differential in capacity, and then subsequent impacts on the fisheries and on the fleets. The Western Gulf issue is a difficult issue, and I know that the Council struggled with this quite a bit in June. I know there's a lot of concern from folks in the audience from the Sand Point area about the implications of this for their area. I don't believe, myself, that it is going to be major, have a major impact in terms of their overall fishing ability, because I believe the issues that we have addressed today regarding catcher/processors and crossovers helps to address some of those concerns, perhaps not all of them, but certainly some of them, and I think the bulk of them. You move up into the Bering Sea, and the development of the Bering Sea fishery is considerably different than certainly the Central Gulf and the Eastern Gulf, and to some degree different than even the Western Gulf in that that fishery was the one that was dominated by foreign interests for the longest. It is a distant water fishery, the vast bulk of it large vessels in an industrial fishery that developed late in the ball game, so to speak. And I think that the landings requirements and differential there that was provided for the Bering Sea fits with the characteristics of that fishery, both in the way it developed and then also in the way it is currently operating. It recognizes that distant water nature, the recent entrance that has occurred into that fishery, and tries to accommodate that. So the landings requirements there are perhaps the most liberal in the sense of allowing vessels that have participated in that fishery, that have met these...that have participated both in terms of the moratorium and [change to tape 57--words are missing between tapes] I think I'll stop there, and I'll look at Mr. Pennoyer and see if I have answered Mr. Pennoyer's question. That is the Reader's Digest summary of what I recall from the record.

Lauber: In my experience, it's never enough. [Laughter]

Benton: I figure you've got to get down to specifics...

Pennoyer: Based on that comment Mr. Chairman and the need to get out of here, I probably shouldn't say anything. I will ask one other question though. And we've heard that since the June meeting there was additional information on increased effort and additional vessels, and would you comment on that? There was some discussion of the fact that the one landing requirement in the Western Gulf of Alaska brought vessels in that weren't on the record at the time of the discussion. I don't know if it changes the view at all because I hear what you're saying about the rationale.

Benton: Certainly. Mr. Chairman.

Lauber: Mr. Pereyra...or Mr. Benton.

Benton: Thank you Mr. Chairman. I think you've paid me an ultimate compliment by calling me Dr. Pereyra for a moment. I got promoted to commissioner the other day, and now I'm a Dr. you know.

Tillion: It is the Dr., but think what you did to Pereyra. [Laughter]

Benton: That's probably true. Well, the first thing I think is most important to recognize and acknowledge is that the Council has to use the best information available to it at the time it's making a decision. And indeed, that's what happened in June. The Council had before it, I think an extremely complex and detailed set of data, and certainly had the best information we could have regarding 1995 at the time. Now then, we were attempting to address recent participation issues, and we were operating under some constraints with regards to data because not all of the data was available at the time that we were making the decision, but we had a good sense of the matter of what the implications for different decisions were. It wasn't that, in my view, that what might be a lack of precision in data resulted in something that would be an order of magnitude larger and sufficient than to warrant completely a different decision. Certainly it was sufficient information, in my mind, and I think in the rest of the Council's mind, to make a decision...to base a decision on. Subsequent to that time, we have received information about some differences in the data that we had available to us. I do not believe that that data, in and of itself, constitutes...and again, an order of magnitude difference that would require a revision of the program in and of itself. And I also believe that we have addressed, as I stated previously, a number of the concerns that might have arisen from that data by addressing, through clarifications, some of these other measures that directly affected, I think, the Western Gulf issue in particular, and specifically the crossovers and the catcher/processor issue at the Western Gulf endorsement qualifying period.

Pereyra: I'll try not to be as long as Mr. Benton, but in general I can agree with most of the points that Mr. Benton makes, with the slight exception with the reasons for handling landing requirements, particularly in the Gulf of Alaska for factory trawlers and catcher boats differently. That particular issue, as I recall, was supposedly handled to a large degree with inshore-offshore. We excluded factory trawlers entirely from pollock and greatly restricted them in the case of cod fish. So that having further restrictions, I think, is a little bit clouded in terms of what the intent is and what the need for it is. So I would just like to add that to the record, for what it's worth.

Benton: I concur with, at least in part, with what Mr. Pereyra said. And I would like to note that the new data that we might receive subsequently from...as data becomes available for 1995, that's going to generally change numbers across the board, and that those changes, I believe, because they are across the board, are not going to be significant in any one particular instance. What it does is, it just sort of makes the data resolution better, but I don't believe it's...because it is across the board, that it will warrant changing any particular provision because, you know, it applies equally across all areas in many ways.

Lauber: Is there further comments on this issue? O.K. Now where?

Lepore: O.K. Mr. Chairman, if you would bear with me. Please excuse the format, but I think it will clearly illustrate the issue we have on the overlap. Essentially, if we would look at the second and third lines. The first line shows the moratorium period. The second line shows the license limitation program general qualification period which runs from 1/1/88 to 6/27/92. The third line, which is the endorsement qualification period for the license limitation program, begins on 1/1/92 and extends to 6/17/95, and this is for groundfish. What we have is an overlap period between 1/1/92 and 6/27/92. During that overlap period, there is the possibility of making a single landing, and essentially qualifying for a license. And this would occur, like in the Bering Sea area. This would be different than a person who would have to make a separate landing in the general qualification period and the endorsement qualification period if they did not fish in that window of time. So we just needed some clarification on that issue, and justification.

Tillion: You can't have those numbers of everybody in the moratorium. You merely look at the count of who fished the maximum number of vessels in the last few years. It can't be anything like a thousand boats, they weren't there.

Hartley: Technically, Mr. Chairman, if a vessel is moratorium qualified, he qualifies for this base license. We don't know if he fished only in the Gulf or only in the Bering Sea under that moratorium. And we also have crab vessels that have crossed over potentially following the Council's moratorium actions into the fisheries, particularly pot crab or pot boats perhaps into the Bering Sea pot fishery during that six month period. Those would be additional vessels than we charted in our analysis. Again, I don't know how many have done that. I don't have very good feel. The public has indicated, I believe, that it's probably not terribly high. It's not a thousand boats, but I don't have any data to tell you how many it would be.

Pereyra: It's my understanding that 300,000 which was the non-severable area endorsements and we have the general umbrella licenses, that you got either one of two situations. Either a boat is qualified in both the Gulf of Alaska and the Bering Sea, or in this case, the boat is qualified for the Bering Sea/Aleutian Islands. Correct? So first they've got to qualify for the umbrella license which includes both areas and then they could have for example, one landing up there and qualify for the umbrella license, but they would have to have had a landing in the Bering Sea to qualify for that area and a landing in the Aleutian Islands to qualify for that area. That's the way I read this, is that correct? The areas are separate.

Hartley: The areas are separate, but if a vessel has not participated in this fishery since 1989, 1990, 1991 and during the last six months fished in the Bering Sea - it had fished the Bering Sea prior during the general qualifying period - then that vessel would not show up in our analysis and under our extended qualifying dates would be given a license and would be given endorsements based on the areas that it fished in 1995. Now, your debate earlier said that you wanted to do that because they were following the moratorium.

Benton: I think it's somewhat illustrative to look at the tables staff has put together for us. First I would like to point out that in the analysis from September that of the 25 harvesting vessels longer than 125 feet, in this particular part of the analysis, only two made catches less than 10,000 pounds. The poundage limitation that the AP put in is not particularly useful if you want to address overcapacity because overcapacity generally has been shown in the analysis provided to us generally in the over 125 foot category and in catcher processors. If you look at the numbers of vessels, and these are not explicit configurations in terms of what we've adopted, but they're very close. One landing in an area in the endorsement qualifying period for the BSAI, generally you have a total of about 425 vessels that would qualify. These are for BSAI-only license or BSAI/GOA license. Out of that, if you look at catcher processors over 125 feet, there are 92 that would qualify for BSAI only or BSAI/GOA. If you look at a different configuration, it's the same exact configuration except that four landings now are used during the EQP for the BSAI, total vessels drops to 380 vessels. The number of catcher processors over 125 feet remains at 92. The landing requirement does drop the number of vessels, and I think this is probably most important in the Bering Sea and Aleutian Islands, large catcher processor numbers remain the same. So it seemed to me to be appropriate to go ahead and use the one landing because we're not going to be addressing the major capacity problems in that manner in the Bering Sea.

Pereyra: Mr. Chairman, I'd like to concur with Mr. Benton's remarks, and also point out that in none of these analyses do we know whether the vessels that are counted are the same vessels. So it's hard, in some cases, to determine what the actual individual vessel impacts are. I think that sometimes we can be misled by looking at just numbers and for that reason, I'd prefer to go the more general route here to make certain we don't inadvertently disadvantage some vessel that we didn't know anything about.

Lauber: Any further discussion? Ready for the question? Any objection to the motion, one landing Bering Sea/Aleutian Islands? Hearing none, the motion passes. Alright, now we move to the Gulf of Alaska. [long silence - members quietly conferring] There's no interest in that I guess, we can move on to the next one.

the fleet to a size that is more manageable and more reflective of the current operations and I can't support this motion. I think it goes against too many of our objectives.

Behnken: This issue has probably been one of the toughest for me all week and I've gone through analysis over and over and I've talked to a lot of people about it, and what I feel like I finally boiled it down to this afternoon in talking to people is that the Western Gulf is the area where vessels have needed that flexibility to be able to qualify with just one year of landing. But in the Central Gulf and the Eastern Gulf the participants feel it's extremely important to make some reductions in capacity and because of that I would propose an amendment, friendly amendment if it's considered friendly, that rather than change the language for the whole Gulf, that we change language only in the Western Gulf and that we say that in the Western Gulf vessels from 60 to 124-ft. would qualify for an endorsement with one landing.

Mace: As resource management represents the art of compromise, I accept that as a friendly amendment.

Lauber: All right, is there any further discussion? Are you ready for the question? Is there any objection? Call the roll.

Roll call:	Barker	No
	Behnken	Yes
	Benton	Yes
	Fluharty	Yes
	Hegge	No
	Mace	Yes
	Collinsworth	Yes
	Pereyra	Yes
	Samuelson	Yes
	Tillion	No
	Lauber	Yes

8/3

Pass.

Lauber: Any other items under that agenda . . . Dr. Fluharty.

Fluharty: This is just to, along these same lines, to raise a point, not a proposed amendment, but just to draw the Council's attention to something that through analysis I think we ought to be aware of and whether we can do anything about it at this time. I'm not sure. But I'd like to state for the record my concerns about the cumulative impacts of Council actions on the freezer longliner fleet and the BSAI fixed gear cod fishery. First, under the moratorium, which was intended to stabilize fisheries, we allowed approximately 200 vessels to cross over into the groundfish fisheries. These are vessels in many cases with no catch history or no dependence on those fisheries. Second, under license limitation we've allowed speculative entry into the fixed gear fishery by what is, I believe, to be an unknown number of boats. It seems that we really don't know what the effect of this is. During public testimony we've heard in the BSAI fixed gear fishery that the BSAI fixed gear fishery barely supports 30 freezer longliners and a handful of pot vessels. The addition of the new vessels into this fishery could at least double the fleet size if not the effort and thereby destabilize the fishery. Third, under the inshore-offshore and license limitation programs we have permanently excluded large freezer longliners from the Gulf of Alaska and I'm concerned about the stability of this fleet. I think that the cumulative actions have been measured and that we should be aware of that. Thank you.

Lauber: Is there any other matters under this agenda item, Landing Requirements for Endorsement Qualifications? All right, let's move on then. Who May Purchase Licenses is next.

Behnken: Mr. Chairman, I had some discussions with people at the break. It was an AP recommendation to not allow people who received a fixed gear license to use trawl gear or to sell that to a vessel that would use trawl gear, or sell it to someone who then used trawl gear because of the potential of increasing capacity. And I know the AP spent some time on this and passed it, 14 to 6, sounds like there's a lot of support for doing that. And, I guess, having spoken to my motion, I'll make that motion, that we do the same; that a person who receives a fixed gear license may only use fixed gear and anybody who purchases that license may use fixed gear.

?: Second.

Tillion: But, how about the other way? A person receiving a trawl gear license can convert to fixed gear?

Behnken: That's right; that's correct. That's my understanding of the AP motion, that would be the intent of my motion.

Lauber: Is there any discussion?

Benton: Is this a . . . I guess this would be a question of the maker of the motion. . . this would be a general reflection then of what the AP discussed, which is that a vessel received a license and area designation based upon activities involved with fixed gear could not then switch over to trawl gear and, similarly though, if a vessel that was using trawl gear wished to they could downgrade and go ahead and use fixed gear or other gear.

Behnken: Yes, that would be my understanding and if a . . . I would assume it's a one-way door. In other words, if it was sold to a vessel that then used fixed gear, it couldn't go back.. if we're looking to reduce capacity in that way.

Tillion: I'm going to support this because who I've heard about are some people that are having a shut-off due to bycatch and in some cases with little bycatch left they'd rather be able to put on pot gear, is what they were thinking about, and not have the bycatch and still take their target species, so I think it's a good thing to put in at this time and so I'll support it.

Benton: I recall that we have discussed numerous times during the course of our deliberations various configurations of licenses, some of which included gear-specific licenses; there was some analysis in the early stages of this license limitation package which provided us with some information. I note that there was a fair amount of public testimony regarding whether or not to use gear-specific licenses during the course of the public hearings that we undertook as we developed and refined the options and components of this program and that the AP has discussed at several times whether or not there would be gear-specific licenses in one form or another. And, Mr. Chairman, I particularly would note that the AP at this meeting made a recommendation similar to what we're acting upon here. The AP did this based upon fairly extensive deliberations of this subject and public comment regarding potential capacity problems caused by vessels that received their licenses and designations based upon trawl activity, or excuse me, on longline activity, and then that would be used to put a trawler into that fishery; the specific concern that was brought to my attention was instances where you had vessels that were just over 60 feet that had been fishing longline, earned a license, and that license then would be applied on another vessel of significantly greater length and to use as a trawl in a trawl configuration, and that there was concerns regarding how that might affect capacity. I think that the AP carefully considered this matter and I think we have also heard significant amounts of information about this over the course of the past year or so.

Lindeman: This would be a question of Council staff, whether or not this is included in the analysis and is there information in there in terms of number of vessels this would affect and capacity, the effect on capacity, and possibly what the Council's trying to achieve.

Hartley: We have included throughout our work on this program some discussions on vessel classes, not vessel classes in the sense of longline, or, that we have in our document, but in terms of how we have examined vessels.

a trawl harvester four category and a longline harvester two category, and so on and so forth. Those categories were categories that we developed for study, they're not necessarily exclusive categories or categories that are defined on record. The appendix that Dr. Terry provided you also showed numbers of vessels that fit into those categories. However, so there is some analysis of the number of vessels that roughly fit into those groups, but there hasn't been explicitly analyzed a, say a trawl, non-trawl designation in the license, per se.

Tillion: Marcus, from the data, as far as I can see, a person could figure out the general trend of what it was by the data that you've provided us as far as the analyzing what licenses and what one caught and what the increases would be in answer to Ms. Lindeman, the data's in there if anybody wanted to work it out.

Hartley: And, I think that that was provided for those reasons. I guess I can't give you a number that says 496x boats did this and 315 did that. I guess, further I would have to, I think the Council would want to specify how those designations would be assigned. Is it area by area, is it once for all; what if a vessel was fixed gear in the base qualifying period and trawl in the endorsement qualifying period, or trawl in one year and fixed gear in another year, those kinds of issues. And since we haven't actually had this issue as an explicit option we haven't really looked into those kinds of things, per se.

Laubert: Without this potentially, of course there's no likelihood it would happen, but potentially you could, every vessel could transfer from whatever gear it's using now to the other gear. Assuming they all went from fixed gear to trawl, you could get a number; also, certainly our analysis and our own personal knowledge in working with this shows that all of the species can be harvested, and in fact one of the problems we're having is too much gear chasing too few fish, so certainly there's an adequate amount of gear available as far as the Council's request as far as capacity, so the only constraints often are bycatch that cut fisheries off, which this may or may not help, but it certainly will not hurt. I think all of that's in the documents or we have, in these documents or others that the Council has considered.

Barker: Point of clarification for the maker of the motion. It's my understanding that vessels would still be able to buy a license if they wanted to switch back.

?: Yes.

Hegge: It seems without having species endorsements this is going to be a little bit difficult to carry out, and earlier on I thought it possibly would be able to be done in that context, but now a person has a license and it's just a groundfish license, and it's pretty hard to identify a portion of it. I envision, though, that the Council is going to be taking up these measures in future meetings. I know the cod distribution is coming up again here shortly, and I imagine we've got an agenda to do the same thing for the Gulf. It seems like these things would be addressed through the independent management measures that the Council takes up in the future.

Laubert: Write us a letter on that, Ron.

Hegge: Well, I'll keep watching for it.

Tillion: I want to make very sure that this does not allow the transfer to trawl for cod under their quota in a year, then switch to fixed gear, fishing that quota, and then switch back for the next year and do it again. This would undermine the cod split in the Bering Sea/Aleutian Islands, and nothing in the action we're taking today would permit that kind of an action. We want to make that very clear, that a person, once they've used up their allocation under a trawl they don't switch to fixed gear. If they have not used up, . . . you know at some time I hope we have ITQs and then you can have a little more flexibility for your share, but right now you can't have vessels switching gear for the purpose of dodging regulations that have closed it down. If they've fished as a trawler for cod, they can switch for next year for fixed gear, but they don't go on into another season and double dip.

gear specificity

Behnken: Mr. Chairman, I'm going to withdraw my motion. After listening to staff's comments I guess I don't feel. I think it's similar to the issue we dealt with the limited (?) amount of processing that we could allow on a catcher vessel. It think it's a good idea, I think we need to look at it in the future, maybe something that we take up in September as part of that package, but I do feel like there's some questions we haven't answered about if you get a trawl here and longline here, and what can you do with either, and we probably don't have time to figure all those out now, we haven't had comment on that kind of a procedure, so I'm going to withdraw it.

Lauber: Without objection, the motion is withdrawn. All right, is there anything additional?

Mace: I have a question. We discussed with Ron Berg before the break with respect to CDQ operations, building vessels up to 125 feet and then moving into the groundfishery outside the CDQ program. I would assume that if they did that they would have to buy a license, is that correct?

Pautzke: Well, I wanted to ask Marcus or at least research our record on that, because I thought we allowed vessels to be built for the CDQ fisheries but not be able to cross over into other fisheries so that would be a conduit for it. But I just read the regs, or the proposed rule for the moratorium and it is allowed in there and so I needed to go back and research the record; did at some point we change that for vessels under 125 feet?

Hartley: Well, Mr. Berg has read a version of the moratorium motion and I believe that is the motion that the Council actually passed. There is wording in there -- may I have that, Ron? -- there is wording in there that deals with transfers out of that, which he guess by oversight didn't read. The last sentence of the motion on that issue says, "vessels built pursuant to a CDQ project under this exemption that are transferred to a non-CDQ entity during the life of the moratorium may not be considered eligible under the moratorium," and I think that that may be where some of that confusion may be coming from, if that what it is, that if it's transferred it's not any good outside of the CDQ project.

Pereyra: I'm trying to reflect on this. I know there was a long discussion on this. I recall some discussion about the transferability of the licenses. There was concern expressed that this could result in a conduit for new licenses entering but that if a CDQ organization built a vessel it was felt that in order for that investment or whatever to be viable they had to have all the options available to them and so that they would be allowed so long as they stayed within that entity to go ahead and fish in the other fisheries, but should they decide to get out of that vessel or something, that that vessel would no longer be eligible for access to the open fisheries. I think that was the way it was read, 'cause it was kind of a middle ground that we reached.

Lauber: That's my recollection; allow them the opportunity as long as they were fishing the vessel to engage in other fisheries; that would make sense if they were trying to get people into the fisheries. But, not to act as they say, as a boat-building business to circumvent the moratorium.

Pautzke: Mr. Chairman, I would only add that there is a disparity between the way you're treating vessels that are built for the sablefish-halibut CDQ fishery--they are not allowed to go into non-CDQ fisheries, and as for the pollock one, you're allowing them to go into. . .

Lauber: And that would make sense; they're under an ITQ.

Pautzke: Well, they could be under the CDQ program which they will fish, too.

Pereyra: Isn't the halibut and sablefish ITQ fishery exempt from the limitation?

Behnken: Yeah, it is, right.

Pereyra: So, that means you're going to. . . [interrupted]

Behnken: You don't have to have a moratorium-qualified vessel.

[several people talking at once]

Lauber: All right, is there anything further? Are you getting close?

Mace: We have one typo that Marcus has pointed out. On our reconsideration of the Western Gulf, the last line on that page says, "and less than 125 feet need only make one landing between 1/1/95 and 6/15/95." That should be changed to "1/1/92 and 6/15/95," is that correct, Marcus?

Hartley: Yes, I entered that in error this morning.

Lauber: All right, now we'll engage in discussion preparatory to voting on the total package, groundfish and crab, both are germane, and Dr. Collinsworth's long awaited dissertation.

Collinsworth: No, Mr. Chairman, I'm going to make a motion. I move that the Council postpone action on this agenda item until the September meeting and in the interim that the Council staff, through its newsletter and other means, distribute as widely as possible the program that has been adopted by the Council up to this point, and if I have a second I'd like to address that.

Barker: Second.

Collinsworth: This is a hugely significant action that the Council is about to embark on and it's a very complex program that I don't think has had adequate opportunity for our constituent public to look at and to understand. It is complex and I talked to many people in the audience, the people who have been here this week, professional advocates, the representatives of organizations and individuals, firm owners, that have not been able to really decipher what the implications of this program are. The information that has been distributed to the public contained a very large number of options, was very difficult even to understand the numbering system, much less the implications that this program might have for them. And most of our public is not here at this meeting; 99.9 something per cent of the people who are going to be impacted by this program know very little of it, if anything. I think that we have a real obligation in terms of public process to get this information back out to the public, allow them to understand how it will impact them and be able to react to that. Under the IFQ program a major effort was made to inform the public; even at that, when our staff went around to many of the villages and communities they found that a great many of our constituents did not understand that program or how it would impact them. I think it would also allow the staff to, and I would congratulate the staff on the work that they have done this week, I think they've done some minor magic between the time that the Council adjourns in the evening and the next morning in putting some data together for us, but I think they also need additional time to understand and present to them what the implications are in terms of the number of vessels, how those vessels would be distributed under this particular system. It would also allow us, our staff in the agency along with Council staff to go through the proposal and to identify where clarification will be needed. I think that there still remains a number of issues that the Council will need to address and to reconcile and to clarify and for those reasons, Mr. Chairman, I think it would be appropriate to hold on taking final action at [change to tape 61] this meeting and educate our public to what we're about to undertake. One final thing, I'm not sure that we have a great rush to do this at this meeting in terms of the timing of implementation. Should this program move forward, my best estimate at this time is that it could not be ready for the start of the 1977 (sic) season. That would mean that we would have to implement the program, if we choose to implement it, it would have to be implemented in either mid-year or some later portion of 1977 (sic) or implement it at the beginning of 1998 and in 1997. I don't know the consequences of mid-year implementation because you'd have a fishing pattern with people fishing in areas and taking portions of quotas, portions of bycatches, or whatever else, and then you would have a license limitation program with different endorsements, you'd be fishing in a different pattern. If I were going to get endorsements in one area during the open part of 1977 (sic), I'd go fish someplace else and make sure there's as

Benton: Yes sir. The other motion I would make has to do with vessels that just by an artifact of history, they fished continuously in the fishery, but their FMP general licenses and their area endorsements don't necessarily match up. So, I would move that for vessels which qualify in one FMP area under the general qualification period but only qualify for an area endorsement in the endorsement qualifying period in the other FMP area, those vessels will be qualified for a general license and area endorsement for the area in which they qualify during the endorsement qualifying period.

Behnken: Second.

Lauber: Speak to your motion.

Benton: We've had analysis that shows the number of vessels that fit into this category. These vessels fished almost continuously in the fishery. They were clearly participants. They would be excluded from participating in fisheries that they've continued to operate in simply because again of the way we structured the qualifying periods. I think it was an unintended consequence and, because those vessels have come to our attention, I believe this would address inequity that would come about because of the way we have structured the qualifying period and will address their problems and yet, not allow for undue infusion of vessels that we don't want to allow. So I think this addresses an important problem.

Hegge: I assume, Mr Benton, then that the vessel would only get the General License for the area of endorsement. He wouldn't get both.

Benton: That's correct.

Hegge: Thank you.

Lauber: Ready for the question? Is there any objection to this motion? Yes, Counselor, do you object? Duly noted, next question [everyone laughs].

Lindeman: Does the Council know how many vessels that might affect?

Benton: Mr. Chairman, I believe that the analysis shows roughly 18 vessels that would fall into this category.

Mace: How many eight?

Benton: Eighteen.

Tillion: But they are already fishing.

Benton: They're already fishing and it's 18 out of four thousand some-odd vessels.

Lauber: Any further discussion? Are you ready for the question? Is there any objection to this motion? Hearing none, it passes.

Pereyra: Since we're in kind of a clean-up mode here. There's one other issue that's come to my attention. I don't know how we want to handle it. In the moratorium there is, I believe, a provision that the CDQ communities were exempt from the moratorium, I believe, for vessels under 125 feet. I think that was a limit that was set. Is it the intent of the Council that that provision would carry forward, or not? I'd like to hear some discussion on it.

Tillion: It's already under the inshore/offshore, is it not? Under the 7.5% pollock, I believe they have that privilege. You're wondering if they have it . . .

Pereyra: The license program, yes. In other words, do the CDQ communities, if they want to get into, I mean the idea of the whole CDQ program is to provide opportunities for the communities to get more involved in the fisheries. It would seem to me that one way to provide that is to give them the opportunity to get into smaller boats if they should so desire without having to go through a license program. I just raise that question.

Benton: I'm sorry Dr. Pereyra, I didn't hear all of your question. If I understand it correctly, you are asking whether or not the CDQ communities, any vessels they might get into if they were to build new vessels, how they would fit into this program. Is that the idea?

Pereyra: In the moratorium, when we had the debate on the moratorium, we cut it off at 125 feet because it seemed like that would fit the range of vessels, the coastal-type vessels and so forth, crab vessels.

Benton: If my recollection isn't faulty and it very well could be, I seem to recall that in a couple of previous Council meetings when we discussed generally vessel replacements and upgrades and vessel criteria and the moratorium, that we applied generally the moratorium rules and provisions and they would carry forward into the license program. That had to do with the 20% rule, vessel replacement and upgrade rule, and CDQ rules. It was always my understanding that the rules that we had adopted in that regard, under the moratorium, all carried forward into the license program.

Pereyra: It's not specifically laid out in here. It's rather confusing. That's why I raised it.

Pautzke: I thought your question was whether they could purchase new vessels that did not have to have a particular license with them under this license program and I thought they were exempt. The CDQ programs have new vessels that did not qualify for licenses and they only are applied to the CDQ program - that's all they operate in - that, like under the moratorium, they would be exempt from this license program as long as they did not prosecute any other fisheries outside the CDQ program. That's what I thought we had already done.

Lauber: Is that what your question, what we're doing?

Pereyra: Yes, as I recall when we had the discussion on the moratorium though, there was some real concern about all of a sudden building new factory trawlers and that sort of thing. So we went ahead and put a limit at 125 feet.

Lauber: Let's clear it up. Let's put a motion on the floor and make it clear what we're going to do.

Pereyra: I don't think it's appropriate for me to make the motion.

Benton: I can make the motion, Mr. Chairman. I would move that we, for the purposes of the license program, adopt the moratorium rules with regard to CDQ vessels.

Lauber: Is there a second?

Samuelson (?): Second.

Lauber: I have a question under that. I don't recall what that was. We gave an exemption, but that would mean that those could only fish in that CDQ fishery. This could not be a conduit through which CDQ groups could go into the boat building business and create new . . .

Pereyra: No, it's true.

Pautzke: No hole there.

Lauber: But if a CDQ group wanted to get a better investment by going out and buying a license limitation vessel, they could do that and then they could sell it. So you'd have two classes of vessels. One that would only be allowed in a CDQ fishery, and then if they went out and bought one on the open market, that would be just like any other vessel.

Tillion: If they bought a moratorium qualified vessel.

Lauber: Right.

Pereyra: Yes.

Lauber: Or a license limitation qualified vessel.

Pereyra: As I recall, there was a very strong debate on that particular subject because that would more or less preclude the CDQ vessels, if a person was to acquire a vessel like that, it would preclude it from actually ever coming into fruition. Because the discussion was, I believe, that those vessels would be allowed to participate in fisheries that related to that CDQ species. I think that was the way it was. . .

Tillion: As I remember it and we can look this up, if they wanted to build a new vessel like the Yukon-Delta people are, then it participates totally in the CDQ fishery. If they purchase vessels that were moratorium qualified, i.e., in partnership with other people such as the Brown's Point, then it did not have those restrictions, it had the moratorium restrictions and they were free to move. Is that not the way you remember it?

Pereyra: Well, it was a 125 foot limit, I remember that.

Lauber: For the new ones, yes.

Capt. Anderson: Maybe I can clarify it just so you know the moratorium rule. The restriction on the CDQs apply only to those vessels specifically constructed and used to harvest pollock in accordance with the CDP, and they can be no greater than 125 feet. That applies to new construction. Anytime you're looking at, I think it's a free market to purchase one that already has a license with it that's moratorium qualified, then it would be free to fish either. So it only applies to the new construction, the restriction to fish in the CDQ program and that's under 125 feet.

Pereyra: How is that interpreted in regards to fishing in pollock outside the CDQ fishery?

Anderson: The moratorium only - the wording there only applies to pollock. It specifically says, "specifically constructed and used to harvest pollock," so that's why, when you get into this program, it would be appropriate to address Council intent that that would be framed to carry over to other groundfish as well. If that is the intent of the Council.

Benton: It occurs to me that there may be one group of vessels that would have a problem currently. Subsequent to these options in the CDQ program for pollock, one of the CDQ groups, actually two of the CDQ groups now engaged in the construction of a number of very small vessels using jig machines. I think they're 35 feet. They do not qualify per se under the moratorium qualifying dates. They certainly qualify under the endorsement qualifying periods because they were constructed and started fishing, I believe it was in 1993 late or 94. They were using jig machines for cod primarily and then they also fished I think some other species using hook and line. So those vessels would be in some kind of limbo here if we adopted that kind of provision although I'm generally supportive of what we're talking about. That may bear some thought. I think we're going to have to think about how to ensure that they don't lose their investment here.

Lauber: We have no motion on the floor.

Pautzke: Yes, we do. Mr. Benton's on the moratorium rules for CDQ vessels.

Lauber: Seems long ago somehow. Further discussion? Ready for the question? Any objection to the motion? Hearing none, it passes.

Collinsworth: Just as a point of clarification. If the CDQ program acquires a vessel with a license and endorsements and used it in a CDQ fishery, then they could not sell the vessel license/endorsement and still fish in the CDQ fishery under an exemption? Is that correct?

Lauber: With what?

Collinsworth: With the vessel.

Tillion: If the vessel has a license and endorsement, what's the problem?

Lauber: You sell it. He sells it and keeps the vessel.

Pautzke: Then it can only operate in the CDQ fishery.

Collinsworth: But that puts another vessel license back out in the general license program.

Benton: No, you retain the same number . . .

Pautzke: . . . the same number of vessels because the CDQ vessel now cannot go back into the other fishery.

Lauber: It became a drone.

Collinsworth: I may have this confused in my mind here, but if there was a vessel that had a vessel license endorsement and went into the CDQ, could they then sell the vessel license, you know, for somebody to purchase that, then fish back into the license limited program and still be exempt if they only fished in the CDQ? That would create another . . .

Lauber: It wouldn't create a new one.

Pautzke: It wouldn't create any additional one in the [word unintelligible] CDQ fishery.

Benton: I see what Dr. Collinsworth is getting at. I guess my interpretation is that they could engage in that kind of activity, although it would be economically somewhat foolish because once that they sold the license, there would be no new vessels in the licensed fishery. There would be a vessel in the CDQ fishery. What they would do is lose the ability to participate in both. They could only then participate in the CDQ fishery. I don't see it as a practical problem and, even in terms of capitalization in the fisheries under the licenses, there would be no new additional vessel.

Lauber: If you had a vessel that was limited entry-moratorium qualified and the CDQ had an option of building a new vessel to operate in a CDQ fishery, if they decided against that building a new, bought this one that was qualified, brought it into the CDQ fishery and sold off the license, you're at the same point that you would have been if they had built a new vessel. So because of this program, there's no net gain or loss that I can see. They might gain or lose money, but probably lose. Alright, do we have any other General Provisions? Alright, as I recall, we have Sunset or No Sunset.

Mace: I'm going to move that we have a number two or a number one. No Sunset.

Hegge: Second.

Lauber: Which were you stating?

Mace: Number one.

Lauber: It's been moved and seconded that there'll be a No Sunset provision in the groundfish license.

Mace: And if I may speak to that. Some of us may assume that we are going to go to a different program here within three years, but I would hazard a guess that when we end up, it may be a combination of both licenses and IFQs. I would hate to think that we would have to scuttle this in three years and go through this process again. I just don't think that makes sense.

Pereyra: I think the motion is probably appropriate from that standpoint because this is supposedly the first, or second, or third, or fourth or fifth step. I don't know what, but we're on a journey here. The CRP journey and this is part of it. You might, in the future, be handling some species differently than others in different areas and so forth, so I would imagine they just follow right along.

Tillion: I'm going to be speaking for a sunset, not against it. I feel that we put a sunset on inshore/offshore. If you don't have a sunset, you don't have a "feet to the fire." I think we would be very foolish to not sunset this in three years. It can be rolled over. But if we don't sunset it, we're going to be stuck here for a long time and I think that's the wrong signal to send to the Secretary when we're trying to get them to adopt all this. In fact, I think it's a real bad signal to send to the Secretary. I realize that Mr. Mace is opposed to ITQs and that's basically what the issue is right in front of us here now. Are we going to use this as the ultimate solution or is this a step? I consider it a very worthwhile step, but it's just a step. Therefore, I'm going to oppose this motion by Mr. Mace.

Lauber: Further discussion?

Behnken: In response to Mr. Tillion's comment. I disagree that a sunset is an anti-IFQ move. I recognize that we're moving ahead with this plan. I'm sure there's some species it will be a lot easier to move ahead with than it will be to move ahead with others. If we have to go back in three years and redo this rather than working on that, I think we'll just be slowing down the process that we're trying to speed up here. So on those grounds, I'm opposed to a sunset.

Lauber: Is there any further discussion?

Collinsworth: I brought up this issue a bit earlier today about whether this was intended to be a permanent and durable program or a program that is transitory in a step-wise movement towards comprehensive rationalization. And when I say comprehensive rationalization, I don't necessarily mean ITQs, but I mean a comprehensive program that is stylized to meet the specific needs of all sectors of the industry which certainly are not homogeneous. I think that some combination of open access, license limitation and ITQs may well be what comprehensive rationalization means over the longer term. I cannot say whether the Secretary will or will not adopt this amendment and this program. I can tell you that from my perspective, this program is a durable program, it does not cut the mustard. This program does not limit the number of vessels to a level that is participating in the fishery at the present time under conditions of open access. It does not have provisions for reducing gear. The consequences of this program are very ill defined. I cannot find hardly any two people that I talked to in the last couple of days that understands what this program does, what the consequences of it are, what the distributional effects are, how it's going to alter the characteristic of the fishery. As a durable program, one that may continue well into the year 2000, I think that it is certainly not meritorious and I don't think it cuts the mustard. If it's intended as a transitory step with a limited life, I question whether it will meet merit even there, in terms of the cost of implementing it, and the consequences of the program. I'm not sure if it provides a marginal improvement over what could be achieved with a moratorium, inshore/offshore and some use of other

Behnken: Mr. Chairman, I'm going to withdraw my motion. After listening to staff's comments I guess I don't feel. . . I think it's similar to the issue we dealt with the limited (?) amount of processing that we could allow on a catcher vessel. It think it's a good idea, I think we need to look at it in the future, maybe something that we take up in September as part of that package, but I do feel like there's some questions we haven't answered about if you get a trawl here and longline here, and what can you do with either, and we probably don't have time to figure all those out now, we haven't had comment on that kind of a procedure, so I'm going to withdraw it.

Lauber: Without objection, the motion is withdrawn. All right, is there anything additional?

Mace: I have a question. We discussed with Ron Berg before the break with respect to CDQ operations, building vessels up to 125 feet and then moving into the groundfishery outside the CDQ program. I would assume that if they did that they would have to buy a license, is that correct?

Pautzke: Well, I wanted to ask Marcus or at least research our record on that, because I thought we allowed vessels to be built for the CDQ fisheries but not be able to cross over into other fisheries so that would be a conduit for it. But I just read the regs, or the proposed rule for the moratorium and it is allowed in there and so I needed to go back and research the record; did at some point we change that for vessels under 125 feet?

Hartley: Well, Mr. Berg has read a version of the moratorium motion and I believe that is the motion that the Council actually passed. There is wording in there – may I have that, Ron? – there is wording in there that deals with transfers out of that, which he guess by oversight didn't read. The last sentence of the motion on that issue says, "vessels built pursuant to a CDQ project under this exemption that are transferred to a non-CDQ entity during the life of the moratorium may not be considered eligible under the moratorium," and I think that that may be where some of that confusion may be coming from, if that what it is, that if it's transferred it's not any good outside of the CDQ project.

Pereyra: I'm trying to reflect on this. I know there was a long discussion on this. I recall some discussion about the transferability of the licenses. There was concern expressed that this could result in a conduit for new licenses entering but that if a CDQ organization built a vessel it was felt that in order for that investment or whatever to be viable they had to have all the options available to them and so that they would be allowed so long as they stayed within that entity to go ahead and fish in the other fisheries, but should they decide to get out of that vessel or something, that that vessel would no longer be eligible for access to the open fisheries. I think that was the way it was read, 'cause it was kind of a middle ground that we reached.

Lauber: That's my recollection; allow them the opportunity as long as they were fishing the vessel to engage in other fisheries; that would make sense if they were trying to get people into the fisheries. But, not to act as they say, as a boat-building business to circumvent the moratorium.

Pautzke: Mr. Chairman, I would only add that there is a disparity between the way you're treating vessels that are built for the sablefish-halibut CDQ fishery—they are not allowed to go into non-CDQ fisheries, and as for the pollock one, you're allowing them to go into. . .

Lauber: And that would make sense; they're under an ITQ.

Pautzke: Well, they could be under the CDQ program which they will fish, too.

Pereyra: Isn't the halibut and sablefish ITQ fishery exempt from the limitation?

Behnken: Yeah, it is, right.

Pereyra: So, that means you're going to. . . [interrupted]

**IMPACTS OF REQUIRING LANDINGS IN 1995 AND 1996 ON
VESSELS WITH A LENGTH OF 125 FEET OR GREATER**

	WITHOUT 95 & 96	WITH 95 & 96	%
<u>GROUND FISH</u>			
CATCHER VESSELS	35	20	43
CATCHER/PROCESSOR VESSELS	98	61	38
<u>CRAB</u>			
CATCHER VESSELS	55	33	40
CATCHER/PROCESSOR VESSELS	25	14	44

*Report
C-6*

**ESTIMATED NUMBER OF NON-TRANSFERABLE LICENSES ISSUED
BASED ON DOCUMENTED HARVESTS WITHOUT A
FEDERAL FISHERIES PERMIT**

	CURRENT CRITERIA	NON-TRANS W/O PERMIT
<u>CATCHER VESSELS</u>		
LOA UNDER 60 FEET	1907	660
LOA OF 60 FEET TO LESS THAN 125 FEET	395	23
LOA OF 125 FEET OR GREATER	133	2
TOTAL	2435	685

**ESTIMATED NUMBER OF LICENSES ISSUED BASED
ON PARTICIPATION FROM VESSELS ON WHICH
TRAWL GEAR WAS USED**

	YES	NO	TOTAL
CV LOA UNDER 60'	112	1790	1902
CV LOA 60' TO LESS THAN 125'	144	207	351
CV LOA 125' OR GREATER	19	16	35
C/PV LOA UNDER 60'	1	4	5
C/PV LOA 60' TO LESS THAN 125'	20	24	44
C/PV LOA 125' OR GREATER	67	31	98
TOTAL	363	2072	2435

Dave
Fraser
c-6

LLP Approval Letter

September 12, 1997
Steven Pennoyer,
On behalf of the Secretary of Commerce

...I encourage the council to continue working toward CRP. The current step clearly does not satisfy the 14 points of the problem statement in the Environmental Assessment/ Regulatory Impact Review for these amendments. I could not have in good conscience approved these amendments except with the understanding that they were intended by the Council to be an interim step, and that the Council would proceed with further steps in reducing capacity, overcapitalization, and the current "race for fish."

Moratorium Disapproval Letter

August 5, 1994
Steven Pennoyer,
On behalf of the Secretary of Commerce

I have disapproved the ... moratorium...

I am hopeful that the Council will decide to revise its moratorium proposal and resubmit it because some interim controls on fishing capacity clearly are needed while the Council's comprehensive rationalization plan continues under development...The following presents the reasons for my disapproval decision.

...The most significant difficulties with the moratorium as proposed were the crossover provision and the qualifying period. The crossover provision would have allowed a vessel with no prior

history of participation in one moratorium fishery to enter that fishery because of prior participation in a different moratorium fishery. Under this provision substantial numbers of vessels could enter either fishery for the first time under the crossover provision, thereby exacerbating the overcapacity problem in that fishery and confounding the expressed objective of the moratorium... Likewise the qualifying period would have allowed fishing capacity, in terms of numbers of vessels, to increase significantly...

Taken together or separately, these two provisions would allow an increase in fishing capacity in fisheries already beset by overcapacity problems... It is not apparent how the OY... would be achieved better... by allowing a potential doubling of the fleet size... This resulted in a finding of inconsistency with *national standard 1*.

National standard 4 requires that an allocation of fishing privileges under an FMP must be fair and equitable. The FMP guidelines... interpret the "fairness and equity" standard as requiring an allocation to be rationally connected with the achievement of OY...(which)... could be frustrated by the crossover and the qualifying period, and it is not clear which FMP objective would be furthered by these provisions.

The crossover and qualifying period provisions are not consistent with *national standard 5*...(which)... requires management measures to promote efficiency... Allowing and increase in capacity in any one of the oversubscribed fisheries that would be covered by the moratorium does not promote efficiency and there is no rationale presented that indicates why it would not be practicable to prevent crossovers...

... Submitting a revised moratorium proposal would take advantage of the expedited review provision of the Magnuson Act...

Excerpts from the June 1995 debate

Behnken: It was an AP recommendation not to allow people who received a fixed gear license to use trawl gear or to sell that to a vessel that would use trawl gear because of the potential of increasing capacity...

Tillion: I'm going to support this...I think it's a good thing to put in at this time and so I'll support it.

Benton: I recall we have discussed this numerous times during the course of our deliberations...there was some analysis...there was a fair amount of public testimony regarding whether or not to use gear-specific licenses...the AP at this meeting made a recommendation...based on fairly extensive deliberations of this subject and public comment regarding potential capacity problems...we have heard significant amounts of information about this over the course of the past year or so.

Lindeman: ... a question of Council staff, whether or not this is included in the analysis....

Hartley: We have included throughout our work on this program some discussions on vessel classes...they're not necessarily exclusive...The appendix that Dr. Terry provided you also showed the numbers of vessels that fit into those categories.

Tillion: ...a person could figure out the general trend...that data's in there if anybody wanted to work it out.

Hartley: ...that was provided for those reasons.

Lauber: Without this potentially...every vessel could transfer from whatever gear it's now using to the other gear...one of the problems we're having is too much gear chasing too few fish, so there is certainly an adequate amount of gear...it certainly will not hurt. I think all of that's in the documents...

Behnken: I'm going to withdraw my motion...I think we need to look at it in the future, maybe something we take up in September...

BSAI Vessels without Trawl Landings

<i>Qualifying Area</i>	<i>Total Potential</i>			<i>Total Potential</i>		
	<i>Catchers</i>	<i>CPs</i>	<i>CVs</i>	<i>Catchers</i>	<i>CPs</i>	<i>CVs</i>
	60' to 125'	60' to 125'	60' to 125'	>125'	>125'	>125'
BSAI only	66	4	70	13	16	29
BSAI & GOA	59	19	78	2	15	17
BSAI Total	125	23	148	15	31	46

GOA Vessels without Trawl Landings

<i>Qualifying Area</i>	<i>Total Potential</i>			<i>Total Potential</i>		
	<i>Catchers</i>	<i>CPs</i>	<i>CVs</i>	<i>Catchers</i>	<i>CPs</i>	<i>CVs</i>
	60' to 125'	60' to 125'	60' to 125'	>125'	>125'	>125'
GOA only	82	1	83	1	0	1
BSAI & GOA	59	19	78	2	15	17
GOA Total	141	20	161	3	15	18

Estimate of latent capacity if crossed over to trawl mode

(Assumes CVs 72'-125' have 150,000 lbs hold capacity & CVs >125' have 500,000 lbs hold capacity)

BSAI

1 trip/year 148 CVs (60' - 125') x 150,000 / 2208 = **10,054 MT**
 1 trip/year 46 CVs (>125') x 500,000lbs / 2208 = **10,416 MT**
 20 trips/year 148 CVs (60' - 125') x 150,000 / 2208 x 20 = **201,080 MT**
 20 trips/year 46 CVs (>125') x 500,000lbs / 2208 x 20 = **208,320 MT**
Total - 409,412 MT

GOA

1 trip/year 161 CVs (60' - 125') x 150,000 / 2208 = **10,938 MT**
 1 trip/year 18 CVs (>125') x 500,000lbs / 2208 = **4,076 MT**
 10 trips/year 161 CVs (60' - 125') x 150,000 / 2208 x 10 = **109,375 MT**
 10 trips/year 18 CVs (>125') x 500,000lbs / 2208 x 10 = **40,761 MT**
Total - 150,136 MT

analytical package. The only CRP item on the January 1995 meeting agenda will be a review of implementation, administrative and enforcement costs. Contact person on the Council staff for this issue is Chris Oliver.

Moratorium

In September the Council revisited its moratorium for the groundfish and crab fisheries. This moratorium was originally adopted by the Council in June of 1992, and rejected by the Secretary of Commerce (SOC) in August 1994. At the September meeting, the Council submitted a revised moratorium to the SOC. At our December meeting, the National Marine Fisheries Service Regional Director requested the Council to consider changes to their revised moratorium which would more fully address the concerns of the SOC as identified earlier. The Council unanimously endorsed the proposed changes, which are primarily aimed at limiting crossovers between groundfish and crab fisheries to those using the same gear types. The exact wording of the proposed changes are shown below:

DRAFT MOTION

The following motion is proposed to address certain national standard concerns presented by the "crossover" provision in the revised vessel moratorium proposed by the Council at its meeting in September/October 1994.

1. A vessel that made a qualifying landing in the BSAI or GOA groundfish fisheries would be eligible to participate in the BSAI/GOA groundfish fisheries under the moratorium.
2. A vessel that made a qualifying landing in the BSAI crab fisheries would be eligible to participate in the BSAI crab fisheries under the moratorium.
3. A vessel that made a qualifying landing in the BSAI or GOA groundfish fisheries would be eligible to participate in the BSAI/GOA groundfish fisheries AND the BSAI crab fisheries under the moratorium providing:
 - (a) it uses only the same fishing gear in the BSAI crab fisheries that it used in the groundfish fisheries to qualify for the moratorium, and
 - (b) it does not use any fishing gear prohibited in the BSAI crab fisheries.
4. A vessel that made a qualifying landing in the BSAI crab fisheries would be eligible to participate in the BSAI crab fisheries AND the BSAI/GOA groundfish fisheries under the moratorium providing:
 - (a) it uses only the same fishing gear in the groundfish fisheries that it used in the BSAI crab fisheries to qualify for the moratorium, and
 - (b) it does not use any fishing gear prohibited in the BSAI or GOA groundfish fisheries.
5. A vessel that made a qualifying landing in the BSAI or GOA groundfish fisheries, and during the period February 9, 1992, through December 11, 1994, made a landing in the BSAI crab fisheries would be eligible to continue to participate in the BSAI crab fisheries under the moratorium using the gear with which the crab landing was made.
6. A vessel that made a qualifying landing in the BSAI crab fisheries, and during the period February 9, 1992, through December 11, 1994, made a landing in the BSAI or GOA groundfish fisheries would be eligible to continue to participate in the BSAI/GOA groundfish fisheries under the moratorium using the gear with which the groundfish landing was made.

Purpose

This change in the revised vessel moratorium would allow limited crossovers of BSAI crab fishing vessels into the groundfish fisheries under the moratorium without those vessels having made qualifying landings in the groundfish fisheries. It also would allow limited crossovers of BSAI/GOA groundfish vessels into the BSAI crab fisheries without those vessels having made qualifying landings in those crab fisheries. For example, a vessel that made a qualifying landing in the BSAI crab fisheries using pot gear would be limited to using pot gear to harvest groundfish. Likewise, a vessel that qualified under the moratorium for a groundfish permit would be limited to using the same gear type it used in the groundfish fisheries to harvest crab as long as the gear was not prohibited in the BSAI crab fisheries. This limited crossover provision recognizes the similarity of the groundfish and crab fisheries in terms of pot fishing gear. It also would prevent a vessel from dramatically changing its configuration while the Council develops a comprehensive rationalization management program for groundfish and crab fisheries.

This change also would allow a vessel that qualified in one moratorium fishery and crossed over and landed fish in another moratorium fishery, in reliance on the Council's original moratorium proposal of June 1992, to continue to participate in the newly entered moratorium fishery. At the same time, it would prevent a crab pot fishing vessel that landed only BSAI crab during the qualifying period from entering the groundfish trawl fishery for the first time during the moratorium solely because of its qualifying crab landings while excluding other vessels, that had made landings in other FMP fisheries but had not made qualifying groundfish landings, from entering the groundfish trawl fisheries. Likewise, it would prevent a groundfish trawl fishing vessel that landed only groundfish during the qualifying period from entering the BSAI crab pot fishery for the first time during the moratorium solely because of its qualifying groundfish landings while excluding other vessels, that had made landings in other FMP fisheries but had not made qualifying crab landings, from entering the BSAI crab pot fisheries.

This change would address the Council's concerns about fishing vessels that entered into the proposed moratorium fisheries after the Council took its original action in 1992. The original cutoff date would be maintained.

Additional analyses, along with implementing regulations are being prepared by NMFS and Council staff. A proposed rulemaking should be published by the SOC sometime in early 1995, and will be subject to a public review and comment period. If approved, the moratorium would not likely be in place until 1996. Council staff contact person for this issue is Marcus Hartley.

Inshore/Offshore and Pollock CDQ Program

The Council reviewed an analytical "game plan" for the proposed continuation of the inshore/offshore processing allocations for the Gulf of Alaska and the Bering Sea/Aleutian Islands, as well as the current pollock Community Development Quota (CDQ) program. Both of these management programs are scheduled to expire at the end of 1995. Final Council action on the proposed continuation of these programs is scheduled for June 1995 in Dutch Harbor, with the analysis due at the April 1995 meeting in Anchorage. In order to help provide staff with appropriate parameters for the new study, the Council developed a Draft Problem Statement at the December meeting. This Draft Problem Statement is shown below and incorporates, by reference, the original problem statement for inshore/offshore:

DRAFT PROBLEM STATEMENT

The problem to be addressed is the need to maintain stability while the Comprehensive Rationalization Program (CRP) process goes forward. The Council believes that timely development and consideration of a continuing inshore/offshore and pollock CDQ allocation may preserve stability in the groundfish industry, while clearing the way for continuing development of a CRP management system. The industry is in a different state than existed in 1990 as a consequence of many factors

Nov. 15, 1997

North Pacific Fishery Management Council
Dr. Clarence Pautzke, Executive Director
Mr. Rick Lauber, Chairman
Post Office Box 103136
Anchorage, Alaska 99510

Dear Rick,

If the Council were asked to vote to add 50 vessels to the GOA trawl fishery, would it do so? "An ounce of prevention is worth a pound of cure." An old saying, but it's true.

The Council has the opportunity now to apply an ounce of prevention to a potential source of further over-capitalization of the trawl fisheries in the North Pacific. But time is of the essence.

LLP has been approved by the Secretary. At some point in the near future a market will be formed for transfers of LLP permits with certain expectations about the rights conveyed in those sale. One of the expectations will be that there is no gear restriction associated with a permit.

The non-gear specificity of LLP permits combined with a number of other factors to create a potential wide open gate for further capitalization of trawl fisheries, particularly in the GOA. Those factors include:

- The exemption of ITQ boats from a requirement to hold an LLP permit as long as they don't target non-ITQ species.
- The granting of LLP permits to ITQ vessels based on bycatch landings of non-target groundfish.
- The removal of the moratorium provision that pot boats, qualifying on the basis of landing groundfish with pots, would only qualify for pot gear under the moratorium. But under LLP they are free to use trawl gear.
- Radical reductions of quotas and trip limits in the PFMC trawl fisheries.
- The potential implementation of buyback programs in NPFMC crab, and PFMC groundfish.

The last factor means there will be boats receiving a substantial subsidy to exit a fishery, and they may well employ that subsidy to enter another open fishery. Since both buyback programs only envision buy the right to participate in a particular fishery, these vessels will inevitably seek out other fishing opportunities.

The objective of the PFMC buyback is a 1/3 reduction in roughly 250 vessels in the trawl fleet. *How many of these vessels could obtain LLP permits to trawl in the GOA without retiring comparable effort? All of them.* As Mark Lundsten wrote in response to the question of whether he would be willing to sell his LLP permit:

"LLP permits will be sold from the IFQ fleet as soon as people are aware that they can do it, in my opinion. What the hell...dump your rights to catch P. cod and turbot (which most people don't pursue in our fleet anyway) as a target fishery and buy 20,000 lbs of halibut shares with the money....*I don't think it's any mystery how it would work. Anyone who doesn't do it is a fool, and anyone who does it is a jerk.*"

There are a sufficient number of ITQ longliners over 60' who qualify for LLP permits but don't target other groundfish. They can sell the LLP permit and continue their operations. That permit can then be upgraded by 20% in length for use on a larger trawl vessel.

A plan amendment proposal to close this loophole was submitted to the Council and was included in the September Council notebooks. Though the Council ran out of stamina during the September meeting and did not give extensive consideration to plan amendment proposals, the Council should re-agenda consideration of this proposal at the December meeting.

Failure to close this loophole in a timely manner also precludes the option of ever having a meaningful buyback program in the trawl groundfish fishery in the North Pacific. All fixed gear licenses are potentially trawl license. ***This means that there is an almost inexhaustible supply of latent trawl licenses that would have to be retired by a buyback program before the fleet paying for the program received any tangible benefit.***

Please place this item on the agenda for the December Council meeting.

Thank you.

dave fraser

F/V Muir Milach
PO Box 771
Port Townsend, Washington 98368



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
National Marine Fisheries Service
P.O. Box 21668
Juneau, Alaska 99802-1668

*Arvi
Thompson
C-6*

June 29, 1995

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

Dear Mr. Lauber:

I have approved fishery management plan (FMP) amendments developed and recommended by the Council to impose a moratorium on the entry of new vessels into the groundfish and crab fisheries governed by Federal FMPs off Alaska. Specifically, the approved FMP amendments are:

- Amendment 23 to the FMP for the Groundfish Fishery of the Bering Sea and Aleutian Islands Area;
- Amendment 28 to the FMP for the Groundfish of the Gulf of Alaska; and
- Amendment 4 to the FMP for the Commercial King and Tanner Crab Fisheries in the Bering Sea and Aleutian Islands Area.

Federal regulations implementing these FMP amendments will control the increase of fishing capacity in the affected fisheries until the end of 1998 or until more permanent capacity controls can be implemented, whichever comes first. We anticipate that final implementing regulations will be published in the Federal Register in about two weeks. Fishing vessels operating in the affected groundfish and crab fisheries, except for exempted vessels, will be required to have a moratorium permit in addition to currently required Federal and State of Alaska permits beginning January 1, 1996.

Sincerely,

Steven Pennoyer
Steven Pennoyer
Director, Alaska Region



FOR YOUR INFORMATION
 From: Arni Thomson

Vessel Name	Vessel ADFG	Vessel Length	Vessel CG #	Live Capacity	Name	Address	City	State	Zip	Vessel Licensed In years
TEMPEST	03716	83	508261	5500	TEMPEST FISHERIES INC	4502 14TH AVE NW	SEATTLE	WA	98107	95 96 97
TEMPO SEA	40817	134	820538	10000	TEMPO 20 INC	BOX 1197	MILTON	WA	98354	95 96 97
TEMPTATION	61395	58	971543	2300	LARSEN MELVIN	BOX 33	SAND POINT	AK	99661	95 96 97
TERRIER	58480	71	867475	3000	SUNDOWN VENTURES INC	220 SEWARD ST #108	JUNEAU	AK	99801	95 96 97
THERESA MARIE	00034	78	561428	4200	WINTHER JOHN	BOX 1364	PETERSBURG	AK	99833	95 96 97
TIFFANY	03717	85	504543	4091	HALL CLIFFORD	BOX 105	UNALASKA	AK	99685	95 96 97
TIME BANDIT	85577	110	973238	6200	HILLSTRAND, JOHN & NANCY	BOX 674	HOMER	AK	99603	95 96 97
TONY B	63526	96	503344	0	KEIM CHARLES	HC 67 BOX 1263	ANCHOR POINT	AK	99556	95 96 97
TRAIL BLAZER	33704	120	596514	9000	ALASKA SEAFOOD PRO INC	4385 YAQUINA BAY RD	NEWPORT	OR	97365	95 96 97
TROIKA	41509	58	622020	1300	KOSO ANDREW	BOX 237	KING COVE	AK	99612	95 96 97
TUXEDNI	08788	82	513354	5000	WARDS COVE PACKING CO	BOX C-5030 UNIVERSITY STATION	SEATTLE	WA	98105	95 96 97
VALIANT	00996	111	522574	7000	BOWLLEN SCOTT	816 NW 200TH	SEATTLE	WA	98177	95 96 97
VESTERAALEN	38342	105	611642	9500	PEDERSEN EINAR	930 VIEWMOOR DR	EDMONDS	WA	98020	95 96 97
VIEKODABAY	57971	94	939078	5200	ABENA FRANK	BOX 2863	KODIAK	AK	99615	95 96 97
VIKING EXPLORER	36045	111	605228	9500	ROYAL VIKING INC	5303 SHILSHOLE AVE NW	SEATTLE	WA	98107	95 96 97
VIKING QUEEN	06434	110	508212	0	ICICLE SEAFOODS INC	BOX 1147	PETERSBURG	AK	99833	95 96 97
VIN CE	59392	82	979775	0	SLINEY WILLIAM	BOX 1369	KODIAK	AK	99615	96 97
WEST POINT	00863	98	585926	7200	J K P FISHERIES INC	1707 NW 56TH ST	SEATTLE	WA	98107	95 96 97
WESTERN VIKING	09089	86	507161	5200	VIKING BOAT COMPANY INC	1707 NW 56TH ST	SEATTLE	WA	98107	95 96 97
WESTERNPRISE	58139	180	629826	0	ARCTIC ALASKA FISHERIES	BOX 79021	SEATTLE	WA	98119	95 96 97
WESTLING	42736	99	833577	6500	DEAN HARLAN	BOX 61	STRYKER	MT	59933	95 96 97
WESTWARD WIND	32660	141	595289	4500	ARCTIC ALASKA FISHERIES	BOX 79021	SEATTLE	WA	98119	95 96 97
WINDY BAY	54642	172	917068	0	WINDY BAY INC	BOX 1315	SEWARD	AK	99664	95 96 97
WIZARD	35285	156	594470	14000	JORGENSEN JOHN	2442 NW MARKET ST #438	SEATTLE	WA	98107	95 96 97
ZACHARY R	24550	61	532084	1800	SMITH EARL	4606 REZANOF EAST	KODIAK	AK	99615	95 96 97
ZOLOTOI	40917	98	625095	4000	ZOLOTOI PARTNERSHIP	1108 NW BALLARD WAY	SEATTLE	WA	98107	95 96 97
ZONE FIVE	61718	103		5500	HEUKER BROS INC	HC66 BOX 492	CASCADE LOCKS	OR	97014	95 96 97

ADFG REGISTERED/LANDDED TOTALS

<u>1997:</u>	
OPILIO	228
BB-KING	257
<u>1996:</u>	
OPILIO	235
BB KING	196
<u>1995</u>	
OPILIO	253
BAIRDI	196
BB KING	CLOSED

ESTIMATES

AK CFEC LICENSED VESSELS:

1997 Total	286
1996 Total	258
1995 Total	309
1997 ONLY	25
(NPFMC 240) - 2 OF 2 YEARS, 1995 + 1996 TOTAL	245
2 OF 3 YEARS, 1995, 1996 OR 1997 TOTAL	274
3 OF 3 YEARS, 1995, 1996 + 1997 TOTAL	230
1 OF 3 YEARS, 1995, OR 1996, OR 1997 TOTAL	342
1 OF 2 YEARS, 1996 OR 1997 TOTAL	300
(ACTUAL) 92, 93, 94 LLP TOTAL	364

Addresses listed are the most current ones on file.