

MEMORANDUM

TO: Council, SSC and AP Members
FROM: Clarence G. Pautzke
Executive Director
DATE: September 18, 1997
SUBJECT: License Limitation Program

ESTIMATED TIME
1 HOUR

ACTION REQUIRED

- (a) Receive status report on LLP/CDQ program.
- (b) Receive report from industry representatives on crab license buyback program.

BACKGROUND

LLP/CDQ Program

On September 12 the Council's LLP/CDQ program was approved, in its entirety, by the Secretary of Commerce. Item C-6(a)(1) is the letter from the NMFS Regional Administrator informing the Council of this decision. Previous discussions indicated that implementation of the crab CDQ program is likely for early 1998, the groundfish CDQ program could be implemented by mid-1998, and LLP program would be implemented for the start of the 1999 fishery, at the earliest.

Crab Buyback Program

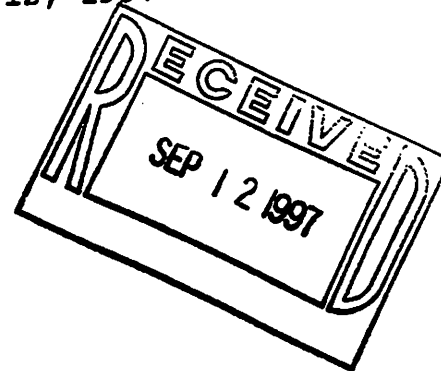
In June the Council received a report from industry representatives who are working on a crab license buyback program, pursuant to the LLP for BSAI crab fisheries. This included the industry survey instrument prepared by McDowell Group for the Crab Reduction and Buyback Group (CRAB). Representatives from CRAB are here to update the Council on this initiative.

SEPTEMBER 1997



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

September 12, 1997



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

Dear Rick,

I have decided to approve Amendments 39, 41, and 5 dealing with the License Limitation Program (LLP) in the Bering Sea and Aleutian Islands and Gulf of Alaska, the Multispecies Community Development Quota (CDQ) Program in the Bering Sea and Aleutian Islands, and the trawl ban east of 140°W longitude (Southeast Outside District). This decision has been very difficult for the reasons I outline below. I feel it is my duty to provide the Council with further comment on our rationale for approval and our expectations and understandings on where the process is heading.

My involvement with the Council makes me appreciate the long history of Council deliberation on a comprehensive rationalization plan (CRP) for the North Pacific groundfish fisheries. Starting in 1983 with the halibut moratorium proposal, the Council has explored many programs to deal with overcapitalization, preemption, and the race for fish. Many alternatives have been assessed and some, such as the fixed gear halibut and sablefish Individual Fishing Quota (IFQ) Program, have been implemented. Massive amounts of public testimony, the workings of committees, and detailed reports on all aspects of the biological, social, economic status of the fisheries have been considered. Congress itself has commissioned a study of one approach to CRP, i.e., IFQs, and the Council's evaluation of its own IFQ program is still ongoing.

I understand the inadequacies of the current moratorium and the need to further control speculative entry by area and class of operation. Unfortunately, the Council's problem statement relates more to the long-term overall goals of the CRP than the management aspects that the LLP seems to address. Council deliberation on the amendments indicates clearly that the LLP is not an end in itself, but should be viewed as the next step toward CRP. The diversity of the fleet, industry, resource abundance and composition by area, and coastal communities, all dictate that no single, simple solution will answer all the problems. IFQs, Vessel Bycatch Accounts, license limits, buybacks, and allocations by gear sector or area may all play a



part. Still, the LLP can only be justified as an interim step toward CRP.

The Council's desire to be as comprehensive as possible in addressing all aspects of CRP is understandable, but I do not agree that a case has been made that the trawl ban in the Southeast Outside District, the Multispecies CDQ Program, and the LLP are inextricably linked. I nonetheless agree that all three aspects merit approval.

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."

In closing, I wish to elaborate on our difficulties in implementing these amendments as quickly as we all would like. I cannot view immediate implementation of these amendments as a higher priority than ongoing research and management activities conducted in support of previously approved fishery management programs. Nonetheless, we will proceed as quickly as possible, given the current operational requirements and the resources available to us.

Sincerely,



Steven Pennoyer
Administrator, Alaska Region

NEWS RELEASE (97-115)
Steven Pennoyer
907-586-7221

September 12, 1997
2:45 p.m.
For Immediate Release

RECEIVED
SEP 12 1997

NMFS APPROVES THE LICENSE LIMITATION PROGRAM IN THE BERING SEA AND ALEUTIAN ISLANDS (BSAI) AND GULF OF ALASKA (GOA), THE MULTISPECIES COMMUNITY DEVELOPMENT QUOTA PROGRAM IN THE BSAI, AND THE GOA TRAWL BAN EAST OF 140 DEGREES W. LONGITUDE

NMFS approved amendments to the fishery management plans for groundfish of the BSAI and GOA and the commercial king and Tanner crab fisheries of the BSAI that establish a License Limitation Program (LLP) and expand the Community Development Quota (CDQ) program, according to Steven Pennoyer, Administrator, Alaska Region, National Marine Fisheries Service (NMFS).

The LLP will limit the number, size, and specific operations of vessels that may be used in the groundfish and crab fisheries managed under the fishery management plans and will prohibit the use of trawl gear to fish for GOA groundfish east of 140 degrees W. longitude. The CDQ program would be expanded by including in CDQ allocations a percentage of the total allowable catch of groundfish and crab in the BSAI that is not currently included in the existing CDQ programs for pollock, halibut and sablefish. Proposed regulations to implement these programs were published in the Federal Register for public review and comment (52 FR 43866, August 15, 1997). Comments to NMFS on the proposed rule must be received by September 29, 1997.

This press release provides notice that a new management program has been approved by NMFS. Do not rely upon it to guide you in complying with future regulatory changes that will be required to implement the new programs. Further information concerning the approved LLP or CDQ programs may be obtained by contacting the Fisheries Management Division, NMFS, 907-586-7228.

C-6

Revised

TO: Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council

FROM: Gordon Blue, Workgroup Coordinator
Capacity Reduction and Buyback (CRAB) Group

DATE: September 23, 1997

SUBJECT: Agenda Item [C-6]

RE: I. STATUS REPORT
II. DRAFT PLAN FOR A PROPOSED BUYBACK
III. PLANNED SUBMISSIONS FOR THE DECEMBER COUNCIL MEETING
IV. REQUEST FOR COUNCIL ACTION

I. Status Report

At the June 1997 meeting of the Council, the CRAB Group provided: A review of its activities to that date; a report on the outcome of an industry survey conducted by the McDowell Group of Juneau; a legal memorandum outlining the statutory basis for the proposed buyback; and relevant studies and reports. The Council responded with a request that CRAB submit a buyback plan for consideration at the September meeting.

Since the June Council meeting, CRAB has:

- Reviewed the proposed LLP fishery management plan amendments and implementing regulations for compatibility with the proposed buyback;
- Reviewed a NMFS staff draft addressing buyback provisions of the Magnuson-Stevens Act and Merchant Marine Act, 1936, and provided an informal response, including a proposed regulatory scheme for implementation of those provisions;
- Prepared a legal memorandum outlining the standards and procedures set forth in those statutes, and identifying related legal requirements for a buyback;
- Consulted with vessel owners, trade association representatives, Council staff, NMFS officials, NOAA attorneys, and congressional staff concerning the proposed buyback and general regulations to implement the controlling provisions of the Magnuson-Stevens Act and Merchant Marine Act, 1936;
- Commissioned an economic analysis to be provided to the Council; and

- Prepared a draft buyback plan for Council consideration, and a petition for Council action.

II. Draft Buyback Plan and Economic Analysis

The draft buyback plan and economic analysis are attached.

III. CRAB plans to prepare, for presentation at the December Council meeting, documents which would complete a package sufficient to support a request to the Secretary that he proceed with a license buyback program and related industry fee system referendum for Bering Sea/Aleutian Islands crab fisheries. CRAB emphasizes that the Magnuson-Stevens Act provides for extensive public participation and Council involvement in the process by which the program and fee system will be considered. Unlike other fishery management measures, buybacks are principally the responsibility of the Secretary of Commerce. However, the Council retains its leading role, because a buyback program and referendum cannot be initiated by the Secretary in the absence of a Council (or appropriate State-originated request) and cannot be implemented without the cooperation of the Council. In addition, the Council retains the initiative to develop conforming plan amendments and their implementing regulations. A fee system cannot be implemented without a formal industry referendum in which two-thirds of the votes are cast for approval

CRAB emphasizes that requests for buybacks have already been made by other Councils, that the Commerce Department has very limited resources for responding to such requests, and that a delay in requesting a Bering Sea/Aleutian Islands buyback will be very costly to the affected industry. The Council should take prompt advantage of a unique opportunity to make a major contribution to the restoration and rationalization of the crab fisheries.

IV. Request for Council Action at the December 1997 Meeting

CRAB requests that the Council provide for public review of and comment on the crab license buyback proposal, as supported by legal, economic, and environmental analyses that are being prepared by CRAB.

CRAB petitions the Council to request that the Secretary of Commerce, with the cooperation and assistance of Council staff, CRAB, and other interested organizations and persons:

A. Promulgate, without delay, regulations for implementation of the buyback-related provisions of the Magnuson-Stevens Act and the Merchant Marine Act, 1936; and

B. Proceed immediately, based on analyses provided by CRAB and on public comment to the Council: 1) A program to buyback licenses for crab fisheries of

the Bering Sea/Aleutian Islands; and 2) an industry referendum on a system of fees for repayment of a federal loan obligation that would support the buyback.

CRAB requests the Council to task the staff with the development of plan amendments and draft implementing regulations, for public comment and Council consideration, as follows:

A. Severability of LLP crab and groundfish licenses solely to facilitate the proposed buyback program, subject to the restriction that only pot gear would be permissible for those vessels that give up crab licenses in the program and continue to operate in the groundfish fisheries, unless those vessels were qualified under the LLP in the groundfish fisheries with longline or trawl gear; and

B. Such additional provisions as are necessary to provide for consistency of the relevant FMPs with a license buyback program for Bering Sea/Aleutian Islands crab fisheries.

Revised

**PLAN FOR A
BUYBACK OF LICENSES FOR CRAB FISHERIES OF THE BERING
SEA/ALEUTIAN ISLANDS**

September 23, 1997

This Plan for a Buyback of Licenses for Crab Fisheries of the Bering Sea/Aleutian Islands conforms with the relevant provisions of the Magnuson-Stevens Act and Merchant Marine Act, 1936. An economic analysis of the buyback program is set forth in Appendix I. Additional details and statutory citations in support of this plan are provided in Appendix II.

I. Promulgating general regulations for fishing capacity reduction programs

The Commerce Department promulgates general regulations to implement the provisions of the Magnuson-Stevens Act and the Merchant Marine Act, 1936, for fishing capacity reduction programs.

CRAB is actively participating in the development of these regulations.

II. Establishing regulations for federal loan obligations

The Secretary is authorized and directed to issue regulations as he deems necessary to provide for a loan obligation, under the Merchant Marine Act, 1936, for the buyback of licenses.

Note: The total unpaid principal amount outstanding would be limited to \$100 million; maturity could not exceed 20 years; and the interest rate to be paid by industry would be fixed at two percent of the principal amount plus such additional percent as the Secretary would be obligated to pay as the interest cost of borrowing from the United States Treasury.

The regulations could be promulgated at any time prior to implementation of the buyback program. NMFS is taking the initiative to prepare these regulations.

The statutory scheme for fishing capacity reduction programs is sufficiently detailed to permit development, but not finalization, of the proposed buyback of Bering Sea/Aleutian Islands crab licenses, without awaiting the promulgation of general regulations. In fact, the concurrent development of general regulations and the crab license buyback program saves time, effort, and money, for both industry and government.

III. Requesting¹ the crab license buyback program and an industry referendum on a fee system

For a crab license buyback program and an industry referendum on fees to be conducted, the Council must make a request for each to the Secretary. The Magnuson-Stevens Act does not establish specific standards or procedures for these Council actions. The Council has wide discretion in determining whether to make the requests.

CRAB will provide legal, economic, and environmental analyses upon which the Council should provide for public comment and make the requisite requests to the Secretary at the December 1997 meeting.

IV. Preparing the buyback program and industry fee system

The Secretary may, on the basis of a Council request, undertake the process by which the buyback program would be established. The Magnuson-Stevens Act and the Merchant Marine Act, 1936, provide specific standards and procedures for the establishment and implementation of such a buyback by the Secretary. Notably, the Secretary would be required to consult with the Council, Federal agencies, State authorities, regional authorities, affected fishing communities, participants in the fishery, conservation organizations, and other interested parties, throughout the development and implementation of the program. A fee system may not be implemented unless approved by a two-thirds vote of those participating in an industry referendum. The crab license buyback program is premised on an industry fee system.

It is clear that NMFS will require the affected industry to prepare a "business plan" for an industry-fee based buyback. The business plan will show that the post-buyback industry will be financially strong enough to pay the fees which will repay the federal loan for the license buybacks.

CRAB believes that the Secretary would respond favorably to a request by the Council to proceed with the proposed buyback and industry referendum. CRAB is committed to assisting the Secretary in the development of the buyback program, including an industry fee system. CRAB will prepare, for consideration by the Council, the public, and the Secretary, the "business plan" for the buyback.

A. Preparation of an implementation plan and proposed regulations

1. If the Secretary decides, in response to an appropriate request, to proceed with the program, he is required to prepare and publish in the Federal Register, for a 60-day public comment period, a draft implementation plan, including proposed regulations, in consultation with the Council and other interested parties. The draft plan must:

¹ This plan assumes that the Council will make the request. However, the State of Alaska may also be an appropriate requester.

- a. define criteria for determining the types and numbers of vessels which are eligible for participation in the program, taking into account characteristics of the fisheries, requirements of fishery management plans, needs of fishing communities, and the need to minimize program costs; and
- b. establish procedures for program participation.

CRAB is prepared to provide working drafts of the implementation plan and its regulations.

2. The Secretary must conduct a public hearing in each affected State, and analyze the comments he receives.
3. The Council is required to provide its comments and recommendations to the Secretary on the draft plan and regulations.

B. Preparation of an industry fee system

1. If the Secretary determines, in response to an appropriate request, that a fee system is necessary to fund the program, he will, prior to the referendum, consult with the Council to identify, to the extent practicable, and notify, all license and vessel owners who would be affected by the program, and he will make available to them information concerning the schedule, procedures, and eligibility requirements for the referendum, the proposed program, and the amount, duration, and any other terms and conditions of the proposed fee system.

Note: Fees could not exceed 5 percent of ex-vessel value of all fish harvested from the affected crab fisheries. The Secretary would have broad discretion as to the manner in which he would apply this limitation. However, he would have to comply with whatever system would be approved by the industry referendum.

CRAB is prepared to provide a working draft of the fee system and related information.

2. After the foregoing consultation with the Council and provision of the required information to the vessel and license owners, the Secretary proceeds with the conduct the referendum. The fee system is approved, if two-thirds of the votes in the referendum were in the affirmative.

C. Amendment of the fishery management plans and regulations

The Council is responsible for preparing plan amendments and regulations conforming to the proposed buyback.

CRAB is prepared to assist the Council with the development plan amendments and regulations.

D. Required Secretarial determinations

The Secretary may not establish the program, including a fee system, unless he makes certain determinations. It appears that he could most credibly comply with this requirement after the preparation of the draft implementing plan and regulations, public hearings, consultations with the Council and other interested parties, the conduct of the referendum on the industry fee system, and after the Council prepares FMP amendments and draft regulations. Specifically, the Secretary must determine that:

1. The program is:

- a. 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. consistent with the fishery management plan for the fishery;
- c. cost effective; and
- d. capable of repaying any federal loan obligation;

2. The relevant fishery management plan(s):

- a. will prevent 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
- b. establishes a specified or target allowable catch or other measures that trigger closure of the fishery or adjustments to reduce catch; and

3. The objective of the program is to obtain the maximum sustained reduction in fishing capacity, at the least cost, and in a minimum period of time.

4. The fee system will support loan repayment.

In addition, the Secretary must comply with the requirements of the National Environmental Policy Act, the Regulatory Flexibility Act, and an array of other federal laws. An Environmental Assessment/Regulatory Impact Review must be prepared.

CRAB is prepared to develop a draft of the EA/RIR.

E. Publication of final implementation plan and regulations

If approved, the final implementation plan and regulations must be published within 45 days of the close of the public comment period on the Secretary's draft. As a practical matter, this includes publication of the approved industry fee system.

V. Borrowing funds

Following approval of program and its fee system, and having established that the buyback will actually achieve its objective, the Secretary borrows funds from the United States Treasury for the buyback of licenses.

VI. Conducting the license buyback

After borrowing funds from the Treasury, the Secretary proceeds with the buyback of licenses.

VII. Collecting fees and repaying the loan obligation

Following the close of the buyback of licenses, the Secretary collects fees in accordance with the system approved by the industry referendum, and applies them to repayment of the loan obligation. The fees are collected until the debt is fully paid.

Appendix I—Economic Analysis

Appendix II—Statutory Standards and Procedures Specific to the Establishment of a Fishing Capacity Reduction Program

Revised

Appendix II

STANDARDS AND PROCEDURES SPECIFIC TO THE ESTABLISHMENT A FISHING
CAPACITY REDUCTION PROGRAM

September 23, 1997

This memorandum provides an outline of requirements that apply specifically to the development of the contemplated buyback program for Bering Sea/Aleutian Islands crab fisheries ("Program"). Also provided are additional legal considerations. All citations are to the Magnuson-Stevens Act ("Act"), unless otherwise indicated. Note that a letter to Mr. Lauber, dated June 16, 1997, provided a preliminary legal analysis, which included considerations relating to the national standards of the Magnuson-Stevens Act.

Standards and Procedures of the Magnuson-Stevens Act and the Merchant Marine Act, 1936, Specific to Fishing Capacity Reduction Programs

- I. Regulations will be developed and promulgated for the implementation of the fishing capacity reduction program provisions of the Act and the Merchant Marine Act, 1936.
- II. The Secretary must receive a request from the Council for establishment of the Program (section 312(b)(1))¹. The Act does not provide special criteria or procedures for such a request. Presumably, however, the Council would make the request based at least on the following expectations:
 - A. the Program would meet the statutory objective;
 - B. the Secretary would take the requisite administrative actions; and
 - C. the industry would provide the necessary support for the Program's fee system.

See III, IV, and IX, of this Key Requirements section.
- III. If the Secretary decides to respond affirmatively to the Council's request, he must determine that—
 - A. the Program is—
 - I. necessary to—
 - a. (1) prevent; or
 - (2) end—
overfishing;
 - b. rebuild stocks of fish; or
 - c. achieve—
 - (1) measurable; and
 - (2) significant—

¹ For the purposes of this Memorandum, the Council is identified as the requester. However, in the specific case of the Bering Sea/Aleutian Islands crab fisheries, the State of Alaska may also be a requester.

- improvements in the conservation and management of the fishery (section 312(b)(1)(A));
- 2. consistent with the fishery management plan in effect for such fishery (section 312(b)(1)(B))²;
- 3. cost effective (section 312(b)(1)(C)); and
- 4. capable of repaying any debt obligation incurred under section 1111 of title XI of the Merchant Marine Act, 1936 (section 312(b)(1)(C)); and
- B. the fishery management plan—
 - 1. will prevent replacement of fishing capacity removed by the program through—
 - a. a moratorium on new entrants;
 - b. restrictions on vessel upgrades; and
 - c. other effort control measures—
 - taking into account the full potential fishing capacity of the fleet (section 312(b)(1)(B)(i)); and
 - 2. establishes—
 - a. a specified allowable catch;
 - b. a target allowable catch; or
 - c. other measures—
 - that trigger—
 - (1) closure of the fishery; or
 - (2) adjustments to reduce catch (section 312(b)(1)(B)(ii)).

IV. The objective of the Program must be:

- A. to obtain the maximum sustained reduction in fishing capacity;
- B. at the least cost; and
- C. in a minimum period of time (section 312(b)(2)).

V. To achieve the objective of the Program, the Secretary is authorized to pay—

- A. the owner of a fishing vessel (section 312(b)(2)(A)) if—
 - 1. the vessel is—
 - a. scrapped (section 312(b)(2)(A)(i)); or
 - b. through the Secretary of the department in which the Coast Guard is operating, subjected to title restrictions that—
 - (1) permanently prohibit; and
 - (2) effectively prevent—
 - its use in fishing (section 312(b)(2)(A)(ii));
 - 2. the permit authorizing the participation of the vessel in the fishery is surrendered for permanent revocation (section 312(b)(2)(A)(ii)); and
 - 3. the owner relinquishes any claim associated with the
 - a. vessel; and
 - b. permit—
 - that could qualify such owner for any—
 - (1) present; or

² The cited section also refers to consistency with a State plan or program where appropriate.

- (2) future—
 limited access system permit in the fishery for which the Program is established (section 312(b)(2)(A)(ii)); or
- B. the holder of a permit authorizing participation in the fishery (section 312(b)(2)(B)), if—
1. such permit is surrendered for permanent revocation; and
 2. such holder relinquishes any claim associated with—
 - a. the permit; and
 - b. vessel—
 used to harvest fishery resources under the permit that could qualify such holder for any—
 - (1) present; or
 - (2) future—
 limited access system permit in the fishery for which the Program is established.

VI. Secretarial consultations are required, as appropriate, throughout the development and implementation of the Program, with—

- A. the Council;
- B. Federal agencies;
- C. State authorities;
- D. regional authorities;
- E. affected fishing communities (as defined in the Act);
- F. participants in the fishery;
- G. conservation organizations; and
- H. other interested parties (section 312(b)(4)).

VII. The Program may be funded by any combination of amounts—

- A. available under section 2(b)(1)(A)(iv) of the Saltonstall-Kennedy Act (section 312(c)(1)(A))³;
- B. appropriated for the purposes of implementing fishing capacity reduction programs under the Act (section 312(c)(1)(B));
- C. provided—
 1. from an industry fee system; and
 2. in accordance with section 1111 of title XI of the Merchant Marine Act, 1936 (section 312(c)(1)(C)); or
- D. provided from—
 3. any State source;
 4. any other public sources;
 5. private organizations; or
 6. non-profit organizations (section 312(c)(1)(D)).

³ Section 116(c) amends the Saltonstall-Kennedy Act, accordingly.

VIII. Funds for the Program, including any industry fees, must be paid into the fishing capacity reduction fund established under section 1111 of title XI of the Merchant Marine Act, 1936 (section 312(c)(2)).

IX. Industry fee system

A. If an industry fee system (section 312(d)) is necessary to fund the Program, the Secretary may conduct an industry referendum, but only if so requested by the Council (section 312(d)(1)(A)).

B. Prior to the referendum, the Secretary must—

1. consult with the Council to—
 - a. identify, to the extent practicable; and
 - b. notify—
 - all permit and vessel owners who would be affected by the Program (section 312(d)(1)(A)(i)); and
2. make available to such owners information about the industry fee system describing—
 - a. the schedule;
 - b. procedures; and
 - c. eligibility requirements—
 - for the referendum;
 - d. the proposed Program; and
 - e. the following specific elements of the fee system—
 - (1) amount;
 - (2) duration; and
 - (3) any other terms and conditions (section 312(d)(1)(A)(ii)).

C. 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 (section 312(d)(1)(B)).

D. Consistent with the industry fee system, the Secretary is authorized to establish such a system to—

1. fund the Program; and
2. repay debt obligations incurred pursuant to section 1111 of title XI of the Merchant Marine Act, 1936 (section 312(d)(2)).

E. Fees for the Program shall—

1. be determined by the Secretary; and
2. be adjusted from time to time by the Secretary as he considers necessary—
 - to ensure the availability of sufficient funds to repay debt obligations (section 312(d)(2)(A))⁴;
3. not exceed 5 percent of the ex-vessel value of all fish harvested from the fishery for which the program is established (section 312(d)(2)(B));
4. be deducted by the first ex-vessel fish purchaser from the proceeds otherwise payable to the seller and accounted for and forwarded by

⁴ It is self-evident that applicable law requires that the fees be fair and reasonable, and that they be supported by the administrative record.

- such fish purchaser to the Secretary in such manner as the Secretary may establish (section 312(d)(2)(C))⁵; and
5. be in effect only until such time as the debt obligation has been fully paid (section 312(d)(2)(D)).

X. Implementation Plan

- A. The Secretary, in consultation with the Council⁶ 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 the Program (section 312(e)(1)).
- B. The implementation plan shall—
1. define criteria for determining—
 - a. types; and
 - b. numbers of vessels—

which are eligible for participation in the program, taking into account—

 - (1) characteristics of the fisheries;
 - (2) requirements of the fishery management plans;
 - (3) needs of fishing communities; and
 - (4) the need to minimize program costs (section 312(e)(1)(A));

and
 2. 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 the Secretary deems to be reasonably necessary to meet the goals of the Program (section 312(e)(1)(B)). Note: Participation in the Program shall be voluntary, but the Secretary must ensure compliance by all who do participate. Section 312(b)(3).
- C. During the 60-day public comment period—
1. the Secretary must conduct a public hearing in each State affected by the Program (section 312(e)(2)(A)); and
 2. the Council⁷ must submit its comments and recommendations, if any, regarding—
 - a. the implementation plan; and
 - b. the regulations (section 312(e)(2)(B)).
- D. Within 45 days after the close of the public comment period, the Secretary, in consultation with the Council⁸, must—
1. analyze the public comments; and
 2. publish in the Federal Register—
 - a. the final implementation plan for the Program; and

⁵ This provision does not preclude structuring the Program to capture fees from latent permits. Several options can be conceived that would accomplish the purpose.

⁶ The cited section also refers to a State.

⁷ The cited section also refers to a State.

⁸ The cited section also refers to a State.

b. regulations for the Program (section 312(e)(3)).

XI. If Federal loan obligations are to be utilized—

- A. regulations are authorized and directed to be issued by the Secretary, as he deems necessary, to implement section 1111, title XI, Merchant Marine Act, 1936 (section 1111(d) thereof)⁹;**
- B. loan obligations for the Program—**
1. are limited to \$100 million in an unpaid principal amount outstanding (section 1111(b)(3) thereof);
 2. shall—
 - a. have a maturity of not longer than 20 years;
 - b. take such form; and
 - c. contain such conditions—
as the Secretary determines necessary (section 1111(b)(4) thereof); and
 3. must meet such requirements as the Secretary determines to be necessary for—
 - a. achieving the objectives of the Program; and
 - b. protecting the interest of the United States (section 1111(a) thereof).
- C. The annual rate of interest which obligors shall pay on direct loan obligations shall be fixed at two percent of the principal amount of such obligations outstanding plus such additional percent as the Secretary shall be obligated to pay as the interest cost of borrowing from the United States Treasury the funds with which to make such loans. Section 1112(b), Merchant Marine Act, 1936.**

Additional Considerations

The following additional points should be considered:

I. Fishery management plans will have to be amended, and related regulations will have to be promulgated, to conform with or facilitate the Program. Certain plan amendments and regulations, such as those that provide for the reduction or elimination of latent permits and for separability of crab and groundfish licenses, could and should be sought and secured concurrently with the development of the Program.

II. The National Marine Fisheries Service intends to require, as a condition of the Program, that the industry develop a "business plan" that will support federal loan obligations, by showing that the post-buyback industry will have a reasonable prospect of being economically strong enough to service the loan.

III. There is a possibility that some interest will be taken in utilizing the fisheries disaster relief provisions of the Act (section 312(a)) to launch the Program. These provisions,

⁹ The Secretary must establish a subaccount for the Program. Section 1111(b)(2), Merchant Marine Act, 1936.

however, may not fit the circumstances of the relevant crab fisheries, and could considerably delay and complicate the Program. The same observations may apply to the Interjurisdictional Fisheries Act (16 USC 4107).

V. Attention should be given to emerging guidelines for the national standards, to the pending decisions of the Secretary on the proposed LLP regulations, and to the requirements of the Administrative Procedures Act, the National Environmental Policy Act, the Regulatory Flexibility Act, E.O. 12866, and other applicable law. It is assumed that an Environmental Assessment/Regulatory Impact Review will be required for the Program.

I. PROBLEM STATEMENT

The BSAI Crab fisheries have become overcapitalized to the extent that conservation is threatened. There is presently no effective cap on participation, since the moratorium on entry of new participants to the fishery allows more than 750 vessels to participate. The pending License Limitation Plan, which is intended by the NPFMC to provide for more effective limited entry, will allow 364 vessels to participate in these fisheries as it is presently qualified (this is exclusive of the restricted licenses allowed for Norton Sound.) This is more effort than the fisheries will support.

The Bristol Bay red king crab stocks, for example, are at a low level of historic abundance and are being managed for rebuilding of these stocks. Despite this, the fishery dramatically exceeded its 1996 guideline harvest of five million pounds, taking more than eight million pounds. The Alaska Department of Fish and Game, which manages the fishery, testified to the Board of Fish in August, 1997, that the fishery was unmanageable at the level of participation in 1996, when 196 vessels fished. The Board responded with new regulations, severely restricting the number of pots each vessel may use, removing any requirement for advance notice of closure of the fishery, and furthermore declaring that during seasons in which more than 250 vessels register, the in-season management of the fishery is impossible, and a number of hours for the fishery will be set in advance of the season. This lack of in-season management could of course result in a repetition of the overharvest experienced in 1996, with the potential for damage to stocks, or just as easily and no less reliably, could result in a dramatic underharvest, protecting the resource while exacerbating the financial difficulties of a fleet which is already burdened by diminished income and increased burden of regulatory costs.

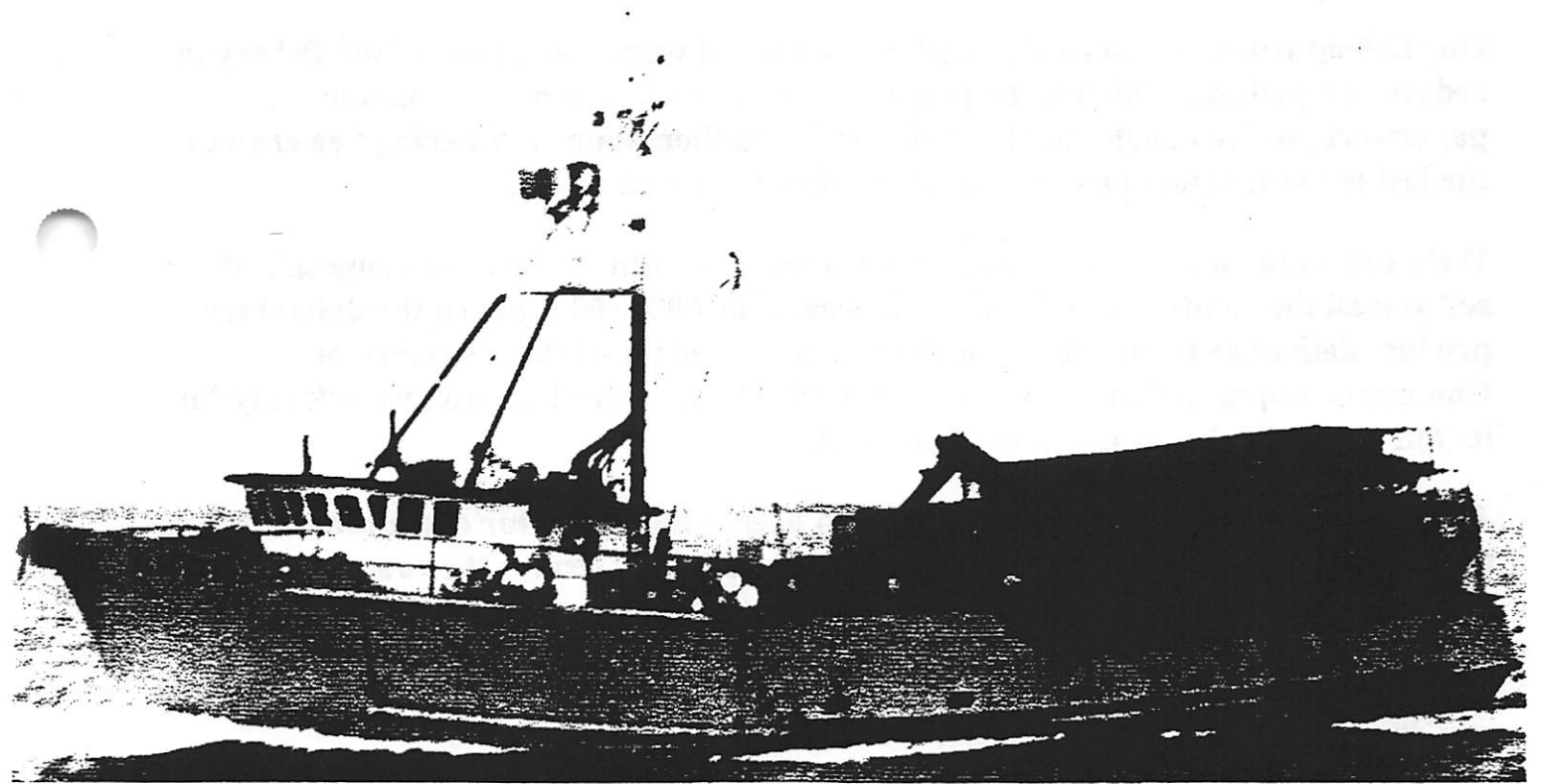
Each of the affected fisheries - the Bristol Bay king crab, Bering Sea tanner crab and Bering Sea and Aleutian Islands king crab fisheries - exhibits the strains of overcapacity: resource declines leading to overfishing and fishery closures, economic instability and loss of revenue to the participants and consequent costs and risks to those dependent on the fisheries: the industry, the communities and the crewmembers - risks to economic structure, stability and quality of life, and to life itself, as safety is impacted.

The objective of the Capacity Reduction and Buyback program is to obtain the maximum sustained reduction in fishing capacity in the Bering Sea and Aleutian Island FMP crab fisheries. This is to be accomplished through purchasing and permanently retiring licenses and endorsements which will be issued under the License Limitation Plan - at the least cost, and in a minimum period of time - in order to prevent overfishing, rebuild stocks and improve management of the fisheries. This program cost is to be met by assessment of those continuing to participate by holding licenses for the fisheries, and these participants will reap benefits of increased stability in the fisheries.



SEA KING, INC.

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September 23, 1997

**Mr. Rick Lauber, Chairman
North Pacific Fishery Management Council
605 west 4th Avenue, #306
Anchorage, AK 99501-2252**

Dear Mr. Lauber,

We read about the Council's proposed Bering Sea crab vessel buyback program in your last newsletter. We think it's a good idea and we'd like to volunteer to have our fishing vessel become a pilot project for you.

Our fishing vessel is exactly the kind of boat you'd want bought out of the fishery to reduce competition, which is the program's goal. As you can see from our paperwork, we've caught and landed over 7.3 million pounds of Bering Sea crab in the last ten years worth more than \$9-million dollars ex-vessel.

We'd like to be first in line to make the Council a legitimate buy-out proposal. We'll sell you all the rights to our BSAI crab license for 60% (60 cents on the dollar) for product deliveries from 1987 thru 1997 as documented. If the Secretary of Commerce requires that our vessel, F/V REBEL, be retired, as will, we ask only for its fair market value at the time of buyback.

Just a quick reminder, we are not idle crab license holders. Our catch record proves that. Buying-out steady producers like us will definitely reduce the competition in the Bering Sea crab fishery.

Thanks for considering our offer and we hope we can work out acceptable terms with you during 1998.

Sincerely,

Michael K. King - President of Sea King Inc.

Karen B. King - Secretary/Treasurer of Sea King Inc.

**SEA KING INC.
F/V REBEL**

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**SEA KING INC.
F/V REBEL
SUMMARY OF GRAND YTD BOAT TOTALS
1987 - 1997**

DATE	YTD POUNDS	YTD GROSS AMOUNT	REFERENCE PAGE
1987	632,391.0	\$689,239.86	3
1988	311,876.0	\$625,748.55	5
1989	264,246.0	\$967,112.47	6
1990	681,605.0	\$1,074,717.65	8
1991	1,535,256.0	\$1,216,112.42	11
1992	1,266,995.0	\$889,829.10	14
1993	908,428.0	\$891,422.90	16
1994	835,920.0	\$1,351,329.23	18
1995	267,541.0	\$634,828.00	20
1996	284,994.0	\$530,370.50	22
1997	362,236.0	\$296,511.45	23

GRAND TOTAL 7,351,488.0 \$9,167,222.13

SEA KING INC
 F/V REBEL
 CRAB SEASONS 1987

DATE	TICKET	BUYER	SPECIE	NUMBER OF FISH	POUNDS	PRICE	GROSS AMOUNT
1/6/87	85049739	TRIDENT SFDS.	OPILIO	80,555	99,875	\$0.75	\$74,908.25
3/3/87	85049581	TRIDENT SFDS.	OPILIO		109,105	\$0.70	\$76,373.50
3/17/87	86034327	TRIDENT SFDS.	OPILIO	80,036	97,280	\$0.67	\$65,177.60
5/13/87	85049750	TRIDENT SFDS.	OPILIO	46,319	55,583	\$0.77	\$42,798.91
5/24/87	86034379	SEA ALASKA	OPILIO	87,366	103,570	\$0.78	\$80,784.60
6/8/87	E382072	URSINS SFD.	OPILIO	33,016	49,095	\$1.10	\$54,004.50
4/22/87	8634237	ALYESKA SFDS.	OPILIO		34,900	\$0.80	\$27,920.00
YTD BOAT TOTALS				327,292	549,408	\$0.80	\$421,965.36
1/28/87	E381987	URSINS SFD.	BAIRDI		43,105	\$2.50	\$107,762.50
YTD BOAT TOTALS					43,105	\$2.50	\$107,762.50

SEA KING INC
F/V REBEL
CRAB SEASONS 1987

DATE	TICKET	BUYER	SPECIE	NUMBER OF FISH	POUNDS	PRICE	GROSS AMOUNT
10/9/87	85049822	TRIDENT SFD.	RED KING CRAB	3,485	19,939	\$4.00	\$79,756.00
10/9/87	85049823	TRIDENT SFD.	RED KING CRAB	3,485	19,939	\$4.00	\$79,756.00
YTD BOAT TOTALS				6,970	39,878	\$4.00	\$159,512.00
GRAND YTD BOAT TOTALS					632,391		\$689,239.86

SEA KING INC
F/V REBEL
CRAB SEASONS 1988

DATE	TICKET	BUYER	SPECIE	NUMBER OF FISH	POUNDS	PRICE	GROSS AMOUNT
3/13/88	86034454	TRIDENT SFD.	OPILIO	19,936	24,920	\$0.78	\$19,437.60
3/27/88	87018288	TRIDENT SFD.	OPILIO		7,100	\$0.78	\$5,538.00
5/3/88	87011058	ICICLE	OPILIO	28,054	38,995	\$0.88	\$34,315.60
6/18/88	85028863	TRIDENT SFD.	OPILIO	31,998	47,995	\$0.81	\$38,875.95
6/20/88	85049535	TRIDENT SFD.	OPILIO	53,546	64,255	\$0.81	\$52,046.55
7/3/88	E382135	URSIN SFD.	OPILIO		41,412	\$1.20	\$49,694.40
YTD BOAT TOTALS				133,532	224,677	\$0.88	\$199,908.10
8/7/88		EAST POINT SFDS.	BROWN KING CRAB		1,989	\$2.95	\$5,867.55
8/7/88	86039261	DEEP SEA	BROWN KING CRAB		630	\$2.90	\$1,827.00
12/4/88	86018188	ROYAL ALEUT.	BROWN KING CRAB		35	\$3.25	\$113.75
YTD BOAT TOTALS					2,654	\$3.03	\$7,808.30

SEA KING INC
F/V REBEL
CRAB SEASONS 1988

DATE	TICKET	BUYER	SPECIE	NUMBER OF FISH	POUNDS	PRICE	GROSS AMOUNT
9/6/88	49696	TRIDENT SFD.	BLUE KING CRAB		18,182	\$3.05	\$55,455.10
YTD BOAT TOTALS					18,182	\$3.05	\$55,455.10
10/4/88	86049424	WEST AK. FIS.	RED KING CRAB		39,865	\$5.55	\$221,250.75
11/15/88	85028906	TRIDENT SFD.	RED KING CRAB		1,460	\$5.05	\$7,373.00
12/4/88	86018188	ROYAL ALEUT.	RED KING CRAB		25,038	\$5.35	\$133,953.30
YTD BOAT TOTALS					66,363	\$5.32	\$362,577.05
GRAND YTD BOAT TOTALS					311,676		\$625,748.55

SEA KING INC
 F/V REBEL
 CRAB SEASONS 1989

DATE	TICKET	BUYER	SPECIE	NUMBER OF FISH	POUNDS	PRICE	GROSS AMOUNT
1/31/89	86049468	WESTERN AK.FIS	BAIRDI	27,550	75,635	\$2.90	\$219,341.50
2/5/89	86049482	WESTERN AK.FIS	BAIRDI	3,200	8,902	\$2.90	\$25,815.80
4/18/89	85042521	ALL ALASKAN SFDS	BAIRDI	22,000	56,244	\$3.22	\$181,105.68
5/9/89	85042522	ALL ALASKAN SFDS	BAIRDI	7,900	19,932	\$3.22	\$64,181.04
3/31/89	85014707	TRIDENT SFD.	BAIRDI	1,133	2,720	\$2.90	\$7,888.00
YTD BOAT TOTALS				61,783	163,433	\$3.03	\$496,332.02
10/9/89	89013857	GOLD SHAMROCK	RED KING CRAB	16,002	100,813	\$4.65	\$468,780.45
YTD BOAT TOTALS				16,002	100,813	\$4.65	\$468,780.45
GRAND YTD BOAT TOTALS					264,246		\$967,112.47

SEA KING INC
F/V REBEL
CRAB SEASONS 1990

DATE	TICKET	BUYER	SPECIE	NUMBER OF FISH	POUNDS	PRICE	GROSS AMOUNT
2/10/90	89004281	ICICLE SFD.	OPILIO#1	62,341	79,174	\$0.48	\$38,003.52
2/10/90	89004281	ICICLE SFD.	OPILIO#2	1,272	1,616	\$0.38	\$614.08
2/16/90	89004294	ICICLE SFD.	OPILIO#1	44,051	62,994	\$0.55	\$34,646.70
2/16/90	89004294	ICICLE SFD.	OPILIO#2	675	966	\$0.38	\$367.08
3/6/90	89004332	ICICLE SFD.	OPILIO#1	34,759	48,663	\$0.55	\$26,764.65
3/6/90	89004332	ICICLE SFD.	OPILIO#2	844	1,182	\$0.38	\$449.16
3/20/90	89004353	ICICLE SFD.	OPILIO#1	24,247	30,309	\$0.63	\$19,094.67
3/20/90	89004353	ICICLE SFD.	OPILIO#2	568	711	\$0.53	\$376.83
4/1/90	89007785	ICICLE SFD.	OPILIO#1	3,181	4,199	\$0.64	\$2,687.36
4/1/90	89007785	ICICLE SFD.	OPILIO#2	65	86	\$0.54	\$46.44
4/21/90	89007828	ICICLE SFD.	OPILIO#1	40,039	52,051	\$0.64	\$33,312.64
4/21/90	89007828	ICICLE SFD.	OPILIO#2	384	499	\$0.54	\$269.46
5/25/90	89004197	ICICLE SFD.	OPILIO#1		53,297	\$0.63	\$33,577.11
5/25/90	89004197	ICICLE SFD.	OPILIO#2		8,543	\$0.50	\$4,271.50
6/12/90	84028385	WESTERN AK.FIS.	OPILIO#1	85,263	93,789	\$0.95	\$89,099.55
6/12/90	84028385	WESTERN AK.FIS.	OPILIO #2	12,613	13,874	\$0.85	\$11,792.90
YTD BOAT TOTALS				310,302	451,953	\$0.57	\$285,373.65

SEA KING INC
F/V REBEL
CRAB SEASONS 1990

DATE	TICKET	BUYER	SPECIE	NUMBER OF FISH	POUNDS	PRICE	GROSS AMOUNT
2/10/90	89004280	ICICLE SFD.	BAIRDI	4,018	8,840	\$2.10	\$18,584.00
2/16/90	89004293	ICICLE SFD.	BAIRDI	1,041	2,290	\$2.10	\$4,809.00
2/17/90	890004317	ICICLE SFD.	BAIRDI	363	800	\$2.20	\$1,760.00
3/8/90	89004333	ICICLE SFD.	BAIRDI	272	600	\$2.20	\$1,320.00
3/20/90	89004332	ICICLE SFD.	BAIRDI	381	840	\$2.20	\$1,848.00
4/1/90	89007786	ICICLE SFD.	BAIRDI	77	170	\$1.85	\$314.50
4/21/90	89007829	ICICLE SFD.	BAIRDI	924	2,126	\$1.85	\$3,933.10
12/19/90	86049840	WESTERN AK.FIS.	BAIRDI	35,000	83,544	\$1.35	\$112,784.40
YTD BOAT TOTALS				42,076	99,210	\$1.98	\$145,333.00
9/9/90	90000142	ALL ALASKAN SFD.	BLUE KING CRAB		38,800	\$3.35	\$129,980.00
YTD BOAT TOTALS					38,800	\$3.35	\$129,980.00
11/16/90	86049831	WESTERN AK.FIS.	RED KING CRAB	13,282	91,642	\$5.50	\$504,031.00
YTD BOAT TOTALS				13,282	91,642	\$5.50	\$504,031.00
GRAND YTD BOAT TOTALS					681,605		\$1,074,717.05

SEA KING INC
F/V REBEL
CRAB SEASONS 1991

DATE	TICKET	BUYER	SPECIE	NUMBER OF FISH	POUNDS	PRICE	GROSS AMOUNT
1/21/91		ICICLE	OPILIO		18,927.0	\$0.50	\$9,463.50
2/8/91	90000252	ALLALASKAN	OPILIO		53,220.0	\$0.50	\$26,610.00
2/11/91	90000261	ALLALASKAN	OPILIO		27,500.0	\$0.50	\$13,750.00
2/18/91	90000286	ALLALASKAN	OPILIO#1		35,706.6	\$0.50	\$17,853.30
2/18/91	90000286	ALLALASKAN	OPILIO#2		7,313.4	\$0.30	\$2,194.02
2/25/91	90000300	ALLALASKAN	OPILIO		111,000.0	\$0.50	\$55,500.00
3/4/91	86049687	WESTERN AK. FIS.	OPILIO	38,509	47,366.0	\$0.60	\$28,419.60
4/5/91	89000040	ALL ALASKAN	OPILIO		108,924.0	\$0.50	\$54,462.00
4/12/91	90000391	ALL ALASKAN	OPILIO		73,980.0	\$0.50	\$36,990.00
4/19/91	90000403	ALL ALASKAN	OPILIO		99,982.0	\$0.50	\$49,991.00
4/27/91	90007242	UNIPAC CORP	OPILIO	90,300	83,917.0	\$0.45	\$37,762.65
5/6/91	90000427	ALLALASKAN	OPILIO		15,380.0	\$0.50	\$7,690.00
5/17/91	90000439	ALLALASKAN	OPILIO		118,410.0	\$0.42	\$49,732.20
5/29/91	90000450	ALLALASKAN	OPILIO		105,740.0	\$0.42	\$44,410.80

SEA KING INC
F/V REBEL
CRAB SEASONS 1991

DATE	TICKET	BUYER	SPECIE	NUMBER OF FISH	POUNDS	PRICE	GROSS AMOUNT
6/5/91	90000461	ALLALASKAN	OPILIO		120,940.0	\$0.45	\$54,423.00
6/14/91	90000477	ALLALASKAN	OPILIO		98,320.0	\$0.50	\$49,160.00
6/27/91	90000502	ALLALASKAN	OPILIO#1		46,761.0	\$0.50	\$23,380.50
6/27/91	90000502	ALLALASKAN	OPILIO#2		5,779.0	\$0.30	\$1,733.70
YTD BOAT TOTALS					1,179,166.0	\$0.47	\$553,526.27
1/21/91		ICICLE SFDS.	BAIRDI		80,770.0	\$1.25	\$100,962.50
2/8/91	90000253	ALL ALASKAN SFDS.	BAIRDI		29,460.0	\$1.25	\$36,825.00
2/18/91	90000287	ALL ALASKAN SFDS.	BAIRDI		240.0	\$1.25	\$300.00
2/25/91	90000301	ALL ALASKAN SFDS.	BAIRDI		820.0	\$1.25	\$1,025.00
12/5/91	90003349	UNIPAC CORP.	BAIRDI		58,262.0	\$1.50	\$87,393.00
12/14/91	90000547	ALL ALASKAN	BAIRDI		73,110.0	\$1.50	\$109,665.00
12/20/91		YAK INC.	BAIRDI		11,134.0	\$1.60	\$17,814.40

SEA KING INC
F/V REBEL
CRAB SEASONS 1991

DATE	TICKET	BUYER	SPECIE	NUMBER OF FISH	POUNDS	PRICE	GROSS AMOUNT
YTD BOAT TOTALS					253,798.0	\$1.37	\$353,984.90
9/22/91	91013454	PRO SURVEY	BLUE KING CRAB		45,139.0	\$2.50	\$112,847.50
YTD BOAT TOTALS					45,139.0	\$2.50	\$112,847.50
11/12/91	90000525	ALL ALASKAN	RED KING CRAB	8,793	57,155.0	\$3.25	\$185,753.75
YTD BOAT TOTALS					57,155.0	\$3.25	\$185,753.75
GRAND YTD BOAT TOTALS					1,535,266.0		\$1,216,112.42

SEA KING INC
 F/V REBEL
 CRAB SEASONS 1992

DATE	TICKET	BUYER	SPECIE	NUMBER OF FISH	POUNDS	PRICE	GROSS AMOUNT
1/8/92	90000562	ALLALASKAN	BAIRDI		28,790	\$1.60	\$46,064.00
1/13/92	90000567	ALLALASKAN	BAIRDI		6,480	\$1.60	\$10,368.00
1/17/92	90000572	ALLALASKAN	BAIRDI		4,400	\$1.60	\$7,040.00
1/20/92	89000155	ALLALASKAN	BAIRDI		1,284	\$1.60	\$2,054.40
1/22/92	89000161	ALLALASKAN	BAIRDI		720	\$1.70	\$1,224.00
2/24/92	90000617	ALLALASKAN	BAIRDI		360	\$1.70	\$612.00
2/13/92	89000191	ALLALASKAN	BAIRDI		281	\$1.70	\$477.70
2/21/92	92018009	ALLALASKAN	BAIRDI		347	\$1.70	\$589.90
2/28/92	92018027	ALLALASKAN	BAIRDI		150	\$1.70	\$255.00
3/4/92	92018043	ALLALASKAN	BAIRDI		83	\$1.70	\$141.10
3/12/92	92018067	ALLALASKAN	BAIRDI		54	\$1.70	\$91.80
3/19/92	90000718	ALLALASKAN	BAIRDI		180	\$1.70	\$306.00
4/1/92	92018113	ALLALASKAN	BAIRDI		911	\$1.70	\$1,548.70
11/22/92	91012501	SNOPAC	BAIRDI		34,842	\$1.50	\$52,263.00
12/4/92	91001293	ALLALASKAN	BAIRDI		16,387	\$1.50	\$24,580.50
YTD BOAT TOTALS					95,269	\$1.65	\$147,616.10

SEA KING INC
F/V REBEL
CRAB SEASONS 1992

DATE	TICKET	BUYER	SPECIE	NUMBER OF FISH	POUNDS	PRICE	GROSS AMOUNT
1/20/92	89000156	ALLALASKAN	OPILIO		71,512	\$0.50	\$35,756.00
1/22/92	89000162	ALLALASKAN	OPILIO		93,890	\$0.50	\$46,945.00
2/4/92	90000816	ALLALASKAN	OPILIO		109,210	\$0.50	\$54,605.00
2/8/92	90000826	ALLALASKAN	OPILIO		15,030	\$0.50	\$7,515.00
2/10/92	89000180	ALLALASKAN	OPILIO		89,755	\$0.50	\$44,877.50
2/21/92	92018008	ALLALASKAN	OPILIO		111,213	\$0.50	\$55,606.50
2/28/92	92018026	ALLALASKAN	OPILIO		99,541	\$0.50	\$49,770.50
3/4/92	92018042	ALLALASKAN	OPILIO		105,638	\$0.50	\$52,819.00
3/12/92	92018068	ALLALASKAN	OPILIO		85,593	\$0.50	\$42,796.50
3/19/92	90000719	ALLALASKAN	OPILIO		50,190	\$0.50	\$25,095.00
3/25/92	89000052	ALLALASKAN	OPILIO		14,967	\$0.50	\$7,483.50
4/1/92	92018112	ALLALASKAN	OPILIO		19,348	\$0.50	\$9,674.00
4/9/92	92018130	ALLALASKAN	OPILIO		71,720	\$0.50	\$35,860.00
4/15/92	92018143	ALLALASKAN	OPILIO		53,190	\$0.50	\$26,595.00
4/23/92	90000812	ALLALASKAN	OPILIO		39,860	\$0.50	\$19,830.00
YTD BOAT TOTALS					1,132,031	\$0.50	\$566,015.50

SEA KING INC
F/V REBEL
CRAB SEASONS 1992

DATE	TICKET	BUYER	SPECIE	NUMBER OF FISH	POUNDS	PRICE	GROSS AMOUNT
9/7/92	91001303	ALLALASKAN	BLUE KING CRAB		12,730	\$3.25	\$41,372.50
YTD BOAT TOTALS					12,730	\$3.25	\$41,372.50
11/9/92	91000124	ALLALASKAN	RED KING CRAB		26,965	\$5.00	\$134,825.00
YTD BOAT TOTALS					26,965	\$5.00	\$134,825.00
GRAND YTD BOAT TOTALS					1,266,996		\$689,629.10

SEA KING INC
F/V REBEL
CRAB SEASONS 1993

DATE	TICKET	BUYER	SPECIE	NUMBER OF FISH	POUNDS	PRICE	GROSS AMOUNT
1/22/93	C91001340	ALL ALASKAN	OPILIO		42,025	\$0.65	\$27,316.25
1/27/93	C92018177	ALL ALASKAN	OPILIO		74,727	\$0.65	\$48,572.55
2/1/93	C89002255	ALL ALASKAN	OPILIO		95,021	\$0.65	\$61,763.65
2/6/93	C92018199	ALL ALASKAN	OPILIO		61,136	\$0.65	\$39,738.40
2/12/93	C89000117	ALL ALASKAN	OPILIO		63,643	\$0.65	\$41,367.95
2/21/93	C89002286	ALL ALASKAN	OPILIO		111,538	\$0.65	\$72,499.70
2/26/93	C89002299	ALL ALASKAN	OPILIO		110,285	\$0.65	\$71,685.25
3/6/93	C89000865	ALL ALASKAN	OPILIO		99,582	\$0.65	\$64,728.30
3/16/93	C90000873	ALL ALASKAN	OPILIO		120,994	\$0.65	\$78,646.10
YTD BOAT TOTALS					778,951	0.65	\$508,316.16
1/22/93		ALL ALASKAN	BAIRDI		6,705	\$1.60	\$10,728.00
1/27/93		ALL ALASKAN	BAIRDI		505	\$1.60	\$808.00

SEA KING INC
F/V REBEL
CRAB SEASONS 1993

DATE	TICKET	BUYER	SPECIE	NUMBER OF FISH	POUNDS	PRICE	GROSS AMOUNT
2/12/93		ALL ALASKAN	BAIRDI		60	\$1.60	\$96.00
3/26/93		ALL ALASKAN	BAIRDI		4,846	\$1.60	\$7,753.60
11/14/93	FT#037276	KING CRAB INC	BAIRDI		10,568	\$2.05	\$21,664.40
12/5/93	C92019108	ALL ALASKAN	BAIRDI		9,446	\$1.80	\$17,002.80
12/13/93	C92031324	F/D PIONEER	BAIRDI		10,436	\$2.50	\$26,090.00
12/17/93	FT#01492	WESTERN AK. FIS.	BAIRDI		4,424	\$2.05	\$9,069.20
YTD BOAT TOTALS					46,990	\$1.85	\$83,212.00
9/18/93	C92019001	ALL ALASKAN	BLUE KING CRAB		22,333	\$2.85	\$63,649.05
9/23/93	C92031736	UNIPAK	BLUE KING CRAB		16,458	\$2.85	\$46,905.30
YTD BOAT TOTALS					38,791	\$2.85	\$110,554.35
11/14/93	FT#037276	KING CRAB INC.	RED KING CRAB		43,696	\$4.15	\$181,338.40
YTD BOAT TOTALS					43,696	\$4.15	\$181,338.40
GRAND YTD BOAT TOTALS					908,426		\$891,422.00

SEA KING INC
F/V REBEL
CRAB SEASONS 1994

DATE	TICKET	BUYER	SPECIE	NUMBER OF FISH	POUNDS	PRICE	GROSS AMOUNT
1/27/94	92019501	ALL ALASKAN	OPILIO	75,980	91,176	\$1.17	\$108,675.92
2/4/94	91012869	SNOPAC	OPILIO	81,382	112,715	\$1.25	\$140,893.75
2/9/94	92019520	ALL ALASKAN	OPILIO	69,000	110,301	\$1.17	\$129,052.17
2/16/94	92019532	ALL ALASKAN	OPILIO	85,749	119,192	\$1.17	\$139,454.64
2/22/94	92019542	ALL ALASKAN	OPILIO	79,671	105,167	\$1.17	\$123,045.39
2/26/94	92019549	ALL ALASKAN	OPILIO	73,121	99,198	\$1.17	\$116,081.66
3/7/94	92019568	ALL ALASKAN	OPILIO#1	54,172	81,259	\$1.60	\$130,014.40
3/7/94	92019568	ALL ALASKAN	OPILIO#2	4,170	5,830	\$1.17	\$6,587.10
YTD BOAT TOTALS				523,245	724,838	\$1.23	\$891,785.03
9/24/94	C025062	ICICLE SFD.	BLUE KING CRAB	10,581	48,054	\$4.30	\$208,632.20
YTD BOAT TOTALS				10,581	48,054	\$4.30	\$208,632.20

SEA KING INC
 F/V REBEL
 CRAB SEASONS 1994

DATE	TICKET	BUYER	SPECIE	NUMBER OF FISH	POUNDS	PRICE	GROSS AMOUNT
11/15/94	92029884	ICICLE SFDS.	BAIRDI	22,352	47,187	\$4.00	\$188,748.00
11/23/94	92001597	UNISEA SFDS.	BAIRDI		16,041	\$4.00	\$64,164.00
YTD BOAT TOTALS					63,228	\$4.00	\$252,912.00
GRAND YTD BOAT TOTALS					835,920		\$1,351,329.23

SEA KING INC
F/V REBEL
CRAB SEASONS 1995

DATE	TICKET	BUYER	SPECIE	NUMBER OF FISH	POUNDS	PRICE	GROSS AMOUNT
1/24/95	92005256	SNOPAC	OPILIO		116,012	\$2.25	\$261,027.00
2/9/95	92005277	SNOPAC	OPILIO		20,088	\$2.25	\$45,198.00
2/12/95	92005282	SNOPAC	OPILIO		30,326	\$2.25	\$68,233.50
2/18/95	92005290	SNOPAC	OPILIO		49,278	\$2.60	\$128,122.80
YTD BOAT TOTALS					215,704	\$2.34	\$502,581.30
9/17/95	C95011502	PETER PAN	BLUE KING CRAB		26,155	\$2.25	\$58,848.75
9/22/95		ROYAL ALEUTIAN SFD.	BLUE KING CRAB		16,111	\$2.45	\$39,471.95
9/22/95		ROYAL ALEUTIAN SFD.	BLUE KING CRAB		(PRICE ADJ.)	\$0.15	\$2,416.65
YTD BOAT TOTALS					42,266	\$1.62	\$100,737.35

SEA KING INC
 F/V REBEL
 CRAB SEASONS 1995

DATE	TICKET	BUYER	SPECIE	NUMBER OF FISH	POUNDS	PRICE	GROSS AMOUNT
10/7/95		TRIDENT SFD.	BROWN KING CRAB		410	\$2.00	\$820.00
YTD BOAT TOTALS					410	\$2.00	\$820.00
11/20/95	CB010177	KING CRAB INC.	BAIRDI		9,161	\$3.35	\$30,689.35
YTD BOAT TOTALS					9,161	\$3.35	\$30,689.35
GRAND YTD BOAT TOTALS					267,541		\$834,628.00

SEA KING INC
F/V REBEL
CRAB SEASONS 1996

DATE	TICKET	BUYER	SPECIE	NUMBER OF FISH	POUNDS	PRICE	GROSS AMOUNT
2/8/96	91012959	SNOPAC	OPILIO	74,122	76,345	\$1.35	\$103,065.75
2/20/96	91012988	SNOPAC	OPILIO	70,463	88,079	\$1.35	\$118,908.65
2/20/96	91012988	SNOPAC	SMALL OPILIO	258	323	\$0.65	\$209.95
3/4/96	91012981	SNOPAC	OPILIO	41,559	51,727	\$1.55	\$80,176.85
3/4/96	91012981	SNOPAC	SMALL OPILIO	178	222	\$0.65	\$144.30
YTD BOAT TOTALS				186,580	216,696	\$1.11	\$302,503.50
9/30/96	94014250	TRIDENT SFDS.	BLUE KING CRAB		26,150	\$2.40	\$62,760.00
YTD BOAT TOTALS					26,150	\$2.40	\$62,760.00
11/9/96	92009839	SNOPAC	RED KING CRAB	6,105	39,682	\$4.00	\$158,728.00
YTD BOAT TOTALS					39,682	\$4.00	\$158,728.00

SEA KING INC
 F/V REBEL
 CRAB SEASONS 1998

DATE	TICKET	BUYER	SPECIE	NUMBER OF FISH	POUNDS	PRICE	GROSS AMOUNT
11/9/98	92009838	SNOPAC	BAIRDI	784	2,038	\$2.50	\$5,095.00
11/27/98	89010532	WESTERN AK.FIS.	BAIRDI	200	428	\$3.00	\$1,284.00
YTD BOAT TOTALS				984	2,466	\$2.75	\$6,379.00
GRAND YTD BOAT TOTALS					284,984		\$538,370.50

SEA KING INC
F/V REBEL
CRAB SEASONS 1997

DATE	TICKET	BUYER	SPECIE	NUMBER OF FISH	POUNDS	PRICE	GROSS AMOUNT
2/7/97	91012915	SNOPAC	OPILIO	53,792	55,944	\$0.90	\$50,349.60
2/16/97	91012926	SNOPAC	OPILIO	90,594	109,619	\$0.90	\$98,657.10
2/26/97	91012941	SNOPAC	OPILIO	46,200	50,360	\$0.75	\$37,770.00
3/3/97	91012809	SNOPAC	OPILIO	18,160	20,521	\$0.75	\$15,390.75
3/10/97	91012819	SNOPAC	OPILIO	33,674	40,409	\$0.75	\$30,308.75
3/23/97	91012837	SNOPAC	OPILIO	69,985	85,383	\$0.75	\$64,037.25
YTD BOAT TOTALS				312,405	362,236	\$0.80	\$298,511.45
GRAND YTD BOAT TOTALS					362,236		\$298,511.45

U.S. COAST GUARD VESSEL DOCUMENTATION RENEWAL DECAL FORM

Attached is a decal which indicates that the Certificate of Documentation for the vessel named above has been renewed for the next year. The Certificate of Documentation expires on the last day of the month and year indicated on the decal. The official number of your vessel is shown on the decal. Please verify that the number is the same as is shown on the document and report any discrepancies to this office.

Please remove the decal below from its backing and affix the new decal on the back of the Certificate of Documentation. If all the blocks on the back are filled with decals, place the new decal over the oldest decal. The placement of the decal is the last step in the renewal process. THE DECAL MUST BE AFFIXED TO THE DOCUMENT TO INDICATE THE CURRENT STATUS OF THE VESSEL. If any changes occur prior to next year's renewal (i.e.: address, ownership, dimensions, etc.) please contact this office immediately in writing.

Note: On Certificates of Documentation issued

prior to May 2, 1988, cover the existing decal with the enclosed decal.

SEA KING INC
PO BOX 286
MAGNOLIA SPRINGS, AL 36555

CG-1280A (REV. 3-87)




DEPT. OF TRANSP. USCG, CG-1280A (REV. 3-87)
PREVIOUS EDITIONS ARE OBSOLETE

SN 7530-01-GF3-3060

MASTER LICENSE SERVICE

REGISTRATIONS AND LICENSES



STATE OF WASHINGTON

UNIFIED BUSINESS ID #: 601 440 613
BUSINESS ID #: 001

EXPIRES : 02-28-1998

ORGANIZATION TYPE
DOMESTIC PROFIT CORPORATION

SEA KING, INC.
10831 VALMAY AVE NW
SEATTLE WA 98177

DOMESTIC PROFIT CORPORATION
RENEWED BY AUTHORITY OF SECRETARY OF STATE

The above entity has been issued the business registrations or licenses listed
 DEPARTMENT OF LICENSING, BUSINESS & PROFESSIONS DIVISION
 P.O. BOX 9034, OLYMPIA, WA 98507-9034

Joseph P. ...
 Director, Department of Licensing

COMMERCIAL FISHERIES ENTRY COMMISSION8800 Glacier Highway, #109
Juneau, Alaska 99801
Phone (907) 789-6150

State of Alaska

**1997 VESSEL LICENSE RECEIPT CARD***(this license must be kept on board vessel)*Vessel OwnerSEA KING INC
10831 VALMAY NW
SEATTLE WA 98177Vessel Description

34189	REBEL	596135	98
ADF&G No.	Vessel Name	USCG Reg. or Doc. No.	Overall Length
IRON STEEL ALLOY	196	136	BENDER
Hull Construction	Gross Tons	Net Tons	Make/Model
			1978
			Year Built

Vessel Activities

Salmon Troll Registration Effective Date

Salmon Net Area Salmon Net Permits

FISHING, TENDER

Types of Vessel Activity

11 25 1996 D \$250
Date of Issuance Fee Class and Amount Paid
Signature of Vessel Owner or Authorized Agent

(circle whichever applies)

THE VESSEL OWNER OR OPERATOR MUST CERTIFY THAT THIS INFORMATION IS CORRECT BY SIGNING THIS LICENSE RECEIPT. IT MUST BE KEPT ON BOARD THE VESSEL AT ALL TIMES WHILE ENGAGED IN FISHING ACTIVITY. Please refer to the back of this form for information concerning the vessel license and vessel identification requirements. If the Vessel License Receipt Card or the annual decal is lost or damaged, a duplicate may be requested by submitting a Request for Duplicate License (form 01-806) with the appropriate fee. To record a change of ownership, return the Vessel License Receipt Card with a Vessel License Change of Information (form 01-824).

A vessel license is required for any vessel which engages in commercial fishing activities in the state of Alaska, including charter service for the recreational taking of fish and shellfish. This also includes fishing vessels, tenders, packers, processors and any vessel which assists another vessel in these activities as well as supply, storage, refrigeration or transportation. (AS 16.05.475) There is an exemption from the licensing requirement for vessels used ONLY at salmon set net sites, or to harvest salmon in state waters between the latitudes of Point Romanof and Cape Newenham, or in state water surrounding Nunivak Island. (see AS 16.05.495).

Vessel License Size Classes: (based on overall length defined as "the horizontal distance between the outboard side of the foremost part of the stern and the outboard side of the aftermost part of the stem, excluding rudders, outboard motor brackets and other similar attachments".

A - 25' and under
B - over 25' through 50'C - over 50' through 75'
D - over 75' through 150'E - over 150' through 250'
F - over 250'

United States Department of Commerce
 National Oceanic and Atmospheric Administration
 National Marine Fisheries Service
 Restricted Access Management Division
 P.O. Box 21668
 Juneau, Alaska 99802-1668

OFFICIAL BUSINESS
 PENALTY FOR PRIVATE USE, \$300

FIRST CLASS MAIL

TO: SEA KING, INC.
 PO BOX 238
 MAGNOLIA SPRINGS, AL 36555


FEDERAL FISHERIES/PROCESSOR PERMIT ENCLOSED

Logbook Code(s)



AK993689A

LCV

NOAA 88156 (1-80)

ISSUING NMFS OFFICE: Restricted Access Management Division P.O. Box 21668 Juneau, AK 99802-1668		UNITED STATES DEPARTMENT OF COMMERCE National Oceanic and Atmospheric Administration National Marine Fisheries Service
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FEDERAL FISHERIES/PROCESSOR PERMIT

SEA KING, INC. PO BOX 238 MAGNOLIA SPRINGS, AL 36555	Vessel or Processor Name REBEL <table border="1"> <thead> <tr> <th data-bbox="755 1510 917 1542">Official No.</th> <th data-bbox="917 1510 1079 1542">ADF&G No.</th> <th data-bbox="1079 1510 1242 1542">Tons</th> <th data-bbox="1242 1510 1510 1542">Length</th> </tr> </thead> <tbody> <tr> <td data-bbox="755 1542 917 1574">596135</td> <td data-bbox="917 1542 1079 1574">34189</td> <td data-bbox="1079 1542 1242 1574">56</td> <td data-bbox="1242 1542 1510 1574">98</td> </tr> </tbody> </table> Homeport SEATTLE, WA				Official No.	ADF&G No.	Tons	Length	596135	34189	56	98
Official No.	ADF&G No.	Tons	Length									
596135	34189	56	98									
Fisheries Permit Number AK993689A	Date Issued 23-DEC-96	Date Expires 31-DEC-99										
Fisheries Permitted <input checked="" type="checkbox"/> Vessel GOA Groundfish Pot gear BSA Groundfish												
 Chief, Restricted Access Management Division	Owner's Signature 											

See reverse side for permit conditions and information

ISSUING NMFS OFFICE:

Restricted Access Management
P.O. Box 21668
Juneau, AK 99802-1668



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
National Marine Fisheries Service



FEDERAL VESSEL MORATORIUM PERMIT

<i>Permit Number</i>	<i>Date Issued</i>	<i>Date Expires</i>	<i>Vessel Name</i>		
MP3071B	05/17/96	12/31/98	REBEL		
<i>Vessel Owner's Name & Address</i>			<i>Official No.</i>	<i>ADF&G No.</i>	<i>Length Overall</i>
SEA KING INC PO BOX 238 MAGNOLIA SPRINGS, AL 36555			596135	34189	98
			<i>Qualification Number</i>	<i>Maximum Length Overall</i>	
			6147B	118	
<i>Fishery - Gear Endorsements</i>					
Crab Fisheries/Pot Gear Groundfish Fisheries/Pot Gear					
<i>Chief, Restricted Access Management Division</i>			<i>Owner's Signature</i>		
 CHIEF, RESTRICTED ACCESS MANAGEMENT DIVISION					

See reverse side for permit conditions and information.

Certificate of Moratorium Qualification

Qualification No. 6147B

Transferability Status: YES

EXPIRES: 12/31/98

Issued to: SEA KING INC

Owner ID: 911022218

Vessel:	Name:	REBEL
	ADF&G No.	34189
	USCG No.	596135
	LOA (feet):	98
	MLOA (feet):	118

Endorsements:

Crab Fisheries/Pot Gear

Groundfish Fisheries/Pot Gear

This Certificate of Moratorium Qualification is issued pursuant to the requirements and limitations of the Vessel Moratorium Program, as codified in Federal Regulations, Part 676, Subpart A.



By Direction of the
National Marine Fisheries Service
Steven Pennoyer, Alaska Regional Director
5/17/96

By: Philip J. Smith Date: _____
Philip J. Smith, Chief
Restricted Access Management Division



SEA KING, INC.

F/V REBEL
10831 Valmay N.W.
Seattle, WA 98177
(206) 365-6230



GROUND FISH FORUM, INC.

4215 21st Avenue W. Suite #201
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 tows were 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

Exempt Vessels?

ARN' Thomson
c-6

(iii) A catcher vessel or catcher/processor vessel that does not exceed 60 ft (18.3 m) LOA may use a maximum of 5 jig machines, one line per jig machine, and a maximum of 15 hooks per line, to conduct directed fishing for license limitation groundfish in the Bering Sea and Aleutian Islands management area without a groundfish license; or

(iv) A catcher vessel or catcher/processor vessel that does not exceed 125 ft (38.1 m) LOA, and that was, after November 18, 1992, specifically constructed for and used exclusively in accordance with a CDQ approved by the Secretary of Commerce under subpart C of this part, and is designed and equipped to meet specific needs that are described in the CDQ. P

(3) Vessel designations and vessel length categories--

(i) General. A license can be used only on a vessel that complies with the vessel designation specified on the license and that has an LOA less than or equal to the MLOA specified on the license.

(ii) Vessel designations--

(A) Catcher vessel. A license will be assigned the vessel designation of catcher vessel if:

(1) For license limitation groundfish, no license limitation groundfish were processed on the vessel that qualified for the groundfish license under paragraph (i)(4) of this section during the period January 1, 1994, through June 17, 1995, or in the most recent calendar year of participation during the area endorsement qualifying period specified in paragraph (i)(4)(ii) of this section; or

(2) For crab species, no crab species were processed on the vessel that qualified for the crab species license under paragraph (i)(5) of this section during the period January 1, 1994, through December 31, 1994, or in the most recent calendar year of participation during the area/species endorsement qualifying period specified in paragraph (i)(5)(ii) of this section.

(B) Catcher/processor vessel. A license will be assigned the vessel designation of catcher/processor vessel if:

(1) For license limitation groundfish, license limitation groundfish were processed on the vessel that qualified for the groundfish license under paragraph (i)(4) of this section during the period January 1, 1994, through June 17, 1995, or in the most recent calendar year of participation during the area endorsement qualifying period specified in paragraph (i)(4)(ii) of this section; or

(2) For crab species, crab species were processed on the vessel that qualified for the crab species license under paragraph (i)(5) of this section during the period January 1, 1994, through December 31, 1994, or in the most recent calendar year of participation during the area endorsement qualifying period specified in paragraph (i)(5)(ii) of this section.

(C) Changing a vessel designation. A person who holds a groundfish license or a crab species license with a catcher/processor vessel designation may, upon request to the Regional Administrator, have the license reissued with a catcher vessel designation. The vessel designation change to a catcher vessel will be permanent and that license will be valid for only those activities specified in the definition of catcher vessel designation at Sec. 679.2.

(iii) Vessel length categories. A license will be assigned one of the following three vessel length categories based on its LOA on June 17, 1995:

(A) Vessel length category "A" if the LOA of the qualifying vessel on June 17, 1995, was equal to or greater than 125 ft (38.1 m) LOA.

(B) Vessel length category "B" if the LOA of the qualifying vessel on June 17, 1995, was equal to or greater than 60 ft (18.3 m) but less than 125 ft (38.1 m) LOA.

(C) Vessel length category "C" if the LOA of the qualifying vessel on June 17, 1995, was less than 60 ft (18.3 m) LOA.

(4) Qualifications for a groundfish license. A groundfish license will be issued to an eligible applicant who owned a vessel that meets the criteria in paragraphs (i)(4)(i) and (i)(4)(ii) of this section.

(i) General qualification periods (GQP). (A) To qualify for one or more of the area endorsements in paragraphs (i)(4)(ii)(A) and (i)(4)(ii)(B) of this section, a vessel must have made at least one legal landing of any amount of license limitation groundfish species harvested in the Bering Sea and Aleutian Islands management area or in State waters shoreward of that management area from:

(1) January 1, 1988, through June 27, 1992;

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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

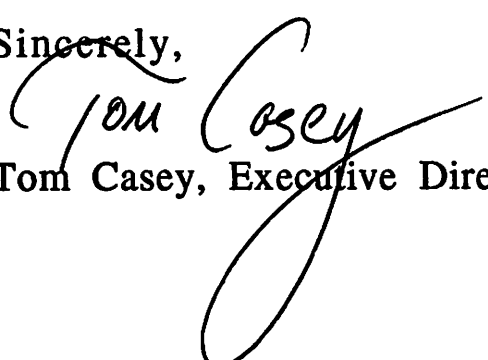
Rollie,

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