MEMORANDUM

TO: Council, SSC and AP Members

FROM: Clarence G. Pautzke
Executive Director

DATE: September 16, 1993

SUBJECT: Comprehensive Planning

ESTIMATED TIME

4 HOURS

ACTION REQUIRED

(a) Progress report.

(b) Status report on Moratorium implementation.

(c) Review discussion papers on specific issues.

(d) Evaluate elements and options for IFQ program and crab License Limitation program.

(e) Review RFP for SIA work.

BACKGROUND

(a) Progress Report

Qualitative analyses of elements and options: this is an ongoing part of the comprehensive planning process and will be folded into the final analytical document. For this meeting, discussion papers on four specific issues have been developed and are described in more detail below.

Data base development: Construction of the Analysis Database (ADB) is progressing on several fronts. Council staff is combining information obtained from data sets maintained by the Commercial Fisheries Entry Commission (CFEC), ADF&G, NMFS, the Observer Program, and the Coast Guard to develop the ADB. Additional work is being carried out by other agencies to supply information to the Council staff for further processing.

CFEC Condensed Gross Earnings (CGE) Data - The CGE data for 1978-92 have been received and are being processed by Council staff. However, these data do n0t contain 1992 halibut numbers and the crab data are being updated. A new CGE data set will be requested after the halibut data are available to CFEC and the crab data are corrected. While these changes are being made, Council staff is writing the computer programs necessary to develop the CGE portion of the ADB.

Weekly Processor Reports - Information on catcher processors for 1986-92 will be derived in part from the Weekly Processor Reports (WPR). The NMFS Region has researched which data source provides the best information, Fish-tickets or Weekly Processor Reports, for each vessel during the years 1986-89. Weekly Processor reports will be used exclusively after 1987. During 1986-87 Weekly Processor Reports will be used in conjunction with the CGE files. Data that appear in both the Weekly Processor Reports and CGE files will need to be identified to prevent double counting. After the decisions have been made as to what data will be included in the ADB, the Weekly Processor Reports must be condensed and transformed into a format similar to the CGE files.

Domestic At-sea Delivery Vessel Data - After mid-1990 Domestic Observer data are available regarding the catch of at-sea delivery vessels to mothership. These data have been requested. Prior to mid-1990, at-sea delivery data may be problematic. Data are available in the CGE files which report catch by delivery vessels to motherships. However because these deliveries occurred in the EEZ, the possibility exists that ADFG fish-tickets were not completed. Weekly Processor Reports of Motherships were used after 1986 to assess removals for fishery managers. These do not report delivery vessel information. Therefore CGE and WPR records of harvests delivered to motherships need to be compared to determine completeness. If it appears the data in the CGE files are incomplete then we may need to request additional information from mothership and delivery vessels. The two data sets will need to be researched further to determine which data are most accurate. These files need to be compared to determine when fish-tickets were being filled out by most of the participants.

JV Observer Data - Catch data for the JV fleet from 1985-90 have been obtained from the Observer program. An additional request has been made of the Observer program to supply Council staff with the 1984 JV catch data and any pre-1984 JV catch data in their possession. Vessel identification codes will need to be converted to State or Federal codes to allow comparison with other data sources. Those translation codes have also been requested of the Observer program.

Domestic Observer Data - Post 1990 Domestic at-sea delivery catch history (discussed above), PSC bycatch rates, and non-target bycatch rates on sampled hauls have been requested for 1990-92. However, because the Observer program is under financial and personnel constraints their processing of these requests may be delayed. To receive this important information in a more timely fashion financial or personnel assistance to the Observer program may be required.

Coast Guard Data - The U.S. Coast Guard (CG) has provided the Council staff with their vessel ownership files for 1988-92. This is the most comprehensive computerized vessel ownership file available. The data set has been made available to LGL for use in the portion of their S-K grant which requires vessel analysis. Council staff must still provide LGL with a list of the vessels fishing in the North Pacific so they can select them out of the CG files. LGL's work should provide valuable information in tracking vessel ownership. The CG may be requested to computerize this same information for vessels operating in the North Pacific between 1976-87. Actual vessel documentation records, which are maintained only for current vessels, have been requested and should be forthcoming.

ADFG Vessel and Federal Groundfish Permit Files - Brian Brooke of NMFS/AFSC has worked towards developing a data set of vessel characteristics from the State and Federal Vessel Registration files. His data set merges information from both sets to provide vessel identification codes, vessel length, vessel weight, and vessel ownership for the years 1978-92.

Vessel and Processor Profiles. The vessel and processor profiles will provide the basic economic information used in the analysis. Staff analysts have classified the industry into 24 vessel and processor categories. Costs, revenues, crew size, and other indicators for each category need to be developed for use in the various models. The information in the vessel and processor profiles will be the crux of the analysis. Revenue information for each category can be derived from existing catch reports and will be accomplished with the development of the ADB discussed above. Cost and operating information for these profiles are not available in data collected by management agencies and therefore must be developed from other sources. Development of cost and operating information is being headed up by Dave Colpo, an economist at NMFS/AFSC. Mr Colpo reports that compilation of existing cost information from earlier analyses, such as sablefish and halibut IFQs, inshore-offshore and the Pacific cod allocation is nearing completion. This information will be used as a baseline to take to representatives of each of the vessel and processor categories. It is envisioned that in a round table setting, these representatives will discuss the baseline cost profiles and develop what they can agree are more accurate and complete cost and operational estimates.

As a supplement to interviews with industry, staff are gathering vessel and processor specification sheets, which many vessel and processor owners maintain. Using these individual vessel and processor profiles the staff will catalog the capital equipment in place in the industry. Because of the expressed concerns regarding the effects of the CRP on prior investments, it is believed this information will prove useful. If information from enough vessels and processors is gathered, it may be used to estimate variances in capital costs, and operating costs for each sector, which in turn may be used in creating confidence intervals in the economic models.

Economic base models (EBM) and fishery economic assessment models (FEAM). These models are being developed as part of the overall socio-economic analysis and involve modelling of specific communities and community types which are involved, either directly or indirectly, in the fisheries.

The SSC economic subcommittee met with Dr. Huskey of Institute of Social and Economic Research (ISER) and reviewed the plans for work on the EBM at a meeting in Anchorage on July 20, 1993. There were some concerns expressed at the meeting that the EBM as proposed would not use the available data as fully as might be possible. Suggestions were made to incorporate more cross-sectional analysis into the modelling process. According to Dr. Huskey, the development of the EBM has now been completed, however the report is still being written. Once the report is received, staff and the SSC subcommittee will review the work and comment on its application in the analysis of the CRP.

Work on the FEAM has taken a different approach. The SSC requested further documentation of the FEAM at it last use under the Exclusive Registration analysis. The documentation of the FEAM has been upgraded and in its current form is a substantial improvement over earlier versions. The Council staff has been working with Dr. William Jensen, the developer of the model, to insure that documentation is adequate. Dr. Jensen has supplied several appendices, in draft form, which contain documentation of the FEAM and of input-output models in general. These are available upon request, and will be supplied to members of the SSC. If there are no major problems in the documentation, staff will formalize the contract with Dr. Jensen to supply FEAM models for the areas, boroughs, and counties described below. Ports in each of the areas/boroughs/counties are shown in parentheses, though it should be noted that other communities in each of the areas may be included with ease.

Aleutians West (St. Paul and Dutch Harbor)	Aleutians East (Akutan, King Cove, Sand Point)	Kodiak (Kodiak)
Kenai (Homer and Seward)	Sitka (Sitka)	Petersburg (Petersburg)
Whatcom (Bellingham)	Skagit (Anacortes)	King (Seattle)
Clatsop (Astoria)	Lincoln (Newport)	

Linear Programming Model: The linear programming model (LP) currently under development by Dr. Matt Berman of ISER is intended to be the major predictive tool used in assessing the costs and benefits of management changes resulting from the comprehensive rationalization process. Dr. Berman met with the SSC's economic subcommittee on July 20, and demonstrated the completed prototype model. The SSC economists expressed some reservations about LP models in general, but in the end were satisfied that the prototype model was sufficient, and that development of the expanded version which will be used in the analysis should go forward.

At a later meeting of agency analysts and supervisors, it was decided that further development of the "scenario" or "accounting" approach should be dropped. The "accounting" model, with its ability to capture the diversity of the industry, was intended to supplement the LP, which may be somewhat limited in terms of the types of vessels, processors, species, and products it can handle. Because the "accounting" approach has been dropped development of the expanded LP is focusing on methods to capture more of the industry's diversity, while remaining small enough to be workable and understandable.

Community Profiles: Community profiles of 127 Alaskan coastal communities and 12 Pacific Northwest communities have been completed in draft form. We will be sending these drafts to selected reviewers for input prior to finalizing them early next year. They will be part of the overall analytical package provided to the Council next year and serve two primary purposes: (1) to serve as a baseline profile of affected communities for reference. They include specific economic, demographic, and fisheries information which attempts to paint a picture of the communities and how they fit into the overall fisheries picture; (2) to serve as a source of secondary information for the contractor to complete a more extensive Social Impact Analysis (SIA) of the Council's proposed management alternatives (this will be described in more detail below).

Environmental Assessment: Work on the EA portion of the overall analysis is being coordinated between Council staff and staff with NMFS Region and Center. We had hoped to have a draft outline for that EA at this meeting but, it has not been finalized at this time. We expect that the EA will be developed in the context of changes between the status quo and the proposed limited entry programs. Much of the EA analysis will hinge upon changes in the fishing patterns of the industry as predicted in our economic analyses, and therefore will not be drafted until early next year.

Administration and Enforcement: At the June meeting the Council stressed the importance of confronting issues of monitoring and enforcement early, rather than later, in the decision making process. A "parallel analysis" was suggested which would attempt to quantify the administrative and enforcement costs of the proposed programs. We have made a start at this by convening an interagency staff meeting to discuss these issues, which met in late July in Juneau. We will use this

group to forward to the Council and NMFS Regional Director any implementation or enforcement considerations which need to be addressed in the process. Though no cost projections have been derived, a report of our first meeting is available.

(b) Moratorium

The Council's Moratorium action is still being prepared as a Proposed Rule-making for submission to the Secretary. It is expected to be submitted soon, with Secretarial review following and possible approval by early next year. Allowing for some administrative start-up time, it is anticipated that the Moratorium would go into effect in mid-1994.

(c) Discussion Papers

At the June meeting the Council reviewed a draft analysis entitled "Potential Elements of IFQs or License Limitation Programs in North Pacific Groundfish and Crab Fisheries." The purpose of this document was to provide the Council with information to help sift through the possible elements and options to be considered in the overall program. The primary focus of that paper was on the IFQ alternatives, with a preliminary look at provisions of a crab licensing program. At that time the Council requested further investigation and discussion of four specific issues: (1) possibilities for inclusion of skippers and crew-members, either in the QS allocation directly or in some form of crew licensing program, (2) the issue of data availability on catch histories, particularly for pre-1984 JV operations, (3) the issue of whether allocation of QS will be to current vessel owners as opposed to vessel owners at the time of landings, and (4) the issue of including processors in the allocation, possibly by way of the "two-pie" system which would create processor QS to match the harvesting QS.

All four of the issues listed above represent critical components of the overall program. For purposes of analysis and meaningful public input to the process, these four issues should be resolved as early on in this process as possible.

Item C-7(c)(1) is a paper on the skipper/crew-member issue. This paper was prepared by NMFS Region staff and provides information about the potential number of participants who may be eligible for the program(s), some alternative for structure and implementation, and some of the practical and administrative considerations surrounding this issue.

Item C-7(c)(2) is a paper addressing the issue of catch data availability, beyond those records maintained by the fisheries management agencies. It discusses what we have uncovered in terms of pre-1984 JV data availability, potential use of the limited data available, and some options for dealing with the problem of 'missing' data.

Item C-7(c)(3) is a paper addressing the issue of whether QS allocation will be to current vs. past vessel owners. This discussion outlines some of the advantages and disadvantages of each, attempts to identify examples of affected parties, and proposes some potential solutions to the dilemma.

Item C-7(c)(4) is a short paper summarizing the current alternatives for potential allocations to processors. NOAA GC may have a separate report to the Council concerning this issue.

Council staff would like to lead the Council through a discussion of each of these issues, prior to public testimony and Council deliberations. Written comments received since the last meeting concerning the comprehensive plan are included as Item C-7(c)(5).

(d) **Identify specific program elements**

Item C-7(d)(1) is a spreadsheet which summarizes the potential elements and options within the overall IFQ program. As we have noted at previous meetings, some of these specific provisions will not be decided until late in the process, while others need to be identified early on, perhaps at this meeting. Items which we feel need further resolution at this meeting include (1) initial assignment of QS - who are we going to allocate QS to? (2) criteria for initial allocation - which set of years will be included in catch history? and (3) any transferability considerations, to the extent the Council is ready to further refine these options.

Item C-7(d)(2) is an initial cut at laying out the possible elements in a crab license limitation program. This was developed, in part, using the outline submitted in June by United Fishermen's Marketing Association (UFMA). Many of the same issues the Council is facing in structuring the IFQ program apply to the crab license program as well. As with the IFQ program, we cannot analyze all of the possible permutations of options and, therefore, need to structure as specific a program as possible at this time.

(e) **RFP for additional SIA work**

At the June meeting, staff reviewed for the Council our meetings with our Social Science Steering Group, and the suggestions for additional work relevant to the social impacts of the comprehensive limited entry plan. Recall that we have already committed to some social impact assessment (in house) which includes Economic Base Modeling of specific communities and community types, and compilation of Community Profiles for 127 Alaskan coastal communities and 12 Pacific Northwest communities.

At the June meeting the Advisory Panel came up with a list of information needs which they felt needed additional study as part of this process. This consisted of 'Fishery Profiles' which would include: descriptions of the relationships between various industry sectors and the participants in those sectors; education and experience of participants; opportunities for re-training or alternative employment; relative value of jobs in different sectors/areas; dependence on the various fisheries; and, linkages between these participants and communities. The Council approved the list created by the AP and indicated its desire to conduct further study on these issues.

The Council has identified approximately $100,000 in funding which may be available to contract this study work. We met with the Steering Group in August to apprise them of the Council's intent, and to develop a Request for Proposals (RFP) to conduct these studies. A draft RFP is contained in your notebooks as Item C-7(e)(1). This RFP was compiled under the direction and endorsement of our Steering Group. The scope of the RFP reflects the consensus of the Steering Group in terms of what is 'doable' within the time and monetary limitations at hand.

The RFP needs to be reviewed by the SSC, AP, and the Council and its Finance Committee before we go out to bid, hopefully right after this Council meeting, so that work could begin before the end of the year. The timeline in the RFP calls for completion of the analysis in time for the April 1994 meeting. We must note that the Steering Group feels that this is a very short time frame, even for the limited scope of this study, and recommended that we allow the contractor until June of 1994 for completion.

DISCUSSION PAPER

Options for Including Hired Skippers and Crew in the Comprehensive Rationalization of the Groundfish Fisheries

September 13, 1993

At its June, 1993 meeting, the North Pacific Fisheries Management Council (Council) requested background material and discussion of options for providing some direct benefits from the Comprehensive Rationalization Plan (CRP) to hired skippers and crew who have participated in the North Pacific groundfish fisheries. At this meeting and other previous meetings, the Council has heard testimony from representatives of hired skippers in the catcher/processors fleet. They are concerned that with an individual transferrable quota (ITQ) system, vessel owners will reduce crew shares because they no longer need to pay a premium for a crew who is competitive in the "race for fish". The group asked the Council to consider some options that would recognize the personal and financial interest that crew have in the groundfish fisheries.

Two primary options were discussed:

1. allocate some portion of the groundfish TACs to hired skippers and/or crew, or

2. establish a limited entry license program for hired skippers and/or crew.

This discussion paper provides information about the number of participants who may be eligible for these options, some alternatives for their structure and implementation, and some implications. However, the impact of an ITQ system on crew in general, and specifically how crew shares may change as a result, are not discussed. A more in depth discussion of the changes that may occur in the fishing industry, including the impact on the number of crew or compensation to crew should be a part of the social and economic analysis of the overall CRP planning process. How the Council chooses to address hired skippers and/or crew concerns depends on the objectives of the rationalization plan and whether the Council believes that hired skippers and crew will suffer a loss under and ITQ system that they should be compensated for or protected against.

1.0 Estimates of the Number of Hired Skippers and Crew

One of the biggest challenges in implementing a program involving hired skippers or crew is identifying eligible participants. Neither the National Marine Fisheries Service (NMFS) or any other State of Alaska or U.S. government agency directly collects comprehensive information about these participants. There are, however, several sources of information that could provide a rough idea of the potential number of participants.

The State of Alaska requires that all persons aboard commercial fishing vessels have a license to participate in these fisheries. The Commercial Fisheries Entry Commission (CFEC) issues Commercial Fishing Permits to the person on the vessel who will be selling fish whether that is the owner of the vessel or a hired skipper. Many hired skippers in the groundfish fleet hold CFEC permits even if they are not landing fish in Alaska. However, information collected about permit holders does not specify whether they are the owner of the vessel and, therefore, a person who would likely be eligible for quota shares, or if they are a hired skipper or other crew.

All persons on a commercial fishing vessel other than the commercial fishing permit holder must have a crew license issued by the Alaska Department of Fish and Game (ADF&G). In 1992, there were **34,849 crew permits issued** (20,212 resident and 14,637 non-resident). However, these permits do not provide information about crew members specifically in the groundfish fisheries for several reasons. Crew on vessels not fishing or landing fish in Alaska waters are not required to have an ADF&G permit. A single crew permit may be used by an individual in any commercial fishery in Alaska including salmon, herring, shellfish, and groundfish. Once a permit is issued, there is no information about whether that person actually participated in a fishery or the number of fisheries they participated in.

1.1 Estimated number of crew in the groundfish fisheries

Tables 1 through 3 provide an estimate of the minimum number of crew aboard catcher and catcher/processors vessels that participated in the 1992 groundfish fisheries in the GOA and BSAI. Table 1 summarizes the number of vessels by gear, vessel type and length of vessel. Information for longline, trawl and pot gear is presented. Each gear type is divided into catcher and catcher/processor classifications and trawl catcher/processors are further divided by processing type (fillet, head and gut, and surimi). Information about the number of catcher vessels is from the ADFG fish tickets for groundfish landings (including sablefish but not including halibut).[1] The number of catcher/processor vessels is based on NMFS processor weekly production reports. The average size of crew in each vessel category is based on information from a 1989 report on the seafood industry (McDowell Group, 1989) and from the NMFS daily catch production logbook on file with the Observer Program. The information in Tables 1 and 2 is used to generate the estimated **minimum** number of fishing and processing crew positions in 1992 shown in Table 3.

An estimated total of 8,500 crew positions were available in the 1992 groundfish fisheries. There were approximately 2,500 crew positions on longline catcher vessels; 340 fishing and 440 processing crew on longline catcher/processor vessels; 1,140 crew positions on trawl catcher vessels; and 600 fishing and 2,800 processing crew positions on trawl catcher/processor vessels. The information presented for pot vessels refers only to those reporting landings of groundfish. There were about 550 crew positions on pot catcher vessels and 52 fishing and 77 processing crew positions on pot catcher/processor vessels.

Halibut fish tickets were not examined to provide information in Tables 1 through 3. There were 6,136 CFEC permits issued in 1992 to land halibut. Based on information presented in the Final Supplemental Environmental Impact Statement for the halibut and sablefish IFQ program, about 4,000 vessels may have landed halibut in 1992 but reported no other groundfish landings (so would not be included in Tables 1 through 3). Nearly 60 percent of these vessels would have been in the less than 35 feet length category and most of the remainder in the 35 feet to 60 feet category. Presumably, many of these vessels fish in other non-groundfish fisheries such as salmon, herring and shellfish or they are skiff fishermen participating only in the halibut fishery. Additional crew positions from these 4,000 vessels is estimated to be about 4,700.[2] Although groundfish was not reported landed on these vessels, some of the crew on these vessels may have participated in other groundfish fisheries and would, therefore, be included in Table 3.

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[1] There were 2,485 unique catcher vessel ADFG numbers reported on the 1992 groundfish fish tickets. Four hundred and thirty nine vessels reported landings under more than one gear type so have been double counted in Table 1.

[2] [2] A crew factor of 0.5 was used for vessels less than 35 feet, 2 for vessels between 35 and 60 feet, and 3 for vessels over 60 feet. These vessels are assumed to all be catcher vessels.

Table 1. Number of vessels reporting groundfish landings in the Gulf of Alaska and the Bering Sea/Aleutian Islands in 1992 by gear, vessel type, and length overall.

	Less than 20 ft.	21 - 50 ft.	51 - 59 ft.	60 - 124 ft.	Over 125 ft.	Total
Longline						
Catcher	107	1,579	170	193	4	2,128
Catcher/Processor	0	0	3	18	28	49
Total Longline	107	1,579	173	211	32	2,177
Trawl						
Catcher	0	63	26	215	34	361
Catcher/Processor						
Surimi	0	0	0	0	22	22
Fillet	0	0	0	0	13	13
Head & Gut	0	0	0	10	28	38
Total Trawl	0	63	26	225	97	434
Pot (groundfish landings only)						
Catcher	0	153	41	92	13	301
Catcher/Processor	0	0	0	3	8	11
Total Pot						

Sources:
Catcher vessels: ADF&G groundfish fish tickets (not including halibut) for 1992 landings
Catcher/processors: NMFS processor weekly production reports for 1992 groundfish harvesting and processing.

Table 2. Estimated average number of crew on each vessel in the groundfish fisheries by gear, vessel type, and length overall.

	Less than 20 ft.	21 - 50 ft.	51 - 59 ft.	60 - 124 ft.	Over 125 ft.
Longline					
Catcher	0	1	2	3	3
Catcher/Processor					
Fishing crew	na	na	2	6	8
Processing crew	na	na	na	9	10
Trawl					
Catcher	na	1	3	4	4
Catcher/Processor					
Surimi (fishing)	na	na	na	na	10
Surimi (processing)	na	na	na	na	70
Fillet (fishing)	na	na	na	na	8
Fillet (processing	na	na	na	na	40
Head & Gut (fishing)	na	na	na	6	8
Head & Gut (proc.)	na	na	na	6	23
Pot					
Catcher	0	1	2	3	3
Catcher/Processor					
Fishing crew	na	na	na	4	5
Processing crew	na	na	na	7	7

Sources:

Catcher vessels: McDowell Group (1989). "Alaska Seafood Industry Study". Prepared for the Alaska Seafood Industry Study Commission. Anchorage, Alaska.

Catcher/processors: NMFS daily catch and production logbooks, 1990.

Table 3. Estimated minimum number of crew participating in groundfish harvests in 1992 by gear, vessel type, and length overall.

	Less than 20 ft.	21 - 50 ft.	51 - 59 ft.	60 - 124 ft.	Over 125 ft.	Total
Longline						
Catcher	0	1,579	340	579	12	2,510
Catcher/Processor						
Fishing crew	na	na	6	108	224	338
Processing crew	na	na	na	162	280	442
Trawl						
Catcher	na	63	78	860	136	1,137
Catcher/Processor						
Surimi (fishing)	na	na	na	na	220	220
Surimi (processing)	na	na	na	na	1,540	1,540
Fillet (fishing)	na	na	na	na	104	104
Fillet (processing	na	na	na	na	520	520
Head & Gut (fishing)	na	na	na	60	224	284
Head & Gut (proc.)	na	na	na	60	644	704
Pot						
Catcher	na	153	82	276	39	550
Catcher/Processor						
Fishing crew	na	na	na	12	40	52
Processing crew	na	na	na	21	56	77
Total Crew						
Fishing	0	1,795	506	1,895	999	5,195
Processing	0	0	0	243	3,040	3,283
Total	0	1,795	506	2,138	4,039	8,478

In summary, the minimum number of crew positions on vessels landing groundfish is estimated to be about 8,500 per year. An additional 4,700 crew positions could be attributed to vessels landing halibut but no other groundfish. These estimates sum to about **13,200 crew positions annually.** This estimate does not account for crew turnover during a year or from year to year which could add substantially to the estimate depending on the qualifying period. For example, if half the crew positions turned over in a year, the number of crew in 1992 would have been about 20,000. If there was a three year qualifying period for crew, the number of eligible participants could number between 20,000 and 30,000 or more.

A better idea of the number of potential participants could be obtained from a comprehensive survey of vessel owners and crew permit holders over a period of years. In the future, management agencies may want to consider tracking crew by requiring information about participant's crew permit numbers to be added to information collected at the time fish is sold or during the permit process. One other option for alleviating the problem of lack of information would be to make 1994 and 1995 the qualifying period and impose crew reporting requirements for those years. The costs of this option include those reporting costs and the costs associated with a race to qualify. It also would preclude participation prior to these two recent years.

1.2 Estimated number of hired skippers in the groundfish fisheries

There is no information collected about the number of hired skippers in the groundfish fleet although information in Table 1 and discussion with industry may be used to estimate this number. In general, most of the longline and pot catcher vessels are probably owner operated. However, many of the trawl catcher vessels and probably most of the catcher/processors vessels of all gear types are operated by hired skippers. In many cases there are two skippers hired for a vessel per year. Based on these assumptions and the information about the number of vessels presented in Table 1, there may be between **800 and 1,400 hired skippers** operating in the groundfish fisheries in any year.[3]

[3]The lower range (800) is determined by assuming 2 skippers on all catcher/processors (133) and one on each catcher vessel longer than 60 feet (551). The upper range (1,400) assumes 2 skippers on each catcher/processor and catcher boat longer than 60 feet (684 X 2 = 1,368)

2.0 Options for including hired skippers and/or crew in CRP

The Council may recommend which groups of participants are eligible for benefits under CRP. Hired skippers and/or crew identified as eligible groups could either receive quota shares or be issued limited entry licenses. The objective of either program is to provide direct benefits to persons who are not vessel owners but participated in the fishery (this assumes that the Council does not intend to 'double reward' those who were both vessel owners and skippers of the vessel). In this section, the two options of a quota share allocation or a limited entry license program are discussed in general followed by a section which summarizes implementation and administrative issues common to both options.

2.1 Allocation of quota shares to skippers and/or crew

An individual transferrable quota system for groundfish allocates some proportion of the annual groundfish total allowable catches (TAC) to eligible quota share holders. The Council may wish to define hired skippers and/or crew as eligible to receive a portion of the quota shares. The quota share recipients could choose to sell their quota share immediately, lease it to the owner of the vessel they work on (or to another vessel owner), harvest the quota share on a vessel they own, or purchase a vessel and accumulate additional quota shares.

The primary question with respect to this alternative is does it address a problem identified by the Council? Allocation of quota share to hired skippers and/or crew gives these individuals property rights to the groundfish fishery. These rights are a transferrable asset with market value. However, the value of a the quota shares to hired skippers and crew would depend primarily on how large a share each person received and whether it was enough to give them the influence or control they seek with the vessel owners. The more people included in the initial allocation, the smaller each person's share. If a small proportion of the overall quota shares are allocated to a large number of eligible hired skippers or crew, each participant will receive such a small share of the quota that it may not provide the benefit or compensation that this group is seeking. However, if the Council allocates a significant portion of the overall groundfish quotas to a small number of eligible crew (for example, just hired skippers), an individual may receive an amount of quota share that has substantial value.

The process of allocating quota share to hired skippers and/or crew is the same as allocating to vessel owners. Eligible participants must be identified based on the criteria set forth by the Council, the method of allocating quota share to each participant must be established, initial allocations must be made, and subsequent transfers must be monitored. Identification of eligible participants is discussed below in section 2.2.3 and administrative issues are discussed in section 2.3.5.

An important question related to the design of the quota share allocation option is how to allocate quota share to participants. It may be fairly straight-forward to tie a hired skipper with a particular vessel catch history and thereby identify a qualifying share. However, including additional crew in this scenario may be much more difficult because of the transient nature of some crew and the lack of documentation on their activities. Vessel owner tax records may identify the individual who worked on the boat each year and their total crew share, but they would not identify the fishery by species which may be necessary to link crew to a quota share allocation in specific fisheries.

Limited entry licenses for skipper and/or crew

A second idea for including hired skippers and/or crew in the CRP process is to establish a limited entry license system whereby eligible participants would receive a skipper or crew license for the groundfish or crab fisheries, the license would be transferrable, and only license holders would be permitted to skipper or crew on vessels participating in the groundfish fisheries. Transfers of licenses could be handled through a broker as limited entry fishing permits are now and quota shares will be in the future. The objective of this proposal is to limit the pool of eligible applicants for jobs on groundfish fishing and processing vessels and provide current participants some control over the competition for their jobs. The licenses also would provide skippers or crew with an asset of some value based on their historical participation in the fishery. This option would provide a benefit to hired skippers and/or crew independent of the quota share allocation. In other words, it would not expand the quota share pool thereby reducing the allocation of quota to other eligible groups.

Establishing a limited entry license program involves designing the license program, identifying eligible participants, issuing licenses, and monitoring compliance with the license requirements. It is not clear whether this program would be more simple or more complex to administer than a direct quota share allocation to hired skippers and/or crew.

In deciding whether to establish a limited entry license program for hired skippers only or for both hired skippers and crew, the Council should consider that the value of the license will depend on the number of licenses initially issued and the demand for these licenses in the future. If both hired skippers and crew are included in the license program there will be many eligible participants and the value of licenses may be small in comparison with the administrative costs of the program. In other words, if both skipper and crew licenses are issued and the objective is to give bona fide participants in the fishery an asset with some value, the Council may wish to at least limit the number of crew licenses sold based on current participation or specific guidelines on minimum economic dependence.

Regardless of whether just hired skippers are included in the program or both hired skippers and crew are included, the number of license types or job classes represented would have to be limited. Although there are different job classes on a vessel and a particular job class has different duties depending on the gear type, vessel size and target fishery, licenses should be limited to two classes: hired skipper and all other crew. The Council would probably wish to set minimum requirements for persons wishing to purchase a license (such as that they are a U.S. citizen). However, whether an individual held the qualifications to do the job they had a license for or wanted to purchase a license for would be between employer and employee. Similarly, the sale price for the licenses would be based on an agreed upon value between buyer and seller.

The time required to monitor compliance will probably differ depending on whether the license program applies to just the hired skippers or all crew. If the license program applied only to hired skippers, each hired skipper who met the eligibility requirements established by the Council would receive a transferrable license which must be held by all hired skippers in the fleet. If enforcement officers board a vessel, they would have to establish who the skipper was and that person would have to either produce a quota share allocation issued in their name (if they are the vessel owner) or produce a hired skipper license. If crew is included in the program, then all persons on a vessel must have either a quota share allocation certificate, a hired skipper's license, or a crew license. It would be very difficult for enforcement officers to determine whether a crew member was part of the fishing crew component or the processing crew component.

A minor difficulty with including crew in the license program is that many crew will now be required to purchase both an ADF&G crew license and a federal groundfish or crab license. Because the intent of the two programs would differ considerably, there does not appear to be an easy way to combine these programs so that only one crew license would be required. Finally, with a crew limited entry license program, the circumstances under which many crew members are hired would have to change. Unless a person was already holding a crew license or the vessel owner purchased extra licenses to have on hand, the practice of hiring crew on short notice would be constrained.

2.3 Implementation and administrative issues under either quota allocation or licenses

2.3.1 Selection of eligible fisheries

Does this program apply to:

a. all groundfish and crab (including halibut and sablefish), or
b. groundfish except halibut and sablefish, and/or
c. crab?

A quota share allocation program or limited entry license program for hired skippers and/or crew could be established for all fisheries under Council management or specific fisheries could be identified. However, while halibut and sablefish are not included in the Council's current rationalization program, it would probably be very difficult to try to administer a program that specifically separated the halibut and sablefish fisheries from all other groundfish for eligibility, allocation or compliance monitoring purposes.

2.3.2 Selection of eligible groups

Information presented in a previous section suggests that in 1992 there may have been between 800 and 1,400 hired skippers and a minimum of about 9,900 fishing crew and 3,300 processing crew participating in the groundfish fisheries. The Council needs to determine whether either program applies to:

a. hired skippers only,
b. skippers and fishing crew, or
c. skippers and all other crew?

The rationale for establishing a program only for hired skippers seems to be that skippers are professional fishermen with a long history of dependence on the fishery and that the skill of the skipper is critical to the success of the fishing operation and to the safety of the crew. However, the need for skilled skippers will not disappear with the individual fishing quota system and they will likely continue to be compensated in proportion to the value of their services to the vessel owner.

Another rationale for including only hired skippers is to limit administrative costs. Hired skippers represent a smaller group of participants (as opposed to all crew) and they are probably the easiest group to identify through either company records, State fishing permits, U.S. Coast Guard documentation, or IRS records. Many individual crew members earn most of their income from fishing and have done so for many years. They are as dependent on fishing income as are vessel owners or hired skippers. However, there is also a large transient and part-time element to the crew

component. Many crew may have only participated in a single season or less during the qualifying period and may no longer be fishing or processing.

2.3.3 Selection of eligible individuals

Does the program apply to:

a. all persons who can document participation based on IRS records, employment records or signed affidavits, or

b. all persons who can establish a minimum level of participation in number of years or economic dependence on the fishery?

The qualified skipper or crew would have to apply for a license to participate and would have to provide NMFS proof of their participation in the fishery during the qualifying years. NMFS could not be responsible for identifying and notifying individuals of their eligibility. Proof of participation could consist of income tax records showing fishing income, payroll or crew share records, or signed affidavits. None of these records are as good as the catch history documentation of fish tickets or processor reports to establish the participation of an individual on a target fishery or species specific basis. Any program whose eligibility is based on documentation not generated by NMFS or another fisheries management agency will be much more costly to administer due to the complexity of verifying eligibility documentation and considering appeals.

The Council may wish to further analyze establishing a minimum level of dependence on the fishery, particularly if crew are included in the program. Individuals could be required to establish that they earned some minimum proportion of their income from fishing in the qualifying period. Although this may be complicated to administer, it would probably significantly reduce the number of eligible participants and more closely reflect the intent of the Council.

2.3.4 Selection of qualifying period

The Council must select a qualifying period to identify eligible hired skippers or crew. It does not necessarily have to be the same qualifying period as used for other components of CRP. A long qualifying period increases the number of eligible participants and inclusion of past years increases the number of persons who will be eligible for a license even if they are no longer fishing for a living.

2.3.5 Administrative and implementation costs

The primary determinant of administrative and implementation costs is the number of participants or components of the crew that are included in the program, whether it be a quota share allocation or a limited entry license system. In either case, NMFS would have to verify that applicants met the criteria established by the Council, set up the data collection and accounting systems to provide initial allocations/licenses, administer the appeals process, and monitor transfers in the future. The most difficult administrative task is identifying eligible participants. As mentioned before, some components of crew will probably be easier to identify and verify than others. The task of identifying eligible participants does not differ substantially between the alternatives of a quota share allocation or a limited entry license system.

A program that only requires proof of participation but not level of participation is much simpler to administer. Either alternative, quota share allocations or limited entry licenses, could be set up based only on participation. There is probably quite a difference in administrative cost in just establishing that a person participated as crew during a qualifying period versus verifying some level of participation so NMFS could allocate a specific proportion of the quota to individuals based on the catch history or level of financial dependence.

The degree to which future transfers of quota share or licenses will have to be monitored by NMFS is another important factor in administrative cost. Transfers of quota share will require careful monitoring to assure that ownership constraints are not violated. A limited entry license system may be simpler to administer if the Council decides to limit the qualifications necessary to purchase a license. NMFS should not be responsible for determining whether a person has the professional qualifications to perform their duties as crew unless the position is already regulated under U.S. Coast Guard or other state or federal regulations. However, other qualifications, such as U.S. citizenship, may be required to purchase limited entry licenses.

DISCUSSION PAPER

Allocations of Quota Shares under the Comprehensive IFQ Program: Current Vessel Owners vs Previous Vessel Owners?

September 13, 1993

I Introduction

In June of 1993 the Council discussed whether QS should be allocated to current vessel owners (vessel owner at time of allocation would receive QS based on past landings history of vessel, regardless of previous ownership) or to vessel owners at the time of past landings (as with the sablefish and halibut program, each owner of record during qualification period would receive credit for landings made while 'he' owned the vessel, regardless of current ownership).

In June the Council indicated that additional information/discussion would be necessary before a decision could be reached on the issue. The Council was particularly interested in how the alternatives would affect two different classes of vessel owners: (1) those that may have sold vessels, but are still active in the fisheries with a different vessel(s), and (2) those who may have sold vessels, but are no longer active in the fisheries. The discussion below attempts to summarize some of the pertinent considerations as the Council and industry resolve this issue.

In the sablefish/halibut IFQ program, the Council awarded QS to owners of vessels at the time of landing. This alternative provides a direct link to past participation whereby vessel owners receive credit for their fishing activities. An alternative being considered for the comprehensive IFQ program would allocate quotas only to current vessel owners[1]. QS calculations would be based on all landings made by that particular vessel during the qualifying years regardless of the vessel owner at the time of landing. Such an allocation to current vessel owners would make the analysis much easier because staff would not be faced with the task of matching catch records to ownership record. Additionally, allocations to current vessel owners would eliminate QS applicants having to document vessel ownership over some period in the past. This is anticipated to be a time consuming and costly effort for the sablefish and halibut IFQ program. Finally, many in the industry have pointed out that some recent sales of vessels presume that some form of allocation based on catch history would be forthcoming. Therefore, clauses are being inserted into sales contracts retaining all catch rights with the seller.

At the June meeting, we discussed some of the technical considerations surrounding this issue, such as data availability to track ownership and confidentiality restrictions. These considerations, as well as others, are included below in a summary of the potential advantages and disadvantages of each alternative.

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[1]Allocations to current vessel owners can be viewed as nearly synonymous to allocations to vessels. There could be some difference if, for example, there were restrictions regarding the transfer of quotas from one vessel to another.

Allocations to Current Vessel Owners

Advantages

* Analysis and implementation will likely be easier because we do not need to track vessel ownership throughout the history of the qualification period. This type of data is not readily available.

* Virtually eliminates allocations to those no longer active in the fisheries.

* Ties the QS allocation to existing investment in the fishery, where investment is defined as a vessel operation which requires landings to stay in business.

Disadvantages

* Current confidentiality restrictions prohibit releasing catch history information to vessel owners who were not the permit holder. Releasing this information to someone who may not have owned the vessel at such time as landings were made will likely be more difficult.

* May reward newcomer to fishery with a large catch history.

* Conversely, may disenfranchise person with long history in fishery, if that person recently sold vessel with long history. This would have the effect of not recognizing past participation in the fishery.

* May allocate QS to many more persons than are active in the fishery, unless a provision is used such as "must have fished in most previous year to qualify".

* Depending upon when 'current ownership' is defined, could end up with a lot of QS owned by banks.

Allocation to Past Vessel Owners

Advantages

* Vessel owners are assured that past participation will be credited. Assignment of catch credit is based on fishing history of person, not on banking/vessel purchase.

* Depending on qualification period, may allocate to more recipients, thus reducing average windfall profits.

* Confidentiality restrictions may be easier to overcome.

Disadvantages

* More difficult in terms of analysis and implementation due to having to track all ownership situations of the vessel.

* May reward QS to persons no longer active in fishery.

* May dilute QS to current vessel owners who need certain level of catch to stay in business.

II Discussion

(1) Who owns the catch history?

Most of the industry recommendations to the Council have advocated allocation of the QS to current vessel owners. The rationale for this recommendation seems to rest, at least partially, in the premise that current vessel owners are the ones with the investment and stake in the fisheries 'today', and that they are dependent on the fisheries in that they require landings of fish to maintain the operations they have established by virtue of that vessel ownership. This premise certainly makes sense on the surface. Further support for this alternative lies in the fact that the application, appeals, and allocation of QS will be simpler and more straightforward under this alternative. Records of catch are tied to vessels more directly than to vessel owners; records of vessel ownership through time are more difficult to reconstruct as previously noted in this paper. Allocations based on catch history of a given vessel will go to 'one entity' rather than several, and the qualified entity will be easier to ascertain. This logic ignores, for the moment, potential confidentiality problems.

This alternative assumes, in some sense, that fish landings are associated with a vessel as opposed to a vessel owner, in that previous owners of a given vessel are excluded from allocations based on that vessel's historical performance. This assumption is consistent with the fishing privileges created under the Council's moratorium; i.e., rights to continue fishing are vessel specific and depend on the past performance of that vessel. Two fundamental differences, however, are that (1) the moratorium rights stay with a vessel (not vessel owner) unless otherwise specified in legal contract, and (2) the moratorium rights are simply an "in or out" condition and do not convey specific amounts of landings to a vessel or person, as is done under an IFQ program. It could be argued, in fact, that the default assumption should be the opposite, based upon the Council's sablefish/halibut program which allocated QS to vessel owners at the time of landing, not necessarily to current vessel owners. That program implies that catch history is tied to the vessel owner at the time of the activity, not to the vessel itself. In fact, in instances where vessels have been traded, the catch history credit will remain with the vessel owner unless specified differently under private, legal contract. It is likely that some groundfish and crab vessel transactions have been conducted based on that assumption.

Although a precedent is contained in the sablefish/halibut program, this should not preclude the Council from structuring a different allocation mechanism for a comprehensive program which includes all groundfish and possibly crab. These are very different fisheries subject to a very different range of considerations. In making this decision, the Council should consider additional factors and be cognizant of the impacts to affected persons of either alternative.

(2) Allocating to current vessel owners - Who wins and who loses?

In a discussion of winners and losers, it may be useful to identify the potential categories of affected players. Relevant to this issue, the following categories represent the possible situations with regard to vessel ownership:

1. Current vessel owner who has owned the vessel throughout the life of the vessel (or at least covering the qualification period).

2. Current vessel owner who just acquired a vessel with little or no catch history. This owner has little or no previous catch history with any other vessels.

3. Current vessel owner who just acquired a vessel with little or no catch history. This owner has a large catch history on another vessel(s) (which he may have sold to #4 or #5 below).

4. Current vessel owner who just acquired a vessel with a large catch history. This owner has little or no catch history on previous vessels he owned.

5. Current vessel owner who just acquired a vessel with a large catch history. This owner has large catch history on previous vessels he owned, but has sold. This catch history may be even larger than the catch history on his new vessel.

Any of the above transactions may have included contract clauses either transferring or retaining catch history of the vessel.

If QS are allocated to only current vessel owners, and those owners receive the entire catch history of the vessel upon which to base their QS, then those vessel owners are obviously the 'winners' in the context of a win/lose scenario. To the extent that the previous vessel owner is no longer in the fishery, it could be argued that he neither wins nor loses, but perhaps forgoes a windfall profit. However, not all previous vessel owners have exited the fishery. The most obvious example of a 'loser' under this alternative is someone who has a long catch history with a given vessel, has sold that vessel in the recent past, and continued fishing with a new vessel. In this example the person with a long history in the fishery will lose that catch history and perhaps receive no QS or QS insufficient to support his current operation. It is also possible that the person acquiring the vessel with the long catch history is a new participant in the fisheries, which will mean that a person with little historical participation comes out a 'winner', while a person with a long history of participation comes out a 'loser' in the allocation process.

The Magnuson Act and the National Standards require Councils to take into account historical participation when considering limited entry programs. They also mandate consideration of current participation and dependence on the fisheries. This issue creates somewhat of a dilemma in reconciling these mandates. It needs to be pointed out that the example above is very simplistic and does not take into account other possible nuances. For example, the person that sold the vessel (and its catch history under this alternative) may not necessarily end up a loser, if that person happened to acquire a 'new' vessel which had its own catch history, particularly if that catch history were greater than the owner's previous vessel. Under this scenario he comes out a 'winner' under this alternative. The possibilities are further complicated by the fact that some vessel transactions in recent years have involved explicit transfers (or explicit retentions) of catch history by one party or another.

In order to quantify the number of affected persons, either adversely or positively affected, it would be necessary to (1) track the ownership of all vessels through time with catch associated to various owners, (2) have knowledge of the specifics of all contracts which either transfer or retain specific catch histories as part of the vessel transaction, and (3) ascertain whether a given owner is still involved in the fisheries or not, and (4) make comparisons of each potential qualified QS recipient to what they would receive under the other alternative, which is to allocate based on ownership at time of landings. This information is unavailable at this point, and it is likely that some of this information will never be available to analysts on this project. It is therefore impossible to make estimates of impacts in the context of whether someone is still in the fisheries or not, after having sold a vessel.

(3) Allocating to past vessel owners - Who wins and who loses?

The other alternative is to allocate to all vessel owners who made groundfish (crab) landings, if they meet the qualification criteria established by the Council. Under this alternative, it is likely that the distribution of QS will be to a larger number of recipients, thus diluting the potential windfall profits to any one recipient, but at the same time diluting the QS received by all participants, perhaps to a

level which may not sustain current operations. In terms of winners and losers, a person will be unaffected if he/she has been the only owner throughout the qualification history of the vessel. In cases where vessel owners have exited the fishery, but still fit in the qualification window, then QS will be awarded to persons who are no longer active in the fishery. These persons would certainly be categorized as winners in the sense of windfall profits if they chose to sell the QS. Then again, they may choose to re-enter the fisheries under this example.

Current vessel owners could end up as losers under this alternative, in the sense that the QS they receive may be less than that required to continue operations at current levels. In some cases, the previous histories of vessel ownership may be difficult to trace, leaving, in effect, "unclaimed " QS under this alternative. Under this allocation alternative, the current vessel owners may not receive landings history credit for landings made under a previous owner. As with the alternative discussed in the previous section, any of the potential outcomes would be altered to the extent that contracts concerning transfers of catch histories were involved in the vessel transactions. We have no way of knowing the extent of such contracts.

The Council noted in June that they would like to know how many persons would be affected if they chose to allocate to current vessel owners; i.e., how many people have sold vessels and would thus be negatively impacted, assuming they are still in the fisheries? The answer to this question would be very difficult, if not impossible, to determine from existing data bases alone. These ownership data bases are still being developed and therefore answers to these questions are not now available. Later this fall we should have these data bases completed and could, if the Council identifies a specific cutoff date for qualification, make such comparisons.

III Possible Solutions

This section outlines some possible alternatives which may, partially at least, solve the problems identified above while allowing an equitable, workable allocation of QS. This discussion has centered on the allocation of QS under an IFQ program but, some of the same considerations may be relevant to the license limitation alternative proposed for the crab fisheries. However, the fishing privileges conveyed under a license limitation program are dramatically different from those under an IFQ program, and it may be that the decision of whom to allocate licenses will be much more straightforward. Hence, the following possibilities are considered primarily relevant to the IFQ allocation issue.

Option A: Must have fished in most recent year to qualify.

This alternative, or some similar alternative such as must of fished in one of last three years, has the potential to mitigate one part of the problem described above. If we make such an 'exclusive' allocation criteria, then reward QS to all vessel owners at the time of landings, then we have likely eliminated most of the participants who are no longer active in the fisheries. This was one of the reasons for structuring the sablefish/halibut program in this way. It is likely that those persons who have sold a vessel and exited the fishery will not qualify under this option. It also solves the problem of the person who recently sold a vessel(s) with a long catch history and has remained in the fishery with a new vessel because he will receive the catch history for all landings made while he was owner. However, it does not solve the problem of the person who recently acquired a vessel but has no catch history with any other vessels. This person would be holding a vessel but likely have little or no QS to fish on that vessel. The primary benefits of this option would be to eliminate from the equation those persons no longer actively involved in the fisheries and to ensure that those who remain active receive credit for their participation in the past.

Option B: Base allocation on combination of catch history and vessel size.

This option, depending on the degree to which catch history is de-emphasized, has the potential to eliminate a vast array of problems in the allocation and implementation of this program. Earlier in this comprehensive planning process, the Council received some recommendations from industry groups supporting an allocation based on vessel tonnage, which would theoretically provide for an allocation based on relative needs, as opposed to past catch. In fact, an allocation based solely on vessel size, ignoring past catch, would eliminate any deliberations and contention on which window of past catch history (years) to include in the QS allocation formula. Everyone would also know in advance exactly "how much QS they are going to get", both individually and as industry sectors. Such an allocation basis would also greatly simplify the allocation, appeals, and implementation of the entire program. The data bases to be compiled, analyses to be generated, and estimation of impacts would be infinitely more straightforward. Such allocation mechanisms have been employed in many of the IFQ systems implemented worldwide. This mechanism recognizes both past participation and current needs of the operation.

However, notwithstanding the advantages of such an allocation, the industry and Council have been generally against such an allocation, because of the very fact that it ignores, or downplays, past catch history. Expectations from previous IFQ programs have indicated a reliance on catch history as a measure of participation and dependence on the fisheries. Not counting this past participation is viewed as an unacceptable method for allocation among many in the industry, particularly those that fall into the highliner category.

For these reasons, the Council has eliminated vessel size as an allocation mechanism. However, we include a discussion of the option here for illustrative purposes. It may be that some combination of catch history and vessel size can be struck which would satisfy both sides of the argument; i.e., one that factors in catch history, but has enough of a vessel size consideration to satisfy those persons who may be new enough in the fishery to lack a substantial catch history. Such a formula might partially moot the issue of whether QS are allocated to current vs. past vessel owners. The Council would still have to make this decision, but it would be much less contentious and much less critical in its allocational implications. It is also likely that such an allocation mechanism would result in an allocation which is less disruptive to existing operations (except of course to highliner operations), and would result in a more "level playing field" to initiate the program.

Option C. Exception provision for disenfranchised participants.

Perhaps the most direct, effective, and acceptable option for reconciling the dilemma is to make the allocation to current vessel owners, but provide 'relief' for those persons who (1) have sold a vessel with a large catch history, (2) are still active in the fishery with a new vessel which has little or no catch history, and (3) are disadvantaged because of this, relative to the alternative of allocating to past vessel owners. One way to accomplish this would be to set up specific criteria which would qualify someone for such a provision. For example, must be 'disadvantaged by X%' etc. to qualify for relief provision. It is likely that such criteria would result in numerous appeals and greatly confound the analysis and implementation of the program.

A simpler, more straightforward approach, which accomplishes basically the same thing, would be to allow the qualified QS recipient to choose which catch history to use; either the catch history of the current vessel, or his catch history while owner of previous vessels. Under this option, a person would still have to be an active participant in the fishery (if the Council makes this a criteria for eligibility) and his choice would not directly alter the QS received by other recipients. For example, if 'A' purchased a new vessel and sold his old vessel (with a large catch history) to 'B', then 'A' would

likely claim the catch history from his old vessel. It is also likely that 'B' would claim this same catch history. They would both receive QS credit based on the catch history from the same vessel(s). The only distributional effect is to slightly dilute the QS received by all QS recipients. The amount of dilution of the overall QS will depend upon the degree to which such transfers have taken place; i.e., it would depend on how many persons would be in that situation and how much difference there is between their catch history based on currently owned vessel and their catch history based on previously owned vessels. It is important to note that, under this option, two persons would not be 'competing' for a given catch history, rather they would both be receiving QS based on equal catch histories.

The only QS recipient whose QS will be significantly impacted will be those that otherwise would have been disenfranchised. The person who currently owns the vessel, as well as all other vessel owners in the program, would be only slightly affected by this redistribution. There are, however, some complicating factors in this option. First of all, some vessel sale contracts which transferred catch histories as part of the contract would, in effect, be mooted. For example, under the alternative to allocate to current vessel owners, someone who bought a vessel, and paid a premium to acquire catch history as part of that deal, would be getting the QS anyway! He therefore paid for the QS for no reason. This situation exists regardless of Option C. Under Option C, the person selling the QS with the vessel would also be able to apply for that catch history credit, so the transfer contract is basically mooted.

The converse is also true. If a person sold a vessel but explicitly retained the catch history by contract, both parties would still be able to apply for the same catch history credit (and both receive it). This assumes that both parties still qualify as current vessels owners. If the party who sold the vessel is no longer in the fishery as a vessel owner, then he would be ineligible to apply for any QS, regardless of his past catch history (if the Council identified current vessel ownership as an allocation criteria). The Council may decide that this complication is not a problem, to the extent that persons transferring catch histories by contract were trading 'rights' which do not yet exist.

The second complication with this option is that, if it were adopted by the Council, it would open the door to cheat the system. Persons could begin vessel transfers which would have the effect of qualifying two, or even several, persons for the same catch history. The only way to prevent this is to define current vessel ownership as right now and base the allocations on vessel owners as they stand today. Another way might be to disallow, for purposes of this provision only, any vessel transfers which occur after today.

The above discussion, which focuses on relief for those still in the fishery with another vessel, implies that the 'choice provision' would apply only to those that currently own a vessel. The Council could structure the program whereby a person must have fished in most recent year (for example) to qualify, whether they own a vessel or not. Such an approach would also take into account those persons who may have had a vessel sunk in the recent past. Or, the Council may wish to make a specific stipulation for sunken vessels' catch histories. One point which comes clear from this discussion is that, regardless of the Council's decision on whom to allocate QS, they must establish the criteria for eligibility. In other words, is there going to be a window of participation one must satisfy to become initially eligible. After that comes the issue of which years to include in the catch history compilation.

IV. Summary

In terms of whether to allocate only to current vessel owners based on catch history of the vessel or to allocate to past vessel owners at time of landings: If the Council wishes to have both options remain open for full analyses, then staff can conduct the analyses to cover both options. However, this will considerably lengthen the scope of work on the document and it is likely that overall impacts, in terms of costs and benefits, will not differ between the two options. Rather, the difference in impacts will be only distributional in nature, in terms of who gets the initial QS. It is also likely that, if this decision is held until the last minute, the industry and public will be at some disadvantage in terms of their ability to comment meaningfully on the overall merit of the program. The affected industry members will also not be in a position to "know how much they are going to get" until the decision is made as to which option to adopt. In summary, the ability to make this decision does not rest so much on any formal analyses as it does on general policy direction. In any case, it is a decision which needs to be made early in this process, for purposes of both analysis and public input to the process.

If the Council wishes to consider Option C, which allocates to current vessel owners but allows them to choose which catch history they will use, then the Council's job is much easier. Option C would allow the Council to allocate to current vessel owners, while providing relief to those who might be adversely affected by this alternative. Under this option, it is likely that most of the current vessel owners would choose the catch history of the vessel anyway, as opposed to the catch history they may have had as previous owners. The Council still has to determine if only current vessel owners will be eligible and, conversely, if all current vessel owners will be eligible.

Discussion Paper: Processor Considerations

September 17, 1993

At its June meeting the Council was presented a paper by Dr. Scott Matulich on the issue of allocations to processors. That paper has stirred debate both in the industry and in circles of professional economists. After the June meeting Council staff requested several respected fisheries economists to review the Matulich paper and to forward their comments to the Council. The SSC economics subcommittee was enlisted to review these comments and to elicit responses to these comments from Dr. Matulich. Dr. Rich Marasco is overseeing that review, which will not be completed by this meeting.

The Matulich paper, whether one accepts its premises or not, has shed some light on the issue of the treatment of processors under what has been envisioned as a program allocating harvest rights. Such issues as equity for non-harvesting processors (shore-based and motherships), vertically integrated firms, malleable v. non-malleable assets, and the rights of prior use have gained in prominence. The Council is faced with the difficult decision of how to deal with this wide ranging debate. Without getting into the debate, this paper tries to focus on the alternative solutions which could provide stability for the processing sector under an individual quota system. Three alternatives have surfaced.

1) Allocate a portion of the harvesting rights to processors. This alternative has been proposed by processors, and from the perspective of economic theory does not appear to affect the efficiency outcome of going to an IFQ system. In terms of equity, an allocation to processors recognizes the prior use or dependency of the processors on the resource. In terms of administration, an allocation to processors means additional participants to track; the 1992 NMFS Weekly Processor report listed 96 non-harvesting processors. Harvesting groups have voiced strong opposition to this proposal.

2) Develop two allocation pies, one allocating harvesting rights, the second allocating processing rights. This is the two-pie system discussed in the Matulich paper. This alternative appears to have merits in terms of equity between harvesters and processors. There is however, much debate among economists whether a two-pie system will be will lead to an "optimally efficient" solution. Additionally, there may be some legal issues; Does the Secretary of Commerce have the authority to regulate processing under the MFCMA?

3) Allocate all harvesting right to harvesters but guarantee shore-based and mothership processors access to raw product by limiting transferability of shares between harvesters and catcher/processors, and possibly by continuing inshore/offshore landings requirements. This alternative is less efficient from an economist's perspective than a harvesting allocation without restrictions. The inefficiency comes about because the "market" for shares has been split. Within the harvesting sector, shares may trade and in time the market will efficiently allocate harvests. Similarly, within the catcher/processor sector the shares will find their way to the most efficient users. But because there are no transfers between markets, overall efficiency will not come about. Even if the initial split between harvesters and catcher/processors appears efficient at the time, any changes in technology will render to inefficiency what was an efficient solution. Further restrictions on landing such as occurs under inshore/offshore will also reduce efficiency. This is not because one sector is more efficient than the other but because government rather than the market determines the outcome. Since government can never be as all-knowing as the market the solution will inevitably be less than perfect. The economist's concerns not-with-standing, this alternative may have merit for further study, if for some reason two alternatives appear infeasible.

S.E.A.
SKIPPERS FOR EQUITABLE ACCESS
7030 15th Ave. NW, Seattle, Washington 98117
(206) 782-4454, FAX (206) 782-7893

September 15, 1993

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

VIA FAX (907) 271-2817

RE: Comprehensive Rationalization Plan for the Bering Sea

Dear Mr. Lauber:

SEA (Skippers for Equitable Access) is still extremely concerned regarding the development of a Comprehensive Rationalization Plan or limited access plan for North Pacific crab and groundfish fisheries. SEA represents captains and owner/operators who have been responsible for harvesting and landing crab and groundfish in the North Pacific.

Members of the North Pacific Fishery Management Council Advisory Panel have expressed concern that few of our members have attended council meetings. However, the dates for council meetings have coincided with fishing seasons. For instance, the September 20 meeting is being held in the midst of the pollock "B" season, the St. Matthews blue crab season and the Pribilof red crab season. Therefore very few captains have these dates free. One of our association members has elected to forfeit his fishing season to testify before the council for SEA in September. He will do so at a personal cost in lost fishing earnings.

Our growing membership is very concerned that they may be excluded from the planning process. More than 250 operators and vessel owner/operators have signed our petition which was presented at the June 13 council meeting by Ben Stevens. The petition is still circulating and is currently generating numerous signatures in Dutch Harbor.

SEA members continue to be concerned that current licensing proposals ignore their investment of time, effort, skill and, in some cases, financial capital in the North Pacific groundfish and crab fisheries. Therefore, we respectfully request that the NPFMC continue to include SEA in the planning process regarding any Comprehensive Rationalization Plan or individual quota system. We continue to direct your staff to analyze, as one option, allocating a percentage of ownership in the individual quotas or limited access licenses to skippers with documented catch histories during the qualifying years covered by the June, 1992 moratorium.

We look forward to working with you to develop a scheme for the fisheries of the North Pacific that is rational and equitable.

Sincerely,

John Zimmerman

Walter Christensen

INDEPENDENT FISHERMEN FOR FAIR QUOTAS
2442 N.W. Market Street , #349
Seattle, Washington 98107

Phone (206) 782-0770 ***Fax (206) 391-8105***

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

Re: Comprehensive Rationalization

Dear Rick and Clarence,

As the council continues its work on the CRP at the September meeting we wish to make three key points. The ***first*** is that we believe that ITQs constitute the best means of rationalizing the over-capitalized fisheries of the North Pacific, both for crab and for groundfish. The ***second*** is we believe this is the most urgent item on the council's agenda, and we would urge the council to do its best to maintain the timeline it has set for itself and prioritize available resources in an effort to make a final decision in June of 1994. The ***third*** point we wish to make is that we consider further discussion of a "two pie" approach to be an unproductive detour on the path to CRP.

Given the extensive qualitative analysis that has been done to date, and the ever widening sense of financial crisis facing all sectors of the fishing industry in the North Pacific, we think the first two points are self-evident. This letter will focus on the "two pie" approach.

During the Kodiak meeting in June the CRP committee focused a great deal of its attention on a "two pie" allocation system presented by Dr. Scott Matulich. Certainly the audience and industry spent a great deal of time discussing Scott's paper during and since the meeting. We understand the Council requested and received several reviews of Scott's article from noted economists and that these will be discussed at the SSC this meeting.

The members of IF^{3}Q find Scott's two pie theory and discussion to be quite disconcerting. Our uneasiness is based both on the questionable merits of his economic analysis and on the shallowness of his assumptions. We ourselves have contacted a number of economists in an effort to better understand Scott's thesis, however it is beyond the scope of this letter to dissect and critique his analysis here. That is a task best left to the SSC and other professional smoke and mirrors types. Instead, we would like to comment briefly on a few of the assumptions he used and address the main tenants of his paper.

It is an indisputable fact that both the harvesting and processing sectors of these fisheries are overcapitalized. This overcapitalization includes excess vessels, gear, and people. The

buildup in these groups over the past decade has led to faster fishing, shorter seasons, and increased waste. It is now leading to bankruptcies of members of all sectors of the fishing industry.

The basis of the fisheries are the harvesters. It is by their efforts that common property fish enter the private sector. It is the harvesters through the act of capture who privatize fish, not processors or gear suppliers or retailers. Therefore it seems logical that granting privileges to harvest fish would go to harvesters, not retailers. Granting marketing quotas to retailers would not impact the amount of capital expended to capture fish, only the manner in which fish are marketed. Grant gear quotas to gear suppliers, and there may be some impacts on gear design, but the race for fish would continue. ***Should processors be granted quota they would control the fisher's markets and actions. The desire to break this tyranny of processors over harvesters was one of the major reasons Alaskans voted for statehood.*** Quotas to harvesters on the other hand, would control the race for fish, reduce waste, promote safety and thereby increase the value of the fisheries as a whole.

It is the value of the fisheries, over time, that is a critical measure of whether or not an IFQ policy would benefit the nation. This value is the difference between total revenue to the fishery and the operating costs of harvest. Scott refers of these as quasi-rents. To the extent that capital investments (the fixed costs) can be used elsewhere, the value of the fishery increases. An example of reduced capital costs is the meal plant that was moved from St. Paul to Astoria. One of Scott's key assumptions is that shorebased processors have no other use for their capital investments; an assumption that obviously does not hold up.

The major change that will occur with IFQ's is a reduction in redundant capital investment. This means operating cost overall will be reduced. Since it is unlikely that this will significantly impact the wholesale price of fish as a world commodity, the value of the fishery will increase. Both the harvesting and processing sectors will shed unnecessary capital under a system of harvesting IFQs. The result will be the same amount of fish caught, more efficient utilization and processing, and increased value to the nation. We have already seen this, on a small scale, in the CDQ fisheries.

Scott contends that IFQ management is not necessarily more efficient than open access management, especially in the near term. For that to be the case, the summation of the yearly values realized in the near term would have to be less than the costs including management and enforcement. The value of IFQs will be represented by the market price. The only proxy we have now for pollock IFQs, at least on a yearly basis, is CDQ royalties. Looking at them it is reasonable to assume that the IFQ value for all pollock would be well over $100M a year. It is inconceivable that the increased management and enforcement costs necessitated by a change to an IFQ system would even come close to this.

The industry we participate in today is vertically integrated to one degree or anther in all its sectors. This is most evident with catcher/processors. However, most if not all of the Bering Seas shorebased processors have financial interests in harvesting vessels. Major trading and marketing firms such as Taiyo and Tyson have direct or indirect interests in both processors and harvesters, and a number of harvesters have investments in processors. These relationships are more likely to increase than to diminish under IFQs. There is no need to give quotas to

processors since they will be able to secure fish supplies through established connections, through new relationships, and through the open, capitalistic market.

In fact, under a fully transferable type of IFQ system processors would be able to purchase quota and have their own delivery vessels use it. In this case, quota would end up in the hands, not necessarily of those who are most endowed with initial allocations, but those who have the easiest and most abundant borrowing power. At least at this stage, that is the shorebased processors.

People will sell IFQs and others will buy them, only if each thinks they will be better off. It is not possible to determine a priori if a harvester with secure marketing contracts will sell out to a catcher/processor or if a shorebased processor with foreign ownership and marketing arrangements will be bought up by US harvesters. What is most probable is that both these types of transactions will occur along with shorebased processors buying catcher/processor IFQs (and perhaps turning into catcher/processors), catcher/processors becoming harvesters only (again, for some of them), and all other imaginable combinations.

The economics of the real world are much too complex to be captured by rudimentary models. And most importantly, the cost reductions and concomitant increases in value of the fishery that will occur because of IFQs are not fully predictable at this time. Add to this changes in national and world fish markets and it is not at all possible to discern what will occur in the near term under IFQs, let alone in the long term.

In short, harvester IFQs will not spell the doom of shoreside processing; and the concerns of Alaskan coastal communities can be addressed without a two pie allocation. The SSC will no doubt provide you with the economic jargon to support this or a least to demonstrate that Scott's thesis is baseless, though it contains thought provoking discussion. What is certain is that quotas initially given to any group other than harvesters will be disruptive in the near term, will result in a rash of market imperfections and serious short term capital losses.

Clearly any action the council takes has re-distributive consequences, but so does the status quo. The status quo is not static. It results in ever lower potential rents or value to the nation being captured from the fishery. It encourages a perverse kind of competition based on the ability to throw ever increasing amounts of redundant capital into the fishery, not for efficiency but for speed. Matulich would have the council adopt a whole new philosophy of fisheries management, whereby the council could take no action until it identified all the re-distributive consequences of the action and compensated all losers relative to a snapshot of status quo. ***This is a recipe for abdication of the council's responsibility to manage the fisheries to maximize benefits to the nation as a whole.***

While it is certainly legitimate for the council to be concerned with and cognizant of redistributive impacts, we would suggest there are some basic criteria for evaluating such impacts, none of which lead to a two pie solution.

1. National Standard #4 - That allocation "be fair and equitable to fishermen". The National Standards are silent with respect to processors.

2. Americanization, the basic goal of the Magnuson Act. If there are positive redistrbutive impacts they should go to the most highly Americanized sectors, negative impacts should fall most heavily on the least Americanized sectors.
3. The 303 (b) 6 guidelines, particularly (B), "historical dependence upon the fishery ". This is consistent with the council's halibut and sablefish plans which allocated to fishers in order in part to preserve their role as independent small businesses.

Matulich claims a two pie allocation recognizes and compensates "all rights in prior use". It does not, not crews', not captains', not Mrs. Paul's, not Skippers', not Safeway's, not the consumer's. In a perfect world perhaps it would be desirable to compensate everyone for their expectations. ***However, the council's task is not to design the perfect world, nor is it the council's obligation to compensate late investors.*** No explicit promises were made by the council or the nation. In fact the council provided an explicit "caveat emptor" as early as 1987 with the Statement of Commitment, which was repeatedly reaffirmed through the process culminating in the June 1992 cutoff/moratorium. ***The council's task is simply to design a better, more rationale system than the madness of the current 'Olympic System' and to do so as expeditiously as possible.***

If the council creates a single pie harvest IFQ system, over time some IFQs will be sold to non-harvesters and ultimately will gravitate to those with the soundest business and management sense. These might be harvesters, they may well be processors, IFQs could even be acquired by a high school economics class in Kansas. Whomever they are, they will be those with the best skills, not necessarily from any one sector. Efficiency will be enhanced, and benefits to the nation as a whole will be greatly improved relative to the rapidly deteriorating status quo.

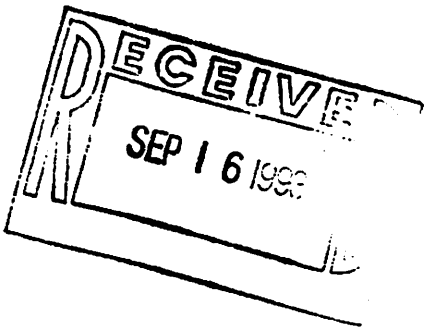
So, push on. Thank you for considering our comments.

On behalf of IF^{3}Q

Robert L Watson

Robert Watson, President

Oceantrawl



via telefax & mail

September 16, 1993

Clarence G. Pautzke
Executive Director
North Pacific Fishery Management Council (NPFMC)
P.O. Box 103126
Anchorage, AK 99510

Dear Clarence:

I am enclosing herein by telefax an outline of Oceantrawl's position on Individual Transferable Quotas. I look forward to presenting this position before the North Pacific Fishery Management Council the week of September 20th during the Councils meeting in Anchorage. I would appreciate you submitting our proposal for the Council record as one of the industry options to be analyzed by Council staff.

Thank you in advance for your assistance.

With best regards,

Edward E. Wolfe
Director Governmental and International Affairs

EEW:pdb

Enclosure

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Telephone: (206) 448-9200 · Telex: Domestic & International-62956529 · Fax: (206) 448-5055

OCEANTRAWL'S POSITION PAPER ON INDIVIDUAL TRANSFERABLE QUOTAS

Oceantrawl Inc. supports the implementation of an Individual Transferable Quota (ITQ) program as the preferred tool for rationalizing the North Pacific groundfish fishery. This position paper identifies Oceantrawl's views on the essential parameters of a successful ITQ program.

1.0 BASIS OF CALCULATING ITQ'S

* ITQ shares should be awarded according to the contribution an industry participant has made to the successful "Americanization" of the North Pacific groundfish fisheries, where contribution is defined as the total dollar value that a participant has generated from the groundfish resource during the "qualifying period".

* The "qualifying period" for determining ITQ shares should start on January 1, 1988, the date of enactment of the Commercial Fishing Vessel Anti-Reflagging Act (Public Law No. 100-239), and extend to December 31, 1995, the expiration date of the Inshore Preference ruling (Amendment 18).

* The total dollar value generated by the Alaska pollock industry, for example, should be the sum of the dollar value generated by each pollock industry participant during each year of the "qualifying period", including the total dollar value generated by each eligible harvestinig vessel (tonnage caught, times price per pound for round fish) for fish delivered to both JV (foreign) and DAP processors as well as the total dollar value generated by each eligible primary processor, including factory trawlers, shore plants and motherships, (tonnage of products produced such as surimi, fillets, headed and gutted fish and other, times the price per pound for each product).

* The pollock ITQ share of a particular pollock industry participant should be equivalent to the percentage of the total pollock industry dollar value such participant has generated during the "qualifying period".

* For example, if the total dollar value generated by the pollock industry, during the "qualifying period" is $5 billion, and a vessel generated a total dollar value from pollock during that period of $50 million, that vessel would have generated one percent of the pollock industry's total value and would qualify for an ITQ share of one percent of the total pollock ITQ.

2.0 BASIS FOR ATTRIBUTION OF ITQ'S

* ITQ shares should be assigned only to owners of vessels or primary processors which have:

  a) harvested or processed fish prior to the Council-adopted "Moratorium" cutoff date (June 24, 1992);

  b) actively participated in the fishery during each of the last three years prior to the approval and implementation of the ITQ program (not expected before January 1, 1996), where active participation is defined as harvesting or processing a minimum of 10,000 MT of fish (for the pollock ITQ) per year during each of those three years; and

  c) for vessels, been in compliance with all U.S. majority ownership requirements at all times during the last three years prior to the implementation of the ITQ program.

* Upon approval and implementation of the ITQ program, initial ITQ shares would be assigned to the then current owner of a vessel, to the then current owner of a primary processor or to a CDQ group, not to various historical owners of a vessel or a primary processor.

* After the initial assignment, ITQ shares would be totally independent of individual vessels, primary processors or CDQ groups.

3.0 BREADTH AND ORGANIZATION OF PROGRAM

* The rationalization program should be comprehensive and implemented for the broadest number of species complexes and regions. The ITQ's, however, must be organized around species complexes and their associated subpopulations needed to support effective biological supervision.

4.0 REQUIREMENTS TO ESTABLISH COMPETITVE AND LIQUID MARKET FOR ITQ'S

* Virtually all the biological, economic and social benefits of an ITQ program are inseparable from the tradeability of the ITQ shares created. To achieve this end, a competitive and liquid market within each of the subquota areas (i.e., Pacific cod: Central Gulf) must be created and maintained. The following positions are supported to achieving this objective:

a) there should be no waiting period on consolidation or leasing of ITQ shares. Oceantrawl does, however, recognize the need for a two year moratorium on the outright sales of ITQ shares to allow for the appeals process to be completed.

b) there should be limits imposed on the trading or sale of ITQ shares, as follows: no single owner or affiliated group of owners should be allowed to own more than 20% of the total initial ITQ allocation for any single species or more than 30% of the total ITQ allocation for any single species thereafter.

5.0 ROLE OF COMMUNITY DEVELOPMENT QUOTA PROGRAMS

* Starting in 1996, community development quotas (CDQs) should be converted to ITQ shares, as follows: pollock harvested under CDQs will be valued the same way catcher boat pollock harvests will be valued. CDQ groups will receive pollock ITQ which are equivalent to the share the dollar value of their CDQs has in relation to the total pollock industry dollar value generated during the "qualifying period".

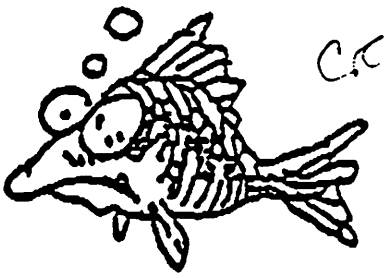
* The dollar value generated by processing CDQ quotas will be credited to the primary processor that processed the pollock, less the dollar value for the round fish.

* CDQ groups will be exempt from the active participation requirements stated above, including the requirements that an eligible participant had active participation in the pollock fishery prior to the Council enacted "Moratorium" cutoff date.

cc: CDV

CCP

North Pacific Longline Association



July 17, 1993

Nancy Foster, Ph.D.
Acting Assistant Administrator For Fisheries
National Oceanic and Atmospheric Administration
12335 East-West Highway
Silver Spring, MD 20910

RE: Catch History Control Date

Dear Dr. Foster:

We are writing in regard to the publication of a "control date" for catch history qualification in any future limited access plan in the fisheries under the jurisdiction of the North Pacific Fishery Management Council (58 FR 33798, published June 21, 1993). We have reviewed and we support the June 30 letter on this topic prepared by the Kodiak Longline Vessel Owners' Association, attached.

In our view the adoption of a "control date" is poor public policy. The disposition of capital and labor in the fisheries off Alaska becomes more efficient each year, as fishermen and processors respond to market forces. It will be some time before any comprehensive access limitation scheme is implemented (if one is implemented). Reaching back in time for qualifying years will unnecessarily disrupt the activities of actual fishery participants at the time any such scheme is adopted, and will cause significant economic harm. Only contemporary participation should be considered in determining qualification for any limited access system.

The "control date" notice is not a notice-and-comment rulemaking under the Administrative Procedure Act and other applicable federal law - it does not have the force and effect of law. It is merely a warning that participation after a certain date "might not" be given full credit in determining who qualifies for future participation. Historically "control dates" have been abandoned, as in development of the Sablefish/Halibut limited access plan.

We agree with the KLVOA that the June 24, 1992 "control date" is unnecessary, inappropriate, and counterproductive.

Thank you for your attention.

Sincerely,

Thorn Smith
Executive Director

cc: Mr. Richard Lauber

4209 21st Avenue West, Suite 300, Seattle, Washington 98199
TEL: 206-282-4639; FAX: 206-282-4684

KODIAK LONGLINE
VESSEL OWNERS' ASSOCIATION

326 CENTER AVENUE, PO BOX 135
KODIAK, ALASKA 99615
(907) 486-3781 FAX (907) 486-2470

HALIBUT • SABLEFISH • PACIFIC COD • CRAB

July 1, 1993

Honorable Ron Brown
Secretary of Commerce
U.S. Department of Commerce
Washington, D.C. 20230

Dear Mr. Brown,

We are writing to comment on the June 24, 1992, cut-off date for accruing catch history in the fisheries of the North Pacific, recently published at 58 FR 33798. We feel that the establishment of this control date is inappropriate and counterproductive as the North Pacific Fisheries Management Council proceeds in their effort to comprehensively rationalize all fisheries under their jurisdiction. We ask that you be mindful of these important facts that support our position.

1. Not all fisheries under consideration share similar histories and are at the same stage of development. It will be necessary to treat the various fisheries differently. For example, fisheries that are harvested with a single gear type present much less complicated issues for qualification of initial allocation than fisheries in which the resource is harvested by multiple competing gear types. Further, some fisheries are more mature than others, with the total allowable catch (TAC) having been achieved for many years, while in others, TAC has only recently been achieved. Thus, criteria for qualification for initial allocations will need to be different for different fisheries.

2. Federal policy to Americanize the fisheries during the early 1980's led to North Pacific Fishery Management Council decisions that impeded the development of some segments of industry, until recently. This more recent capital investment represents a logical evolution of the fishery to the benefit of fishery resources. It is our position that the Pacific cod fishery in the Bering Sea/Aleutian Islands is an example of a fishery where the domestic annual production (DAP) total allowable catch (TAC) has only recently been reached (1992). The development of the U.S longline segment was delayed as a result of Council actions that allowed Japanese longline vessels TALFF (total allowable level of foreign fishing) to promote the Americanization of other fisheries. The market in Japan did not open for high quality American longline caught and processed Pacific cod until after the Japanese no longer had access to Pacific cod TALFF. This impediment to the American

longline industry puts us in a position of having an artificially short history vis a vis the trawl industry.

3. High quality frozen at sea longline caught cod has developed a substantial export market in Japan and Europe, as well as an increasing domestic use for reprocessing into fillets. *This product is produced at a substantial savings of halibut mortality and groundfish discard waste, compared to the cod production by the trawl fleet.* In 1993, during the directed *trawl cod fishery,* discards of cod and other groundfish totalled 50,892 MT, while only 51,855 MT of cod were retained; a ratio of nearly 1:1. This appalling wanton waste can no longer be tolerated and will not easily stand public scrutiny. It is our position that a premature cut off date will skew the initial allocation of the Pacific cod resource to distant history, negating the beneficial evolutionary effects that have taken place in the industry recently, unjustifiably benefiting one segment of the industry over another. Further, the net effect would be to institutionalize high levels of PSC (prohibitive specie cap) and discard waste, while destroying the fleet that has developed, in part, as a response to these problems.

4. The development of a comprehensive rationalization plan that privatizes public resources to the benefit of a relatively few individuals is going to be contentious and highly controversial. The fisheries of the North Pacific generate in excess of two billion dollars a year. Preliminary estimates of the total capitalization of Individual Transferable Quotas (ITQ's) in a comprehensive plan range up to twenty billion dollars. The arguments for moving in this direction may be compelling, the efforts to do so should be well considered and wholly justifiable to the nation and industry, while beneficial to the resources involved. We should not rush to implement any plan that has not been adequately researched and analyzed. The time required to develop an optimal program may be greater than industry or government currently acknowledges. Whatever plan is finally adopted should be the least disruptive possible, so that the natural course of capital flow and consolidation can take place to the benefit of all members of industry. It is our position that taking a snap shot of industry as it exists at or close to the time of implementation is the most reasonable approach to take in an effort to preserve the evolution of the industry. This approach would also prove much less disruptive to a majority of industry.

5. In September of 1990, the North Pacific Fishery Management Council instituted a moratorium on new entrants into the halibut, crab, and groundfish fisheries as of February 9, 1992. This action has yet to be forwarded to the Secretary. Subsequent to this action by the Council, in June of 1992, the Council then set a cutoff date for accrual of catch history in the development of any comprehensive rationalization program of June 24, 1992. It is our position that to allow investment in the fisheries through February 9, 1992, and then turn around less than four months later and cutoff accrual of catch history for comprehensive rationalization is highly inconsistent and inappropriate.

6. Under section 303 (b) (6) of the Magnuson Act, it is clearly stated in (A) " that present participation in the fishery," is one of the criteria for establishment of any limited access regime. Given the complexity of the issues and the desire of all parties involved to

develop equitable initial allocations that will provide for a workable program, it is highly unlikely that any program will be developed quickly enough to make this proposed date meaningful. If it is the Council's and the Secretary's desire to limit unnecessary capital into the industry, then prompt action to implement the moratorium on new entrants would be more appropriate. Specific qualifying dates for catch history should be developed on a fishery by fishery basis reflecting the history and maturity of each individual fishery. This should be done as a part of the comprehensive rationalization plan and not piecemealed.

7. Economic efficiency will be enhanced by the adoption of a CRP that is reflective of the industry as it has evolved and matured at the time of implementation. To the extent that the plan attempts to reach back further to the past to set criteria for qualification for initial allocation, it will dilute the evolution of current fishery methods and capital formation to the detriment of economic efficiency. It will also promote highly contentious industry infighting, purely for personal gain, and lend an aura of "land grab" to what should be a rational process.

In conclusion, it is our position that the publication of the June 24, 1992, control date for accrual of catch history in the implementation of any CRP does not account for the impediments the Americanization policy of the early 1980's created for the U.S longline industry. In doing so, the bias this date creates jeopardizes the future viability of this segment of industry, negating the benefits of prohibited specie mortality and discard waste reduction. Future discussions of allocation schemes will be encumbered as this date will tend to frame those discussions, while economic efficiency will be reduced the further in the past the Council reaches for qualifying catch history. Therefore, we conclude that publication of this date in unnecessary and wholly inappropriate. It will be counterproductive to the rational discourse needed to develop a sound CRP program. Your consideration of our most serious concerns are appreciated. Thank you.

Sincerely,

Kevin B. O'Leary

Kevin B. O'Leary
Vice-President

cc: Honorable Ted Stevens
Honorable Frank Murkowski
Honorable Don Young
Mr. Richard Lauber
Mr. Steve Pennoyer
Mr. Jay Ginter

KBO/fl

CRP

United Fishermen's Marketing Association, Inc.

P.O. Box 1035 Kodiak, Alaska 99615

Telephone 486-3453

June 27, 1993

Mr. Chris Oliver
Deputy Director
North Pacific Fishery Management Council
P. O. Box 103136
Anchorage, AK 99510

Dear Chris,

Attached please find a proposal from UFMA regarding the general direction that we believe should guide the development of a vessel license limitation program for crab in the BSAI.

As you know, I testified to the details of our proposal on Sunday, June 20, and again on Thursday, June 24. I also provided 25 copies of our proposal to the Council at the time that I testified on June 20.

I just realized that the 25 copies of the UFMA proposal that I provided to the Council on June 20 were of an uncorrected draft; sorry about that. Such UFMA proposal was dated June 16, 1993; please notice that the accurate, corrected proposal (the one attached) is dated June 19, 1993.

For your information, there is no difference of substance between the June 16 version and the June 19 version. The only differences between these two versions are of grammar, spelling, typographical structure and numerical ordering. Even those differences are minimal. However, because the Council will be developing an analysis of license limitation for the BSAI crab fisheries, I wanted to be sure that you had the correct UFMA proposal in your hands.

I am sorry about the mixup. Fortunately, it is not a substantive problem. In the last minute rush to get to the Comprehensive Planning Committee meeting on Sunday, I grabbed the stack of copies that had been made prior to editing; these copies should have been destroyed.

Thankyou for making sure that our June 19 proposal is the one that is recorded with the Council as the official UFMA proposal for license limitation in the BSAI crab fisheries.

Sincerely,

Jeffrey R. Stephan

United Fishermen's Marketing Association, Inc.

P.O. Box 1035 Kodiak, Alaska 99615

Telephone 486-3453

June 19, 1993

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

RE: Comprehensive Planning for Crab in the Bering Sea Aleutian Islands

Dear Chairman Lauber,

The United Fishermen's Marketing Association (UFMA) hereby submits specific recommendations, and some general suggestions and observations regarding the development of a program to limit effort in the Bering Sea Aleutian Islands crab fisheries.

1.0. GENERAL

1.1. UFMA recommends License Limitation of crab vessels as the preferable method for limiting effort in the BSAI crab fisheries.

1.2. License Limitation of crab vessels in the BSAI crab fisheries (Crab Vessel License Limitation) is the method that is most efficiently and easily applied within the framework of the vessel Moratorium that was adopted by the Council in June, 1992 (Moratorium).

1.3. Crab Vessel License Limitation is the method that will best fit with the customary, historical and traditional participation in the BSAI crab fisheries.

1.4. Crab Vessel License Limitation can be implemented soon, it is probably achievable in a much shorter time period than an IFQ program for BSAI crab, it is probably more politically attainable in the reasonable future than IFQ management.

1.5. Crab Vessel License Limitation is a viable restriction on effort.

2.0. RELATIONSHIP TO MORATORIUM

2.1. Crab Vessel License Limitation is a logical extension of the Moratorium. Crab Vessel License Limitation is a natural progression from the Moratorium; it is a reasonable and cost-effective refinement of the Moratorium.

2.2. The Moratorium provides that any harvesting vessel that made a legal landing in any of the Moratorium fisheries between January 1, 1980, and February 9, 1992, will qualify under the Moratorium (Qualified Vessel). The Crab Vessel License Limitation program that is recommended by UFMA suggests a modification to this qualification period.

2.3. The Crab Vessel License Limitation program recommended by UFMA applies to vessels, not to people; the Moratorium applies to vessels, not to people.

2.4. Crab Vessel License Limitation will limit "Crossovers" into the BSAI crab fisheries, therefore, it will limit the further expansion of effort in the BSAI crab fisheries. However, the Moratorium permits "Crossovers"; therefore, under the Moratorium, a Qualified Vessel that has never made a landing in any BSAI crab fishery is permitted to participate in the BSAI crab fisheries (i.e., the Moratorium does not restrict a Qualified Vessel from crossing over and participating in any of the Moratorium fisheries).

2.5. In an action that was related to the Moratorium, the Council notified the industry that any future Council decisions that regard allocations and limited access may rely upon, consider and count catch histories only up through June 24, 1992 (the date that the Council adopted the Moratorium). Therefore, the Council alerted the industry that catch histories that are accrued after June 24, 1992 (Control Date), may not be considered or counted in any subsequent allocation or limited access plan that may be developed by the Council as a part of any long term comprehensive management program. It is important to note that June 24, 1992, is a non-binding option, and the Council may disregard it.

2.6. The Control Date of June 24, 1992, should be modified to include the consideration of catch histories and participation in any BSAI crab fishery through and including June 30, 1993.

2.7. The Moratorium intends to protect the affected fisheries from any more boats entering the fishery. Crab Vessel License Limitation will freeze the size and harvesting capacity of the BSAI crab fleet, and prevent further speculative increases in capacity in the BSAI crab fleet. Crab Vessel License Limitation is a further refinement and restriction of the Crossover provisions of the Moratorium.

2.8. Crab Vessel License Limitation will protect the BSAI crab fisheries from invasion by new vessels. Crab Vessel License Limitation will protect the BSAI crab fisheries from the entry of more vessels, and it will restrict increases in the fishing capacity of the BSAI crab fleet.

3.0. LICENSING OF CRAB VESSELS

ALTERNATIVE 3.1. A Crab License is issued to any harvesting vessel that made a legal landing in any BSAI crab fishery (Licensed Vessel) between:

ALTERNATIVE 3.1.1. January 1, 1990, and June 30, 1993;

ALTERNATIVE 3.1.2. January 1, 1988, and June 30, 1993;

ALTERNATIVE 3.1.3. January 1, 1986, and June 30, 1993.

ALTERNATIVE 3.2. A Crab License is issued to any harvesting vessel that made a legal landing of BSAI king crab and BSAI tanner crab (Licensed Vessel) between:

ALTERNATIVE 3.2.1. January 1, 1990, and June 30, 1993;

ALTERNATIVE 3.2.2. January 1, 1988, and June 30, 1993;

ALTERNATIVE 3.2.3. January 1, 1986, and June 30, 1993.

3.3. The Crab License is attached to a Vessel, it is not attached to a Person.

3.4. The Crab License follows a Vessel.

3.5. The catch history of a vessel in the BSAI crab fisheries will follow such vessel for purposes of determining qualification in the Crab Vessel License Limitation program.

3.6. The catch history of a vessel in the BSAI crab fisheries will follow such vessel for purposes of determining any future ownership rights (i.e., IFQ's) that may be implemented.

4. CATEGORIES OF CRAB LICENSE

4.1. A Crab License will cover all BSAI crab fisheries in all Areas and/or Districts. A Crab License will permit a Licensed Vessel to participate in all crab fisheries and in all Areas and/or Districts that are covered under the Fishery Management Plan for King Crab and Tanner Crab in the Bering Sea and Aleutian Islands (BSAI Crab FMP).

NOTE 4.1. A separate Crab License for each BSAI crab fishery (i.e., by species, and/or by Area, and/or by District) is cumbersome, overly restrictive and unnecessary. Objectives thought to be intended by proponents of requiring a separate Crab Vessel License for each BSAI crab species and/or Area and/or District are achieved through the use of Pot Limits, Exclusive Registration Areas, Super-Exclusive Registration Areas, etc.

ALTERNATIVE 4.2.1. Only one Crab License Category will exist, and will apply to all vessel-class-sizes and all vessel functions (i.e., catcher-boat and catcher-processor). The Crab Vessel License Limitation Program will include the same restrictions as the Moratorium with regard to such issues as vessel construction, reconstruction, replacement, modification, etc.

ALTERNATIVE 4.2.2. Two Crab License Categories will exist. One Crab License Category will apply to catcher boats. One Crab License Category will apply to catcher-processors. The Crab Vessel License Limitation Program will include the same restrictions as the Moratorium with regard to such issues as vessel construction, reconstruction, replacement, modification, etc.

5.0. ECONOMIC DEPENDENCE TEST AND/OR CRITERIA

5.1. UFMA recommends that a Crab Vessel License program include no test and/or criteria that relates to economic dependence.

5.2.1. (a) If a test and/or criteria for economic dependence is viewed as a desirable element of a Crab Vessel License program, such economic test and/or criteria should measure:

5.2.1. (b) The ratio of total gross income generated from the BSAI crab fisheries to the total gross income generated from all income sources (i.e., from all fishing and all non-fishing income sources), and

5.2.1. (c) The ratio of total gross income generated from all fishing activities to the total gross income generated from all income sources.

6.0. OWNERSHIP, TRANSFERABILITY AND USE

6.1.0. Definitions that apply to ownership restrictions:

6.1.1. An "Individual" means a natural person who is not a corporation, partnership, association or other such entity.

6.1.2. A "Person" means any individual who is a citizen of the United States or any corporation, partnership, association or other entity (or their successor in interest), whether or not organized or existing under the laws of any state, that is a United States citizen.

6.1.3. A "United States Citizen" means: (1) any individual who is a citizen of the United States, (2) any corporation, partnership, association, or other entity that is qualified to document a fishing vessel as a vessel of the United States.

NOTE 6.1. The intent if this section is to minimize the accumulation of fishing privileges (Crab Vessel Licenses) by foreign entities in much the same way as this issue is addressed in the sablefish/halibut IFQ Program; such program that addresses this objective, in part, by adopting the definitions of "Individual", "Person" and "United States Citizen". There are other specific provisions that should be added to the Crab Vessel Licence program that would further address the issue of foreign accumulation of Crab Licenses.

6.2. A Crab Vessel License must be owned by a Person.

6.3. A Crab Vessel License may be purchased by and/or sold to a Person.

6.4. A Crab Vessel License may be leased by and/or leased to a Person.

ALTERNATIVE 6.4.1. There is no limit to the number of Crab Vessel Licenses (i.e., Qualified Vessels) that a Person may own.

ALTERNATIVE 6.4.2. A Person may own no more than three (or any other number that is agreed upon) Crab Licenses (i.e., Qualified Vessels), unless such Person qualifies under the initial distribution of Crab Licenses for more than three Crab Licenses, in which case, such Person may own no more than that number of Crab Licenses that such Person was granted under the initial distribution of Crab Licenses.

ALTERNATIVE 6.4.3. (a) A Person may own no more than three (or any other number that is agreed upon) Crab Licenses (i.e., Qualified Vessels), unless such Person qualifies under the initial distribution of Crab Licenses for more than three Crab Licenses, in which case, such Person may never own more Crab Licenses than that number of Crab Licenses that such Person was granted under the initial distribution of Crab Licenses.

ALTERNATIVE 6.4.3. (b) In the event that a Person is granted more than three Crab Licenses under the initial distribution of Crab Licenses, and if such Person sells one of such Crab Licenses, then such Person is permitted to own no more than the number of Crab Licenses that such Person owns after such sale. For example, if a Person is granted 5 Crab Licenses under the initial distribution of Crab Licenses, then that Person is "grandfathered", and is permitted to own 5 Crab Licenses. However, if such Person sells one of the 5 Crab Licenses, then such Person is permitted to own no more than 4 Crab Licenses.

ALTERNATIVE 6.5.1. There is no limit to the number of Crab Vessel Licenses (i.e., Qualified Vessels) that a Person may activate.

ALTERNATIVE 6.5.2. A Person may activate no more than three (or any other number that is agreed upon) Crab Licenses (i.e., Qualified Vessels), (i.e., a Person may participate in the BSAI crab fisheries with no more than three Crab Licenses).

7.0. BUYBACK ALTERNATIVE

7.1. UFMA recommends that an alternative for a Crab Vessel License Buyback Program (Buyback Program) be developed for use in conjunction with a A Crab Vessel License Program.

7.2. A Buyback Program should include the authority to impose an assessment on the industry, such assessment should be imposed on the ex-vessel value of BSAI crab.

7.2.1. The revenues that are collected as a result of this assessment should be generally restricted for use only for the purchase of a Crab Vessel License, and for the general administration of the Buyback Program.

7.2.2. The revenues that are collected from this assessment should be controlled by the Board of Directors of the Buyback Program. The revenues that are collected from this assessment shall be owned by the Buyback Program.

7.3.1. The Buyback Program shall be managed and directed by a Board of Directors that is constituted of Persons who own a Crab Vessel License.

7.3.2. Such Directors shall be elected from a group that includes all Persons who own a Crab Vessel License.

7.4. A vote may be cast in any election associated with the Buyback Program on the basis of one vote per Crab Vessel License.

7.5. Any sale, any change in ownership, or any transfer of ownership of a Crab Vessel License will be governed by the Buyback Program. The Buyback Program will have the first right of refusal to purchase any Crab Vessesl License that is the subject of any sale, any change in ownership, or any transfer of ownership of a Crab Vessel License (the specific provisions of what constitutes "any sale, any change in ownership, or any transfer of ownership" should be defined).

7.6. All Crab Vessel Licenses that are purchased under the Buyback Program must be permanently retired.

7.7. The Board of Directors of the Buyback Program shall adopt provisions to ensure that "fair market value" is paid for any Crab Vessel License that is purchased (i.e., retired) by the Buyback Program.

8.0. CONCLUSIONS

8.1 A Crab Vessel License program is more applicable for the BSAI crab fisheries than is an IFQ program for BSAI crab (IFQ program).

8.2 Generally, fishing behavior and fishing patterns that are currently evident in the BSAI crab fisheries would not likely change in any significant way under an IFQ program. Therefore, it makes sense to apply an effort limitation/management program that actually limits effort, but at the same time is less cumbersome and less disruptive than an IFQ program.

8.3 Generally, the BSAI crab fisheries do not lend themselves to a year-around fishery in the same manner as do the groundfish fisheries. A year-around fishery is thought to be one of the major benefits and objectives of an IFQ management regime for the BSAI groundfish fisheries. However, because of the biological, product-quality and market-related constraints and characteristics of the BSAI crab fisheries, the objective of a year-around fishery, or even a significantly extended fishery, is not achievable in the BSAI crab fisheries under an IFQ program. Even under an IFQ program in the BSAI crab fisheries, the traditional requirements and constraints of the BSAI crab fisheries would not permit a significant increase in the length of the BSAI crab season.

8.4. Generally, the BSAI crab fisheries are restrained by a relatively narrow biological window that must restrict the fishery to a time period other than the molting season, the soft shell season, the mating season, etc. Brown crab may be considered to be an exception to this rule.

8.5.1. Generally, the BSAI crab fisheries are further restrained by a window of time that affects the product-quality of BSAI crab species. Under a Crab Vessel License program, several quality-related issues such as meat recovery, section recovery, fullness of crab, double-skinned crab, etc. will be addressed generally in the same manner as they are now; that is, even under an IFQ program, BSAI crab will be harvested during generally the same time period as has been the case in recent years. For example, from a red king crab product quality standpoint, red king crab are best harvested between early October and early January; an IFQ program for the BSAI crab fisheries will not change this.

8.5.2. Since regulations require that crab must be alive at the time of delivery to a seafood processor, and at the time of processing, an IFQ program will not affect the quality performance of the BSAI crab fisheries any differently than Crab Vessel License Limitation or the status quo.

8.6. Generally, the BSAI crab fisheries are even further restrained by a market-related window that is dictated by the timing of traditional marketing, distribution sales and consumption patterns. For example, with regard to red king crab, the best and primary market for Alaskan red king crab is and has been Japan. Traditionally, because of consumption patterns, the Japanese are most successful in marketing, distributing and selling red king crab and moving it through the distribution channels in November and December; an IFQ program for the BSAI crab fisheries will not change this.

8.7. A Crab Vessel License Limitation program is made more flexible and is significantly enhanced thru the application of Traditional Management Tools. Traditional Management Tools have been used with success in the crab fisheries. Traditional Management Tools are workable in connexion with a Crab Vessel License program. A Crab Vessel License program that incorporates such Traditional Management Tools as Pot Limits (some are already in place), Exclusive Registration Areas, Super-Exclusive Registration Areas, etc. can be successfully and efficiently implimented.

8.8. Crab Vessel License Limitation preserves the traditional competitive patterns of the BSAI crab fisheries better than an IFQ program.

8.9. Crab Vessel License Limitation preserves the traditional economic diversity of the fleet for the BSAI crab fisheries better than an IFQ program.

8.10. Crab Vessel License Limitation addresses the traditional patterns of the fleet with regard to the BSAI crab fisheries better than an IFQ program.

8.11. Crab Vessel License Limitation addresses the lifestyle and traditions associated with the coastal communities and associated support industries better than an IFQ program.

8.12. Crab Vessel License Limitation in the BSAI crab fisheries is more equitable than an IFQ program.

8.13. Crab Vessel License Limitation in the BSAI crab fisheries is more likely to provide a more equitable distribution of crab among processors than an IFQ program. Crab Vessel License Limitation supports the traditional and competitive opportunity for seafood processors to purchase crab from fishermen. Under an IFQ program, it is likely that the historical distribution of crab between processors will change. Under an IFQ program, purchases of crab from fishermen by processors will occur in quantities that are significantly disproportionate to their average past history. Crab Vessel License Limitation in the BSAI crab fisheries ensures a fairer distribution of crab among processors than an IFQ program.

8.14. The hi-grading of crab is less likely to occur under a Crab Vessel License program than under an IFQ program.

We would like to note that with regard to the BSAI crab fisheries, there has been no dataset available to the industry, or to the agencies, scientists, etc. We recommend that the Council proceed very slowly with regard to the general direction and specific elements of any initiative to limit effort in the BSAI crab fisheries until an edited and corrected dataset for the BSAI crab fisheries is available.

Sincerely,

Jeffrey R. Stephan

Potential Elements and Options for Comprehensive IFQ Program
in North Pacific Groundfish/Crab Fisheries

June 28, 1993

Note: The Council is giving equal consideration to a license limitation alternative for crab fisheries, but primary consideration to IFQs for groundfish. Potential elements and options for a crab license program will be developed separately.

PROVISIONS	RECOMMENDED OPTIONS
Species	(A) All species under Council jurisdiction. • All areas (targets): pollock, cod, Atka mackerel, rockfish, other flatfish, red king crab, blue king crab, brown king crab, bairdi, opilio. • BSAI (targets): yellowfin sole and rock sole. • GOA (targets): deep water flatfish and shallow water flatfish. • All areas (bycatch): sablefish, greenland turbots, thornyheads, etc. • All areas (PSC): halibut, crab, herring, (possibly salmon).
Areas	IFQs should be awarded in the area they were earned: Bering Sea/Aleutian Islands, Bering Sea, Aleutian Islands, Western Gulf, Central Gulf, or Eastern Gulf. Bogoslof pollock should be awarded in the Bering Sea. Gulf pollock will be issued by TAC subareas. PSC species will be allocated based on the current areas used for PSC management.
Initial Assignment of Quota Share	(A) To vessels or vessel owners at the time IFQ is issued. (B) To vessel owners at time of landings activities (this option assumes criteria for allocation would be some form of landings history). Consider two general types of recipients: (1) those still in the fisheries, (2) those who have exited the fisheries. (C) Assign harvest QS to other fisheries investors including processors, skippers, and crew. (Example: Some percentage (1, 3, or 5%) of QS may be earmarked for skippers). (D) Coastal communities (without regard to landings history). (E) Assign separate processor QS (2-pie system).

PROVISIONS	RECOMMENDED OPTIONS
Criteria for Initial QS Allocation	(A) DAH historical landings history. Suboptions include (but not limited to): 1. 1984 through June 24, 1992 or through approval date by Council for groundfish. 2. 1978 through June 24, 1992 or through approval date by Council for crab. 3. Back as far as useable data exist. 4. Weighting of DAP or JVP harvest (or recent years vs. past years) 5. Credit catch only for years that were fully DAP. 6. Credit catch only for years up to "full utilization" for each species. 7. Must have fished in recent past (1990, 1991, or 1992 for example) to qualify. All options for calculating QS still apply. (B) Specific percentages by gear type or other sector, based for example, on relative dependence or other criteria (would then rely on landing history, for example, within a specific group). (C) Dependance on the fishery by individual operators (for example, relative income by species).
Other Considerations for QS Calculation	(A) Credit retained catch only. (B) 'Package QS' bundles based on target fisheries with attendant bycatch and PSC needs.
Transferability of QS/IFQ	(A) Fully and freely transferrable. (B) Fully and freely transferrable after initial 2 year moratorium on permanent sales. (C) Transferrable only within specific gear, vessel categories, or other sectors (such as inshore/offshore). (D) Transferrable only in bundles (target species). (E) Limited to ensure some level of deliveries to shoreside processing. (F) No waiting period for transfers beyond administrative necessities.
Ownership Caps	(A) 1%, 5%, or 10%, or any number in between.

PROVISIONS	RECOMMENDED OPTIONS	
General Provisions	(A)	Pooling of IFQs on vessels would be allowed.
	(B)	Allocations would be use privileges; however, the Council could alter or rescind program without compensation.
	(D)	Council should pursue some level of administrative fee extraction to fund program, if Magnuson Act is amended.
Use Provisions	(A)	After initial allocation, QS would be independent of vessels.
	(B)	Must control IFQs for expected catch before trip begins.
	(C)	Allow trading of QS/IFQs after the fact to cover catch already taken.
	(D)	No restrictions on where catcher vessels deliver catch.
	(E)	Overage/Underage program.
Penalties	(A)	Violations should carry severe penalties but will be set by NOAA-GC.

POTENTIAL ELEMENTS OF A LICENSE LIMITATION PROGRAM

FOR BSAI KING AND TANNER CRAB FISHERIES

September 16, 1993

The following outline borrows from the proposal submitted on June 20, 1993 by the United Fishermen's Marketing Association (UFMA). The outline contains some options not identified in that proposal, but identified by Council staff for consideration by the Council as they shape the structure of the crab license limitation alternative. As with the IFQ alternative, there are an infinite number of possible provisions to this program. This outline provides a starting point by attempting to capture the reasonable range of possibilities. These primary options will have to be narrowed to some extent before a meaningful analysis of impacts can be prepared, keeping in mind other options not covered here could be added.

A. NATURE OF LICENSES

Alternatives include:

(1) A single crab license applying to all species/areas.
(2) Separate crab licenses for each species/area combination.
(3) Separate licenses for catcher and catcher/processor operations.
(4) Licenses for various vessel size categories.

B. WHO WILL RECEIVE LICENSES

Alternatives include:

(1) Current vessel owners ('Persons' as defined by Magnuson Act)
suboption 1 - limited to single vessel (a vessel license)
suboption 2 - limited to existing vessels owned
(2) Past vessel owners who made crab landings
(3) Leaseholders
(4) Permit holders
(5) Other

[See Attachment for information on numbers of crab fishery participants by species, area, and year.]

C. CRITERIA FOR ELIGIBILITY

Alternatives include issuing license to any vessel (or person) who made landings between:

(1) January 1, 1990 and June 30, 1993
(2) January 1, 1988 and June 30, 1993
(3) January 1, 1986 and June 30, 1993
(4) January 1, 1978 and June 30, 1993
(5) Any of the above and June 24, 1992
(6) Must have made landings in either 1991, 1992, or 1993.

[See Attachment for information on numbers of crab fishery participants by species, area, and year.]

D. TRANSFERABILITY and OWNERSHIP

Alternatives include:

(1) Licenses could be transferred (sold or leased) only to 'Persons', i.e. U.S. citizens or U.S. owned corporations.
(2) A person may own no more than three (3) licenses (i.e., qualified vessels if licenses are tied to vessels).
(3) A person may own no more than three (3) licenses unless granted more than that number in initial allocation.
(4) A person that was granted more than three (3) licenses initially, and sells one or more licenses after that time, may not acquire more licenses up to the original allocation number.
(5) A person may own no more than one (1) license unless granted more than that in the initial allocation.
(6) No limit on number of licenses any person may own.
(7) Vessel must be transferred with license.
(8) License may be transferred without vessel (can apply to 'new' vessel).

E. BUYBACK PROGRAM

The UFMA proposal contains a recommendation for a license buyback program. Funds for such a program would be collected through a fee assessment on ex-vessel value of crab. Buyback Program would govern all transfers of licenses and would have first right of refusal on licenses to be sold. All licenses purchased by the program would be permanently retired.

Table 1. Number of persons and vessels landing king crab in total, by species, and by area, 1978-92.

		SPECIES		AREA							
		King	Tanner								
	Total	Crab	Crab	J4	J5	J6	J7	O	R	T	Q
Persons	1,295	925	1,120	58	44	481	768	95	433	609	677
Vessels	671	554	562	44	42	248	398	60	284	395	396

Table 2. Number of persons and vessels landing crab by year, 1978-92.

YEAR	PERSONS	VESSELS
78	264	184
79	264	184
80	290	213
81	323	220
82	300	205
83	339	223
84	221	168
85	216	162
86	269	182
87	363	244
88	383	238
89	381	255
90	439	291
91	556	328
92	536	328

Table 3. Number of persons and vessels landing crab during selected time-periods.

YEARS	PERSONS	VESSELS
1978-92	1,295	671
1979-92	1,227	623
1980-92	1,193	614
1981-92	1,160	588
1982-92	1,093	560
1983-92	1,040	539
1984-92	983	510
1985-92	958	494
1986-92	934	475
1987-92	909	461
1988-92	860	439
1989-92	787	417
1990-92	720	391
1991-92	652	355
1992	536	328

Table 4. Number of persons and vessels landing crab by species, 1978-92.

SPECIES	PERSONS	VESSELS
C. bairdi	1020	523
Blue king	402	276
Golden king	393	253
C. opilio	918	443
Red king	802	515

Table 5. Number of persons and vessels landing king crab or Tanner crab by species and year, 1978-92.

YEAR	CRAB	PERSONS	VESSELS
78	KING	151	128
78	TANNER	193	126
79	KING	121	111
79	TANNER	214	147
80	KING	138	122
80	TANNER	240	172
81	KING	165	151
81	TANNER	274	181
82	KING	226	192
82	TANNER	221	148
83	KING	283	206
83	TANNER	205	153
84	KING	196	165
84	TANNER	103	87
85	KING	164	140
85	TANNER	132	99
86	KING	207	166
86	TANNER	153	97
87	KING	298	233
87	TANNER	189	117
88	KING	261	212
88	TANNER	307	196
89	KING	257	216
89	TANNER	296	203
90	KING	286	252
90	TANNER	389	275
91	KING	323	307
91	TANNER	496	295
92	KING	289	270
92	TANNER	495	315

Table 6. Number of persons and vessels landing crab by species and year, 1978-92.

YEAR	SPECIES	PERSONS	VESSELS
78	C. bairdi	192	126
78	Blue king	96	80
78	Golden king	1	1
78	C. opilio	17	15
78	Red king	68	65
79	C. bairdi	204	144
79	Blue king	92	88
79	C. opilio	135	102
79	Red king	48	46
80	C. bairdi	203	158
80	Blue king	121	113
80	Golden king	1	1
80	C. opilio	186	140
80	Red king	50	46
81	C. bairdi	223	171
81	Blue king	123	116
81	Golden king	16	14
81	C. opilio	214	150
81	Red king	137	128
82	C. bairdi	210	147
82	Blue king	169	152
82	Golden king	83	78
82	C. opilio	177	122
82	Red king	154	149
83	C. bairdi	186	142
83	Blue king	201	178
83	Golden king	202	171
83	C. opilio	145	110
83	Red king	157	139
84	C. bairdi	76	70
84	Blue king	93	93
84	Golden king	127	127
84	C. opilio	73	53
84	Red king	68	67
85	C. bairdi	73	62
85	Golden king	65	53
85	C. opilio	111	81
85	Red king	139	129

Table 6. (continued)

YEAR	SPECIES	PERSONS	VESSELS
86	C. bairdi	20	19
86	Golden king	82	64
86	C. opilio	141	87
86	Red king	183	159
87	C. bairdi	22	22
87	Golden king	108	73
87	C. opilio	174	103
87	Red king	258	231
88	C. bairdi	147	124
88	Golden king	106	79
88	C. opilio	274	171
88	Red king	223	203
89	C. bairdi	166	129
89	Golden king	92	71
89	C. opilio	248	171
89	Red king	229	212
90	C. bairdi	358	264
90	Golden king	56	32
90	C. opilio	273	189
90	Red king	249	245
91	C. bairdi	436	292
91	Golden king	25	17
91	C. opilio	398	220
91	Red king	312	303
92	C. bairdi	471	312
92	Golden king	32	17
92	C. opilio	401	250
92	Red king	268	263

DRAFT
REQUEST FOR PROPOSALS

by the
NORTH PACIFIC FISHERY MANAGEMENT COUNCIL

INTRODUCTION

The North Pacific Fishery Management Council (Council) is announcing a formal request for proposals (RFP) to conduct a study related to the assessment of potential social impacts of a proposed comprehensive limited entry program in the groundfish and crab fisheries off Alaska. This includes both the Gulf of Alaska (GOA) and the Bering Sea and Aleutian Islands (BSAI) management areas. The results of the study from this solicitation will constitute the social impact assessment (SIA) part of a broader, overall analysis of the alternatives under consideration. The principal alternatives to status quo management, in summary, are Individual Fishing Quotas (IFQs) for the groundfish fisheries, and IFQs or License Limitation in the BSAI King and Tanner crab fisheries. For a more complete description of the alternatives and suboptions see Attachment 1.

The Social Science RFP will provide the Council with baseline information on the participants in the North Pacific groundfish and crab fisheries and a social impact assessment of future management alternatives for the fisheries. The information collected and analyzed will be used to address the requirements of Sections 303(a)(9) and 303(b)(6) of the Magnuson Fishery Conservation and Management Act. Thus the information needed, in general, will be descriptions of historical and present participation in the fisheries, dependence on the fisheries by the fishing industry and communities, the cultural and sociological framework of the fisheries, effects of the proposed management alternatives on participants in the fisheries, and on participants in adjacent fisheries. In particular, the Council has an interest in determining how changes in fleet size and fishing patterns may affect employment opportunities in various segments of the fishing industry, in particular on fishing vessels (including fishing and processing crews), processing plants, and administrative staff. In turn, the Council would like to determine how these changes may affect the communities involved in these fisheries.

The groundfish and crab fisheries occur in the United States exclusive economic zone of the Gulf of Alaska, Aleutian Islands, and Bering Sea, and in the territorial sea and internal waters of the State of Alaska. Some 150 communities, 3,500 vessels, and 120 seafood processing facilities directly involved in this fishery are to be found throughout coastal areas of the States of Alaska, Oregon and Washington. The scope of this RFP includes collection of social science information, and its analysis, based on appropriate sampling methodologies, on the groundfish and crab fisheries throughout this geographic area. In addressing the general and particular information and impact assessment needs noted above, the successful contractor will use primary source research data and secondary source materials as necessary to provide an assessment of baseline information and socio-cultural consequences of alternative management programs for each of the fisheries (See Statement of Work below for details).

SCOPE OF ALTERNATIVES UNDER CONSIDERATION

The Council is evaluating the use of IFQs and\or License Limitation for all groundfish and crab fisheries under its jurisdiction. The primary alternative being considered for groundfish would include all target, bycatch, and prohibited species (halibut, for example) under Council jurisdiction through its management plans for the GOA and the BSAI. King and Tanner crab in the BSAI may be included in this IFQ program, or, a License Limitation alternative may be adopted for the crab

fisheries. Many of the specific elements and options for these alternative programs have not yet been completely specified, but the scope of the analysis covered by this RFP should remain generally the same.

The Council committed to development of a "comprehensive rationalization program" for the groundfish and crab fisheries as part of its approval of the inshore/offshore processing allocation in 1992. At that time the Council stated its intent to develop and implement such a program by January 1, 1996, the time at which the inshore/offshore amendment is scheduled to expire. The Council began serious discussion of potential alternatives for consideration in November of 1992, and has spent considerable time on this issue at each of its last 4 meetings since then. Council and other agency staff have begun the analytical process which will consist of an Environmental Assessment\Regulatory Impact Review\Initial Regulatory Flexibility Analysis as required under authority of the Magnuson Act and the Environmental Protection Act. These environmental and economic analyses are currently underway, with primary work currently focused on data collection\aggregation and model development. A more complete description of these analyses is available upon request.

The analyses solicited under this RFP will be used in conjunction with the other Council analytical documentation to provide the public, industry, and the Council information upon which to base a decision on the proposed alternatives. The information provided by the contractor will be part of the public and administrative record. If approved by the Council, the proposed management alternative would then be submitted to the Secretary of Commerce for approval. In order to stay on schedule for possible implementation in 1996, the Council has to make a decision at their June 1994 meeting. This will require all analyses to be completed prior to the April 1994 Council meeting so that they may undergo public review and comment, prior to the Council's decision in June. Therefore, we are looking for major, directional types of impacts due to the limited scope and timeframe of the study. For reference, the Council's Problem Statement adopted for this program is provided as Attachment 2.

STATEMENT OF WORK

(1) Conceptual Scope

Research proposals should incorporate the idea that the groundfish fishery exhibits both a fleet structure/process and an employment structure/process, which are further linked to specific communities and the structure and processes of those communities. For this study, vessel and processing sectors are to be treated as the basic sociological units of study. The units of analyses for this RFP are prescribed and are listed in Table 1 below. To the extent possible, the sampling of the vessel and processor types in the study should show the participation of persons relative to communities of residence.

It is important to note that the focus of this RFP is on the industrial sectors of the fishery; i.e., the fleet and processing sectors involved in the fisheries. The scope of this analysis is limited in that it does not explicitly focus on communities and households within these communities. Using the fleet sectors described in Table 1 below as the primary study units, the contractor will be expected to gather information which links those sectors to the communities involved in the fisheries. This information, when combined with other secondary sources of information (such as a series of Community Profiles being developed separately), will allow the successful contractor to make impact projections relative to the participants in each fleet sector and to the communities from which they hail.

Table 1 The Groundfish and Crab Industry Structure

Vessel/Processor Type	Number in class	number of employees in each unit
Trawler processors,		
Large trawler harvesters,		
Small trawler harvesters,		
Fixed gear processors,		
Large fixed gear harvesters,		
Medium fixed gear harvesters,		
Small fixed gear harvesters,		
Western shorebased processors,		
Central shorebased processors,		
Eastern shorebased processors,		
Motherships,		
Floaters.		

(2) Baseline Profiles

It is expected that the following kinds of information will be gathered and discussed:

1) History/Participation/Dependence in the groundfish and crab fisheries of the participants.
2) Kinship ties within the fishery and where other kin members find their work.
3) Education and training.
4) Community of residence.
5) Annual round of activities by participants in each sector of the fishery.
6) Alternative employment opportunities.
7) Relative value of jobs in different fleet sectors/communities.

In order to fully describe the seasonal round of activities, data collected will include a month-by-month description of where the person worked or recreated (for example: Alaska EEZ, Alaska state waters, nonAlaska waters), which if any species were targeted in commercial fishing, what percentage of the annual income was represented by the fishing done during that month, the person's status in the fishing industry (e.g., owner, skipper, processing worker, etc.), and participation in other wage employment or activities outside the fishing industry. Independent variables in this analysis will include: education and training, age, gender, family size, residence, etc. Dependence measures should include, but are not limited to, percentage income derived from each fishery and percentage time devoted to each fishery. The contractor should use these measures in conjunction with data on the availability of employment alternatives and on relevant subsistence activities when commenting on dependence on the fisheries.

As an example of an approach, the above categories of information could be obtained from a sample of participants in 12 types of fishing businesses (listed in Table 1), including both harvesters and processors. All persons working on harvester vessels might be interviewed or information about them provided by knowledgeable persons. (Alternatively, the contractor may choose to complete this step of the investigation by a mail-out survey.) Because of their larger numbers, a sample of those working in processing plants might be selected for interviews or questionnaires, instead of attempting to interview all of them.

The contractor is expected to use a combination of methodological approaches possibly including, but not limited to, mail questionnaires, personal interviews and facilitated group discussions to collect the required data. Personnel from the 12 vessel/processor categories identified in Table 1 must be sampled, by employment category. Attention should be paid to covering the geographic range of the land and sea bases of the fishery, and the range of community types included in the NPFMC Community Profiles (described separately).

The proposal must fully describe the methodological approach to be taken in the project, including target numbers, type and location of interviews, personnel to be employed in the data collection and their background and expertise, and approaches to synthesizing and analyzing the data collected. Potential sources of bias should be identified.

It is likely that the types of data collection methods described above will have to be combined, based on cost and time effectiveness for different types of social groups. Industry organizations and community groups should be consulted to help generate lists of fishery participants for interviews. The contractor should describe how the sample will be selected to maintain representativeness for each of the social groups, which interview techniques will be used for each group, and why this is the most cost-effective means of gathering the information. In addition, the selection of key informants, if used, should be described to indicate how these informants are qualified to describe patterns of dependence and history of participation in the fishery.

(3) Impact Assessment

In addition to the baseline profiles, the second requirement of this RFP is to use the information collected by the contractor, in conjunction with the information and secondary data sources described below, to project likely impacts on participants and communities of the proposed alternatives. For example, the first part of this RFP would build a baseline description of the fleet operating sectors as described above. This information would be linked as necessary to the information from the Council's Community Profiles currently nearing completion See description below). Based on this information, the contractor would then assess potential impacts to the participants and communities of changes in employment and\or the seasonal round of activities expected to occur after implementation of the limited entry alternative.

Keeping in mind the limited scope of this social impact assessment, the contractor should couch the impact analysis in the context of potential changes in socio-cultural patterns resulting from general changes in employment and participation by individuals and communities. For example, given the baseline descriptions of the fleet sectors, along with the community profiles, what would be the impacts to participants of a given fleet sector\community assuming a change in participation patterns. Participation patterns to be considered would include increased employment, decreased employment, migration to seek work elsewhere, or some other change in participation patterns such as less overall employment, but longer term, steadier employment for remaining participants. Other changes in participation patterns might include: reduced income or changes in share system, changes in duration of fishing trips, and changes in ports of landings. The contractor should indicate how they will assess

the impact of different potential outcomes. It is hoped that the impact assessment under this RFP will be general enough in nature so as to be applicable to other management issues being studied by the Council.

Related analyses will be conducted by the Council which include Economic Base Modelling for 12 specified communities, or community types, from Alaska and the Pacific Northwest. This exercise, using projected changes in employment and income at the community level, will project impacts on these communities, though primarily of an economic nature. The specific communities are those which are currently heavily involved in the groundfish and crab fisheries and include: St. Paul, Akutan, Dutch Harbor, King Cove, Sand Point, Kodiak, Homer, Seward, Sitka, Petersburg, Seattle, Bellingham, Anacortes, and Newport. We will also be developing Economic Base Models for general community types which include communities with only limited involvement in the groundfish/crab fisheries, and communities with little or no involvement, including CDQ type communities.

The analyses solicited under this RFP should be viewed as complementary to these analyses conducted separately by the Council. We have intentionally specified the analyses under this RFP to be general in nature (as described above) due to the uncertainty of the specific form of the IFQ alternative which may be approved by the Council. As the specific elements and options within the overall IFQ alternative (or license limitation alternative for crab) are structured, likely early in 1994, the contractor will be provided with more specific alternatives being considered for possible approval by the Council.

SECONDARY DATA SOURCES

The following sources of data, some of which may be confidential in nature, may be assumed to exist and will be made available to the contractor.

1) Detailed individual vessel information including vessel specifications, vessel homeport, gears used, species caught and utilized and products produced in tons and value, and the location and frequency of landings. This information will include all fisheries off the coast of Alaska in which the vessel participated, including those fisheries not managed by the Council.

2) Basic vessel owner information. This will list the owner of each vessel, the owners address, phone numbers, fax numbers, social security number. Theoretically, we will be able to show all the vessels owned by a given individual.

3) Basic harvest vessel operator information. This will encompass all information in the state of Alaska's permit file. It should be noted that this file is primarily used for State of Alaska fisheries and may not be all inclusive. For example, operators of catcher/processor vessels will not be documented in this file.

4) Harvest information including the catch of all species by vessels operating in the groundfish and crab fisheries off Alaska.

5) Processor demographics files including owner information and plant location.

6) Processed product reports including amounts of all products produced and estimates of wholesale value.

7) Observer reports of vessel crew size detailing numbers of persons in each employment category.

8) State of Alaska crew licensing file which includes all licensed crew members, but does not link crews to particular vessels or fisheries.

9) Community Profiles for 127 Alaskan communities and 10 Pacific Northwest communities. These are being compiled under a separate contract by the Council and are designed to be baseline descriptions of the communities with an emphasis on fisheries activities. They include information on general demographics and ethnographics of the communities as well as information regarding the fisheries activities over the past 12 years including: fishing permits by species held by residents of the communities, landings by residents, landings and processing in the communities, and future development plans of the communities relative to fishing. These profiles are otherwise general in nature and are intended to provide a 'picture' of each with emphasis on how they might fit into the overall fisheries. They are based primarily on secondary data sources and do not include any primary household interview information or other scientifically rigorous data collection. They do contain information for the contractor under this RFP to access as part of the potential impact assessments.

10) Community Development Quota (CDQ) Applications and Reports.

In addition to the specific data sources described above, the contractor should rely on the many fishing industry organizations as contacts for the primary data collection required under this RFP.

TIME SCHEDULE

1) Deadline for receiving proposals:	November 10, 1993
2) Contract awarded:	November 30, 1993
3) Progress report due:	March 1, 1994
4) Final report due:	April 1, 1994

LEVEL OF FUNDING

Negotiable, but not to exceed $100,000.

PROPOSAL SUBMISSION

Submit a narrative proposal, including approach, manpower, (in person months), other resources available, resume of principal investigator, and a proposed budget to:

Judy Willoughby, Administrative Officer
North Pacific Fishery Management Council
P.O. Box 103136
Anchorage, Alaska 99510

no later than November 10, 1993. For additional information contact Chris Oliver at 907-271-2809.

INSTRUCTIONS FOR PREPARATION OF PROPOSALS

The contractor shall be responsible for all aspects of this project and shall furnish services, materials, labor, supplies, and equipment as necessary. Selection of the contractor will be based primarily on the results of the technical evaluation with cost also being carefully considered. Selection of the

contractor will be in compliance with the Council's Statement of Organization, Practices, and Procedures.

Proposals should contain separate and distinguishable sections dealing with (1) technical aspects and (2) business management and cost aspects. The technical sections should not make reference to cost estimates so that evaluation may be made separately on the basis of technical merit. Proposals must be specific on the technical approach proposed to satisfy the requirements and not merely paraphrase the specifications of the RFP. Ten (10) copies of the technical proposal and 10 copies of the cost proposals will be required for submission, signed by someone authorized to legally bind the Offeror.

Proposals must be received, by mail or hand delivery, no later than 5:00 pm Alaska Daylight Time, on November 10, 1993. For hand deliveries, the Council offices are located at 605 W. 4th Avenue, Suite 306, Anchorage, Alaska. Proposals are guaranteed confidential. Outer envelopes should be marked with the appropriate RFP number for reference.

NEGOTIATIONS, AWARDS, AND CRITERIA FOR EVALUATION

(1) Award

Dependent on funding approval, the award will be made to the responsible Offeror in accordance with the criteria set forth in this RFP and consistent with the Council's procurement standards. Issuance of this solicitation does not constitute an award commitment on the part of the federal government. This request does not commit the Council to pay for costs incurred in preparation and submission of a proposal or for any other costs incurred prior to the execution of a formal contract unless specifically authorized in writing by the Executive Director.

(2) Criteria for Evaluation

All proposals will reviewed by the Council Staff, members of the Scientific and statistical Committee, and the Council's Finance Committee. The proposals will also be reviewed by the Council appointed social Science Steering Group which is comprised of experts in the field of social sciences. Each proposal will be ranked against all other proposals according to the following four categories, listed in descending order of importance:

1. soundness of approach
2. pertinent experience of staff
3. capability and past performance of staff
4. price of contract

In general, proposals will not be considered where there appears to be a problem with confidentiality of statistics or a conflict of interest within the groundfish or crab industry. Proposals, in general, will also not be considered which do not conform to the schedule, format, or objectives listed in this RFP. Because of the specialized nature of this project, proposals submitted should demonstrate sufficient local knowledge, prior pertinent experience, and key personnel.

PROPOSAL FORMAT

To aid in the evaluation, all proposals should follow the same general format and should, at a minimum, contains the information specified below with following general format:

A. Technical

1. Table of Contents
2. List of Tables and Figures, if applicable
3. Short Introduction and Summary
4. Technical Discussion of Approaches
5. Program Organization
6. Program Schedules
7. Facilities and Equipment, as applicable
8. Personnel Qualifications
9. Supporting Data or Other Information

B. Budget

1. General Cost Proposal
2. Cost Breakdown
3. Cost Form
4. Direct Labor
5. Indirect Costs

AGENDA C-7(d)(2)
SUPPLEMENTAL
SEPTEMBER 1993

ALASKA CRAB COALITION

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

September 22, 1993

LICENSE LIMITATION OUTLINE FOR BERING SEA-ALEUTIAN ISLANDS KING & TANNER CRAB FISHERIES

This outline was developed by the Alaska Crab Coalition with the assistance of LGL Alaska Research Associates during a workshop on January 6th, 1993 and submitted to the North Pacific Fishery Management Council on January 12th 1993, along with an outline for an IFQ program for crab fisheries. The ACC has revised this outline and it is being resubmitted for consideration by the NPFMC along with the ACC IFQ proposal in the Comprehensive Rationalization process.

PREFERRED ALTERNATIVES:

I. General areas of ACC agreement concerning license limitation in the Bering Sea/Aleutian Islands crab fisheries.

   A. The plan should cover all federally managed EEZ crab fisheries in the Bering Sea/Aleutian Islands subareas.
   B. The only legal gear to retain crab in the license fisheries should be pots.
   C. Licenses should not be differentiated by vessel size class.
   D. There should be no point system developed for the crab program.
   E. Establish a cap on the total number of licenses for each fishery that does not exceed the highest historic level of participation in each fishery, for any specific year.

II. Fisheries and areas: There should be separate licenses for individual species, fisheries and areas.

III. Eligibility and qualifying period for initial issuance of licenses.

   A. The vessel must have made at least one crab landing during the 3 year qualifying period, 1990-1992.

B. The vessel must have made at least 50% of its annual fishing income from the EEZ off Alaska, from the BSAI crab fisheries during the period 1990-1992.

IV. Ownership of licenses, who is permitted to own and use licenses.
- A. Initial recipients of licenses should be the owner of the vessel at the time of license issuance.
- B. License is attached to the vessel and it remains with the vessel, except upon replacement or retirement of the vessel from the fisheries.
- C. Ownership of the license is restricted to U.S. citizens and companies, according to United States Coast Guard vessel documentation regulations.
- D. Owner of license not required to be onboard during fishing operations.
- E. Need to establish a limit on the number of vessel licenses that can be owned by an individual or company.

V. Transferrability, selling or leasing licenses.
- A. License must be transferred with vessel; no separation of license from vessel, except if the vessel is removed from the fisheries.
- B. License/vessel fully transferrable, can be sold or leased.

VI. Alternatives for reduction of fleet overcapacity.
- A. Develop an industry-funded buyback program
- B. Develop an IFQ progam by a scheduled phase-in date for the crab fisheries.

FRANK H. MURKOWSKI
ALASKA

COMMITTEES:
SELECT COMMITTEE ON INTELLIGENCE (VICE CHAIRMAN)
ENERGY AND NATURAL RESOURCES
FOREIGN RELATIONS
VETERANS' AFFAIRS
SELECT COMMITTEE ON INDIAN AFFAIRS

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Anchorage, AK 99513-7570
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130 Trading Bay Road, Suite 360
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109 Main Street
Ketchikan, AK 99901-6499
(907) 225-6880

September 21, 1993

Mr. Richard B. Lauber
Chairman
North Pacific Fishery Management Council
Post Office Box 103136
Anchorage, Alaska 99510

Dear Mr. Chairman:

We were informed yesterday that the National Oceanic and Atmospheric Administration General Counsel for the Alaska Region (NOAA) has written a memorandum questioning the legality of assigning individual transferable quotas to on-shore processors. This issue is currently being considered by the Council as part of its comprehensive rationalization plan for the groundfish fisheries.

Since we have not been provided with a copy of the memorandum, we are unable to comment on its points. Nevertheless, based on what little information we have been given, we believe that NOAA may have overlooked certain other sections of the law that may allow for such individual transferable quotas for on-shore processors. Further, we note that amendments to the Magnuson Fishery Conservation and Management Act are under

consideration in the Congress. We therefore believe it inadvisable for the Council to ignore the option of assigning quotas to on-shore processors and hope that you will continue to give full consideration to this mechanism for management of the groundfish fisheries.

Sincerely,

Frank H. Murkowski
United States Senator

Ted Stevens
United States Senator

Don Young
U.S. House of Representatives

Jelmework - group

C-7

Western Alaska Fisheries Development Association
725 Christensen Dr., Anchorage, AK 99501

September 20, 1993

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

Dear Mr. Lauber:

The Western Alaska Fisheries Development Association [WAFDA] recently met with NPFMC executive director Clarence Pautzke to discuss the Comprehensive Rationalization Program [CRP].

During our discussion, it became apparent to WAFDA that CDQs offer the council a real-time example of a large value IFQ domestic ground fishery. WAFDA believes that a staff study of CDQs can answer some of the sets of questions that trade groups and individual corporations operating within the council's open access groundfishery are seeking from comparative IFQ studies within the CRP. These petitions ask the council to elicit information from foreign governments on their in-place limited access fisheries and to conduct comparative studies of domestic privatization systems involving allocation in other federal natural resources systems. Other then the low value and small tonnage east coast quahog fishery, no other large value IFQ fishery exists in the federal groundfisheries.

Although CDQs do not fit the council's projected IFQ standard in its entiriety, WAFDA believes the CDQ program can be used as an example of how an IFQ/ITQ system would work in several significant elements of the domestic groundfish allocation system. The CDQ allocation is comunal, held in trust by the Secretary of Commerce, and is distributed among competiting groups through consultation with the Governor of the State of Alaska and the NPFMC. CDQs are therefore a public rather than a market-driven allocation mechanism.

The Secretary's stringent performance-based CDQ accountability standards and eligibility delimitation, however, make the CDQ program a good indicator of how the industry would perform under Council IFQ/ITQ expectations in the following aspects:

- The ability to attract private investment based on secure access to the resource, profitability and business stability.

- Conservation, based on experience to date which suggests that the discard and by-catch rates of the CDQ fisheries operating at times and in locations of their own choosing have resulted in rates below the open access industry average.

- Efficiency, based on higher product recovery rates among pollock sector operators.

If the Council supports this proposal, WAFDA members have agreed to make technical data available to the council staff to assist in this in-depth study of the CDQ program as a domestic template for the CRP's study of IFQ/ITQ alternatives in the domestic groundfishery.

Thank you for your consideration of our request.

Yours truly,

John Jemewouk
Chairman

DAVE FRASER
C - 4

Outline of IF^{3}Q oral testimony to Sept. CRP

Three main points:

I. ITQs are the best means of rationalizing both crab and groundfish.

II. Stay on schedual. replacing the Olympic system is the most urgent task before the council.

III. Don't follow Matulich's arguments down a blind alley, with his two pie approach.

A. Matulich in a nutshell:

The essence of his argument seems to be that ***everyone with an investment in the fishery must be compensated*** if the council takes an action that diminishes the likelihood that their expectations for a return on the investment will be fulfilled.

B. Our response:

1. Lack of council action has equally dramatic re-distributive consequences. Status quo is not static. Almost ***everyone is being made steadily worse off under the Olympic system.***
2. The council has a duty to be qualitatively aware of re-distributive impacts. It has no obligation to compensate anyone for their unfulfilled expectations,
   a. unless there was an explicit promise those expectations would be fulfilled.
      The *council has been warning potential investors since 1987 that it was making no promises of full credit*, and of the need to dump the Olympic system.
   b. or, unless the re-distributive impacts were particularly sever.
      This is Matulich's argument relative to processors. But ***his case rests on numerous faulty assumptions.*** some of which are as follows:
      1. absence of functional vertical integration in the shoreside pollock industry
      2. total non-malleability of shoreside processing capital
      3. lack of oligopolistic behaviour by processors
      4. that fishermen are too stupid to see that profit sharing with processors is in their own self interest.

      Coastal commmunities won't dry up and blow away without a two pie system.
3. Since any action, or lack of action, by the council creates winners and losers, the council does have an obligation to look at equity as well as efficiency (though Matulich confuses the two).
   a. With reference to efficiency the is ***absolutely no question that an ITQ system will produce more benefits to the nation as a whole.***
   b. With reference to equity, relative to re-distributive impacts, with think ***the three most relevant criteria are:***
      1. National Standard #4 - That allocation "be fair and equitable to fishermen". The National Standards are silent with respect to processors.
      2. Americanization, the basic goal of the Magnuson Act. If there are positive redistrbutive impacts they should go to the most highly Americanized sectors, negative impacts should fall most heavily on the least Americanized sectors. ***ie: allocate to harvesters, not processors.***
      3. The 303 (b) 6 guidelines, particularly (B), "historical dependence upon the fishery ". This is similar to the homesteader concept or the "first in time, first in line" principal often applied to water rights or other allocations of access privileges to a common property resource. ***ie: base the allocation on catch history.***
4. It is logical to allocate at the harvest level, because it is through the act of harvesting that a common property resource is made private. That is the point of market failure.

As Nike says: ***<u>Just Do It</u>***

IFFFQ's Prefered Elements and Options

Species -
All, including PSC's

Areas -
Where earned, BS, AI, WGOA, CGOA, EGOA

Initial Assignment of QS -
To vessel at time of issue
or, To vessel owner of record at date of Secretarial approval

Criteria for Initial QS Allocation -
DAH catch history form 1976 to June 24, 1992
(open to consideration of differential weighting to JVP/DAP)

Transferablity -
Full transferability, after two year lease only period
Restrict foreign ownership to the extent possible
Processors and others allowed to buy QS

Use Provisions -
After allocation QS independent of vessel
Allow limited time for trading to cover catch already taken
No restrictions on where catcher vessels deliver catch
(willing to consider wet boat/processor distinction for some species such as crab)

General Provisions -
Allocation are a use privelege, but should be perpetual

Penalties -
Should be severe

Allocation to Skippers and Crew -
No intial allocation,(open to consideration of possible priority right of first refusal at point of first sale)
No current position on limited licenses for skippers but open to consideration of such licenses

OCEANTRAWL'S POSITION PAPER ON INDIVIDUAL TRANSFERABLE QUOTAS

Oceantrawl Inc. supports the implementation of an Individual Transferable Quota (ITQ) program as the preferred tool for rationalizing the North Pacific groundfish fishery. This position paper identifies Oceantrawl's views on the essential parameters of a successful ITQ program.

1.0 BASIS OF CALCULATING ITQ'S

* ITQ shares should be awarded according to the contribution an industry participant has made to the successful "Americanization" of the North Pacific groundfish fisheries, where contribution is defined as the total dollar value that a participant has generated from the groundfish resource during the "qualifying period".

* The "qualifying period" for determining ITQ shares should start on January 1, 1988, the date of enactment of the Commercial Fishing Vessel Anti-Reflagging Act (Public Law No. 100-239), and extend to December 31, 1995, the expiration date of the Inshore Preference ruling (Amendment 18).

* The total dollar value generated by the Alaska pollock industry, for example, should be the sum of the dollar value generated by each pollock industry participant during each year of the "qualifying period", including the total dollar value generated by each eligible harvesting vessel (tonnage caught, times price per pound for round fish) for fish delivered to both JV (foreign) and DAP processors as well as the total dollar value generated by each eligible primary processor, including factory trawlers, shore plants and motherships, (tonnage of products produced such as surimi, fillets, headed and gutted fish and other, times the price per pound for each product, less the price for round fish, if applicable).

* The pollock ITQ share of a particular pollock industry participant should be equivalent to the percentage of the total pollock industry dollar value such participant has generated during the "qualifying period".

* For example, if the total dollar value generated by the pollock industry, during the "qualifying period" is $5 billion, and a vessel generated a total dollar value from pollock during that period of $50 million, that vessel would have generated one percent of the pollock industry's total dollar value and would qualify for an ITQ share of one percent of the total pollock ITQ.

2.0 BASIS FOR ATTRIBUTION OF ITQ'S

* ITQ shares should be assigned only to owners of vessels or primary processors which have:

  a) harvested or processed fish prior to the Council-adopted "Moratorium" cutoff date (June 24, 1992);

  b) actively participated in the fishery during each of the last three years prior to the approval and implementation of the ITQ program (not expected before January 1, 1996), where active participation is defined as harvesting or processing a minimum of 10,000 MT of fish (for the pollock ITQ program) per year during each of those three years; and

  c) for vessels, been in compliance with all U.S. majority ownership requirements at all times during the last three years prior to the implementation of the ITQ program.

* Upon approval and implementation of the ITQ program, initial ITQ shares would be assigned to the then current owner of a vessel, to the then current owner of a primary processor or to a CDQ group, not to various historical owners of a vessel or a primary processor.

* After the initial assignment, ITQ shares would be totally independent of individual vessels, primary processors or CDQ groups.

3.0 BREADTH AND ORGANIZATION OF PROGRAM

* The rationalization program should be comprehensive and implemented for the broadest number of species complexes and regions. The ITQ programs, however, must be organized around species complexes and their associated subpopulations needed to support effective biological supervision.

4.0 REQUIREMENTS TO ESTABLISH COMPETITIVE AND LIQUID MARKET FOR ITQ'S

* Virtually all the biological, economic and social benefits of an ITQ program are inseparable from the tradeability of the ITQ shares created. To achieve this end, a competitive and liquid market within each of the subquota areas (i.e., Pacific cod: Central Gulf) must be created and maintained. The following positions are supported to achieving this objective:

a) there should be no waiting period on consolidation or leasing of ITQ shares. Oceantrawl does, however, recognize the need for a two year moratorium on the outright sales of ITQ shares to allow for the appeals process to be completed.

b) there should be limits imposed on the trading or sale of ITQ shares, as follows: no single owner or affiliated group of owners should be allowed to own more than 20% of the total initial ITQ allocation for any single species or more than 30% of the total ITQ allocation for any single species thereafter.

5.0 ROLE OF COMMUNITY DEVELOPMENT QUOTA PROGRAMS

* Starting in 1996, community development quotas (CDQs) should be converted to ITQ shares, as follows: pollock harvested under CDQs will be valued the same way catcher boat pollock harvests will be valued. CDQ groups will receive pollock ITQ shares which are equivalent to the share the dollar value of their CDQs has in relation to the total pollock industry dollar value generated during the "qualifying period".

* The dollar value generated by processing CDQ quotas will be credited to the primary processor that processed the pollock, less the dollar value for the round fish.

* CDQ groups will be exempt from the active participation requirements stated above, including the requirement that an eligible participant had active participation in the pollock fishery prior to the Council adopted "Moratorium" cutoff date.

Florida lobstermen push through trap-limitation plan

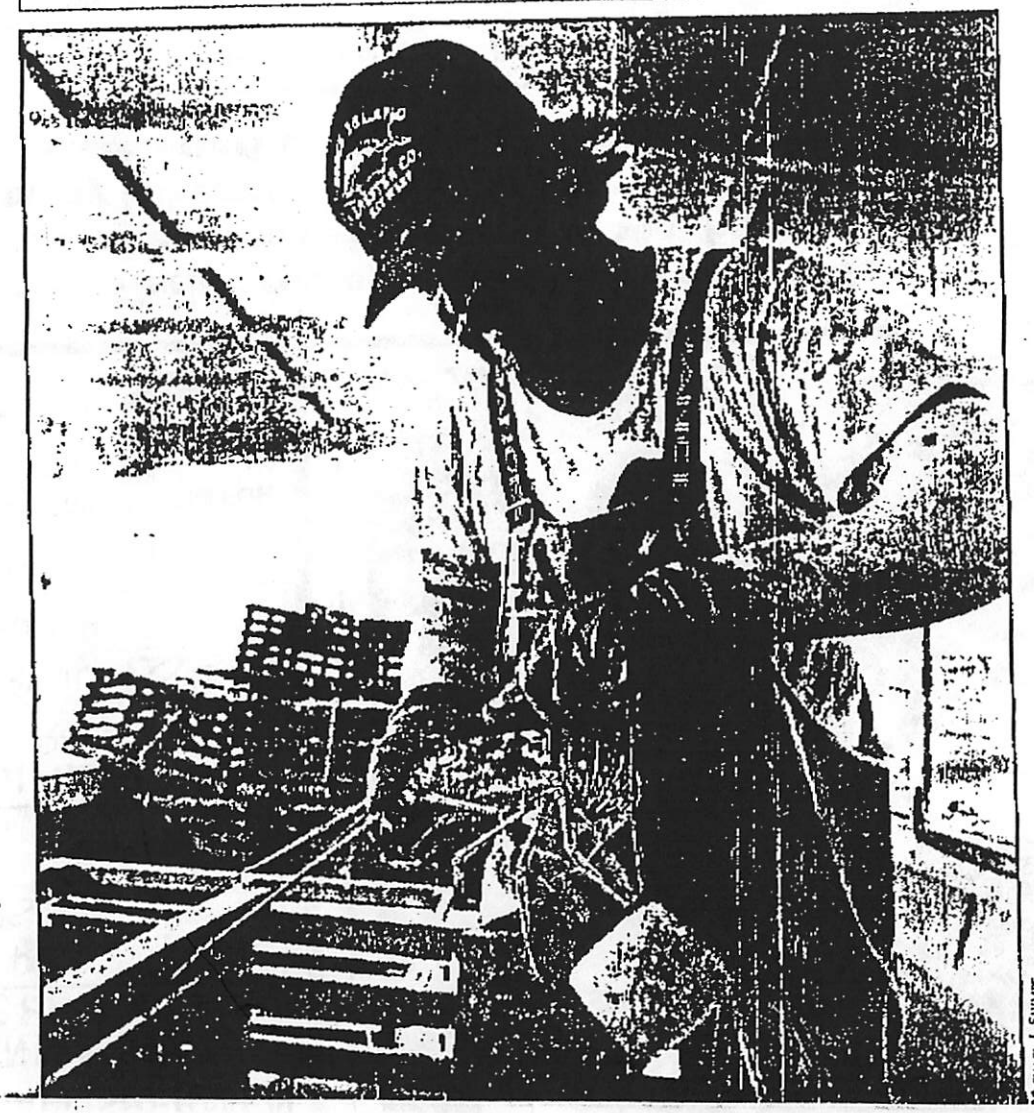
By Dee Rivers Stimpson

After five years of work and pressure, Florida spiny lobster fishermen and the Organized Fishermen of Florida (OFF) got the management bill they wanted through the state Legislature. The centerpiece of the plan is a transferable trap-certificate program that will gradually reduce the number of traps in the water while allowing fishermen who want to stay in the fishery to do so (see accompanying story).

Specific provisions will help prevent the majority of the certificates from ending up in the hands of corporations or a few individuals but still allow lobstermen to sell their share. The plan also grants the state the right to charge certificate-holders "resource rent," or users' fees.

Development of a management plan acceptable to the resource's diverse interest groups, which includes sport fishermen, was a monumental task accomplished, many say, by the lobstermen's lock-jaw determination to thwart a bureaucratic takeover. As Jerry Sansom, executive director of OFF, says, "A successful bill has been a long time in the making."

In 1984, Dr. Michael Orbach from the East Carolina Marine Fisheries Commission educated OFF members on the possibilities of limited entry for the spiny lobster, or crawfish, fishery. At the same time, the federal and state councils were moving toward changes in lobster management.



MICHAEL J. SHNUPP

Jojo LaBounty checks the size of a spiny lobster, or crawfish, on board the El-Mar. Before the new trap-limitation plan was put into place, fishermen and the government funded a study of the social impact of such a plan.

Under discussion was limited entry, the use of short lobsters as attractants, escape hatches and the number of traps in the water, according to Sansom.

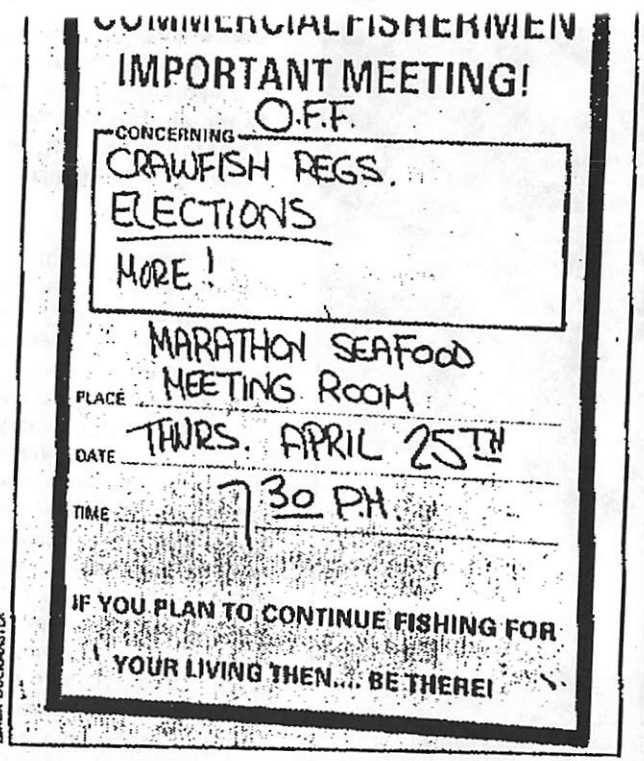
Sensing trouble brewing on the state's Marine Fisheries Commission, lobstermen fended off a prohibition of the use of shorts and an escape-hatch requirement by implementing self-imposed mandates that included on-deck live wells to eliminate exposure mortality of shorts. Rotation of a trap's attractant-occupant and a reduction of the total number of traps in the water greatly decreased the 'shorts' confinement mortality.

Additionally, volunteer fishermen removed derelict traps. These mandates, admittedly stop-gaps to buy research and program development time for the fishermen, remain in place.

"But," Sansom says, "all of that still wasn't enough. The bureaucrats continued to threaten us with everything. We knew we had to fight to forge our own future before government cut it out from under us. We begged for time to prove that our fishery had no biological need for limited entry."

Their argument was that reducing gear, not fishermen, was the answer. Pam Martin, one of OFF's heavy-hitter activists, an

Long hours at many meetings were necessary to develop a management plan that meets lobstermen's needs and addresses managers' concerns about the fishery.



LINDA BUCKMASTER


MICHAEL J. SCHNEPP

Billy Moore, OFF's past president and currently its state vice president at large, visually counted over a million traps — an increase of more than 100% since 1975 when Bahamian waters were closed to American fishermen.

Both scientists and fishermen agree that the resource itself is in healthy shape; it's the number of traps in the water that is the problem. Recreational boaters claim they are a hazard, and critics say the number of shorts used in that many traps is harmful to the fishery. Sport lobster divers were afraid they weren't getting their fair share of the resource. Many lobstermen see the whole issue as just another example of attempts by sport interests and the state to put them out of business.

"Finally, the government funded a study that included research by Orbach and his co-investigator, Jeff Johnson. Of course, there was a delay in the release of money, so we fishermen dug into our own pockets to get the study going," says Sansom.

The 'People' Factor

Orbach is an economist and professor of anthropology. When he was first assigned the study, he was ordered to simply redesign the lobster fishery system. "We said, 'no way.' We had to know about the people in the industry," Orbach says. He traveled to the Florida Keys and immersed himself in the lobstermen's culture.

"The Florida concept should serve as a model for other areas of this country that have too many fishermen chasing too few fish with too much effort in overcapitalized fisheries."

Orbach's approach was an unusual way to go about fisheries management because of "its emphasis on the human issue," he says. The result is a plan noteworthy for four reasons. Orbach explains: "It was an industry-derived proposition; it will eventually reduce fishing effort by half; it provides for economic rent to support management and research; and the industry consensus was facilitated by a social-impact assessment."

Richard Schaefer, director of the Office of Fisheries Conservation and Management of the National Marine Fisheries Service (NMFS), gives unqualified praise to the project's data-collecting method and its end product.

"The Florida concept is one I wholeheartedly support, and it should serve as a model for other areas of this country that have too many fishermen chasing too few fish with too much effort in overcapitalized fisheries. Orbach's study carefully considers what would happen to the U.S. citizen instead of just dumping legislation on him or her, and it helped produce an alternative to limited entry that will diminish the amount of unnecessary effort required to take available resources. It's a good scheme because industry has been involved; the fishermen will be the team that manages themselves."

Moore, who is also a member of the federal crawfish advisory panel and a Big Pine Key lobster fisherman, says, "By and large, we think the bill will professionalize our industry and give it some worth. We created the industry, we put the crawfish on the plate, and so we deserve to reap some of the benefits. As it's written, the bill provides that we can sell our certificates and use some of the money to retire if we want."

To some, the idea of giving a public resource to a relatively few individuals is a problem. Russell Nelson, executive director of the Florida Marine Fisheries Commission, was opposed to the original legislation. The opportunity for the state to collect rent after 1994 makes the plan somewhat more acceptable to him.

Sansom says the state will be collecting about $1 million a year from the lobstermen as soon as the plan goes into effect. That money will come from the 50¢ fee for each trap certificate, $2 for every certificate transfer and 25% of the fair market value

when the certificate is transferred outside the original owner's family.

Passing the Bill

No one was happier to obtain passage of the spiny lobster legislation than one of its sponsors, Sen. Lawrence Plummer. "Considering the endless reviews and rewrites and compromises, my concern was that after hard fought negotiations were successful, but before the bill went to the floor, some other organizations would come in with more amendments and imply 'take this or lose the bill.'

"And it happened. The Florida Conservation Association came in with amendments five minutes before I was to walk out my door with the bill. I said, 'Where've you been for the past month?'

"Why, somebody even tried to throw in an amendment having to do with the importation of Madagascar sea snakes! Not being germane — except to the extent that sea snakes and lobsters live in the ocean — it failed."

"Fishermen need to be ahead of what's happening. They need to help steer their fishery's direction so that the outcome will hopefully be something they want and, at the very least, be something that is not undesirable."

"In the business of politics, sponsors must cover every contingency," says Sansom. "There were no surprises, and most of the amendments were technical in nature. Remarkably, the bill that passed contains 95% to 97% of the content of the one we initially presented to the Legislature.

"Hopefully, Florida lobstermen have come to understand that fisheries management today is a dynamic process, that they're never going to have the once and for all agreement," says Sansom. "We're right on track with this program."

Sansom says that his organization had some strategy help along the way from fishermen in other states, including Nat Bingham, president of the Pacific Coast Federation of Fishermen's Associations, Windell Sides from the Massachusetts Lobstermen's Association and Fred Athorp from Alaska. "We've been handed some mighty fine advice: Fishermen need to be ahead of what's happening," Sansom says. "They need to help steer their fishery's direction so that the outcome will hopefully be something they want and, at the very least, be something that is not undesirable.

"We know fishermen can get together and envision, construct and implement a far-ranging plan like the one we now have. But we're only about 65% through; now we have to make it work!"

Nobody wants it to work more than Florida's lobstermen. The 1991 lobster season for many of them was not the stuff of success. Says Moore, "It's been a bad season; catches were down 25% from last year. Was it water temperature? Clarity? Too, we haven't had a real winter in three years.

(Continued on page 88)

Trap Limitation

(Continued from page 14)

Northers" used to come in here and stir up the water.

"Whereas the season was off in the main section of the Florida Keys, it was extra good in the west section of the lower keys. Why? If I was a crafty fish I could answer why."

Amidst all the speculation as to whether or not the new plans will have the desired effect of good catches with less effort, Moore's philosophy may say more than science. "I've been fishing since high-top shoes, and nobody can figure out a crawfish."

Unfortunately, spiny lobster recruitment goes beyond U.S. waters. "I can't help but worry about that in light of what I noticed during a recent night out," says Plummer. "In a south Florida restaurant I ordered spiny lobster. The lobster was 3" long and weighed less than 4 oz.

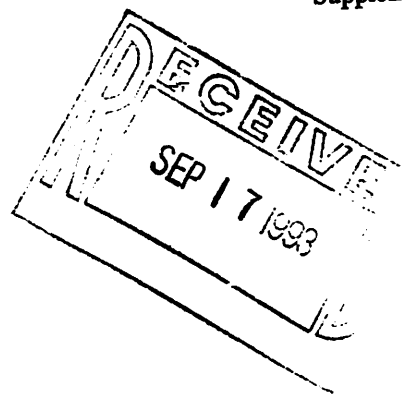
"An American fisherman would go to jail if he tried to put that on my table, so I knew it was from the Bahamas. The Bahamians love our moratorium [closed season] because it puts more money in their pocket."

Bob Palmer, economic analyst for the Florida Marine Fisheries Commission, points out, "The recruitment of crayfish does not originate in Florida but is pan-Caribbean. Therefore, because resource management isn't based on recruitment, a lot of people wonder about the long-term effect of how other countries — the Bahamas and Nicaragua, for example — are managing the fishery. If they're not doing a good job, regardless of the management plan we have in place, we all could be hurt." □

Highlights of Florida's new spiny lobster legislation:

- Establishes a certificate program, to become effective July 1, 1992, that will issue transferable trap certificates to all holders of a saltwater products license who use traps to fish for spiny lobsters. A certificate is required for each trap possessed.
- States that the number of certificates allotted to each license-holder will be based on the trap/catch coefficient established by trip ticket records over a 3-year base period ending June 30, 1991.
- Establishes a minimum of 10 certificates for allotment to any license-holder with a current crawfish trap number.
- Confines certificate issuance to individuals only.
- States that after initial issuance, certificates are transferable on a market basis for a fair market value.
- Sets a transfer fee of $2 per transferred certificate to be paid by the purchaser to the state and establishes an annual certificate fee.
- Requires a one-time surcharge of 25% of the fair market value to be assessed against seller the first time a certificate is transferred outside the holder's immediate family.
- Grants that the Governor and Cabinet, after April 1, 1994, may determine an amount of equitable rent per certificate as an access-to-resource fee.
- Limits individual certificate holdings to 1.5% of total available certificates per license year.
- Establishes penalties for violations.
- Sets an objective of an overall trap reduction goal to the lowest amount that will maintain or increase overall catch levels — the numbers of which are to be determined by July 1, 1992. The reduction will not exceed 10% per year until goal is reached.

AGENDA C-7
SEPTEMBER 1993
Supplemental



DANIEL B. HANSON
RT. 2 BOX 253A
RAYMOND WA.

NO. PAC. FISHERIES MANAGMENT COUNCIL
MR. RICHARD LAUBER CHAIRMAN

DEAR SIR,
I AM WRITING TO YOU REGARDING THE COMPREHENSIVE RATIONALIZATION PLAN. I AM CURRENTLY INVOLVED IN THE POLLACK B SEASON AND WILL BE UNABLE TO ATTEND THE SEPT. 21ST MEETING. AS A MEMBER OF S.E.A. I WOULD LIKE TO BE INCLUDED AND RECOGNIZED AS A CONTRIBUTOR TO ANY FUTURE IFQ PROGRAMS THAT MIGHT BE DEVELOPED.

SINCERELY
Daniel B Hanson
DANIEL B. HANSON
MASTER F/T ARCTIC STORM