


MEMORANDUM

TO: Council, SSC and AP Members

FROM: Chris Oliver   
Acting Executive Director

DATE: September 27, 2000

SUBJECT: BSAI Pacific Cod Pot Gear Split (CP/CV)

ESTIMATED TIME  
5 HOURS  
(for all D-1 items)

**ACTION REQUIRED**

Initial review of BSAI FMP Amendment 68: Pacific cod pot gear split.

**BACKGROUND**

The current Pacific cod total allowable catch (TAC) in the BSAI is apportioned 51% to fixed gear, 47% to trawl gear, and 2% to jig gear (BSAI Plan Amendment 46). In October 1999, the Council adopted Amendment 64 to the BSAI FMP, which further split the fixed gear Pacific cod allocation (51%) among the fixed gear sectors as follows: 80% to freezer longliners; 0.3% to catcher longliners; 1.4% to pot or longline vessels less than 60 feet LOA; and 18.3% to pot vessels. This action was intended to promote stability in the BSAI Pacific cod fixed gear fishery until comprehensive rationalization is completed. Amendment 64 was approved by the Secretary of Commerce on July 12, 2000, and was implemented by final rule on August 24, effective starting September 1, 2000. As of September 16, the pot cod fishery reported harvesting approximately 27.5% of the total catch from the fixed gear sector. NMFS closed directed fishing for Pacific cod in the BSAI by pot vessels  $\geq 60'$  LOA upon implementation of Amendment 64, to prevent that sector from further exceeding their (18.3%) allocation of the fixed gear Pacific cod TAC in 2000. As of September, pot vessels had harvested 20.8% of the annual fixed gear Pacific cod TAC. Although the fishery is now closed to pot vessels  $\geq 60'$ , pot vessels would not likely target cod heavily in the third season regardless, due to coinciding crab fisheries and the fact that cod are usually dispersed by the fall and not caught as efficiently with pot gear.

At the time the Council approved Amendment 64, they acknowledged that a further split of the Pacific cod pot gear TAC among pot catcher/processors and catcher vessels may be necessary to stabilize the recent harvest distribution corresponding to those sectors, as was done for freezer longliners and longline catcher vessels. However, because the public had not been noticed that this action may take place under Amendment 64, the Council delayed action specific to the pot sector and initiated this follow-up amendment in October 1999.

Amendment 68 would split the 18.3% of the pot gear Pacific cod TAC among pot catcher/processors and pot catcher vessels according to historical catch. The options for analysis consider catch from 1995-1999 and are similar to those previously considered under Amendment 64; the only exception is that 1999 catch data is included, data which was not available at the time the Council took action on the original fixed gear split. The analysis also calculates the options two ways, both including and excluding catch that has been rolled over from other gear sectors. Since the Council has not had the opportunity to modify the alternatives

under consideration since Amendment 64, any additional alternatives that the Council would like to see included should be added at this meeting. The Council may also wish to review the problem statement to ensure that it accurately reflects the concerns that need to be addressed.

The analysis was mailed to you on September 15 and is scheduled for initial review at this October Council meeting. Final review is scheduled for December. The options for splitting the pot gear TAC are provided in the executive summary, attached as item D-1(b).

Finally, the estimates of ex-vessel and first wholesale revenue (Tables 4.9-4.11) were made using the 1999 TAC, although the analysis states that the 2000 TAC was used. The 2000 Pacific cod fixed gear TAC was 9% higher than the 1999 TAC. Because a linear equation is used to calculate the revenue projections, the revenue values in Tables 4.9-4.11 would increase by 9% using the 2000 TAC. This discrepancy will be remedied in the final review draft of the analysis, and the tables will be updated using the 2000 TAC. This does not affect the options under consideration to apportion the Pacific cod pot gear TAC.

## Executive Summary

Beginning in 1997, Amendment 46 to the Fishery Management Plan for the Groundfish Fishery of the Bering Sea and Aleutian Islands Area (FMP) allocated the total allowable catch (TAC) for Bering Sea/Aleutian Islands (BSAI) Pacific cod among jig gear, trawl gear, and fixed gear. It reserved two percent of the TAC for jig gear, 51 percent for fixed gear, and 47 percent for trawl gear. The amendment also split the trawl apportionment between catcher vessels and catcher/processors 50/50, but did not split the fixed gear apportionment between longline and pot vessels.

At its April 1999 meeting, the North Pacific Fishery Management Council (Council) initiated an analysis to examine the effects of splitting the fixed gear allocation of Pacific cod between the various components of the fixed gear sector in the BSAI. This action was proposed to promote stability in the BSAI fixed gear cod fishery until a comprehensive rationalization of the North Pacific groundfish fisheries is completed. The proposed amendment to divide the BSAI Pacific cod was brought to the Council for initial review in June 1999. The Council made a final decision in October, following a review by the Scientific and Statistical Committee in September. The amendment was approved by the U. S. Secretary of Commerce in July 2000, and NMFS plans to implement the amendment as soon as practicable.

At the time the Council approved Amendment 64, the Council acknowledged that a further split among the pot sector may be necessary to stabilize the harvests of pot catcher/processors and pot catcher vessels in the BSAI Pacific cod fishery. Concern was expressed that the pot sector needed the stability of a direct gear allocation, much like was done for freezer longliners and longline catcher vessels under Amendment 64. However, because the public had not been noticed that this action may be taken under Amendment 64, the Council decided to delay action specific to the pot sector and include the proposal in a follow-up amendment (Am. 68).

This analysis for Amendment 68, which proposes a direct allocation of BSAI Pacific cod to pot catcher/processors and pot catcher vessels, utilizes the same options as considered by the Council for the fixed gear BSAI Pacific cod split in Amendment 64. In addition to the no action alternative, the analysis for Amendment 64 examined several options to apportion the Pacific cod fixed gear TAC. The Council selected an allocation of 80 percent to freezer longline vessels, 0.3 percent to longline catcher vessels, 1.4 percent to pot and longline catcher vessels < 60' length overall (LOA), and 18.3 percent to pot vessels. These percentages fairly closely represent harvests in this fishery over the period 1995-1998. Amendment 68 would further split the 18.3 percent allocated to pot vessels between pot catcher/processors and pot catcher vessels, based on recent catch histories.

Two primary alternatives were examined in this analysis, based on the options provided in Amendment 64. The only change to the original alternatives is the addition of Options 5 and 6, which include 1999 fisheries participation. At the time the Council took action on Amendment 64, catch data for 1999 was not available and thus the Council's action was based only on historical data through 1998. Since that time, 1999 data has become available and is included in the suite of options for Council consideration as the most recent scientific data. The alternatives examined in this analysis are as follows:

**Alternative 1:** No action. BSAI Pacific cod TAC for the pot sector (18.3% of the fixed gear P. cod TAC) would not be further allocated among the pot catcher/processor and pot catcher vessel sectors.

**Alternative 2:** Apportion the BSAI Pacific cod pot gear TAC (18.3% of the fixed gear P. cod TAC) among pot catcher/processors and pot catcher vessels. The split may be apportioned according to recent catch histories to be determined as a percentage of cumulative catches of the pot gear BSAI P. cod TAC by pot sector for:

- Option 1:** 1996, 1997
- Option 2:** 1997, 1998
- Option 3:** 1996, 1997, 1998
- Option 4:** 1995, 1996, 1997, 1998
- Option 5:** 1995, 1996, 1997, 1998, 1999
- Option 6:** 1996, 1997, 1998, 1999

In general, the options considered by the Council would allocate between 24.3 and 25.3 percent of the pot vessel Pacific cod TAC to pot catcher/processors, and between 74.7 and 75.7 percent to pot catcher vessels. These percentages fairly closely represent harvests in this fishery over the past five years, excluding roll-over catch from other gear sectors. The analysis calculates the options two ways, both including and excluding roll-over harvest, so that the Council may determine which method is appropriate and can evaluate the impacts of both methods. Including roll-over catch in the calculations varies the results only slightly: the options would allocate between 23.9 and 25.3 percent of the pot vessel Pacific cod TAC to pot catcher/processors, and between 74.7 and 76.1 percent to pot catcher vessels. Note that the calculations in the analysis are based on the fixed gear allocations approved in Amendment 64 (18.3 percent to pot vessels), even though they have not yet been implemented through final rulemaking.

Because a sector of the BSAI Pacific cod fishery may not be able to harvest their entire allocation in a year due to halibut bycatch constraints or, in the case of the jig fishery, insufficient effort in the fishery, the Council also provided direction under Amendment 64 on how "roll-overs" to the fixed gear sector should be treated. Roll-overs from the jig or trawl sectors will be apportioned among the freezer longline and pot sectors according to the actual harvest of roll-overs from 1996-1998. Projections indicated that 94.7 percent of the cod "roll-overs" would be allocated to the freezer longline fleet and the remaining 5.3 percent would go to the pot fleet. Should the Council choose to split the 5.3 percent roll-over allocation among the pot sectors, and assuming the same method is used, approximately 24.4 percent of the roll-over amount allocated to the pot fleet would go to pot catcher/processors, and 75.6 percent to catcher vessels. If 1999 data is included in the average, 23.6 percent of the pot roll-over would go to catcher/processors and 76.4 percent to catcher vessels. Should the Council choose not to take any action to apportion the roll-over among the pot sectors, both pot gear groups would compete for the 5.3 percent roll-over allocation as intended under Amendment 64. (Amendment 64 also rolls over any unharvested portion of the catcher vessel longline and the <60' pot and longline vessel allocation that is projected to remain unused to the freezer longliner fleet in September.)

The 1999 fishery is considered the baseline scenario under the no action alternative, however, it is intended only as a point of reference. The no action alternative relates to the catch and revenue distributions that would occur if no further allocation of the pot gear TAC was implemented, and is thus not accurately represented by a static point in time. Each pot sector will exhibit varying levels of effort which will fluctuate annually depending on a number of other factors, including the prices and effort in other (primarily crab) fisheries. Given the difficulty associated with making that prediction, no attempt to estimate the status quo was made in this document. In addition, the fixed gear allocations approved in Amendment 64 were not in place during the 1999 season. Thus, the 1999 fishery is not representative of the future condition of the fishery if no action is taken under Amendment 68—the no action alternative is more accurately defined as the state of the fishery under the fixed gear allocations approved in Amendment 64, i.e., 18.3 percent of the fixed

gear Pacific cod TAC is allocated to the pot fleet as a whole, with no further apportionment among pot catcher/processors and pot catcher vessels.

The 1999 baseline scenario, however, shows that a higher than average percentage of the pot quota was taken by catcher vessels in 1999. Excluding roll-overs from the calculation, 79 percent of the pot quota was harvested by pot catcher vessels and 21 percent by catcher/processors in 1999. Including roll-over catch does not change the baseline harvest percentages.

Recall that BSAI Amendment 67, recently passed by the Council in April 2000, adds a requirement for a Pacific cod endorsement for vessels fishing BSAI Pacific cod in Federal waters. This amendment, if approved by the Secretary, would build on the existing LLP program and likely be implemented in 2002. Thus, upon implementation, all vessels participating in the BSAI Pacific cod fishery would have to meet the qualification criteria for a Pacific cod endorsement, in addition to the area endorsement on their general license. The intent of Amendment 67 is to limit the fishery, beyond the limitations currently in place through the LLP program, to vessels that have historically participated in, and are substantially dependent on, the BSAI Pacific cod fishery. Thus, in the future, the Pacific cod fixed gear TAC will be allocated among the freezer longline, longline catcher vessel, and pot vessel fleets according to Amendment 64, and the number of boats in each sector may be limited according to the proposed participation and landings requirements detailed in the Council's preferred alternative for Amendment 67.

As proposed in the Council's preferred alternative for Amendment 67, pot catcher/processors would be required to have made at least 300,000 lb of landings in the directed commercial BSAI P. cod fishery (excluding discards) in each of any two years 1995-98. Pot catcher vessels  $\geq 60'$  have less restrictive qualification criteria: over 100,000 lb of landings in each of any two years 1995-99. The Council also specified that catcher vessels  $< 60'$  would not need a Pacific cod endorsement for the BSAI at this time. Thus, if Amendment 67 is approved by the Secretary, it will further limit the pool of pot vessels that are eligible to harvest the 18.3 percent of the BSAI Pacific cod fixed gear TAC. Amendment 68 is not intended to have any additional biological or allocational impacts outside of the pot vessels, beyond what Amendments 64 and 67 have already proposed; the intent is to extend the same approach to rationalization and stabilization within the pot cod sector as was done for the longline fleet.

This analysis uses estimates of 1998 ex-vessel and first wholesale prices and the 2000 TAC (excluding roll-over harvest) to derive projections of gross revenues for the pot catcher vessel and catcher/processor sectors under each of the alternatives and options. Assuming 1998 fixed gear ex-vessel prices and the 2000 TAC, ex-vessel revenues for pot catcher vessels range from \$4.83 million to \$4.90 million under the proposed alternatives when roll-over catch is excluded from the harvest percentage calculations, and from \$4.83 million to \$4.92 million when roll-over catch is included in the calculations. Compared to the ex-vessel revenue (\$5.11 million) generated using the 1999 baseline harvest percentages, ex-vessel revenues decrease for the catcher vessel sector under all of the proposed options.

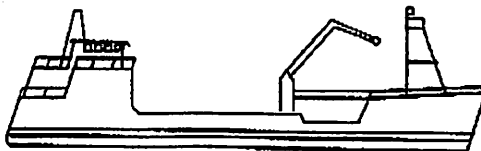
Similarly, estimates of first wholesale revenue were calculated for both the catcher vessel and catcher/processor sectors. Excluding roll-overs, pot catcher/processor revenues from cod would be in the \$4.33 to \$4.51 million range, and pot catcher vessel revenues in the \$10.54 to \$10.68 million range, at the first wholesale level. The inclusion of roll-over harvest increases the first wholesale revenues generated by the pot catcher vessel sector by \$50,000 under Options 4 and 5; revenues are reduced for that sector only under Option 2 (less \$20,000) and do not change under the remaining options. Compared to the baseline 1999 harvest, first wholesale revenues for the pot sector as a whole increase under the proposed options whether roll-overs are included or excluded in the harvest percentage calculations. When roll-overs are excluded, first wholesale revenues under the proposed options exceed the baseline by a range of \$0.13-\$0.16 million, and when roll-overs are included, they exceed the baseline by \$0.11-\$0.16 million.

The alternatives and options are expected to have no significant biological impacts. The intent of the proposed amendment is to stabilize the pot gear groups of the BSAI Pacific cod fishery at harvest levels approximating recent catch levels. By stabilizing the harvests of the pot gear sectors, such as was approved by the Council for the longline fleet, the action would also be expected to further stabilize the fixed gear Pacific cod fishery's environmental impacts. The options do not increase or decrease the harvest of Pacific cod by the pot sector as a whole. Any slight shift in effort between the catcher vessel and catcher/processor sectors as a result of the options would likely have little corresponding impact on incidental catch of "other species," such as octopus, sharks, and skates.

The Council voted to sunset Amendment 64 on December 31, 2003, and may choose to apply the same sunset date to Amendment 68. Continuing the allocations of Pacific cod among the fixed gear sectors (or selecting new allocation percentages) in the BSAI after that date will require Council and Secretarial approval of a new amendment.

None of the alternatives is expected to result in a "significant regulatory action" as defined in E.O. 12866. None of the alternatives is likely to significantly affect the quality of the human environment, and the preparation of an environmental impact statement for the proposed action is not required by Section 102(2)(C) of the National Environmental Policy Act or its implementing regulations.

F/V Trailblazer Partnership  
Alaska Seafood Producers, Inc.



Gary L. Painter

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9/22/00

To: Dave Benton, Chairman; Council Members  
North Pacific Fisheries Management Council  
Via Fax: 907/271-2817  
Anchorage, AK

RECEIVED  
SEP 22 2000  
N.P.F.M.C

From: F/V Trailblazer/Gary Painter

**Re: D-1(b) BSAI Pacific cod pot gear split (CP/CV)**

Through the Council process, separate quotas have been established for the different sectors of the fixed-gear cod fishery.

During hearings, I testified against that separation, because I felt that it would de-stabilize the pot fishery participants. Now that we have the split established, I ask you for the same reasons not to further split up the catch in the pot fishery.

It appears that the Council will be moving toward further rationalization. I believe that a better way to rationalize would be to rationalize along the lines of catch history, not Catcher Processors and Catcher Vessels.

Sincerely,

*Gary L. Painter*  
Gary L. Painter

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**RECEIVED**  
AUG 31 2000

**N.P.F.M.C**

**Att. Mr. Pautzke North Pacific Management Counsel**

My name is Kurt Vedoy, I own and operate the F/V BLUE FIN with my brother Oluf Vedoy. As I have stated before in previous letters I have a long history with good catch record of Codfish that is caught by Pots. I am qualified as a Catcher/Processor.

I know there is several meetings by the Counsel coming up before the end of year 2000. My issue with the Counsel is that I need the POT CATCHER/PROCESSORS and POT CATCHER boats SPLIT as two different groups because of the different interest and also because of a good catch history that I have worked hard to build.

The Counsel sided with the Longliners because of their long time catch history to be protected from the big additional participation by Crab boats. I AM ASKING THE COUNSEL TO PLEASE VOTE ON A SPLIT BETWEEN C/P and C/vessels as this action will protect my long term investment and my good catch records just as well as the Longliners.

We had a perfect example of how bad a situation this turned out to be, since we were not protected by a split, this year 2000. We ended up with hardly any fishing time which is devastating to our business which we already had established years ago along with a Cod plant in Wash. All fish was shipped through Dutch Harbor and paid taxes accordingly.

I NEED THE COUNSEL SUPPORT ON THIS issue IN ORDER TO SAVE AN ALREADY ESTABLISHED BUSINESS FROM GOING BAD. IT WOULD BE A BIG SHAME ON COUNSEL MANAGEMENT IF THAT HAPPENED WHEN THEY INDEED CAN SAVE THIS BY VOTING YES ON SPLIT OF POT C/P and C/vessels

Sincerely Kurt Vedoy