AGENDA D-2(b)
DECEMBER 1985

M E M O R A N D U M

TO: Council, SSC and AP

FROM: Jim H. Branson
Executive Director

DATE: December 4, 1985

SUBJECT: Bering Sea/Aleutian Islands Groundfish FMP

ACTION REQUIRED

(1) Review DAP and JVP for 1986
(2) Identify groundfish species where DAP and/or JVP estimates exceed TAC.

BACKGROUND

1. Review DAP and JVP for 1986

During the September 1985 meeting you received preliminary 1986 DAP and JVP estimates which were based on projections of the 1985 total annual harvest rather than on survey data. Those preliminary estimates were approved and sent out for public review on October 8 and are included here as Table 4. NMFS has now completed the annual DAP survey and we have tabulated the amounts of JVP requests. Table 5 provides the most current projections of 1986 DAH needs for the combined Bering Sea and Aleutians. Tables 6 and 7 are the actual survey results from the NMFS Regional Office. The JVP estimates may need to be adjusted based on JVP adjustments in the Gulf of Alaska.

2. Identify species where DAP and/or JVP estimates exceed TAC

The Council needs to determine preliminary DAP and JVP estimates in order to proceed through the other agenda items. The DAP and JVP estimates will be finalized at the end of the meeting. Table 8 [Agenda item D-2(b)(1)] shows that the DAP for sablefish, P.O.P., and rockfish exceed the TACs, and JVP for Atka mackerel exceeds TAC. Bycatch allowances for these species will need to be established.

TABLE 4. PRELIMINARY HARVEST LEVELS AND APPORTIONMENTS FOR BERING SEA AND ALEUTIANS GROUNDFISH IN 1986 (ALL IN METRIC TONS)

Species	Area	1985 TAC	Combined 1986 TAC[1]	Separate 1986 TAC[2]	Projected Catches				
					U.S. Processed (DAP)[3]	Joint Ventures (JVP)[4]	1986 DAH	1985 Foreign (TALFF)[5]	1986 Foreign (TALFF)[6]
Pollock	BS	1200000	1100000	1100000	20000	361000	381000	772929	554000
	AI	100000	100000	100000	4000	7500	11500	72699	73500
Pacific ocean perch	BS	1000	1000	1000	850	0	850	BYCATCH	0
	AI	3800	3800	3800	100	450	550	BYCATCH	2680
Rockfish	BS	1120	1120	1120	150	5	155	BYCATCH	797
	AI	5500	5500	5500	5	15	20	BYCATCH	4655
Sablefish	BS	2625	2625	2625	2231	0	2231	BYCATCH	0
	AI	1875	1875	1875	1594	0	1594	BYCATCH	0
Pacific cod	BS	220000	165000	141000	82400	35300	117700	52317	22550
	AI	*****	*****	24000					
Yellowfin sole	BS	226900	339780	338780	100	111200	111300	123382	177513
	AI	*****	*****	1000					
Turbots	BS	42000	37100	28320	5	300	305	27355	31230
	AI	*****	*****	8780					
Other flatfish	BS	109900	150200	146000	360	45500	45860	40507	81810
	AI	*****	*****	4200					
Atka mackerel	BS	37700	30800	800	0	26180	26180	BYCATCH	0
	AI	*****	*****	30000					
Squid	BS	10000	10000	7500	0	10	10	9731	8490
	AI	*****	*****	2500					
Other species	BS	37580	51200	39400	1000	4900	5900	33888	37620
	AI	*****	*****	11800					
TOTAL		2000000	2000000	2000000	112795	592360	705155	1132809	994845

1/ Combined 1986 TAC has combined Bering Sea/Aleutian TACs.
2/ Separate 1986 TAC has separate TACs for Bering Sea and Aleutian areas. Values from 1985 RAD.
3/ Projected 1985 total DAP catch, adjusted as necessary to not exceed TAC-Reserve.
4/ Projected 1985 total JVP catch, adjusted so that (DAP+JVP) does not exceed TAC-Reserves.
5/ 1985 TALFF projected catch = 98% of total foreign TALFF allocation
6/ TALFF = TAC - Reserve - DAP - JVP. Where TALFF = 0 a bycatch allowance may be made. Not all TALFFs separated by areas.

TABLE 5. Preliminary TACs and Apportionments for the Combined Bering Sea and Aleutian Groundfish in 1986 (all in metric tons).

Species	Area	1985 TAC	1986 TAC	Initial TAC	NMFS DAP Survey	JVP Survey[1/]	1986 DAH	Potential ITALFF[2/]	Potential FTALFF[3/]
Pollock	BS	1,200,000	1,100,000	935,000	105,830	584,666[4/]	690,496	244,504	409,504
	AI	100,000	100,000	85,000	16,406	14,469[5/]	30,875	54,125	69,125
Pacific	BS	1,000	1,200	1,020	7,154	5	7,159	0	0
ocean perch	AI	3,800	11,250	9,563	8,289	100	8,389	1,174	2,861
Rockfish	BS	1,120	450	383	6,377	13	6,390	0	0
	AI	5,500	1,425	1,211	7,414	35	7,449	0	0
Sablefish	BS	2,625	2,250	1,913	5,843	13	5,856	0	0
	AI	1,875	4,200	3,570	5,106	0	5,106	0	0
Pacific cod	BSAI	220,000	181,900	154,615	91,573	29,209	120,782	33,833	61,118
Yellowfin sole	BSAI	226,900	230,000	195,500	1,030	122,593	123,623	71,877	106,377
Turbots	BSAI	42,000	42,000	35,700	5,404	0	5,404	30,296	36,596
Other flatfish	BSAI	109,900	137,000	116,450	4,192	64,304	68,496	47,954	68,504
Atka mackerel	BSAI	37,700	30,800	26,180	0	50,166	50,166	0	0
Squid	BSAI	10,000	10,000	8,500	0	0	0	8,500	10,000
Other species	BSAI	37,580	51,200	43,520	110	1,071	1,181	42,339	50,019
TOTAL		2,000,000	1,903,675	1,618,124	264,728	866,644	1,131,372	534,602	814,104

1/ NMFS survey amounts except where noted.
2/ Potential Initial TALFF
3/ Potential Annual TALFF
4/ Includes 92,706 mt for Japan (industry agreement)
5/ Includes 2,294 mt for Japan (industry agreement)

TABLE 6. Summary of 1986 DAP Survey (all in metric tons)

	Bering Sea			Aleutian Islands			Bering Sea/Aleutian Islands		
Species	Jan-Jun	Jul-Dec	TOTAL	Jan-Jun	Jul-Dec	TOTAL	Jan-Jun	Jul-Dec	TOTAL
POLLOCK	55,210	86,545	141,755	4,536	13,503	18,039	59,746	100,048	159,794
YELLOWFIN SOLE	277	604	880	50	100	150	327	704	1,030
TURBOTS	998	2,635	3,633	771	1,000	1,771	1,769	3,636	5,405
FLATFISH	231	3,407	3,638	186	368	554	417	3,774	4,192
PACIFIC COD	66,216	36,196	102,412	5,543	12,439	17,982	71,759	50,622	122,381
POP	1,463	5,691	7,154	1,463	6,827	8,289	2,926	12,518	15,444
ROCKFISH	551	5,825	6,377	857	6,557	7,414	821	11,206	12,026
SABLEFISH	3,814	2,029	5,843	1,990	3,115	5,106	5,237	4,541	9,778
ATKA MACKEREL	0	0	0	0	0	0	0	0	0
OTHERS	25	25	50	30	30	60	55	55	110
TOTAL	128,760	142,932	271,692	15,396	43,909	59,305	144,156	188,828	332,984

Source: NMFS, December 3, 1985.

TABLE 7. Summary of 1986 JVP Survey (all in metric tons)

	Bering Sea			Aleutian Islands			Bering Sea/Aleutian Islands		
Species	Jan-Jun	Jul-Dec	TOTAL	Jan-Jun	Jul-Dec	TOTAL	Jan-Jun	Jul-Dec	TOTAL
POLLOCK	185,450	306,510	491,960	5,425	6,750	12,175	190,875	313,260	504,135
YELLOWFIN SOLE	62,313	60,280	122,593	0	0	0	62,313	60,280	122,593
TURBOTS	0	0	0	0	0	0	0	0	0
FLATFISH	31,169	33,135	64,304	0	0	0	31,169	33,135	64,304
PACIFIC COD	16,455	10,064	26,519	2,540	150	2,690	18,995	10,214	29,209
POP	2	3	5	110	25	100	112	28	140
ROCKFISH	6	7	13	35	0	35	41	7	48
SABLEFISH	6	7	13	0	0	0	6	7	13
ATKA MACKEREL	0	0	0	32,696	17,470	50,166	32,696	17,470	50,166
SQUID	0	0	0	0	0	0	0	0	0
OTHERS	579	467	1,046	25	0	25	604	467	1,071
TOTAL	295,980	410,473	706,453	40,831	24,395	65,191	336,811	434,868	771,679

Source: NMFS, December 3, 1985.

TABLE 8. DAP and JVP deficits expected in 1986 (in metric tons).

Species	Area	1986 TAC[1/]	Initial TAC[2/]	NMFS DAP Survey[3/]	DAP Deficit	JVP Survey[4/]	JVP Deficit
POP (complex)	BS[5/]	1,200	1,020	7,154	6,134	5	5
	AI[5/]	11,250	9,563	8,289	(1,274)	100	(1,174)
Rockfish	BS	450	383	6,377	5,995	13	13
	AI	1,425	1,211	7,414	6,203	35	35
Sablefish	BS	2,250	1,913	5,843	3,931	13	13
	AI	4,200	3,570	5,106	1,536	0	0
Atka mackerel	BSAI	30,800	26,180	0		50,166	23,986

1/ TAC recommended by Plan Team
2/ TAC - Reserves
3/ NMFS, December 3, 1985
4/ NMFS, December 3, 1985
5/ POP may need adjustment due to inclusion of other red rockfish into POP complex. Current estimates show a DAP and JVP surplus.

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

December 10, 1985

Jim Branson, Executive Director
North Pacific Fishery Management Council
P.O. Box 103136
Anchorage, AK 99510

Dear Jim:

We would like to bring to the attention of the Council the need for greater inseason management flexibility in the Bering Sea and Aleutian Islands Management Area. This need is highlighted by the closure this September of the Bering Sea subarea to all fishing in waters deeper than 200 fathoms. The closure to all fishing by both foreign and U.S. vessels was required because the FMP's implementing regulations at 50 CFR § 675.20(a)(7) do not allow domestic fishing to be constrained until the combined foreign and domestic catch for a species reaches to total allowable catch (TAC); Further the regulations do not allow any fishing for other groundfish species to continue once the TAC for one species has been taken, unless the take of that species can be eliminated by area or gear restriction. In the case of sablefish in the Bering Sea, this meant that the domestic fishery was able to continue fishing after the sablefish DAP was achieved until the JVP and TALFF were taken also. The end result, as you know, was closure of the Bering Sea subarea in waters deeper than 200 fathoms. The sablefish fishery allowed us to define an area closure in terms of depth. By this means we were able to allow other fisheries such as pollock, Pacific cod and flounders to continue in depths less than 200 fathoms.

We would not have been so fortunate if the species for which the TAC was reached had been, for example, Pacific ocean perch. In that case we might have been required to close the entire area to all fishing, or at a minimum all bottom trawling. This would have severly disrupted not only the foreign and joint venture fisheries, buth the developing domestic trawl fleet as well.

We expect this situation to occur again for one or more species during the second half of 1986. Therefore it is imperative that NMFS and the Council immediately address the issue of inseason management actions which are triggered by the achievement of established harvest levels for both 1986 and beyond. With the Council's concurrence, we would prepare a Regulatory Amendment to establish greater management flexibility in both the Gulf of Alaska and the Bering Sea/Aleutians Area to be effective in early 1986.

The Regulatory Amendment we propose makes permanent the regulatory language we promulgated as an emergency rule following the Alaska 1 case. Briefly, this gives the NMFS Regional Director the authority to close directed fishing for a single species upon achievement of OY or TAC. Following closure of the directed fishery, that species becomes a prohibited species in all target fisheries for other species. The Regional Director would have the flexibility, however, to close or limit fisheries targeting on other species to prevent overfishing of the prohibited species. For example, the Regional Director could close an area to all bottom trawling if the anticipated amount of prohibited species catch would result in overfishing. This proposal would not apply in the case where a JVP or TALFF fishery reached its quota. In that case, existing regulations would require closure.

We recognize the Regulatory Amendment we propose may not be the type of comprehensive controls the Council would adopt for subsequent years. We intend the proposed Regulatory Amendment to be only a short-term measure until the Council can address the issue in both FMPs. We strongly recommend the Council address the aforementioned issue during the upcoming groundfish amendment cycle.

Sincerely,

Robert W. McVey
Director, Alaska Region

Enclosure

ALASKA FACTORY TRAWLER ASSOC.
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206/285-5139

December 6, 1985

Mr. Jim Branson

North Pacific Fishery Management Council
P.O. Box 103136
Anchorage, Alaska 99510

Dear Jim:

This is a comment by the Alaska Factory Trawler Association on DAP's and allocation issues steming therefrom.

Pacific cod in the Bering Sea

The economic success of the U.S. factory trawler fleet and several developing shoreside processors is dependent on efficient, high value harvesting of Pacific cod. The factory trawler fleet has identified Pacific cod as it's main target species, and has had considerable success in developing a position in the U.S. market for Pacific cod fillets.

You have heard from some of our pruchasers such as Shoney's and Skippers who have switched to Pacific cod caught off of Alaska. This has created markets for a whole range of producers of cod off Alaska which has not existed before. The dependence of the developing American industry on this particular species is not paralleled in any other ground fish fishery. The United States processing and fishing industry has demonstrated a committment to the development of this fishery through unprecedented capital investment and marketing efforts. The growth in the DAP sector is remarkable, from production of 25,000 tons in 1982 to 75,000 tons in 1985. This geometric growth is expected to increase in 1986 due to the addition of new capital equipment into the fishery, and a very good market price for cod due to a world cod shortage. Toward the end of developing the American industry on this resource, we are requesting that no Pacific cod be made available to TALFF in the Bering Sea/Aluetian Islands management area. We would like to make three points in support of this request.

1. Priority access aspects of the FCMA

Although the full OY of Pacific cod in the Bering Sea was not utilized by U.S. and foreign fishing operations in 1985, the decline in the ABC expected in 1986 plus the continued growth of the U.S. fishing sector strongly supports the elimination of all foreign target fishing for cod in the Bering Sea in 1986. The expected U.S. harvest of Pacific cod in 1986 is as follows:

U.S. Factory Trawlers		100,000 Metric tons
Golden Alaska	)	
Universal Seafoods	)	
Trident	)	
Alaska #1	)	50,000 Metric tons
American #1	)	
Golden Age	)	
Other		10.000 Metric tons
Joint venture catch		30,000 Metric tons
Total		190,000 Tons

Movements of joint venture and domestic pollock fisheries out of the Gulf of Alaska to the Bering Sea is sure to raise incidental catches of cod. There may be other DAP operations of which we are not aware which may make this figure even higher. because of the importance of this fishery a reserve of 40,000 tons should be established. We would like to point out that the DAP figures established by the NMFS survey are simply inaccurate.

2. Biological considerations

While the biologists indicate that the cod stocks are not declining as rapidly as they had initially expected, we are seeing the American industry has declining Pacific cod stocks in it's future.

To the extent that we can bank stocks for future years, the importance of this fishery to our development warrants it.

The projected biomass is primarily larger, older fish. While the weight of the biomass is reported to be high, the number of animals which may be removed is not. Further, once the large fish are removed, the presence of smaller fish will increase recovery costs and further aggravate the economic position of the U.S. fishery.

As we have earlier testified, factory trawlers have faced seriously declining CPUE's in the 1984 and 1985 fisheries. As you know, the U.S. trawl fleet has developed the cod fishery primarily in the fishing grounds north of Unimak Pass. It is dependent on the availability of cod in pre-spawning concentrations during the period of January through April. The key factor for the developing U.S. fishery is high CPUE's. The factory trawler fleet has demonstrated that catch rates as high as 6.7 metric tons per-hour-towed are attainable. This kind of fishing is what shoud be sought by the managers on behalf of the domestic industry to implement the processor preference. As we have earlier testified, catch rates in 1985 were held to 2-3 tons per-hour-towed. Had we had the kind of catch rates which we know are available to us, we would be much fuirther ahead in development of the U.S. bottomfish industry than we are today.

We had heard in response to our testimony of low CPUE's that the Japanese longline fleets had encountered 30 ton per day catches in their fishery. Our research indicates that, while this did occur on a few occasions during the February-March fishery, it has not been the case throughout the year. In fact, in the fall fishery, the longliner's average catch per day is well below 20 tons per day.

We offer once again our data on declining CPUE's as evidence that the resource is not what the biologists interpretation of the survey data says it is. At least the Council ought to have some element of doubt and be conservative in the establishment of the Bering Sea Pacific cod TAC's.

3. Economic factors

At-sea factory trawler opeations consitute a relatively new addition to the U.S. processing sector. Current operations must be considered as undergoing a learning process, both in attempts to improve the efficiency of harvest and in expanding sales opportunities in highly competitive national and world markets. Although the factory trawlers have recently concentrated on increasing the percentage of pollock harvested and sold, Pacific cod continues to be the major source of income to the fleet.

Whether because of declining cod stocks or because of increased effort on relatively small fishing grounds, the reduced CPUE's experienced by the factory trawlers has diminished the gross catch, thereby reducing overall economic efficiency of the individual vessels. This situation is further aggravated by the direct removal of cod by the Japanese longline fleet and incidental catches taken by other foreign vessels. It is essential that the Council assist the developing American fleets in retaining the Bering Sea cod stocks at the highest level possible in order to increase economic opportunities for the fleets. The consequences of declining CPUE's to the factory trawler fleet are shown in a table prepared by Dr. James Crutchfield. This table graphically illustrates that a 10% decline in CPUE's will turn a slight profit into a loss. A 20% decline becomes a large loss. A 30% decline becomes disaster. As any business person knows, even the slight losses over a period of time spells disaster.

The above discussion tries to portray the Pacific cod situation as we see it. If the Council wishes to use it's authority to aid the development of this fishery, it should deny TALFF. Otherwise the developing U.S. fleet faces an extremely difficult economic future.

Pollock fisheries

We anticipate that the large majority of the pollock will go to Japanese surimi fisheries. We would like to point out that allocations to countries such as Korea, the Soviet Union, China, and Poland which produce fillets and blocks create serious marketing difficulties for the domestic processing industry. In 1985, we have made great in-roads at the establishment of domestic markets for Alaska pollock fillets. We have produced new product forms. We have spent tremendous sums on advertising. As a result we are now starting to see some market acceptance of the product.

In addition, we have expanded our marketing efforts to Europe where Alaska pollock is readily accepted as a quality white fish but which market is being filled primarily by a Polish processed Alaska pollock.

So long as allocations are made to these countries, we would expect to see our markets dominated by this low priced product. We see no return benefit to our fishing industry for this large sacrifice. Indeed, for countries such as Korea, which re-import the product to the United States, the activity only serves to deteriorate our horrendous balance of payments. We therefore ask that the Council make no allocations of Alaska pollock to Poland, China, Korea, or the Soviet Union.

We further ask that the Council, National Marine Fisheries Service, and the State Department take the time to understand the impacts of their allocative actions on developing United States industry. Several companies have made the committment to development of United States bottomfish, but to date, the allocative actions taken by the Government have served to thwart the existance of this industry.

Edward D. Evans
Executive Director

EDE:ms
Enclosures

Effect of changes in CPUE on operation of a 160-foot factory trawler producing cod and pollock off Alaska.

VESSEL OPERATION COSTS, INCOME	BASE	-10%	-20%	-30%	+10%
Catch and production					
Cod: Catch	5,280 mt/year	4,752 mt/year	4,224 mt/year	3,696 mt/year	5,808 mt/year
Fillets @ 20% yield	1,056 mt/year	950 mt/year	845 mt/year	739 mt/year	1,162 mt/year
	2,327,424	2,093,800	1,862,400	1,628,800	2,561,000
Pollock: Catch	1,920 mt/year	1,728 mt/year	1,536 mt/year	1,344 mt/year	2,112 mt/year
Fillets @ 20% yield	384 mt/year	346 mt/year	307 mt/year	269 mt/year	422 mt/year
	846,300	762,600	676,700	592,900	930,100
Gross Income					
Cod fillets @ $1.40/lb	$3,258,400	$2,931,300	$2,607,400	$2,280,300	$3,585,400
Pollock fillets @ .65/lb	550,100	495,700	439,900	385,400	604,600
Total	$3,808,500	$3,427,000	$3,047,300	$2,665,700	$4,190,000
Shared Expenses					
Fuel: 1500 gal/day @ $1.05	$ 504,000	$ 504,000	$ 504,000	$ 504,000	$ 504,000
Lub/Oil @ 7% fuel	35,300	35,300	35,300	35,300	35,300
Hydraulic @ 7% fuel	35,300	35,300	35,300	35,300	35,300
Food @ 15/man/day	134,400	134,400	134,400	134,400	134,400
Total	$ 709,000	$ 709,000	$ 709,000	$ 709,000	$ 709,000
Net after shared expenses	$3,099,500	$2,718,000	$2,338,300	$1,956,700	$3,481,000
Crew Share @ 30%	929,900	815,400	701,500	587,000	1,044,300
	$2,169,600	$1,902,600	$1,626,800	$1,369,700	$2,436,700
Owner Expenses					
Debt service on scontr.	$ 768,000	$ 768,000	$ 768,000	$ 768,000	$ 768,000
Hull insurance @ 4% cost	240,000	240,000	240,000	240,000	240,000
PI @ $8000/yr x 28 men	224,000	224,000	224,000	224,000	224,000
Vessel maintenance	150,000	150,000	150,000	150,000	150,000
Product pkging @ $.03/lb	95,200	85,700	76,200	60,400	104,700
Product shipment @ $.10/lb	317,400	285,600	253,900	222,200	349,100
Product storage @ $.02/lb	63,500	57,100	50,100	44,400	69,800
Brokerage @ 3% value	114,300	102,300	91,400	80,000	125,700
Management @ 2% value	76,200	68,500	53,300	53,300	83,800
Total Owner Expenses	$2,048,500	$1,981,200	$1,914,500	$1,842,300	$2,115,100
Before-tax Profit or Loss	121,100	- 78,600	- 287,700	- 472,600	321,600

ARC AK SEA

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ATTN. MR. EDWARD D. EVANS

WAS VERY NICE MEETING YOU AT ANUGA FOOD FAIR.
WOULD LIKE YOU TO KEEP ME POSTED ABOUT BONELESS
ALASKA POLLACKFILLETBLOCKS (WITHOUT PHOSPHATES).
FOR THE TIME BEING 85/90 US CT IS TOO EXPENSIVE.
POLAND IS OFFERING CHEAPER.
BUT I AM SURE YOU CAN DO BETTER IN THE FUTURE.

AWAIT YR NEWS.

KIND REGARDS

KB

ARC AK SEA

MMMM