

# North Pacific Fishery Management Council

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September 18, 1992

## DRAFT AGENDA

### **104th Plenary Session North Pacific Fishery Management Council September 22-27, 1992 Anchorage, Alaska**

The North Pacific Fishery Management Council will convene at 10:30 a.m., on Tuesday, September 22, 1992, at the Hilton Hotel in Anchorage, Alaska. Other meetings to be held during the week are:

#### Committee/Panel

#### Beginning

Gulf of Alaska Industry

Rockfish Committee

Advisory Panel

Scientific and Statistical Committee

Bycatch Cap Committee

10:30 a.m., Sunday, Sept. 20

10:30 a.m., Monday, Sept. 21

10:30 a.m., Monday, Sept. 21

7:00 p.m., Tuesday, Sept. 22

All meetings except Council executive sessions are open to the public. Other committee and workgroup meetings may be scheduled on short notice during the week.

## **INFORMATION FOR PERSONS WISHING TO TESTIFY BEFORE THE COUNCIL**

Those wishing to testify before the Council on a specific agenda item must fill out a registration card at the registration table **before** public comment begins on that agenda item. Additional cards are generally not accepted **after** public comment has begun. A general comment period is scheduled toward the end of the meeting, time permitting, for comment on matters not on the current agenda.

Submission of Written Testimony During Council Meeting. Any written comments and materials provided during a meeting for distribution to Council members should be provided to the Council secretary. A minimum of 18 copies is needed to ensure that every Council member, the executive director, NOAA General Counsel and the official meeting record each receive a copy. Some agenda items may have a formal, published deadline for written comments. For those items, written comments submitted after the published deadline or at the Council meeting, other than simple transcripts of oral testimony, will be stamped "LATE COMMENT." They will not be summarized or analyzed in preparation for the Council meeting, nor will they be placed in Council member notebooks. All "LATE COMMENTS" will be placed in a special notebook, marked as such, and made available to Council members upon their request.

Information on testifying before the Advisory Panel and Scientific and Statistical Committee is found on the next page.

**FOR THOSE WISHING TO TESTIFY BEFORE THE ADVISORY PANEL**

The Advisory Panel has revised its operating guidelines to incorporate a strict time management approach to its meetings. Rules for testimony before the Advisory Panel have been developed which are similar to those used by the Council. Members of the public wishing to testify before the AP must sign up on the list for each topic listed on the agenda. Sign-up sheets are provided in a special notebook located at the back of the room. The deadline for registering to testify is when the agenda topic comes before the AP. The time available for individual and group testimony will be based on the number registered and determined by the AP Chairman.

**FOR THOSE WISHING TO TESTIFY BEFORE THE SCIENTIFIC AND STATISTICAL COMMITTEE**

The usual practice is for the SSC to call for public comment immediately following the staff presentation on each agenda item. In addition, the SSC will designate a time, normally at the beginning of the afternoon session on the first day of the SSC meeting, when members of the public will have the opportunity to present testimony on any agenda item. The Committee will discourage testimony that does not directly address the technical issues of concern to the SSC, and presentations lasting more than ten minutes will require prior approval from the Chair.

**DRAFT AGENDA**

**104th Plenary Session  
North Pacific Fishery Management Council  
September 22-27, 1992  
Anchorage, Alaska**

**A. CALL MEETING TO ORDER**

- (a) Oath of Office to new Council members.
- (b) Approval of Agenda.
- (c) Election of Officers.
- (d) Approve minutes of previous meetings.

**B. REPORTS**

- B-1 Executive Director's Report
- B-2 Domestic Fisheries Report by ADF&G
- B-3 NMFS Management Report  
(includes status of amendments and regulatory actions)
- B-4 Enforcement and Surveillance Report
- B-5 1992 Halibut Fishery and Stocks Status Report

**C. NEW OR CONTINUING BUSINESS**

**C-1 Observer Program**

- (a) Status report on North Pacific Fisheries Research Plan--schedule public hearings.
- (b) Observer requirements for 1993--receive committee report and initiate regulatory amendment.

**C-2 Community Development Quotas**

- Review status of the CDQ program and advise on reserve release for 1992 and CDQ harvest management.

**C-3 International Fisheries**

- (a) Recap of Moscow International Conference on Central Bering Sea Pollock Management.
- (b) Status report on regulations for monitoring the influx of fish products to the U.S. from Russian EEZ and on the operation of U.S. vessels in the Donut Hole.
- (c) Report on legislative disincentives to foreign fisheries in the Donut Hole and driftnet fisheries.

**C-4 Marine Mammals**

- (a) Report on sea lions and recovery plans, and DLEIS for marine mammal/fisheries interactions.
- (b) Sea lion report by Andrew Trites.
- (c) Consideration of measures necessary to protect sea lions for 1993.

**C-5 Habitat**

- (a) State of Alaska request for location reporting and oil spill response plans for offshore fleet.
- (b) Status Report on oil lease sales.

**C-6 Sablefish/Halibut IFQs**

- (a) Status report on proposed IFQ system.
- (b) Initial review of block proposals and 1,000-pound floor.
- (c) Review proposed Conservation Management Techniques submitted by Kodiak Island Borough.

**C-7 Comprehensive Rationalization Program**

- (a) Status report on Moratorium and control date publication.
- (b) Review discussion paper on comprehensive plan alternatives.
- (c) Consider establishing planning committee.
- (d) Establish schedule for developing comprehensive program.
- (e) Initiate economic surveys.

**C-8 Other Business**

**D. FISHERY MANAGEMENT PLANS**

**D-1 Salmon Management**

Review necessity for having a fishery management plan.

**D-2 Crab Management**

- (a) Report on BSAI crab survey.
- (b) Optimum yield analysis for Bering Sea *C. opilio* fishery.
- (c) Report from ADF&G on placing observers on crab catcher vessels.
- (d) Summary of Crab Interim Action Committee on crab pot limits.

**D-3 Initial Groundfish Specifications for 1993**

- (a) Approve initial Stock Assessment and Fishery Evaluation (SAFE) report for Gulf of Alaska groundfish fisheries for public review.
- (b) Approve initial Gulf of Alaska groundfish and bycatch specifications for 1993 for public review.
- (c) Approve initial Stock Assessment and Fishery Evaluation (SAFE) report for Bering Sea/Aleutian Islands groundfish fisheries for public review.
- (d) Approve initial Bering Sea/Aleutian Islands groundfish and bycatch specifications for 1993 for public review.
- (e) VIP rate standards.

**D-4 Groundfish Plan Amendments - Final Review**

Amendment 26a - Eastern Gulf of Alaska trawl closure: receive workgroup report and consider approving for Secretarial review.

**D-5 Groundfish Plan Amendments - Initial Review**

- (a) Pribilof Island trawl closure.
- (b) Pollock "B" season delay/Exclusive Registration Areas.
- (c) Preferential allocation of Pacific cod to gear types with low bycatch.

**D-6 Groundfish Regulatory Amendments - Final Review**

- (a) Fixed gear halibut PSC in BSAI for 1993.
- (b) Performance-based pelagic trawl definition.
- (c) Hook and line longline fair start.
- (d) Gangion-cutting provisions.

**D-7 Groundfish Regulatory Amendments - Initial Review**

- (a) Initial review of the PSC allowances for the Inshore-Offshore and CDQ pollock fisheries.
- (b) Approve regulatory amendment defining legal gear types.
- (c) Receive progress report on total catch measurement initiative.
- (d) Receive progress report on interactive communications.
- (e) Consider proposals for changes in groundfish seasons for Gulf of Alaska.

**D-8 Other Groundfish Issues**

- (a) Comprehensive Gulf of Alaska rockfish management plan.
- (b) Bycatch management planning.
- (c) Discard Committee report.
- (d) Necessity of various outdated groundfish regulations.
- (e) Petition for pollock research from St. Paul Island.
- (f) Permit request for experimental fishing.
- (g) Request for PRR research.

**D-9 Staff Tasking**

Review additional proposals received, current tasking, and give staff direction.

E. FINANCIAL REPORT

F. PUBLIC COMMENTS

G. CHAIRMAN'S REMARKS AND ADJOURNMENT

**Acronyms Used in Groundfish Specification Process**

BSAI Bering Sea/Aleutian Islands  
GOA Gulf of Alaska  
ITAC Initial Total Allowable Catch  
DAP Domestic Annual Processing  
FMP Fishery Management Plan  
PSC Prohibited Species Catch  
SAFE Stock Assessment and Fishery Evaluation  
TAC Total Allowable Catch

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Certified: Luis Pellerin  
Date: 8/16/92

## MINUTES Scientific Statistical Committee August 3, 1992 Juneau, Alaska

The Scientific and Statistical Committee of the North Pacific Fishery Management Council met August 3, 1992 at the Baranof Hotel. All members except Don Rosenberg, John Burns, Gordon Kruse and Marc Miller were present, namely:

Bill Clark, Chair  
Larry Hreha  
Richard Marasco  
Jack Tagart

Terry Quinn, Vice Chair  
Dan Huppert  
Bill Aron  
Doug Eggers

### INSHORE/OFFSHORE

In addition to reviewing the July 9, 1992 Draft Supplementary Analysis of the Proposed Amendment 18 (Inshore/Offshore Allocation of Pollock in the Bering Sea/Aleutian Islands), the SSC received a report from staff describing changes made since the June 16th version of the document was reviewed, and took public testimony.

During the June meeting the SSC requested that in revising the document the analytical team should: (1) discuss more fully the two approaches used to account for labor costs in the calculation of net benefits, (2) modify the distribution of values of product prices and costs used in the risk analysis to be centered on the best estimates of these parameters, (3) re-examine the specified ranges (variances) for the probability distributions, (4) link the analysis of the CVOA with the net benefits analysis, (5) develop historical estimates of pollock removals inside and outside the CVOA, and (6) discuss the impact of the CVOA on marine mammals and birds. All of these issues were addressed in the revision.

A large volume of written comment, including technical criticism of the team analysis and other analyses of the alternatives, was submitted to the SSC at the start of its meeting. Because the Committee had to complete its discussions in one day, there was no possibility to read or consider any of the written comments. Oral testimony was heard from the following individuals: Jeff Davis for Baader North America, Joe Plesha and Professor Arnold Harberger for PSPA, and Gary Brown and Paul MacGregor for AFTA.

The SSC critically reviewed a number of difficult and controversial elements of the cost/benefit analysis, economic impact analysis, CVOA analysis, and social impact assessment, with the aim of providing the Council the Committee's best judgment on the consequences of the alternatives under consideration.

1. Treatment of Labor Costs

As noted in previous SSC comments, we think that, absent good evidence to the contrary, the best available estimate of opportunity costs of labor is the actual labor payments (crew share or wages). Hence, we recommend disregarding the "crew rent" from the estimated net national benefits in the benefit-cost analysis.

2. Product Recovery Rates and Prices

The revised report incorporates a vast amount of information, but there remains some uncertainty concerning both the accuracy of the estimates and the stability of the rates over time. In particular, the offshore roe price was over/stated by some 15% due to errors in the reporting system; and there are undoubtedly other inaccuracies that need to be ferreted out. An additional source of uncertainty in the cost/benefit analysis is that current prices may not be an accurate forecast of prices in 1993 through 1995; changes in markets for pollock products could alter relative prices and change the estimates of costs and benefits.

3. Risk analysis

The "risk analysis" displays the range of net national benefits (or losses) associated with the inshore/offshore allocation options. The analytical team did modify the risk analysis, as requested, to center the probability distributions for prices and costs about the expected values. However the variation associated with model inputs remains uncertain, which implies that the probability of positive net national benefits associated with any alternative may not be accurately estimated. We also note that with deletion of crew rents from the net national benefit estimate, the average net loss associated with Alternative 2 or 3 would be smaller. Further, we recognize that the data for the analysis are drawn from a single year's experience in a rapidly evolving industry. The model may therefore not accurately depict the distribution of benefits likely to occur in future years.

4. Estimation of inshore and offshore costs

We examined the significance of using average cost per pound of product for the onshore sector and marginal cost for the offshore sector. We determined that, while the use of two distinct approaches for the two sectors is inconsistent, the quantitative significance was small. This is because the constant (intercept) in the regression equation for the offshore sector was small compared to the average annual cost per firm, and changes in product mix were not considered.

5. Foreign ownership and leakage

The cost/benefit analysis properly attributes income and rents earned by U.S. residents to the net national benefit account. With the exception of taxes paid in the U.S., benefits accruing to foreign owners should not be counted as net national benefits. The analytical team assumed that the net benefits accruing to foreign interests equals the proportion of foreign ownership in each sector times rent or net benefits in that sector. This procedure understates the domestic benefit to the extent that foreign firms pay U.S. income taxes.

In the economic impact analysis the income earned by foreign owners is assumed to be repatriated; i.e., "leaked" out of the U.S. economy. Since the onshore sector has greater foreign ownership, the impact model attributes lower secondary income and employment impacts per dollar of sales to the onshore processor than to the offshore processors. While it is unclear that actual foreign leakage of income is accurately predicted by the foreign ownership proportion, this seems to be the best procedure available to the analytical team. Again, the fraction of the income to foreign owners retained in the U.S. as income tax is not properly accounted for in the analysis. To correct this, would require substantially more detailed tax and accounting information than was available.

## 6. CVOA Analysis

The document contains substantial information about harvests, catch rates, and by-catch rates by various classes of fishing vessels inside and outside the proposed CVOA. No attempt was made in the Supplementary Analysis to quantify either the cost or benefits of implementing the CVOA. Lacking this information the SSC is unable to say whether a CVOA would benefit the inshore fleet or harm the offshore fleet.

As the CVOA is currently designed, the offshore harvest that will be allowed there is unspecified. If the offshore sector is excluded from the area, harvests in the CVOA could range from 380,280 mt to 570,420 mt depending upon the allocation percentage selected by the Council. Both of these quantities are below the average catch for 1986-1991. Although there is no conclusive evidence linking pollock removals and the strength of the sea lion population, limiting removals from the CVOA might benefit sea lions using the area. However, displacing effort from one area to another, which would result from excluding the offshore fleet from the CVOA, could put additional pressure on pollock, mammal and bird population in the new area.

## 7. Social Impact Assessment

The social development and community stability supposed to follow from an inshore allocation are not well supported by information contained in the document. We heard some testimony suggesting that communities may expand in ways that conflict with usual notions of close-knit community development. Further clarification of concepts and measurements of community stability are needed.

We repeat the comments that we provided in June 1991 that "comments in the document about social stability are speculative and do not provide a basis for choosing among the alternatives."

The SSC had no time to read and evaluate extensive documents from the State of Alaska, American Factory Trawlers Association, and a compendium of comments provided by Council staff. Those documents may provide more information on social impacts.

## Conclusion

In summary, the SSC believes that the analytical team used the best available data in the preparation of the analysis of the alternative allocations. These data referred to conditions in 1991. The SSC agrees that these data indicate that net benefits associated with Alternatives 2 and 3 are likely to be negative, and the impact of each of these alternatives on aggregate income and employment are likely to also be negative.



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Approved by \_\_\_\_\_  
Date \_\_\_\_\_

## ADVISORY PANEL MINUTES AUGUST 3-4, 1992 JUNEAU, ALASKA

The Advisory Panel for the North Pacific Fishery Management Council met on August 3-4, 1992, at the Baranof Hotel in Juneau, Alaska. Members in attendance were:

John Bruce  
Alvin Burch  
Phil Chitwood  
Dave Fraser, Vice Chair  
Kevin Kaldestad  
David Little

Pete Maloney  
Dean Paddock  
Perfenia Pletnikoff  
John Roos  
John Sevier

Harold Sparck  
Michael Stevens  
Beth Stewart  
John Woodruff, Chair  
Robert Wurm

Minutes for the June 1992 meeting were approved.

### INSHORE/OFFSHORE AMENDMENT 18

The AP heard lengthy staff and NMFS reports and took public testimony on Amendment 18.

The AP recommends the Council adopt Alternative 3 as it's preferred alternative with these changes in percentage allocation:

<u>Year</u>	<u>Inshore</u>	<u>Offshore</u>	
1993	35%	65%	
1994	37 1/2%	62 1/2%	
1995	37 1/2%	62 1/2%	(This motion passed 10-6)

Those voting in favor of this motion believe there is clear value in supporting the inshore sector of the industry. They believe the social and economic impacts on a small coastal community of non-allocation will be felt much more than the same impacts of allocation on a much larger community.

Also, in regards to the cost benefit analysis and the modeling program, the AP heard testimony from both sides of the issue that the analysis was flawed due to various poor/erroneous assumptions and inputs. The AP discussed some of these but had no way of verifying them in short order. The AP heard testimony that the output of the analysis could be in a fairly wide range; from a -\$181 mm. to +\$22 mm.

The AP recommends the percentages in Alternative 3 be amended as above because many members think the increase/decrease is too great as originally in the alternative and that the percentages above will provide for more stability.

In regards to the CVOA, the AP is not in favor of establishing a CVOA. (This motion passed 10-6). Most AP members think creation of a CVOA is not necessary as long as a specific allocation plan exists. They believe, if localized resource depletion becomes an issue in the future, a solution can be developed at that time. Further, many of the AP worried that a CVOA would at times drive boats out of productive grounds and into areas that have higher bycatch and that are less safe. Some AP members cite that twice the establishment of a similar area was rejected.

#### **HALIBUT PSC FOR LONGLINE FLEET - BEING SEA/ALEUTIAN ISLANDS**

The AP recommends the Council rescind the halibut bycatch cap for fixed gear in BSAI for 1992 by emergency action and/or ask the Secretary of Commerce not to implement that portion of Amendment 19 that establishes this fixed gear cap. The intent of this is that whatever action is necessary be taken to allow the fixed gear fleet in BSAI to fish for Pacific cod in 1992 up to the TAC without being restrained by the halibut bycatch cap. Further, this motion recommends the Council revise the BSAI trawl halibut bycatch cap for 1992 from the existing 5033 m/t to 5333 m/t.

(This motion passed 8-7)

Those voting in favor of this motion believe the fixed gear cap was developed in an arbitrary fashion with no data to base it on, that it was never meant to be constraining and that no one at the time thought it would be. They also cite new lower bycatch mortality data for the fixed gear fleet by way of cutting gangions to release halibut. The fixed gear fleet points out that the September through January period is of crucial economic concern since this is most often the time when market prices are highest. Those in favor of this motion also recognize the fairness issue of including the trawl fleet in revising bycatch levels to pre-Amendment 19 levels.

It is the AP's intent in making these recommendations that they would be in effect for only 1992, and that prior to 1993 the industry would devise ways to work under the Amendment 19 cap levels (which are Amendment 20 caps in 1993).

The AP clearly understands that any additional halibut mortality will be taken into account by the International Halibut Commission in setting the 1993 catch levels.

In a separate motion, the AP recommends to the Council that the entire issue of halibut caps, halibut mortality, the validity of the data used, and the equity of the caps be reviewed for presentation in September, and that an industry group be appointed to review and recommend any changes.

(This motion passed unanimously)