Mr. Elmer Rasmussen, Chairman  
North Pacific Fishery Management Council  
P. O. Box 3136DT  
Anchorage, AK 99510  

Dear Elmer:

I have reviewed the second draft of the 1978 FMP and EIS for the Gulf of Alaska Ground Fishery. I am, by and large, satisfied with the plan and I congratulate the drafting team for their fine effort. However, I recommend that the plan be modified or expanded in the following areas:

Joint Ventures. Several important factors remain unresolved with respect to joint ventures. The current round of public hearings concerning this most complex subject may help determine the best policy for our government to follow. At the very least, these hearings may identify the process by which joint ventures will be regulated. Perhaps each council will manage joint ventures independently by including them in fishery management plans. Or, SECDOC may standardize the handling of joint ventures by issuing new regulations. Or, is the FCMA so silent on the matter that new legislation is needed?

Presently, I believe the council lacks the authority to establish the needed complex management regime for effective control of joint venture. If this assessment is correct, the council may be forced to wait some time before Alaska can have an enlightened joint venture policy. In the meantime, the Council seems to be faced with an all-or-nothing situation. We can, on the one hand, prohibit joint ventures completely by recommending that foreign fishing permits contain wording which prohibits the acceptance of U. S. caught fish. (In actuality, such prohibitions would not prevent joint ventures within state boundaries under some circumstances). On the other hand, by taking no action, the council may in effect be authorizing unfettered joint ventures. Given a comprehensive and fairly restrictive set of regulations, I would support joint ventures; however, if the choice is all-or-nothing, I do not support them. I therefore recommend that permits for foreign fishing vessels contain the prohibition against accepting U. S. caught fish. Before I would support a lifting of the ban on joint ventures, a management regime must be created which will address the following questions:

1. Assuming that Domestic Annual Capacity exceeds the capability of U. S. fish processors, will U. S. processors receive any assurance that they will receive quantities of fish equal to their capability? The complicating factor lies in the probability that foreign processors will
be paid by U. S. processors. If U. S. processors are guaranteed a supply of fish, some U. S. fishermen will be required to return to port to sell their fish at a low price while others will remain at sea to sell their fish to foreign processors at a high price.

(2) Assuming that DAC exceeds U. S. processing capability and U. S. processors are guaranteed their supply of fish, will joint ventures be further limited? U. S. processors argue that they can not grow if forced to compete with low overhead foreign processors operating in the same area. Further limitations on joint ventures would provide the economic leverage needed by U. S. processors. It seems there are only two methods of restricting joint ventures beyond the point where U. S. processors receive all the fish within their capability. First, the regulations could merely place a low quota on fish available for joint ventures. Fish which could otherwise be caught by U. S. fishermen and sold to foreign processors would now be identified as a surplus available to foreign catcher boats. Second a socioeconomic factor could be introduced into the computation of OY which would reduce OY to a point where the resource is underutilized. In the equation OY = DAC - FAC OY would be deliberately reduced, DAC would allow U. S. fishermen to catch as many fish as possible, and FAC would be reduced. Frankly, neither method is palatable to me although I recognize the valid argument made by U. S. processors for further restrictions on joint ventures. Perhaps other solutions to this problem are available.

3. What process will be used to allocate the U. S. caught fish among the various foreign competitors? I assume that a quota, hopefully established by the council in a fishery management plan, would limit joint ventures to some level. The full equation would be along these lines: OY = U. S. caught fish destined for U. S. processors + U. S. caught fish destined for joint ventures + foreign allowable catch. Once the joint venture quota is established, several options might be available for distribution. The simplest and most chaotic process would allow the free market to operate on the high seas with the fish going to the highest bidder of the day. I would oppose this simple system for many reasons which should be obvious and one reason which perhaps is not so obvious. Since South Korea can operate its processing fleet at a very low overhead, its ship could probably outbid those from any other major fishing nation. Japan and the Soviet Union would be unable to purchase sufficient quantities of fish and U. S. relations with these two countries would suffer. On the other end of the spectrum, allocations would be made only as the result of specific government to government agreements in which price and quantity are established in advance and fixed by contractual arrangements between parties. The optimum solution to the allocation problems probably lies between these extremes.

Incidental Catch of Non-Prohibited Species. Table 61 of the plan lists the species which a fishing vessel could expect to catch while engaged in the gulf of Alaska Groundfish Fishery. When allocations are made to various
foreign nations all species on the list should be apportioned to each nation. Failure to do so can lead to waste and overfishing. For example, this method was not used in 1977 for South Korea which has permits for the Gulf of Alaska Trawl Fishery but does not have an allocation for Pacific Ocean Perch (POP), a species which is routinely taken in the fishery. Pacific Ocean Perch taken by the South Koreans are therefore returned to the sea as is required for prohibited species. The POP which are returned to the sea, presumably with a high mortality rate, are wasted in that they are not utilized by any nation. Also, those POP are not part of the computation for OY, yet they are an actual reduction of the POP biomass. Therefore South Korean caught POP could well be in excess of the OY. Incidentally, the entries in Table 61 labelled "other rockfish" and "other species" need a more precise description. Both enforcement officials and fishermen need to know what species can be retained and which must be returned to the sea.

Applicability of the Plan. Section 8.2(A) of the plan sets forth the area in which the plan has applicability. A southeastern boundary of 54° 30'N latitude is established for the U. S. FCZ near the Dixon Entrance but in actuality the U. S. FCZ extends well south of that latitude. The most recent edition of NO Chart 530 depicts the southern boundary of the FCZ as an approximately straight line drawn southwest from the Dixon Entrance to approximate position 53° 30'N, 138° 48'W. Since the actual line is being disputed between Canada and the U. S., I recommend that no southern boundary be stated in the plan. Instead, section 8.2.(A) should merely claim plan applicability for fisheries conducted within the U. S. FCZ in the North Pacific Ocean seaward of Alaska east of 170W longitude. Section 8.2.(A) should also establish the dividing line between the Bering Sea and the North Pacific Ocean in the Aleutian Chain east of 170W longitude. Section 8.2.(B) excepts certain fisheries from the provisions of the plan. The present phraseology is subject to misinterpretation and I recommend the section be rewritten as follows:

"8.2.(B) .........except:

(1) The taking of halibut by U. S. vessels is regulated under the auspices of the IPHC.

(2) Those Canadian vessels fishing in accordance with the U. S. - Canadian Fisheries Reciprocal Agreement and/or the IPHC are exempt from this plan.

(3) Those U. S. vessels operating in shrimp, crab, scallop, or salmon fisheries which are governed under other fishery management plans are exempt from this plan."

Fishery Closures. Section 8.3.2.3 lists one reason for closing a fishery. This section should be expanded to include all reasons for terminating a fishery. I recommend the following reasons be listed as justification for closure. To the extent possible setline fleets should be considered sep-
arately from trawl fleets:

1) Once a nation's allocation for any species or species group is attained in a major statistical area no further harvesting will be authorized by fishermen of that nation within the statistical area.

2) Once the FAC for any species or species group is attained in a major statistical area, no further foreign harvesting will be permitted in that area.

3) Once the quota of U. S. caught fish destined for foreign processors has been harvested from a major statistical area, no additional fish caught by U. S. fishermen in that area may be transferred to foreign processors. (Optional)

4) Once the optimum yield for any species or species group has been attained for a major statistical area, no further harvesting will be permitted in that area.

Enforcement Requirements. Several words were omitted from Section 8.4 of the plan. The sentences beginning on line 18 of page 8-35 of the plan should read:

"Second, the size of the domestic fleet is an important factor. A small domestic fishery could be largely patrolled in conjunction with current and planned foreign fishing surveillance".

Confidentiality of Statistics. Section 8.5.1 of the plan, which requires domestic fishermen to submit their catch data to the State of Alaska is not consistent with section 303(a) and (d) of the FCMA. These sections require that catch data be submitted to SECDOC and that SECDOC treat the data confidentially.

Permit Requirements. Section 8.7.2 of the plan requires that all foreign fishing vessels have FCMA permits. This section should be changed to exempt Canadian vessels fishing under the auspices of the IPHC or the U. S.-Canadian Reciprocal Fishery Agreement from the requirement for permits.

Availability of Coast Guard Resources. The plan will place significant additional burdens on Coast Guard resources. Foreign fishermen will now be required to check in and out of the five Gulf of Alaska INPFC statistical areas and, if option III-B or III-C of the plan is adopted, a similar requirement could be imposed on domestic fishermen. Check in and out messages will increase by two or threefold and the Coast Guard communications system will be enlarged to cope with the increase. The proposed management regime will also impact on our patrol resources. Gear requirements and restrictions will apply to foreign fishermen and, if option II-A of the plan is adopted, to domestic fishermen. These requirements and restrictions would largely be enforced by boardings at sea. The surface patrol resources
needed for boardings of foreign vessels will be unchanged from 1977, but a large boarding program for domestic fishermen could create an increased requirement for cutters. Fortunately, the Coast Guard operates several small cutters in the Gulf of Alaska which could be used to patrol the areas close to shore where domestic fisheries are conducted. Surveillance requirements will be greater also since the plan establishes more closed areas and manages catch effort by statistical area. Present surveillance resources are probably adequate for the increase but a computer based Management Information System will be needed to cope with the tremendous increase in data. NMFS is developing such a system and I expect it will be fully operational this year.

[Signature]

J. F. HAYES