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January 14, 2013

Mr. Eric A. Olson, Chair
North Pacific Fishery Management Council
605 W. 4th Avenue, Suite 306
Anchorage, AK 99501-2252

Dear Chairman Olson:

Re: Agenda Item C-3(b) CGOA Trawl Catch Shares

The communities of Kodiak Island are following closely the issue of prohibited species catch (PSC) management in the central Gulf of Alaska (CGOA) groundfish trawl fishery. As you will recall, the City of Kodiak and the Kodiak Island Borough presented two joint resolutions to the North Pacific Fishery Management Council (NPFMC) last October on this issue. We appreciate the Council's consideration of them.

It now appears that what was once a bycatch issue has gained momentum as a catch-share proposal. In this context, it is especially important that the North Pacific Council understand and accommodate the overarching purpose and goals expressed in Kodiak's resolutions. These center upon promoting a vigorous economy in the Kodiak region, with healthy and competitive markets; providing effective controls on bycatch; maintaining or increasing target fishery landings; maintaining or increasing local employment; maintaining entry opportunities in the harvesting and processing sectors; minimizing the adverse impacts of consolidation; maximizing active participation by owners of vessels and fishing privileges; and maintaining the economic strength and vitality of Kodiak's working waterfront.

The various catch share programs developed thus far by the North Pacific Council have had varied success at accommodating these types of issues. Importantly, we note that communities and fisheries in the Gulf of Alaska are substantially different from those in the Bering Sea and Aleutian Islands, where several industrial-type catch share programs have been implemented. Even the previous halibut/sablefish IFQ program, while not geared quite so industrially as more recent programs, imposed some significant impacts on coastal communities. Therefore we believe that it is important at this stage to evaluate a broad suite of options, or alternatives, rather than just focus upon basic, target fishery catch share management.

Certainly the status quo needs to be evaluated, as is standard practice. But, in addition to a strictly "no action" alternative, the North Pacific Council could also consider direct management actions to reduce and control bycatch that do not involve the sweeping and potentially irrevocable changes usually associated with catch share programs.

If a catch share program for target fisheries is to be considered, it should be recognized that such a program does not, in and of itself, control bycatch. It is with the addition of an array of associated bycatch limitations that control of bycatch can be achieved. A possible alternative to a broad and complex catch share program might be one that focuses directly upon prohibited species catch (PSC) such as Pacific halibut, Chinook salmon, and Tanner crab. Additional elements, such as fishery cooperatives or fishery-specific allocation of PSC, could be added to such a "bycatch quota" program to address the potential race-for-target-species-catch.

With regard to any type of catch share program, whether for multiple target species or for bycatch species only, there will need to be careful consideration given to issues surrounding ownership and control of the quota shares. Initial granting of the quota shares to harvesters with catch history has been the standard model used thus far, but evaluation of community-ownership will also be needed in order to assess what will best accomplish the goals that we've outlined.

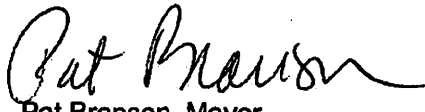
It is through a meaningful evaluation of an array of alternatives that communities in the central Gulf of Alaska can be assured that any final action will be fully informed. It is the effects on our communities that we will be most concerned with. Representatives of the City of Kodiak and the Kodiak Island Borough will be working hard to assure that the goals listed in our joint resolutions are acknowledged and achieved. And, we ask for your attention and assistance.

Mr. Chairman, comprehensive management of PSC and potential catch shares for groundfish fisheries in the Gulf of Alaska will be complex and controversial. The important thing to remember at this juncture is that the fisheries and communities in the Gulf of Alaska are substantially different from those in the Bering Sea. We hope that any management changes will help us maintain and enhance the economy, employment, and social wellbeing of the Kodiak region.

Sincerely,



Jerome M. Selby, Mayor
Kodiak Island Borough



Pat Branson, Mayor
City of Kodiak

- cc: Cora Campbell, Commissioner, ADF&G
The Honorable Sean Parnell, Governor, State of Alaska
Sam Rauch, Acting Asst. Administrator, NOAA Fisheries
The Honorable Lisa Murkowski, US Senate
The Honorable Mark Begich, US Senate
The Honorable Don Young, US House of Representatives
The Honorable Gary Stevens, Alaska Senate
The Honorable Alan Austerman, Alaska House of Representatives



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January 28, 2013

North Pacific Fishery Management Council
605 W. 4th Avenue
Suite 306
Anchorage, AK 99501

Submitted via email to npfmc.comments@noaa.gov

Re: Agenda item C-3, CGOA Trawl Catch Shares

Dear Chairman Olson:

The Port Orford Ocean Resource Team (POORT) submits the following comments on Council agenda item C-3, CGOA Trawl Catch Shares. POORT is a non-profit organization based in Port Orford, Oregon. At the directive of our board of five local commercial fishermen, we are dedicated to maintaining access to natural resources by people who are fishing selectively, while promoting sustainable fisheries and protecting marine biological diversity. We operate on the triple bottom line: ecology, equity and economics. We offer these comments to urge you to learn from our experience and to take the opportunity offered through the development of this new catch share program to emphasize and support a sustainable future for fishing communities.

Groundfish is a major fishery along the Pacific Coast, employing hundreds of individuals, including many in our own fishing community. In 2011, the Pacific Fishery Management Council (PFMC) implemented the Pacific Groundfish IFQ program, which essentially took the multi-species, multi-gear groundfish fishery and allocated approximately 90% all groundfish to qualifying members of the trawl fleet. The fixed gear fleet, of which Port Orford is a part, was not included. Except for about 160 trawl permit holders selected by the Pacific Council for quota allocation, all other fishing men and women were prohibited from fishing all but about 10 percent of the West Coast groundfish resource. The plan allows trawlers to switch to fixed gear when they feel like it, while existing fixed gear fishing men and women, experienced with hook-and-line and traps, were left out of any quota consideration.

The PFMC groundfish trawl IFQ Program essentially left the fixed-gear fleet with no future. We

are left with a soft groundfish allocation between sport and fixed-gear that will have to be addressed in the future and will be a huge battle over the fish.

When designing this IFQ program, the Council initially included an option for CFAs (Community Fishing Associations), and indicated it would flesh out some criteria for CFAs so that communities like Port Orford might be given an initial allocation of some groundfish quota to hold at the community level to ensure sustained access to the fishery – to provide for new entrants, etc. However, the PFMC pushed the CFA issue to a trailing amendment, with a “we’ll get to it later” attitude. And unfortunately, despite several communities expressing a clear interest, they never got to it later and that CFA option was dropped, leaving communities like ours without a clear path to engage.

The PFMC did set aside 10% of the groundfish quota to mitigate unforeseen circumstances, including future CFA development. Unfortunately, that 10% was allocated to the trawl fleet while the Council considers how to handle it, and we are becoming concerned that the Council may not be able to reallocate it. Our fixed gear fleet is now left struggling to raise funds to purchase expensive trawl permits and sufficient quota to ensure we are able to maintain access to a groundfish resource that has historically sustained our community’s fishing economy.

We write to urge you to learn from the experience in the Pacific and to include a CFA option for Central Gulf communities from the start of your new program development. The “we’ll do it later” attitude didn’t work for Pacific communities. All options to support communities should be included at the beginning of new fisheries program development so that people are not left trying to fix things after the fact. We also urge you to include all gear types in the development of the program.

The development of a new catch share program offers an opportunity for the establishment of a CFA option that invests in Central Gulf communities and ensures their sustained participation in the groundfish fishery. We urge you to include such an option, thereby setting a precedent for other regions like ours to look to.

Thank you for this opportunity to provide comments.

Sincerely,



Leesa Cobb
Executive Director



January 29, 2013

North Pacific Fishery Management Council
605 W. 4th Avenue
Suite 306
Anchorage, AK 99501

Submitted via email to npfmc.comments@noaa.gov

Re: Agenda item C-3 (b), CGOA Trawl Catch Shares

Dear Chairman Olson:

Ecotrust submits the following comments on Council agenda item C-3(b), CGOA Trawl Catch Shares. Our mission is to inspire fresh thinking that creates economic opportunity, social equity and environmental well-being. Our goal is to foster a natural model of development that creates more resilient communities, economies, and ecosystems here and around the world.

The Magnuson-Stevens Act (MSA) currently includes provisions for communities to receive allocations of fisheries quota to ensure sustained access, referred to as Community Fishing Associations (CFAs). However, to date there has been a notable lack of implementation of those existing provisions for communities in the development and implementation of catch share programs. As Fishery Management Councils develop new catch share programs, they have an important opportunity to emphasize and support fishing communities and jobs in the development of those programs. The North Pacific Fishery Management Council, as you embark on a catch share program for the Gulf of Alaska, has a unique opportunity to lead by example in utilizing the community provisions provided in the MSA.

Existing catch share programs, from Alaska to Iceland and many points in between, have had dramatic impacts on fishing communities. The National Panel on the Community Dimensions of Fisheries Catch Share Programs was the first national, bi-partisan panel to address the important issue of how communities can participate and benefit under a catch share model of fisheries management. Comprised of 11 diverse experts in academia, rural economic development, social/conservation finance, and fishing community leaders, the panel spent a year reviewing existing and emerging catch share programs, and issued a report and recommendations on March 15, 2011. Please find the report attached, it can also be found on-line at:
http://www.ecotrust.org/fisheries/NPCDFCSP_paper_031511.pdf

The Panel's purpose was to advance the understanding, development and implementation of catch share programs such that they benefit communities whose economic, cultural and social fabric depends upon fisheries. The Panel Report includes 16 recommendations, such as:

- A recommendation urging the development of Fishing Communities (FCs), Regional Fishing Associations (RFAs) and other community structures now authorized in the MSA (Section 303a) within any catch share program.
- Councils should design catch share programs to include predictable, performance-based renewals as an alternative to allocations in perpetuity.
- Catch share program design should include mechanisms such as quota auctions with revenue recycling into coastal communities, and other strategies to improve the effects of quota programs on long-term sustainability and community stability.

We ask that you consider the recommendations of this diverse group of experts as you embark on designing a catch share program for the Gulf of Alaska.

The MSA states that, in order for a Fishing Community (FC) or a Regional Fishing Association (RFA) (both as defined by the Act) to be eligible to participate in a catch share program, the relevant Council must first develop criteria for that FC or RFA to meet. Without clear criteria, communities are left without a pathway. Although catch share programs have been and continue to be developed around the country, there has yet to be a Council to bring clarity to this issue, and the North Pacific can play a groundbreaking role in utilizing community provisions in the MSA in a new catch share program.

It is critical that community provisions be examined and included from the outset of program development. During the development of the recently implemented Pacific Groundfish Trawl IFQ program, the Pacific Fishery Management Council (PFMC) included the development of criteria for CFAs as a trailing amendment. The intent was to flesh out criteria out so as to provide a clear pathway for interested communities to qualify to hold quota at the community level to ensure sustained access to the resource for current and future generations, to prevent quota from migrating away, and to mitigate effects of consolidation. The Council indicated that a 10% set aside of quota for adaptive management purposes could eventually be allocated to CFAs. Several communities expressed interest in working on this issue; however, the PFMC ultimately dropped the CFA amendment despite that interest and closed the issue until further notice. Communities were again left without a clear avenue to participate.

The North Pacific has been on the cutting edge of developing community provisions in the past via the CDQ program. The development of a new catch share program offers an opportunity for

further community investment and innovation by the NPFMC through the establishment of a Community or Regional Fishing Association option that invests in Central Gulf communities through an initial direct allocation and ensures their sustained participation in the groundfish fishery. We urge you to include such an option, thereby setting a precedent for other regions to look to.

Thank you for this opportunity to provide comments.

Sincerely,

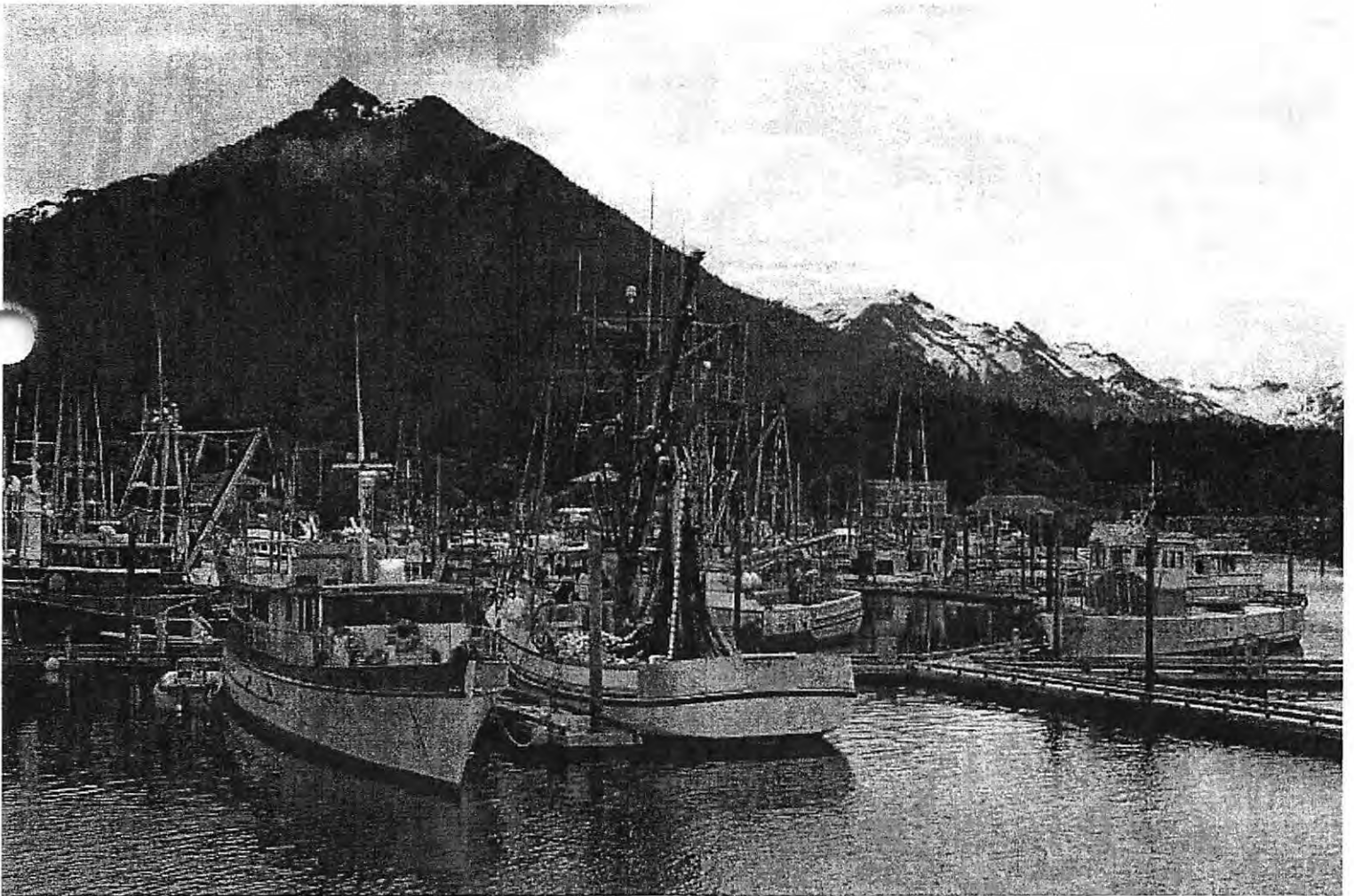


Edward Backus
Vice President, Fisheries
Ecotrust

Founder/Chair
North Pacific Fisheries Trust

Community Dimensions of Fisheries Catch Share Programs

INTEGRATING ECONOMY, EQUITY,
AND ENVIRONMENT



NATIONAL PANEL ON THE COMMUNITY DIMENSIONS
OF FISHERIES CATCH SHARE PROGRAMS

MARCH 15, 2011

**NATIONAL PANEL ON THE COMMUNITY
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CONTENTS

I.	EXECUTIVE SUMMARY	2
II.	INTRODUCTION	4
	General Programmatic Recommendations	
III.	FISHERIES AS HUBS OF ECONOMIC DEVELOPMENT	7
	The Alaska Experience	
	New Forms of Community Participation in Fisheries	
	Toward Effective Co-Management	
	Community-Based Governance Recommendations	
IV.	OPPORTUNITIES FOR PROGRAMMATIC AND FINANCIAL INNOVATION	13
	Modifying Existing NOAA Programs	
	Convening a working group of representatives from key federal and state financing programs	
	Leveraging existing federal investment and capacity-building grant programs with other public programs	
	New Opportunities for Private/Public Partnership	
	Recommendations for Programmatic and Financial Innovation	
V.	INVESTING IN CAPACITY	18
	Capacity Recommendations	
VI.	CONCLUSION	20
VII.	APPENDICES	21
	A. Primer on Institutional Design	
	B. Relevant Magnuson-Stevens Act Sections RE: Fishing Communities and Regional Fishing Associations	
	C. Regional Summaries of Panel Meetings	
	D. Acknowledgements	
	ENDNOTES	33

I. EXECUTIVE SUMMARY



The income from the Bristol Bay Economic Development Corporation's small boat Community Development Quota halibut fishery is important to coastal residents.

As the National Oceanic and Atmospheric Administration (NOAA) begins implementing its recently released Catch Share Policy, the agency has an important opportunity to emphasize and support fishing communities in the development of catch share programs. The eight regional fisheries management councils (New England, North Pacific, Pacific, Mid-Atlantic, South Atlantic, Gulf of Mexico, Caribbean and Western Pacific)¹, all of which are responsible for developing fisheries management measures subject to approval by NOAA, should be guided by clear principles and develop programs that ensure thriving fishing communities and sustainable fisheries.

The National Panel on the Community Dimensions of Catch Shares (the Panel) — comprised of 11 diverse experts from around North America — reviewed existing and emerging catch share programs around the country and abroad. The Panel developed this summary report to encourage NOAA and the fisheries councils to strongly consider community dimensions in fisheries catch share programs. Catch shares are a means of managing fisheries by allocating a specific portion of the total allowable catch of a fish stock to individuals, cooperatives, communities or other entities. While existing policies should be sufficient to manage our fisheries resources to meet economic, social, and ecological obligations, application of these policies is deficient, with the consequence that fishing communities on every coast are bearing the brunt of the transition to catch shares.

For this reason, the Panel developed strategic recommendations on catch share design and implementation, including the following:

General Programmatic Recommendations

- Fishery management councils developing catch share programs must incorporate the goals and objectives as set forth in the Magnuson Stevens Act (MSA) and its National Standards, including National Standard 8 on Fishing Communities, with a clear strategy for revising programs if performance goals are not met.
- Councils should include ecosystem-based management (EBM, as defined in the National Ocean Policy) as a central, guiding element of any fisheries management program, including catch share programs.

Community-Based Governance Recommendations

- NOAA should seek approaches to support fishing communities in the development, expansion, and diversification of community-based initiatives.
- NOAA should require the development of Community Fishing Associations (CFAs), Regional Fishing Associations (RFAs) and other community structures now authorized in the MSA (Section 303a) within any catch share program.
- NOAA budgetary resources should be applied to further define and develop guidelines for implementation of the community provisions of the MSA to be applied by all fishery management councils.

Programmatic and Financial Innovation Recommendations

- NOAA should develop a dedicated loan program to assist communities and new entrants in the purchase of catch shares, and to act as a reserve for existing or future programs that have excluded communities from the initial quota allocation.
- NOAA should require a significant and appropriate baseline percentage of fisheries quota be anchored in communities in each council region through entities like Community Trusts, such as the Community Quota Entity program in Alaska.
- Councils should design catch share programs to include predictable, performance-based renewals as an alternative to allocations in perpetuity.
- Catch share program design should include mechanisms such as quota auctions with revenue recycling into coastal communities, and other strategies to improve the effects of quota programs on long-term sustainability and community stability.
- NOAA and councils should ensure that standards and costs for monitoring are appropriately scaled to the size and income capacity of boats.
- NOAA should convene a working group of representatives from key federal and state financing programs (USDA, EDA, Treasury, SBA and HUD) to formulate a funding initiative for CFAs, and to engage financial intermediaries in support of capacity building technical assistance and investment.
- NOAA should invest in the research and development of business models for new private financing mechanisms that promote its program goals, as well as the capacity of fishermen and communities to utilize these mechanisms.

Capacity Recommendations

- Councils should establish baseline data and a system for socioeconomic monitoring of catch share programs so that a comprehensive understanding of how programs are working can be developed rather than relying on piecemeal evidence to date.
- Councils should require the effective participation of the fishing industry and communities in catch share program development from the beginning.
- NOAA should work within fisheries and look to other industries, such as pollution trading, to learn from other transparent trading and reporting mechanisms and apply those to catch share transactions using best available technology and expertise.
- NOAA should invest in new or additional capacity in catch share design expertise at the council staff level.

The Panel's recommendations focus on fishing communities as hubs of economic development and as the foundation for jobs, infrastructure and services.

With these recommended shifts in the approach to implementing the national Catch Share Policy, the dozen or so community entities that currently exist will bloom and multiply, maintaining local access to fisheries and leading to more resilient fishing communities. As NOAA actively redesigns the institutions that manage our nation's fisheries through the implementation of the new Catch Share Policy, this report encourages a significant realignment of priorities to incorporate the full range of community impacts and opportunities.

One example of an innovative program:

The Community Development Quota program of the North Pacific Fishery Management Council sparked new investment and infrastructure by allocating a portion of annual fish harvest directly to coalitions of villages. The results include more than \$110 million in wages, education and training benefits for more than 25,000 residents, as well as new docks, harbors and seafood processing centers.²

The Community Dimensions of Fisheries Catch Share Programs

was developed by a national, bipartisan panel of 11 experts in academia, practitioners in rural economic development and social/conservation finance, and fishing community leaders. The panel was convened by Ecotrust with the purpose of advancing the understanding, design and implementation of catch share programs such that they benefit communities whose economic, cultural and social fabric may depend upon fisheries. Generous support for this report was provided by the Walton Family Foundation.

II. INTRODUCTION



Splitting cod at Port Clyde, Maine, circa 1900

The United States has a long tradition of marine fishing.³ Fishermen and coastal fishing communities form a vital element of our national heritage, and it is time to bolster emerging opportunities for communities to lead the reinvigoration of fisheries and the coastal economies that depend on them.

Unfortunately, as recognized in national reports released by the Pew Oceans Commission in 2003 and the U.S. Commission on Ocean Policy in 2004, the economic, social and ecological capital of our nation's fisheries have been steadily eroding. Nationwide, many ecologically and commercially important fish species have been overfished,⁴ while destructive fishing practices damage critical habitat upon which fish and numerous other marine species depend.⁵ Although a great deal has been achieved in reducing overfishing and restoring fish stocks in recent years,⁶ many of our nation's fisheries remain overcapitalized, inefficient, and ineffective at achieving the social, economic and ecological goals of the law governing them, the Magnuson Stevens Act (MSA).

While these problems persist, the tools exist to address them in current policy. President Obama signed an Executive Order establishing a new National Ocean Policy in July 2010 that recognizes the challenges to our oceans and fisheries, and calls for a national management framework that applies

“...the principles of ecosystem-based management (which integrates ecological, social, economic, commerce, health, and security goals, and which recognizes both that humans are key components of ecosystems and also that healthy ecosystems are essential to human welfare) and of adaptive management (which calls for routine reassessment of management actions to allow for better informed and improved future decisions) in a coordinated and collaborative approach...”⁷

As part of this new ecosystem-based management framework, in November 2010 the National Oceanic and Atmospheric Administration (NOAA) released its Catch Share Policy with a focus on one type of fisheries management tool — catch share programs. “Catch share” is a general term for fishery management strategies that allocate a specific portion of the total allowable fishery catch to individuals, cooperatives, communities, or other entities.⁸ The term includes specific programs defined in law such as “limited access privilege” (LAP) and “individual fishing quota” (IFQ) programs, and other exclusive allocative measures such as Territorial Use Rights Fisheries (TURFs) that grant an exclusive privilege to fish in a geographically designated fishing ground.⁹ The new policy encourages:

“well-designed catch share programs to help maintain or rebuild fisheries, and sustain fishermen, communities and vibrant working waterfronts, including the cultural and resource access traditions that have been part of this country since its founding.”¹⁰

Fishing community sustainability is a critical element within this new policy, and NOAA encourages regional fisheries management councils to “develop policies to promote the sustained participation of fishing communities and take advantage of the special community provisions in the MSA.”¹¹

National Standard Eight of the MSA requires management authorities to take into account the importance of fishery resources to fishing communities, and to develop policies to promote the sustained participation of fishing communities

“well-designed catch share programs to help maintain or rebuild fisheries, and sustain fishermen, communities and vibrant working waterfronts, including the cultural and resource access traditions that have been part of this country since its founding.”¹⁰

— NOAA Catch Share Policy

while minimizing adverse impacts on such communities. Similarly, the National Environmental Policy Act requires federal agencies to take into account the social and economic impacts, as well as the environmental impacts, of their management actions.

Community-oriented fisheries management is closely linked with ecosystem-based fisheries management. On a regional scale, a new draft work plan from the West Coast Governor's Agreement on Ocean Health's Sustainable Coastal Communities Action Coordination Team recognizes that:

"[t]aking an ecosystem-based approach to coastal and marine resource management is central to sustaining the economic and environmental health of coastal communities,"

and states that:

"[r]egional fishing associations, as mentioned in the MSA, and other mechanisms for community-based fisheries management coordinate well with principles and scientific needs of ecosystem-based management."¹²

Thus, existing policies should be sufficient to manage our fisheries resources to meet economic, social, and ecological obligations. It is the application of these policies, however, that is deficient. The tendency thus far has been for catch share programs to default to individual quota systems with little or no consideration of community-related alternatives in how quota shares are assigned and to what entities. The *de facto* property right characteristics of many catch share systems to date can be construed as privatization of national resources. To the extent that is so, it would be a significant departure from the approach taken in other natural resource based industries, where the prevailing approaches — whether auctioning the use of the electromagnetic spectrum or leasing public lands for mining, grazing, and logging — employ a range of options that maintain the control and benefits from the resource in public hands.

What is needed now is clear guidance to fishery management councils on how to achieve the social and economic obligations of existing policy as they consider catch shares as management tools for the fisheries of their regions. In the absence of such guidance, many fisheries management councils have fallen short in adequately analyzing and addressing the effects of existing and planned catch share programs on communities where livelihoods and economic viability depend on fisheries. Further, the councils engaged in creating catch share programs to date have rarely considered — much less implemented — direct allocations to communities or community-related organizations, nor have they developed effective ways for communities to participate in the design of programs.

Fishing communities on every coast are bearing the brunt of the transition to catch shares. Communities that lost access to fisheries prior to the conversion to catch share management, or that have lost or will lose access as a consequence of catch share management, thus see little hope of reclaiming this component of their heritage and economy. To remedy this situation, it is important to match the intent of the law and policy with willingness to implement the provisions that exist for sustainable community participation in fisheries, and to make the investments in financial, scientific and management capacity required in order to effect this transition in a comprehensive manner.

The goal of this report is to inform and advance the understanding, design and implementation of catch share programs such that they benefit communities whose economic, cultural and social fabric may depend upon fisheries. To that end, a National Panel on the Community Dimensions of Catch Shares was convened



Port Clyde, Maine, circa 1900

...existing policies should be sufficient to manage our fisheries resources to meet economic, social, and ecological obligations. It is the application of these policies, however, that is deficient...

As this report details, investments should be made in the following areas:

Governance

NOAA Fisheries should seek methods to support fishing communities in the development, expansion, and diversification of community-based initiatives, including the development of Community Fishing Associations (CFAs), Regional Fishing Associations (RFAs) and other community structures now authorized in the MSA (Section 303a) within any catch share program.

Programmatic and Financial Innovation

NOAA Fisheries should leverage public and private finance mechanisms for community participation in the transition to catch shares, and invest in capacity building efforts to enhance the ability of fishing communities to effectively participate in catch share programs from the design stage on.

Capacity

Regional fisheries management councils need investments in staff and resources to help them build capacity and expertise to ensure proper design and implementation of catch share management tools, which otherwise can have far-reaching and unintended negative impacts on fisheries-dependent communities. In addition, NOAA needs to set guidelines to establish science-based socioeconomic goals for catch share programs. This also requires additional investment in science at relevant scales, including robust finer scale ecological data that can inform community-based catch share management solutions and baseline socioeconomic information to understand potential impacts of catch share programs on communities — so that appropriate transition strategies can be designed.

by Ecotrust¹³ in the spring of 2010 to develop a set of recommendations on how to improve the design and implementation of catch share systems to better accommodate the needs and concerns of communities. The Panel, comprised of experts and practitioners of community-based fisheries, economic development, social anthropology and community planning, spent a year reviewing the performance of existing, including international, catch share programs and related community impacts. The group met three times in 2010 to learn about three emerging catch share programs in the U.S. (including New England, the Gulf of Mexico and the Pacific), and to work toward developing a set of forward-looking recommendations for use by U.S. policy makers.

General Programmatic Recommendations

- Fishery management councils developing catch share programs must incorporate the goals and objectives as set forth in the Magnuson Stevens Act and its National Standards, including National Standard 8 on Fishing Communities, with a clear strategy for revising programs if performance goals are not met.
- Councils should include ecosystem-based management (EBM, as defined in the National Ocean Policy) as a central, guiding element of any fisheries management program, including catch share programs. In keeping with an EBM perspective, catch share programs should adopt a community-oriented, portfolio-based management perspective. EBM applies to the social sphere as well as to the ecological sphere, and thus catch share programs must consider the full range of communities that may be impacted rather than narrowly designing programs around one subset of a fishery, such as singling out one gear type in a multi-gear fishery.

III. FISHERIES AS HUBS OF ECONOMIC DEVELOPMENT

In recent years, as many of the once abundant fisheries have declined in the U.S. and around the world, attention has been drawn to the historic importance the fishing industry has played in the social, economic and cultural fabric and health of a community,¹⁴ often referred to as the “Hub of Community Economy.” One need only to visit one of the many fishing ports in the U.S. to get a sense of the importance the industry has played in the social, economic and cultural fabric of a community. For example, the multiplier effect of the ex-vessel value, or value before processing, can run three to five times that value, creating more shore jobs and benefits to families as the product moves from vessel to market. Overall, the industry as a whole continues to support fishing communities to the tune of nearly \$163 billion annually and 1.9 million jobs — shrimp, lobsters, crab, swordfish, tuna, rock fish, herring, mackerel, recreational fishing, and even aquaculture products have a significant place in the U.S. economy.¹⁵

In addition to being the locus of economically and culturally important fishing activities, communities are a place where knowledge can be created, shared and communicated for more effective management. Knowledge is scarce and expensive to acquire in fisheries management, and communities can bolster knowledge for better management.

We recognize the existence of communities of mutual interest, experience, and interaction that may involve people living in and working from very different places who share fishing grounds and other fishery interests. This includes occupational communities which may also be recognized as participants in a catch share program through a Regional Fishing Association or other entities. For the purposes of these recommendations, we use the MSA’s place-based definition.

The Alaska Experience

As a basis for seeing fisheries as hubs of economic development for coastal communities, we can look to Alaska’s experience with its Community Development Quota (CDQ) program. The program, established in 1992 by the North Pacific Fishery Management Council (NPFMC), was meant to bring social and economic development opportunities to coastal, mostly indigenous, villages in rural western Alaska by allocating a portion of the annual fish harvest directly to coalitions of villages.¹⁷ The goal was to help geographically isolated rural communities build the infrastructure needed to support their long-term participation in the fishing industry, thereby creating a stronger economic base for communities.¹⁸ With regard to the success of the program, the Alaska Department of Commerce’s website states:¹⁹

Since 1992, over \$110 million in wages, education, and training benefits have been generated for over 25,000 residents. As of 2003, the asset value of the six CDQ groups exceeded \$260 million. Since 1992, over \$500 million in revenues have been generated. The CDQ program has been successfully contributing to fisheries infrastructure in western Alaska by funding docks, harbors, and the construction of seafood processing facilities. The CDQ

What are fishing communities?

“Community” is a very general concept, perceived and experienced differently. In the fisheries context, it signifies a group of people who share some purpose and set of values and see virtue in working together to benefit their fishery-based livelihoods and fishery-dependent communities. In focusing on fishing communities, we are primarily concerned with geographic communities — those that are adjacent to the coastal and marine resources from which their inhabitants derive an economically, socially and/or culturally significant fraction of their livelihood. This is in line with NOAA’s guidance, which interprets the Magnuson Stevens Act (MSA) definition of a fishing community as one that substantially depends on, or is engaged in, harvesting or processing fishery resources to meet social and economic needs in geographic terms as well.

The MSA also more broadly recognizes “coastal communities, including those that have not historically had the resources to participate in the fishery” ((303(A)(c)(3)(A)(IV)), as potential participants in limited access privilege or catch share programs. The community concept should be left broadly defined, in ways that encourage people to create community oriented structures to compensate for decades of management interventions that have ignored, diminished or demolished localized, place-based institutions.

Examples of such community diversity range from municipalities and other formally designated settlements to groups of likeminded fishers or fishing firms, associated with particular ports or regions and/or a particular style or place of fishing. To effectively develop communities or administer fisheries management programs, community representation is best done by a formal entity. This could be:

- A true government
- A voluntary association (with or without non-profit tax status)
- A cooperative (a for-profit business that reaches across individual self-interest to gain benefits of collaboration, cooperation)
- Community Quota Entity (as defined by the North Pacific Fishery Management Council)
- Regional Fishing Association (as defined by the Magnuson-Stevens Act)
- Community Fishing Association (as being considered and developed by some regional fisheries councils)

Catch share lessons from Alaska

Initial allocation to community entities has a positive track record

In 1992 six Community Development Quota (CDQ) entities were given initial allocations of groundfish and subsequently halibut and crab quota in Western Alaska. By 2008, these six entities had turned their initial allocations into \$190 million in annual revenue and had acquired net assets worth \$427.6 million.

Community entities without initial allocations face steep hurdles for success

Community Quota Entities (CQE), established by the state of Alaska in 2004, were not given allocations. They must purchase or lease quota. Facing capacity constraints and difficulties accessing capital markets, they have struggled to acquire quota due to the financial risks and high costs of quota. As of 2010, only one CQE on Kodiak Island had acquired quota, which amounted to 30,000 pounds of halibut.

Catch shares work well in relatively simple fisheries

The billion dollar, Marine Stewardship Council certified Alaska Pollock fleet is an example of how effectively catch shares can work in fisheries with a single target species, pursued by a single gear sector, and with relatively well understood ecosystem interactions. The Pollock fleet has formed a cooperative, and invested in technology and techniques for minimizing bycatch of non-target species.

(cont. in opposite page sidebar)

...fishermen and coastal fishing communities — a critical element of our national heritage — are also an integral part of the solution to fisheries management challenges. By investing in communities with forward-looking programs, the industry may be reinvigorated.

program has allowed CDQ groups to acquire equity ownership interests in the pollock, Pacific cod, and crab sectors which provide additional revenues to fund local in-region economic development projects, and education and training programs.

This example illustrates the fact that fishermen and coastal fishing communities, a critical element of our national heritage, are also an integral part of the solution to fisheries management challenges. By investing in communities with forward-looking programs, the industry may be reinvigorated.

New Forms of Community Participation in Fisheries

One area of significant innovation is the emergence of a new class of community-based fishing entities, Community Fishing Associations (CFAs) — a concept currently being developed by some regional fishery management councils as a potential mechanism to support fishing communities as part of catch share programs. The MSA indicates that fishing communities can be recipients of catch shares (as limited access privileges, LAPs),²⁴ and CFAs are being developed for this purpose.

The allocation of quota share to CFAs can enhance the ability of catch share programs to meet economic, social and ecological requirements of current law and policy by:

- Anchoring economic development in communities, with quota being a key asset in their portfolios of assets,
- Maintaining employment and fishing heritage in coastal communities, and
- Incorporating community sustainability plans with clear stewardship requirements.

Guidelines for CFAs do not yet exist within NOAA, although discussions have begun.²⁵ The following is an effort to outline elements of potential guidelines for interested communities, NOAA, and the fisheries management councils.

CFAs can be thought of as organizations of various corporate forms that are allowed to hold permits and quota on behalf of a defined community. Nationwide, about a dozen examples are already incorporated or undergoing formation, including the Cape Cod Fisheries Trust and the Port Orford Ocean Resource Team, discussed in more detail below. These groups may be formed around a common homeport or landing port and can include fishermen or other members of the community. A Community Fishing Association may be a partnership, a voluntary association or a non-profit entity established under the laws of the U.S. that is eligible to hold limited access privileges and distribute said privileges to permitted fishermen within the geographic community that the CFA represents. These entities should be beholden to the eligibility requirements and participation criteria for catch shares outlined in the Magnuson-Stevens Act, perhaps similar to the Regional Fishing Associations mentioned in the Act.

Following the practice of new CFAs, they would recognize a suite of explicit community-related goals in their charters, including, but not limited to:

1. Mitigating the negative economic and social impacts of current transitions to catch shares in fishery management.
2. Providing affordable local industry access to fisheries resources.
3. Providing opportunities for qualified new entrants to the fishery.
4. Preserving traditional fishing communities and necessary onshore infrastructure.

5. Anchoring economic development, jobs, etc. in coastal communities. Catch shares are part of a larger portfolio of assets managed by CFAs, which may include processing infrastructure, retail, and related on-shore businesses.

To be recognized as a CFA, an entity could be required to:

1. Meet community designation and membership requirements, such as local residency and percentage of time employed in fishing.
2. Have the support of local governing entities (municipality, county, port district, etc.).
3. Develop an adequate community sustainability plan as required by the MSA for fishing communities that participate in limited access privilege programs.
4. Meet organizational and operational standards, such as demonstrating a viable business plan, metrics for assessing impacts to the resource, and capacity for transparency of this data.

Emerging CFAs contemplate a variety of operational standards that position them to become responsible stewards of fisheries resources. Notable among these are open and transparent application and qualification criteria for the distribution of permits/quota to community fishermen. With regard to catch shares, CFAs would comply with existing and relevant leasing and transfer regulations that currently apply to individual permit-holders including lease reporting protocols, size-class or baseline restrictions, and other reporting requirements.

In accordance with the MSA's provisions for fishing communities, CFAs should develop a community sustainability plan that "demonstrates how the plan will address the social and economic development needs of coastal communities..."²⁶ Such a plan should include the following:

1. Specification of the organization's goals and objectives and the means by which it intends to meet those goals and objectives.
2. Description of how the CFA will contribute to the social, economic development, and conservation needs of the local fishery, including the needs of entry-level and small vessel owner-operators, captains, and crew. The description shall include anticipated efforts to address issues including the following as necessary to maintain the characteristic of the community or support its economic development:
 - a) Sustaining regional fisheries;
 - b) Crew, processing and seasonal employment opportunities;
 - c) Local processing and ancillary business activity;
 - d) Material and cultural fishing heritage;
 - e) Entry of new participants in fisheries;
 - f) Local infrastructure; and
 - g) Other local community and municipality needs.

Community-based fishing organizations such as CFAs provide new avenues for effective co-management, that is, cooperation between local groups engaged in the fisheries with government agencies in the management of public trust assets.

Towards Effective Co-Management

Citizen participation in governance of fishing operations in the United States has largely been conducted by individual fishermen acting as sole business operators

(cont.) Catch share lessons from Alaska

Ignoring the contributions of crew leads to significant socioeconomic problems

According to a recent news article, "The five-year review of the crab rationalization program presented to the North Pacific Fishery Management Council Dec. 8 revealed that crew have seen a consistent decline in wages as a percent of the ex-vessel gross [revenue] since 2005, particularly in the Bristol Bay red king crab fishery." A stark illustration of how catch share programs change the compensation structure in the fishing industry, the review revealed that "crew and captains in the highest harvesting quartile of Bristol Bay red king crab received 14.7 percent of the ex-vessel gross in 2009 compared to a fleet-wide average of about 35 percent in the years before the crab fishery was rationalized."

The transition to catch shares takes a lot of work and creativity

The North Pacific Fishery Management Council in June 2010 undertook a major structural overhaul of the Gulf of Alaska rockfish fishery catch share program which was implemented in 2007. In response to emerging data, it took steps to curtail transfer and leasing of catch allocations; reduce the amount of quota directly controlled by processors; emphasize cooperative fishing over individual fishing quotas, particularly regarding concerns about bycatch of non-target species; keep costs of entry into primary fisheries low and predictable for new entrants; and shorten the time between program reviews.



Community of Nilolski, member of the Aleutian Pribilof Island Community Development Association (APICDA).

The allocation of quota share to CFAs can enhance the ability of catch share programs to meet economic, social and ecological requirements of current law and policy by:

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- Incorporating community sustainability plans with clear stewardship requirements.

Community-based fishing organizations such as CFAs provide new avenues for effective co-management, that is, cooperation between local groups engaged in the fisheries with government agencies in the management of public trust assets.

and decision-makers, as well as by family or corporate business structures. With the advent of new community-based structures such as Alaska's Community Development Quota corporations and Community Quota Entities, and the recent emergence of CFAs being created in response to new opportunities in the revised Magnuson-Stevens Act (2007), a new set of more cooperative governance experiences has been gained and demands for new governance arrangements have been created.

In part, these new governance approaches have been fostered by communities of place reminding the federal government and the fishery management councils of the public nature of fisheries assets and assertion of the rights of these communities to maintain their relationship with adjacent fisheries resources.

Community-based allocations to or purchases by Regional Fishery or Community Fishing Associations of catch shares (quota) require governance processes, much of which is provided by the 501(c)(3) structures in the US IRS tax code — an excellent template for basic organizational standards for accounting rules, board oversight, fiduciary responsibility and transparent reporting. Such standards are required to ensure that public benefit is derived and maintained, and that fairness and transparency are upheld.

This report does not mean to suggest community-based management as a panacea; however, as a recent study of the international experience with co-management suggests,²⁷ the benefits of community-based governance include:

- Management and transparency of community-based assets,
- Creation of incentives for involvement in community organizations,
- Creation of incentives for building community capacity, and
- Development of community sustainability plans including performance evaluation and metrics in the fisheries and fleets utilizing quota held by community entities.

Multiple opportunities for communities and government agencies are embedded in the development of community-based governance of catch share programs. These include learning from other communities' experiences (some of which are discussed below), building new capacity, avenues for agency support, and interactions between non-profit and municipal organizations involved in governance and economic development.

Examples of Community-Based Governance²⁸

In North America, there is a general history of cooperation in the community-based management of fisheries, including groundfish quota management in maritime Canada, lobster co-management in Maine, and other cases, including the Bering Sea Community Development Quota corporations in Alaska, as previously noted.

Three recent experiences, germane to community-based governance, demonstrate the pathways being developed by communities themselves to address the challenges and opportunities of catch share programs. Each organization uses IRS non-profit tax-exempt structures and establishes clear governance processes within bylaws and program procedures.

Cape Cod Fisheries Trust, Massachusetts²⁹

The Cape Cod Commercial Hook Fishermen's Association established a distinct entity to hold and lease community-based quota within the sector program established by the New England Fishery Management Council for the groundfish fishery. This is an example of community-based leadership, cooperative

organization building, and the development of finance and management capacity within a local organization structured as a 501(c)(3) non-profit. The Trust has the right and capacity to purchase quota shares for groundfish (as well as sea scallop) and lease them to community-based fishermen who meet a set of qualifications including local residency, having fishing as a sole source of employment, and a willingness to use only non-harmful and non-wasteful commercial fishing gears. The Trust works with a local non-profit community development organization to establish an open and transparent process for the distribution of leased quota among participating fishermen in order to meet the program's social, economic and environmental objectives. By providing an avenue to access fishing quota at an affordable cost and providing space for a larger number of diverse fishing businesses, the Trust helps support and strengthen coastal communities.

Cape Barnabas Incorporated, Alaska

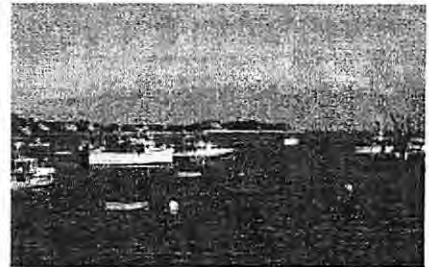
Within the Community Quota Entity Program (CQE) established in 2006 by the North Pacific Fishery Management Council, the community of Old Harbor on Kodiak Island, Alaska, established a CQE to purchase, hold and lease halibut fisheries quota. Cape Barnabas Inc. is a non-profit 501(c)(3) organization which is supported by the Old Harbor Native Corporation. The organization functions in the open processes of the community with a public board, a well managed leasing process, and a public meeting process that maintains transparency in the small community.

Port Orford Ocean Resource Team, Oregon³⁰

The small community of Port Orford on the southern coast of Oregon established a non-profit 501(c)(3) organization, the Port Orford Ocean Resources Team (POORT), to further the sustainable community-based management of fisheries in their region. The organization conducts cooperative research with the state agencies and universities, has led the development of local marine reserve and community stewardship area, and runs a community-supported seafood business. In addition, POORT has facilitated access for local member fishermen to alternative financing for the individual purchase of sablefish catch share permits. POORT is positioning itself to establish a Community Fishing Association to acquire, hold and lease catch share quota of groundfish to Port Orford-based fishermen in perpetuity.

Community-Based Governance Recommendations

- Pursuant to the implementation of the recent 2010 policy on catch shares — NOAA Fisheries should seek methods to support fishing communities in the development, expansion, and diversification of community-based initiatives. This would support the growing recognition that many successful methods of community adaptation in fisheries management are community driven.
- NOAA should require the development of Community Fishing Associations (CFAs), Regional Fishing Associations (RFAs) and other community structures now authorized in the MSA (Section 303a) within any catch share program. While some catch share programs may be developed for fisheries in which no community entity is initially envisioned, space should be made for potential participation of communities within programs.
- NOAA budgetary resources should be applied to further define and develop guidelines for implementation of the community provisions of the MSA to be applied by all fishery management councils. The guidance should include, but not be limited to, clear parameters for establishment of



Chatham fleet, Massachusetts



Cape Barnabas, Alaska



Fishing fleet at Port Orford, Oregon

Benefits of community-based governance:

- Management and transparency of community-based assets
- Creation of incentives for involvement in community organizations
- Creation of incentives for building community capacity
- Development of community sustainability plans including performance evaluation and metrics in the fisheries and fleets utilizing quota held by community entities

CFAs and RFAs, and guidance on how to develop community sustainability plans, including the establishment of socioeconomic and biological goals and performance measures to track progress over time. This would require working in clear collaboration and cooperation with communities, fishery management councils, and other support organizations including economic development and municipal entities.



Port Orford, Oregon community members have shown leadership in governance by working to establish a local marine stewardship area. Here community members review draft maps for the Port Orford Ocean Resource Team's Local Knowledge Interview GIS mapping project.

IV. OPPORTUNITIES FOR PROGRAMMATIC AND FINANCIAL INNOVATION

The transition to catch shares affords the opportunity for significant innovation, both programmatic and financial, in how NOAA manages the nation's fisheries. To facilitate the involvement of communities through this transition and to enhance community participation in catch share management, the agency should look to public and private finance mechanisms. In addition to (i) modifying its own policies to facilitate community participation in catch share programs, (ii) NOAA should convene a working group of representatives from key federal and state financing programs (U.S. Department of Agriculture (USDA), U.S. Economic Development Administration (EDA), the Treasury Department's Community Development Financial Institutions (CDFI) Fund, Small Business Administration (SBA) and U.S. Department of Housing and Urban Development (HUD)) to formulate a funding initiative for CFAs, and to engage financial intermediaries in support of capacity building technical assistance and investment, and (iii) leverage this enhanced agency collaboration to develop new opportunities at the intersection of public and private finance.

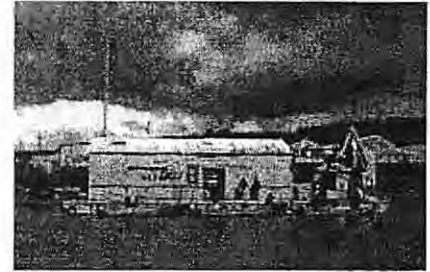
Modifying Existing NOAA Programs

There are several NOAA programs and practices that could be modified to provide financing solutions and related opportunities for fishing communities and other fishery participants interested in catch shares.

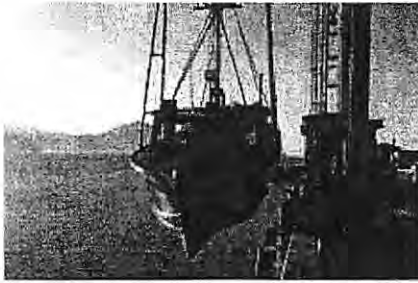
One of the most effective interventions would be for NOAA to ensure that the regional fishery management councils, entrusted with the implementation of catch share programs, take to heart the Government Accountability Office finding that "[a]llowing communities to hold quota is the easiest and most direct way under a catch share program to help protect fishing communities."³¹

The GAO makes an important distinction when noting that "[c]ommunities allowed to hold quota can obtain it through allocation when the program begins or at any time thereafter."³² Since much of the economic benefits from catch share systems arise from the initial allocation, NOAA should direct councils to ensure that catch share programs are designed with explicit alternatives for making initial allocations of quota to communities, and for using existing or new community-based entities for that purpose. Community allocations of fisheries quota should be of a significant and appropriate percentage so as to meet the needs of communities and the needs and status of regional fisheries.

For existing or future programs that have excluded communities from the initial quota allocation, NOAA should put part of its catch share program funding in reserve for loan guarantees and/or loan leveraged private funding. NOAA should develop a dedicated loan program to assist communities in the purchase of catch shares. This could be done by expanding the Fisheries Finance Program to include new and future catch share programs such as those in New England and on the West Coast, with a special focus on community entities that seek to purchase quota, or by creating a new program modeled on the EDA Revolving Loan Fund described below. Such a loan program could also help to provide access for new entrants, and should be in place at the beginning of catch share program



Fish-buying barge in Mountain Village, Alaska, a member of the Yukon Delta Fisheries Development Association, one of Alaska's Community Development Quota Entities.



Standards and costs for monitoring should be appropriately scaled to the size and income capacity of boats. Here, the *F/V Goldeneye*, part of the small boat fleet of Port Orford, OR is hoisted up from the Pacific.

implementation. By making loan programs available at the beginning rather than years into implementation, NOAA could avoid problems that arise when entry costs become prohibitively expensive, as happened in the Bering Sea and Aleutian Islands Crab Rationalization Program.

Councils should also include mechanisms in catch share design that both allow flexibility to modify programs when necessary while creating and maintaining security for fishermen. Such mechanisms include predictable performance-based renewals of quota share, which would be a beneficial alternative to allocations in perpetuity because it would allow for modification of the program while still preserving the benefits of long-term security.³³ A similar system was considered by New South Wales, Australia, with the idea that regular, periodic reviews with performance-based renewals may provide a more finely-tuned mechanism to reward cleaner fishing behavior, versus a permanent exclusive privilege.³⁴ Performance requirements could include using fishing gear known to have less ecological impact and requiring quota holders to be active participants in the fishery. With each periodic review, those in compliance with performance requirements receive an automatic renewal of quota shares, while those not in compliance may have to forfeit a percentage of their shares, which could then go into a pool for new entrants, for example. Therefore, depending upon the design, this adaptive management approach could help to provide a means of protecting the resilience of the resource and of the communities that depend upon it. Decisions and alterations made with each periodic review are made with the knowledge that the system can be improved, and managers are able to learn from their actions.³⁵

Catch share program design should also include mechanisms such as quota auctions with revenue recycling into coastal communities, creation of small quota blocks that can be purchased as a vehicle for entry into the fishery, triple bottom line (economic, social, ecological) performance based allocations, and other strategies to improve the effects of quota programs on long-term sustainability and community stability.

Finally, NOAA and the councils should ensure that standards and costs for monitoring are appropriately scaled to the size and income capacity of boats. Similar to the new FDA Food Safety Modernization Act's allowance of flexibility for small farms with regard to certain safety standards,³⁶ monitoring requirements should be tailored to each boat's relative size and capacity for environmental impact rather than one-size-fits-all requirements that may unfairly burden small-boat fishermen.

Convening a working group of representatives from key federal and state financing programs

In addition to modifying its own policies to facilitate community participation in catch share programs, NOAA should spur private finance mechanisms to invest in CFAs and related value-added fish processing, marketing and distribution enterprises by convening a working group of representatives from key federal and state financing programs (USDA, EDA, CDFI Fund of the U.S. Treasury, SBA and HUD). This working group could be directed to formulate a funding initiative for CFAs, and to engage local, state and national private or public financial and technical assistance intermediary entities to leverage this enhanced agency collaboration to develop these new opportunities at the intersection of public and private finance. This would be right in line with the National Ocean Policy's call for coordinating federal and state governmental efforts to secure the health and prosperity of our coasts.³⁷

Leveraging existing federal investment and capacity-building grant programs with other public programs

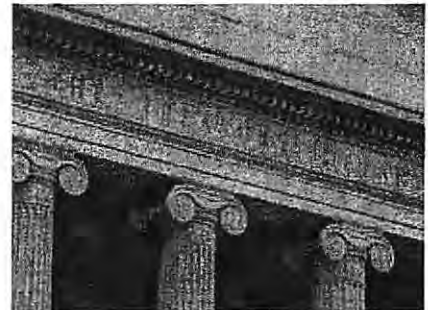
NOAA's capacity-building Fisheries Innovation Fund and public finance programs, such as the EDA's Revolving Loan Fund, the USDA loan guarantee program, and the Treasury Department's CDFI Fund and New Markets Tax Credit Program (NMTC), further detailed below, should be leveraged to provide opportunities for quota purchase and development of CFAs by community entities using traditional bank and private capital financing, along with private foundation support. Existing cross-cutting initiatives like the Healthy Food Financing Initiative described below should be expanded to include seafood and community fishing associations.

The Revolving Loan Fund (RLF)³⁸

program of the Economic Development Administration of the Department of Commerce provides small businesses and entrepreneurs with critical gap financing. Regional EDA offices award competitive grants to local or tribal governments, and public or private non-profit organizations, who in turn administer currently 578 revolving loan funds with a combined capital base of \$852 million. NOAA should work with its sister agency to educate the EDA and its regional offices on catch shares and the fishing industry, with the idea of developing loan programs tailored to the needs of fishing communities and community-based entities in the transition to catch shares, notably the acquisition of quota.

The New Markets Tax Credit (NMTC)³⁹

program was created in December 2000 to provide tax incentives to induce private-sector, market-driven investment and create jobs in low-income urban and rural communities across the nation. It stimulates private sector investment in distressed communities by providing a tax credit for qualified equity investments. According to a survey of the NMTC Coalition, between 2003–2009, this innovative program is estimated to have turned \$15.5 billion in tax credits into more than \$50 billion in private investments in over 3,000 projects in distressed communities.⁴⁰ Many West Coast fishing communities in need of capital for start-up or expansion of facilities and business operations are located in census tracts that meet the criteria of the NMTC program, making this instrument potentially available for economic development anchored by Community Fishing Associations. With respect to the use of the NMTC for acquisition of fishing permits, a potential complication arises from the accounting characteristic of fishing quota as an intangible asset, since the NMTC program excludes, per Internal Revenue Code Sec. 1397C(d)(4), "any trade or business consisting predominantly of the development or holding of intangibles for sale or license." NOAA should work with the Treasury Department to ensure that quota purchases by community fishing associations are eligible investments under the NMTC program.



NOAA should work with the Treasury Department to ensure that quota purchases by CFAs are eligible investments under the NMTC program.

The USDA Loan Guarantee Program⁴¹

is designed to "improve, develop, or finance business, industry, and employment and improve the economic and environmental climate in rural communities. This purpose is achieved by bolstering the existing private credit structure through the guarantee of quality loans which will provide lasting community benefits." Many fishing communities also meet the definition of rural communities, and NOAA should work with USDA to expand the Loan Guarantee Program to include the acquisition of quota share and related investments by community fishing associations. NOAA should also promote other USDA loan and grant programs to



Based in Port Orford, Oregon, the three boat cooperative, Port Orford Sustainable Seafood, was launched in June of 2009 to help meet seafood demands of conscious consumers concerned with both personal health and the health of ocean ecosystems. The cooperative is an investment in the future of Port Orford fisheries and the community dependent on them.

be used for the purchase of catch shares by CFAs, such as the **Rural Cooperative Development Grant (RCDG) Program**,⁴² the **Rural Economic Development Loan and Grant Program (REDLG)**,⁴³ the **Small Socially-Disadvantaged Producer Grant Program (SSDPG)**,⁴⁴ and the **Conservation Loan Program (CL)**.⁴⁵

The Healthy Food Financing Initiative,⁴⁶

which was included in the President's Budget for 2011, is a joint initiative of the Departments of the Treasury, Agriculture, and Health and Human Services. It makes available more than \$400 million in financial and technical assistance to community development financial institutions, other nonprofits, and businesses that address the healthy food needs of communities. Through a mix of federal tax credits, below-market rate loans, loan guarantees, and grants it is intended to attract private sector capital that will more than double the total investment. NOAA and the Department of Commerce should work with their sister agencies to include seafood in the Healthy Food Financing Initiative, and make its financing provisions available to community fishing associations.

New Opportunities for Private/Public Partnerships

The **Fisheries Innovation Fund (FIF)** administered by the National Fish and Wildlife Foundation (NFWF) is a grant program to foster innovation and support effective participation of fishermen and fishing communities in the design and implementation of catch-share fisheries. The first solicitation for proposals for funding resulted in \$12 million in proposals for an initial round of available funding of \$2.2 million. This demand stands to grow as more fisheries transition to catch shares and the capital needs of the transformation become more apparent. NOAA should work with the Administration and private partners to expand the Fisheries Innovation Fund to meet the emerging demand from community fishing associations. It should also work toward refocusing the FIF on social science and market design research — as defined by the assignment, trade and sale of catch shares and the conditions imposed on those transactions.

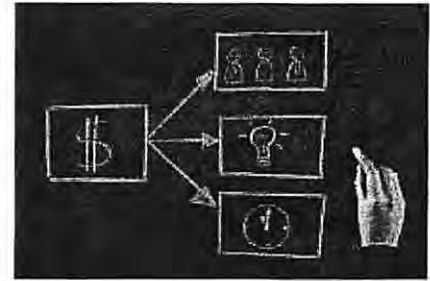
NOAA should also invest both directly and indirectly into the research and development of business models for new private financing mechanisms that promote its program goals, as well as the capacity of fishermen and communities to utilize these mechanisms. This would entail dedicating part of existing research and grant programs such as the **Saltonstall-Kennedy Grant Program**⁴⁷ toward developing innovative investment vehicles. It would also entail making available detailed fisheries information and data to allow researchers outside NOAA to analyze the economics of various catch share design and implementation options, including the viability of community-based businesses.

Finally, NOAA should reach out to the **Small Business Administration** and other agencies that provide technical assistance, and develop a series of information materials on fisheries business development in general and catch shares in particular for use by Small Business Development Centers to provide technical capacity and services to rural and coastal businesses, entrepreneurs, and potential investors.

Recommendations for Programmatic and Financial Innovation

- NOAA should develop a dedicated loan program to assist communities and new entrants in the purchase of catch shares, and to act as a reserve for existing or future programs that have excluded communities from the initial quota allocation.

- NOAA should require a significant and appropriate baseline percentage of fisheries quota be anchored in communities in each council region through entities like Community Trusts, such as the Community Quota Entity program in Alaska. While some fisheries will not have community entities to give an initial allocation to, catch share programs should be designed to set aside a percentage of quota for community participation. This percentage should adequately reflect the needs of communities and the needs and status of regional fisheries
- Councils should design catch share programs to include predictable, performance-based renewals as an alternative to allocations in perpetuity.
- Catch share program design should include mechanisms such as quota auctions with revenue recycling into coastal communities, and other strategies to improve the effects of quota programs on long-term sustainability and community stability.
- NOAA and councils should ensure that standards and costs for monitoring are appropriately scaled to the size and income capacity of boats.
- NOAA should convene a working group of representatives from key federal and state financing programs (USDA, EDA, Treasury, SBA and HUD) to formulate a funding initiative for CFAs, and to engage financial intermediaries in support of capacity building technical assistance and investment.
- NOAA should invest in the research and development of business models for new private financing mechanisms that promote its program goals, as well as the capacity of fishermen and communities to utilize these mechanisms.



To facilitate community participation in catch share management, the agency should look to public and private finance mechanisms.

V. INVESTING IN CAPACITY

Current and future catch share programs will need to recognize and evaluate impacts that go beyond the participants within one particular program in order to design programs that effectively address complex social, economic and ecologically connected factors.

The design of catch share programs in the U.S. to date indicates a need for additional capacity and investment in both the fisheries council system and the ability of fishing communities and businesses to function well in the resulting market-based management systems. Lack of expertise cannot be an excuse for failure to give full and fair consideration to the array of social, economic and ecological issues associated with catch share programs.

In particular, there is a need to raise the visibility and priority of social science within the fisheries council system and within NOAA. Although most catch shares programs require an evaluation after five years there is often no baseline established from which to conduct an effective evaluation. Such baseline data are also important for understanding the response of fishery participants, including influence-seeking behavior and political capture to protect endowments created by initial allocations, which may resist program revisions. Sufficient capacity is needed to establish baseline data and a system for socioeconomic monitoring of catch share programs so that a comprehensive understanding of how programs are working can be developed rather than relying on piecemeal evidence to date.

In addition, most evaluations conducted to fulfill regulatory requirements focus only on the participants of the current program, not those who were excluded and may also be affected. Current and future catch share programs will need to recognize and evaluate impacts that go beyond the participants within one particular program in order to design programs that effectively address complex social, economic and ecologically connected factors. When scoping initial catch share program design, fisheries management councils should actively engage not only anticipated program participants, but also more broadly affected fishing industry participants and members of the community. Further consideration of exogenous factors, such as gentrification and the loss of fishing infrastructure, should also be factored into the analyses of catch share programs.

To best understand how catch share programs have an impact beyond an immediate program, a dedicated socioeconomic research program needs to be pursued. Research is needed to address how permits, landings by species, vessels, dealers and communities may change over time with the implementation of the catch shares program, but also how they have changed prior to implementation and how they may be affected by such a program or exogenous factors, e.g. gentrification, climate change, hurricanes and oil spills. Other research to develop social indicators that measure vulnerability and resilience of fishing communities can also enhance the ability to understand the impacts of regulation and other disruptions, like hurricanes or oil spills. This research will provide critical baseline data that can be updated annually, providing long term analysis similar to stock assessment data.

Additional investment is also needed in market design expertise, given that catch share programs effectively are cap and trade systems. Without thoughtful market design, the profitability and stability of the industry, control of externalities such as by-catch, and better stewardship of the fishery are all in jeopardy. NOAA should work within fisheries and look to other industries, such as pollution trading or spectrum auctions,⁴⁸ to learn from other transparent trading and reporting mechanisms and apply those to catch share transactions using best available science, technology and expertise. For more on this issue see the "Market Design Principles" section of Appendix A.

To help councils be more effective in designing catch share programs to incorporate the concerns of the broader affected community, NOAA should invest in new or additional capacity in design expertise at the council staff level. This has been done to some degree; however, councils remain stretched and lacking in expertise in such areas as market design, applied economics, and institutional analysis (see discussion regarding market design in Appendix A below). In particular, NOAA should budget for and conduct design training for fishery managers, council members, and industry, and identify academic and professional experts in each region to conduct design experiments and modeling charrettes to help councils visualize the likely effects of program features.

Communities offer challenges and opportunities for effective fisheries management, particularly in the ways they intersect with catch share programs. Communities are not homogeneous entities of aligned interests, and engaging in successful collective action is costly in terms of time and resources. We see significant opportunity for effective community involvement in the design and implementation of catch share programs. But for communities to be effective in that role, some investment in their capacity to steward public resources is needed.

Capacity Recommendations

- Councils should establish baseline data and a system for socioeconomic monitoring of catch share programs so that a comprehensive understanding of how programs are working can be developed rather than relying on piecemeal evidence to date.
- Councils should require the effective participation of the fishing industry and communities in catch share program development from the beginning.
- NOAA should work within fisheries and look to other industries, such as pollution trading, to learn from other transparent trading and reporting mechanisms and apply those to catch share transactions using best available technology and expertise.
- NOAA should invest in new or additional capacity in catch share design expertise at the council staff level.



Dillingham, Alaska's small boat harbor is crowded with 32-foot gillnet vessels during the height of the summer salmon season. As an example of capacity-building for communities, the Bristol Bay Economic Development Corporation invests income from its Community Development Quota harvests in local infrastructure and programs that benefit local salmon, halibut and herring fishers and their communities

CONCLUSION



The Midcoast Fishermen's Association, founded in 2006 by a group of conservation-minded groundfishermen from the small midcoast-Maine village of Port Clyde. The group's mission is to identify and foster ways to restore their groundfish fishery and sustain fishing communities along Maine's coast for future generations.

The National Panel on the Community Dimensions of Catch Shares concludes that with national policies on catch shares and ocean management now in place, NOAA and the fishery management councils have the enabling framework for the design of catch share programs to enhance community-based economic development and regional resource management. This is a significant opportunity to bolster not only the sustainability of our nation's fisheries resources, but also the resilience of communities that form the backbone of our fishing heritage. NOAA and the fishery management councils should work closely together, seeking the advice of Congress and its committees, with agencies and other organizations on the themes of **governance, finance, and capacity**, as outlined in this report and its short companion summary document (www.ecotrust.org/fisheries). This opportunity to build durable community-based catch share systems that are workable and functional for fishermen, their communities, and local organizations should not be wasted.

VI. APPENDICES

A. Primer on Institutional Design

In encouraging the development of catch share programs NOAA is engaging in the active redesign of institutions for managing the nation's fisheries. There is extensive literature on institutional design for natural resource management that was reviewed by the National Research Council not long ago. The NRC found many examples of successful community-based or collective management of common-pool resources such as fisheries, and found that these are not only able to avoid the "tragedy of the commons", but can frequently achieve better economic, ecological and social results than under a strict individual property rights regime.

Such successful outcomes rely on robust design principles, in particular those that address issues around property rights and tenure security, the implications of group characteristics for collective action and the implications of resource characteristics for collective action.⁴⁹ In the context of fisheries management, the groups undertaking the design of catch share programs are the regional fisheries management councils. While the councils exhibit many of the desirable characteristics for successful institutional design, notably in terms of their size, composition, levels of wealth and income, and experience,⁵⁰ they are also at risk of falling into the trap of path dependency by relying on their limited experience, a limited set of "how to" guidance publications,⁵¹ and a limited set of external expertise.

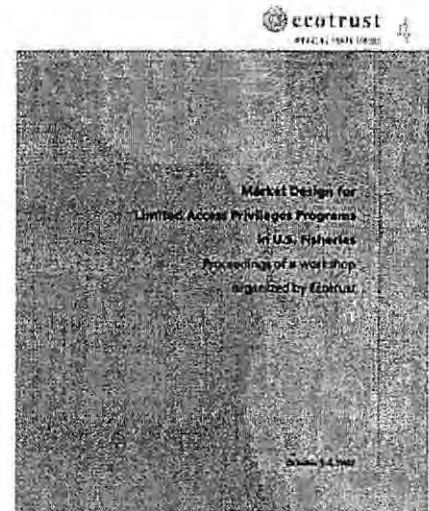
And indeed, we see in successive program developments around the country a pattern of defaulting to individual quota systems with little or no consideration of community or collective mechanisms. Such fully fledged privatization of national resources, as engendered by the *de facto* property right characteristics of many catch share systems to date, would be a significant departure from the approach taken in other natural resource based industries, where the preponderance of solutions — whether auctioning the use of the electromagnetic spectrum or leasing public lands for mining, grazing, and logging — exploits a fuller range of options that keep the control and benefits from the resource in public hands.⁵²

Given the importance of getting the institutional design right in order for catch share programs to achieve the mandate of the Magnuson Stevens Act and the goals of the National Ocean Policy, and given the complexities of fisheries ecosystems, it is useful for decision makers at the councils and for NOAA to consider the design challenges as such, and to draw on applied expertise in institutional and market design. The importance of these considerations is well understood in parts of the fisheries literature,⁵³ but not always applied by fisheries managers.

At a 2007 workshop at the Harvard Business School, a group of market design experts shared their thoughts for addressing the ecological, economic, and social objectives of fisheries management (as articulated in the MSA) in general, and for specific fisheries in particular.⁵⁴ In what follows we present two short summaries of key considerations for catch share design from the perspective of applied economists who specialize in market design. They are intended to provide additional background on the Panel's deliberations and recommendations.

Property Rights and Allocation Alternatives for Fisheries Management (T. Groves)⁵⁵

Catch shares, while considered Limited Access Privileges under the MSA, confer a *de facto* property right on their holders. Designing the right form of rights based management in the face of strong opposing interests is a daunting task, yet



The report "Market Design for Limited Access Privileges Programs in U.S. Fisheries: Proceedings of a Workshop Organized by Ecotrust (Oct 3-4, 2007)" is available from: www.ecotrust.org/workingpapers

essential if the problems of overfishing and declining fishermen incomes are to be addressed. A key element in solving the design problem lies in delineating the rights or privileges that are to be created and how they are to be allocated. Many of the concerns over property rights for fisheries can be alleviated by a careful balancing of competing interests.

Concerning the specification of rights, it is useful and indeed necessary to distinguish among alternatives. A first distinction may be made between **"use or access rights"** to fishing and **"property or ownership rights"** to the fish. A fisherman, for example, may have only a "right to fish" under specified terms (time, location, catch limits, etc.) or he may have a right to catch a specific quantity of fish over a season. Both rights have value only if they are limited in numbers to whom they are granted. To limit harvests to sustainable limits, rights to fish or catch rights must be restricted. It is generally more convenient and more efficient to limit harvests under a system of catch rights (such as quotas) than under a limited right to fish system, since the latter frequently results in "fishing derbies" or a "race to fish" leading to "capital stuffing" and other inefficient (costly) application of resource inputs to fishing. But an optimal fishing rights system may involve ingredients of both types of rights — for example, a quota consisting of a given proportion of a total allowable catch coupled with use restrictions such as time and location closures, gear restrictions, and other provisions to account for, say, spawning periods and places or for control of by-catch (of endangered species or other non-target species).

Two other distinctions among alternative specifications of rights are those of **duration** and **transferability**. Whatever the form of rights defined, they may be granted for a single year, multiple years, or even permanently. If granted for a limited period, then the allocation and re-allocation procedures become all the more important. For example, a quota right may be granted on "use or lose" basis — that is, it may be automatically extended for another year (or period), if it has been used enough in the current year (period). This feature would, in effect, grant a fisherman a claim to his fishing livelihood until he retires. Or, a quota right may be granted for an extended period, but with the quota amount declining every year to allow for a pool of rights to be allocated to potential new applicants or entrants into the fishery.

Whatever the duration of the rights allocated, the efficiency of the system is crucially affected by whether or not the rights may be transferred — that is, sold or perhaps only leased for a limited time to others. Economists generally favor full transferability of rights on simple efficiency grounds. But markets only function efficiently under a large number of conditions. In the fisheries context, there are several ways in which inefficiencies could arise, for example when permits or quotas are excessively concentrated in the hands of a few participants. It may therefore be necessary, on efficiency grounds, to limit transferability. For example, rights may only be held for a limited term, or only leased for a single season; rights may be sold only to other similar type fishermen; quota rights may be subject to an upper limit ($x\%$ of the total); or transfer of rights may be subject to community approval.

Any kind of limitation on the right to transfer ownership will reduce the potential value of the right being transferred and thus there is a natural opposition of interests between the rights holder and the larger community concerned about the negative effects ("externalities") of unlimited transferability. In particular, a fisherman who views his own quota rights as an ultimate retirement asset will naturally resist restrictions on his right to sell to the highest bidder, even though he may also be concerned for his fishing community about the consolidation of fishing in the hands of a few large firms. The inherent conflict exists not only across

individuals and between different interest groups but within the heart and mind of the fishermen themselves.

The other key design issue in devising a property-rights fishery management plan is how the **allocation of rights** is to be determined. Here also, there are many alternatives but without the criterion of efficiency to guide or inform a choice among them. Essentially allocation problems are resolved by consideration of fairness, equity, and entitlement, and one might expect there is little agreement on what these principles require in any specific problem.

Nonetheless, insofar as concerns about the effect of any property-rights fishery management scheme on small fishing communities are to be addressed (as they are required to be by the Magnuson-Stevens Fishery Conservation and Management Act), direct allocation of rights to communities — instead of only to individuals — can be considered. Even with full transferable rights, fishing communities themselves can protect their larger community interests if they can (collectively) decide how to exercise their fishing rights and to whom, if anyone, they would be willing to sell. More generally, allocations may be made to groups of fishermen (such as the New England “sectors” or other emerging examples of community fishing associations) rather than to individual fishermen to enable both more efficient deployment of fishing resources and to limit incentives to sell out to non-community industrial fishing firms. In this case, individual fishermen would not be able to pull out their quotas and any divestiture of the group’s shares would be a collective decision and hence would create quite different incentives. Under such a system of collective ownership, the group would likely be more concerned with spill-over effects on the community than would be individual fishermen.

Other considerations in addressing the allocation of rights are how current (and past and even future) fishermen are to be treated and if initial allocations are to be given away or sold at, say, auction. Distribution formulae based on, among other things, historical catch (over a several-season-qualifying period) are frequently used to make initial allocations of quota rights. New fishermen can be accommodated in a rights-based system by either requiring them to buy rights from existing rights holders, by directly allocating rights taxed, retired, or otherwise relinquished by current holders, or by retaining or creating new rights expressly for this purpose.

Through a judicious process of defining a property-rights system, including the rules for initial allocation, an efficient and fair system can be established that effectively considers the interests of fishing communities and the wider public, as well as those of fishermen and the industry generally. Such a process necessarily must begin with a clear articulation of the goals and objectives of the program, which are presumably responsive to the goals and objectives for fisheries management specified in the Magnuson Stevens Act. From there mechanism design principles can inform the choice and specifications of the policy.

Market Design Principles: Caps and Allocations (J. Ledyard)⁵⁶

A catch share system is an example of regulation through Cap-and-Trade — capping the allowable catch, assigning rights to portions of the catch, and allowing trade in them to take place. In the context of fisheries management, Cap-and-Trade is often viewed as a win-win solution for both the environment and fishermen. The Cap provides the mechanism for achieving sustainable fish populations through the choice of an annual Total Allowable Catch. The Trade provides the mechanism for increasing industry profits through the reallocation of resources into the hands of the more efficient fishers and the creation of incentives for finding lower cost harvesting methods. Other expected benefits of a cap-and-trade program are reductions in externalities such as by-catch, community stability, and better

environmental stewardship.

The usual manner in which Cap-and-Trade systems are implemented, however, leads to outcomes that are far below these promised results. This is due to the fact that the regional fisheries management councils rarely are careful enough in the design of the tradable asset (the catch shares), nor have reliable measurement of stocks, adequate monitoring of fishers, and serious enforcement of the rules. So while the Cap can theoretically serve as an efficient mechanism to regulate the catch and manage the fishery, in practice the infrastructure for such regulation is underfunded and left as an afterthought. With complete and competitive markets,⁵⁷ readily available capital, and sufficient transparency, the Trade can provide a mechanism for lowering costs, increasing profits, and stabilizing the industry that supports the fishery. But, as with the Caps, little effort or thought is given to providing the necessary infrastructure to nurture competitive markets.

A thoughtless, but standard implementation process for Cap and Trade systems might be summarized as “create a simple catch share for one species, grandfather that asset, and then let the asset trade”. This approach is politically expedient; because of the promised profits created by ending overfishing, it gives fishermen currently in the industry a sizeable incentive to accept the regulation. Because the Total Allowable Catch enables direct control over fish stocks, it seems to generate desirable environmental outcomes. But handing out quota and then saying “let there be trading” is not good enough. Without more thoughtful market design, increases in profits, stability of the industry, control of externalities such as by-catch, and better stewardship of the fishery are all in jeopardy. The keys to a profitable and stable industry and to a thriving and well-managed environment lie in the thoughtful design of the tradable asset and the provision for a transparent, fair marketplace. We consider these elements in turn, from the perspective of community ownership, which provides a diversified portfolio of fisheries and a shared interest in stewardship.

Sensible Asset Design

It is often overlooked that **catch shares can do more than just attempt to regulate the amount of species** that is caught. By defining the asset appropriately one can regulate the period of time during which the catch can be made and the area or location in which the catch can be made. Simultaneously controlling amount, time, and location can lead to a finer regulation of the ecosystem.

An over-reliance on one fishery makes fishermen vulnerable to fluctuations in that fishery. In order for fishermen to remain in business these days, they need to be able to access multiple fisheries. But it can be very expensive for a single fisherman to acquire the licenses and catch shares for many species. One way to have a diverse portfolio is to become part of a community fishing association. A community association that owns a variety of catch shares can help fishermen diversify their fishing “portfolios” by providing access to fisheries that they do not otherwise have permits or quota for. It offers a more regionally diverse and economically flexible fleet.

A nice by-product of community ownership of a diverse portfolio is the provision of a means to handle by-catch issues. Suppose a fisherman of one species happens to harvest a quantity of another through unintended by-catch. Current regulations often require that fisherman to stop fishing once a certain level of by-catch has been attained. This is inefficient management. An alternative is to require the fisherman to procure catch shares for the by-catch species. This has the advantages of (1) imposing the appropriate cost on the by-catcher—the value of the lost fish to the holders of the catch shares of that species—and compensating the fishermen who are damaged by the by-catch problem, and (2)

preventing the unintended by-catch from ending a potentially profitable season. With community ownership of a diverse portfolio, the by-catcher can buy the appropriate amount of catch shares, thereby compensating their fellow association members for the externality caused by the by-catch. This is a more graceful and efficient method of regulation than now exists. It benefits the individuals who do happen to catch species they were not targeting and it compensates those whose fishing is affected by by-catchers.

Community ownership also creates a community of interest. This is a key to reductions in externalities and improvements in environmental stewardship. The group will have a shared commitment to monitoring, gear choices, etc. It also allows one to replace licensing requirements with a provision for "due care for the environment." This makes it easier for a responsible fisherman to have access to a diverse fishery through purchases of short-run licenses, helping them deal with personal risk. It also makes it easier for the association to encourage and enforce better long-term stewardship, helping them deal with environmental risks.

A Transparent and Fair Marketplace.

A transparent and fair marketplace requires an accessible registry of current ownership, accessible trading information about potential buyers, sellers, and market prices, and access to capital for all potential buyers. These do not magically happen. In fact, under a hands-off approach to program design, the incentives are for brokers and potential monopolists to work hard to prevent them from occurring. But they are inexpensive and easy to provide, especially given modern technology.

A registration database must be maintained so that the TAC can be enforced. This should be expanded to register all transactions involving catch shares. Examples include information about sales — information on the parties to the transaction, the amount of the transaction, the buying and selling prices, and fees if any. Also information on loans and liens should be kept and made available. Public access to such information can and should be easily provided online.

It is also very easy and inexpensive to provide an **online marketplace** where buyers can bid, sellers can offer and trades can be completed in a transparent manner. If such a site is not available, brokers will operate in the manner of a black box charging a buyer a much higher price than the seller receives, pocketing the difference. This provides significant profit to the broker but severely limits the ability of buyers and sellers to find fair prices. Such an online site can be connected to the registration database for automatic data transference, reducing costs even further.⁵⁸ It should be noted that a single site can easily serve as the marketplace for many species. This would allow multi-species fishermen a simple place to manage the portfolio of catch shares they need to deal with their risks.⁵⁹

Once an accessible registry and a transparent marketplace are in operation, access to capital is made easier. The registry is a place that, for example, a lender can go to guarantee that the borrower really owns the asset. The marketplace is somewhere the lender can go to find information that helps provide a valuation for the asset. This reduces the risks to the lender and allows them to be able to lend more at better rates.⁶⁰

B. Magnuson-Stevens Act Sections RE: Fishing Communities and Regional Fishing Associations

16 U.S.C. 1802

MSA § 3

(17) The term "fishing community" means a community which is substantially dependent on or substantially engaged in the harvest or processing of fishery resources to meet social and economic needs, and includes fishing vessel owners, operators, and crew and United States fish processors that are based in such community.

(14) The term 'regional fishery association' means an association formed for the mutual benefit of members —

(A) to meet social and economic needs in a region or subregion; and

(B) comprised of persons engaging in the harvest or processing of fishery resources in that specific region or subregion or who otherwise own or operate businesses substantially dependent upon a fishery.

16 U.S.C. 1853a

MSA § 303A

(3) FISHING COMMUNITIES. —

(A) IN GENERAL. —

(i) ELIGIBILITY. — To be eligible to participate in a limited access privilege program to harvest fish, a fishing community shall —

(I) be located within the management area of the relevant Council;

(II) meet criteria developed by the relevant Council, approved by the Secretary, and published in the Federal Register;

(III) consist of residents who conduct commercial or recreational fishing, processing, or fishery-dependent support businesses within the Council's management area; and

(IV) develop and submit a community sustainability plan to the Council and the Secretary that demonstrates how the plan will address the social and economic development needs of coastal communities, including those that have not historically had the resources to participate in the fishery, for approval based on criteria developed by the Council that have been approved by the Secretary and published in the Federal Register.

(ii) FAILURE TO COMPLY WITH PLAN. — The Secretary shall deny or revoke limited access privileges granted under this section for any person who fails to comply with the requirements of the community sustainability plan. Any limited access privileges denied or revoked under this section may be reallocated to other eligible members of the fishing community.

(B) PARTICIPATION CRITERIA. — In developing participation criteria for eligible communities under this paragraph, a Council shall consider —

(i) traditional fishing or processing practices in, and dependence on, the fishery;

(ii) the cultural and social framework relevant to the fishery;

(iii) economic barriers to access to fishery;

(iv) the existence and severity of projected economic and social impacts associated with implementation of limited access privilege programs on harvesters, captains, crew, processors, and other businesses substantially dependent upon the fishery in the region or subregion;

(v) the expected effectiveness, operational transparency, and equitability of the community sustainability plan; and

(vi) the potential for improving economic conditions in remote coastal communities lacking resources to participate in harvesting or processing activities in the fishery.

(4) REGIONAL FISHERY ASSOCIATIONS. —

(A) IN GENERAL. — To be eligible to participate in a limited access privilege program to harvest fish, a regional fishery association shall —

(i) be located within the management area of the relevant Council;

(ii) meet criteria developed by the relevant Council, approved by the Secretary, and published in the Federal Register;

(iii) be a voluntary association with established by-laws and operating procedures;

(iv) consist of participants in the fishery who hold quota share that are designated for use in the specific region or subregion covered by the regional fishery association, including commercial or recreational fishing, processing, fishery-dependent support businesses, or fishing communities;

(v) not be eligible to receive an initial allocation of a limited access privilege but may acquire such privileges after the initial allocation, and may hold the annual fishing privileges of any limited access privileges it holds or the annual fishing privileges that is [sic] 17 members contribute; and

(vi) develop and submit a regional fishery association plan to the Council and the Secretary for approval based on criteria developed by the Council that have been approved by the Secretary and published in the Federal Register.

(B) FAILURE TO COMPLY WITH PLAN. — The Secretary shall deny or revoke limited access privileges granted under this section to any person participating in a regional fishery association who fails to comply with the requirements of the regional fishery association plan.

(C) PARTICIPATION CRITERIA. — In developing participation criteria for eligible regional fishery associations under this paragraph, a Council shall consider —

(i) traditional fishing or processing practices in, and dependence on, the fishery;

(ii) the cultural and social framework relevant to the fishery;

(iii) economic barriers to access to fishery;

(iv) the existence and severity of projected economic and social impacts associated with implementation of limited access privilege programs on harvesters, captains, crew, processors, and other businesses substantially dependent upon the fishery in the region or subregion;

(v) the administrative and fiduciary soundness of the association; and

(vi) the expected effectiveness, operational transparency, and equitability of the fishery association plan.

C. Regional Summaries of Panel Meetings

New England Regional Workshop

Boston, Massachusetts

June 1–2, 2010

Meeting Goals:

- Distill lessons learned from community experiences in catch share programs worldwide.
- Learn about New England's experience and new groundfish sector program.
- Explore a framework for recommendations.
- Identify research needs for the next meeting.

Presentations from Regional Experts:

Presentation 1: Biological Context/Status of the Stocks (New England groundfish, scallops and lobster): Jake Kritzer, Senior Marine Scientist, Environmental Defense Fund

Presentation 2: Past & Present Management Context for New England Groundfish Fishery: Peter Baker, New England Fisheries Campaign Manager, Pew Environment Group

Presentation 3: Past & Present Management Context for New England Scallop Fishery: Tom Dempsey, Fisheries Policy Coordinator, Cape Cod Commercial Hook Fishermen's Association

Presentation 4: Past & Present Management Context for New England Lobster Fishery: Patrice McCarron, Executive Director, Maine Lobstermen's Association

Presentation 5: Human/Social Dimension of Fishing Communities:

Madeleine Hall-Arber, Marine Social Scientist; Manager, Marine Social Sciences, MIT

Patricia Pinto da Silva, Social Scientist, Northeast Fisheries Science Center, NOAA Fisheries

Gulf Regional Workshop

New Orleans, Louisiana

July 6–7, 2010

Meeting Goals:

- Learn from the Gulf Reef Fish Individual Fishing Quota experience, and other coastal community experiences.
- Refine framework for recommendations.
- Identify research needs for the next meeting.

Presentations from Regional Experts:

Presentation 1: Biological Context/Status of Gulf Reef Fish Stocks: James Nance, Supervisory Research Fish Biologist, NOAA Fisheries, Southeast Fisheries Science Center

Presentation 2: Past & Present Management Context for Gulf Reef Fish Fishery, and Performance of IFQ Program: David Krebs, President, Reef Fish Shareholders'

Alliance

Presentation 3: Human/Social Dimension of Gulf Fishing Communities and Impacts of Catch Share Programs and other Fisheries Management Tools: Mike Jepson, NOAA Fisheries Southeast Regional Office, Social Science Branch

Presentation 4: Investing in the Long-Term Recovery of Coastal Communities/Community-Based Fisheries: Lorna Bourg and Helen Vinton, Southern Mutual Help Association

Pacific Regional Workshop

Portland, Oregon

August 25–26, 2010

Meeting Goals:

- Approve outline for Panel recommendations.
- Learn from the Pacific experience, including viewpoints on the Pacific Groundfish Trawl Individual Fishing Quota Program.
- Establish first draft of Panel Recommendations.

Presentations from Regional Experts:

Presentation 1: Biological Context/Status of Pacific Groundfish Stocks:

Jim Hastie, NMFS/Northwest Fisheries Science Center

Presentation 2: Past & Present Management Context for Pacific Groundfish Fishery, leading up to pending IFQ Program:

Jim Hastie, NMFS/Northwest Fisheries Science Center

Presentation 3: Trawler's Perspective:

Steve Bodnar, Coos Bay Trawlers Association

Presentation 4: Fixed Gear Fisherman's Perspective:

Bob Eder, Commercial Groundfish Harvester, Sablefish Traps

Zeke Grader, Pacific Coast Federation of Fishermen's Associations

D. Acknowledgements

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National Panel on the Community Dimensions of Catch Shares

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California Commercial Fisherman

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Special Advisor to the Panel

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Elinor Ostrom
2009 Nobel Laureate in Economic Sciences,
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Regional Meeting Participants

In addition, we would like to thank the following people for their time and input during the Panel's three regional meetings. The following people were invited to attend regional meetings to provide information and offer differing viewpoints to the Panel, however they bear no responsibility for the content of this report.

New England Regional Workshop
Boston, Massachusetts
June 1-2, 2010

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Gulf of Mexico Regional Workshop
New Orleans, Louisiana
July 6–7, 2010

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Pacific Regional Workshop
Portland, Oregon
August 25–26, 2010

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The responsibility for the opinions, recommendations, and facts contained in this report, as well as any unintended errors or omissions, lies with the Panel and Ecotrust.

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ENDNOTES

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- 25 NOAA Fisheries Office of Policy organized a "Workshop on Commercial Fishing Communities and Catch Shares" in mid-January, 2010 with the goal of bringing together managers and technical experts to share and exchange information about past, present, and future experiences with fishing communities and catch share programs.
- 26 MSA 303A c 3 (IV); quotation ending with phrase "including those that have not historically had the resources to participate in the fishery," which underscores the need for a broad and flexible construction of community.
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- 48 The Federal Communications Commission periodically uses auctions to sell the right to transmit signals for radio, cell phone, and other uses over specific parts of the electromagnetic spectrum. These auction mechanisms have evolved considerably since their inception in 1994, and contain important lessons on the most effective mechanisms for allocating public goods. They replaced a previous, inefficient system of hearings and lotteries. For more information see <http://wireless.fcc.gov/auctions>.
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- 52 See the very useful review by White, L. J. (2006). *The Fishery as a Water Commons: Lessons from the Experiences of Other Public Policy Areas for U.S. Fisheries Policy*. New York City, New York University School of Law: 51.
- 53 See, for example, Anthony T. Charles, "Use Rights and Responsible Fisheries: Limiting Access and Harvesting through Rights-Based Management", in Cochrane, K.L. (ed.) *A fishery manager's guidebook*. Management measures and their application. *FAO Fisheries Technical Paper*. No. 424. Rome, FAO. 2002. 231p.
- 54 Proceedings are available at http://www.ecotrust.org/workingpapers/WPS4_Fisheries_Market_Design.pdf
- 55 Theodore Groves is Professor of Economics and the Director of the Center for Environmental Economics at the University of California San Diego.
- 56 John O. Ledyard is the Allen and Lenabelle Davis Professor of Economics and Social Sciences at the California Institute of Technology.
- 57 For example, in complete and competitive markets the price to lease quota for one year would equal exactly the price to buy the quota this year minus the expected price to be received by selling it next year. In the real world with its myriad frictions,

this is rarely the case.

- 58 Some easy additions to this marketplace that would allow fishermen to better manage their risks are futures trading and trading in leases. The first is a way for fishermen to manage the long-term risks of fish population variation. The second is a way for fishermen to deal with short-term variations in catch that are either over or under the share of the TAC they currently own. This would also provide a straightforward way to manage by-catch problems.
- 59 This need not be anywhere as complicated as managing a stock portfolio in which prices move often and to mysterious forces. Here, trades will not happen very fast so one will not need to monitor the site all the time. Further, it is possible to provide very simple to use, inexpensive software tools that would enable every fisherman to participate in an informed manner.
- 60 This is similar to what careful assessments and title insurance do in a well-functioning, regulated housing market.

Subject: C-3 (b) Discussion Paper on CGOA Trawl Catch Share Program

From: Darius Kasprzak <kas_dar@yahoo.com>

Date: 1/29/2013 12:03 PM

To: "npfmc.comments@noaa.gov" <npfmc.comments@noaa.gov>

FOR THE RECORD: Testimony of Darius Kasprzak

Chairman Olsen, Council Members and Secretary,

I'm Darius Kasprzak, a Kodiak resident and avid fisher of GOA Groundfish in all sectors, including trawl, since 1990. I currently own and operate the Kodiak ported 46' jig vessel Marona.

After reading the discussion paper, I find it readily apparent that the topic of CGOA trawl bycatch reduction has been hijacked by an agenda to award privatization breaks to the wealthiest of F/V owners and corporate processors.

In addition to the usual and seemingly obligatory approach of privatizing the fishery through catch shares, the following solutions to lessening CGOA trawl bycatch and PSC take need to be fully explored.

1) Status Quo, combined with sensible restrictions on PSC conducive fishing practices. For instance, non-pelagic night trawling for cod, while marginally profitable, often results in abysmal target specie to PSP ratios, as cod rise off the bottom at night. Why are we even discussing a sweeping management change such as catch shares when simple and common sense solutions such as banning or restricting bottom trawling at night haven't yet even been experimented with? Why??

2) IBQS, or Individual Bycatch Quotas. This is an idea that has come of time. Instead of focusing on privatization, far better to focus on at least capping the PSC levels, thus promoting and incentivizing the best possible target specie/PSP ratios. Americans for Equal Access, whom I hope will be represented at the meeting, has excellent ideas and proposals gleaned from decades of trawl experience about how to institute such a program.

3) Community Owned Catch Shares. If catch shares must be instituted, the only real question is who gets to be the leaser. Lets cut to the chase, who gets to rent the quota and derive the benefits from catch share inherent consolidation and sharecropping? The catch shares could be allocated to city government, with quota leases then auctioned to trawl vessels meeting criteria. Many Kodiakians including myself prefer that the community itself is enriched by the gifted catch share experience, instead of just the vessel owners who invariably spread their golden parachutes and drift away on the winds of capital flight.

These alternatives necessitate a full and comprehensive analysis, not just a mere charade of compulsory lip service before forging ahead with privatization measures. Otherwise, you risk presenting yourself as an industry captured council entity with minimal regard for due process, and even less for the fishing communities that depend on such.

Subject: C-3 (b) Discussion Paper on CGOA Trawl Catch Share Program

From: Darius Kasprzak <kas_dar@yahoo.com>

Date: 1/29/2013 12:32 PM

To: "npfmc.comments@noaa.gov" <npfmc.comments@noaa.gov>

Continuation of Testimony of Darius Kasprzak:

For any management program design, goals MUST include:

- 1) Recognizing and maintaining opportunity for skippers, crew, and processing workers.
- 2) Significant and meaningful bycatch reductions with 100% observer or EM coverage.
- 3) mechanisms to prevent or at least reduce capital flight of fishery resource.
- 4) Safeguards to avoid granting fishing rights into perpetuity, sunset provisions.
- 5) Maintain entry level opportunity.
- 6) Limit excessive consolidation in the harvesting and processing sector.
- 7) Promote active participation by vessel and quota owners.
- 8) Provide ecosystem protections.

As it is understood that the Council is currently understaffed, we in Kodiak know that it will take longer than anticipated to fully analyze all options. Please take your time, as whatever program is ultimately adopted needs to be as sufficient as possible, owing to constraints on modifying after the fact. Thank you.

Sincerely,
Darius Kasprzak

kas_dar@yahoo.com

Subject: Comments on agenda item C-3(b)

From: Jeremie Pikus <jpikus@msn.com>

Date: 1/29/2013 11:11 AM

To: npfmc.comments@noaa.gov

CC: Jeff Stephan <jstephan@ptialaska.net>

Eric Olson, Chair
North Pacific Fishery Management Council

RE: Agenda Item C-3(b): Discussion paper on CGOA Trawl Catch Shares

Dear Chair Olson:

I own and operate two vessels, the 58' F/V Polar Star, and the 56' F/V Miss Lori, that participate in the Pacific cod fisheries in the GOA. We fish out of Kodiak in both the pot P-cod and longline P-cod fisheries.

I have some concerns about the direction the council is taking on trawl catch shares. I recognize that giving the trawl sector the tools to help them better manage bycatch and PSC is a necessary step moving forward to help manage and protect the resource. However, if the council moves forward with comprehensive rationalization for the trawl sector alone (both target and bycatch/PSC), then that leaves the other GOA groundfish sectors, pot and longline, being the only ones left on the block still in open access. Even with the recency action, I believe there are still a fair number of cod-endorsed LLPs out there not in current active use. Incoming capital would likely end up being funneled into the only open-access fisheries left, pot and longline. If the council does move forward with trawl-only rationalization, I would ask that the council also include some protections for the pot and longline sectors. I believe that the national standards require the council to do this.

Thank you for your consideration.

Regards,
Patrick Pikus
Polar Star, Inc.
P.O. Box 2843
Kodiak, AK 99615

om3

Subject: om3

From: Ben Millstein <bmills@ak.net>

Date: 1/29/2013 2:47 PM

To: npfmc.comments@noaa.gov

I'm writing to vigorously oppose further privatization or "rationalization" of fisheries in Alaska. There are other options and tools to use to accomplish the goals of increasing safety, and managing fisheries that do not involve giving the resources to what will become the highest bidder. It is really an unconscionable option.

--

Ben Millstein
Kodiak

Steve Branson

Crewman's Association

POB 451; Kodiak, AK. 99615

To ;Acting SOC Rebecca Blank, Eric Olson, Chair and NPFMC members

Re; C3 [B]-Discussion paper on CGOA trawl catch share Program

Madam Secretary and Members of the Council;

As a resident of the central gulf currently engaged in the cod fishery and a representative of a large amount of active crewmen, I cannot support any further rationalization or catch share programs. Prior IFQ schemes led to the displacement of large numbers of active participants, precipitous decline of layshare percentages, weakened economies in coastal communities and social discord in long standing working relationships.

If a catch share program is to be pursued there should be a list of criteria strictly adhered to, specifically, but not limited to, the following;

- Prior collection of data, in detail, of ALL active participants, including historic engagement and current and traditional layshare rates, (which has been said to be 35-40% of adjusted boat gross.)
- Fair and equitable inclusion of all such American fishermen, as required by article 301 A of the MSA, the Fourth National Standard.
- Significant bycatch reductions, as required by MSA {NS-9; ascertainable only by 100% observer coverage before and after implementation.}
- Safeguards against capital flight.
- Direct allocations to Community Fishery Associations.
- Maintain entry level opportunities.
- Avoid excessive consolidation of both harvest and processing sectors.
- Require active participation of vessel and quota owners.
- Provide ecosystem protections; gear free zones.

Furthermore, I must lament the fact that such an important subject as the privatization of our public resources has once again been scheduled so far from the active participants and during the height of the affected fishery. Although I imagine boat owners and processor representatives will be in attendance in full force, no doubt with an outline of how to gift themselves with permanent ownership of both IFQ and PQ "privileges", I hope that only a broad overview of the management plan will be entertained. A location closer to the communities of the GOA during a less active harvest period would better serve the large amount of people who will be subjected to the impact of yet another privatization program.

Thank you for your consideration

Steve Branson

President, Crewman's Association

North Pacific Fishery Management Council — 212th Plenary Session

February 4-12, 2013 Portland, Oregon

Fax: (907) 271-2817 E-submit: npfmc.comments@noaa.gov

C-3(a&b) CGOA TRAWL CATCH SHARES – EDRs and Discussion Paper

January 29, 2013, Tuesday

I oppose any Catch Share plan for the Gulf of Alaska groundfisheries, particularly giving exclusive rights to the Trawl subsector — the newest component of GOA fisheries. IFQs are unlawful giveaways of the Nation's public resources. Likewise, existing data is far too scant to legally proceed.

Individual Bycatch Quotas (IBQs) are a terrible idea, as reductions in harms are needed, not awards of permanent rights to harm the stocks that other gear sectors have directed privileges to fish.

The caution less and indiscriminant take by bottom trawlers is today's leading cause of wasteful Halibut declines and Black Cod financial exploitation. That comes right out of the pockets of longliners: such as me.

In any case, EDRs for any GOA "rationalization" efforts should not duplicate the underprovided data of Crab Ratz and other catch share giveaways. The EDR pre-GOA Ratz data must include historical crew compensation economics, in detail, in order to document the rights of all active participants.

Instead of working on trawl sector privatization, the Council should direct its efforts toward a complete and proper assessment of the multispecies stocks in the GOA. It must prepare, for all gear sectors, a comprehensive environmental and economic impact report, and social analysis, including effects on all current directed and multispecies fisheries.

Furthermore, no one gear sector — especially the trawlers' industrial sized operations — should be allowed to proceed toward any rights-based program alone. Trawlers now destroy more tonnage as unobserved Bycatch than halibut commercial and sports fishermen collectively catch and deliver to consumers. Trawls also decimate the ocean bottom in zones vital to tanner and king crab restoration.

It is my belief that the first rights to fish the GOA or privatize its wealth should and do belong to the ANCIENT fisheries. Alaska's constitutional protections within the natural waters of the state should also preclude any IFQs in near shore fisheries, especially bays where other species incubate and grow.

For a second time, for well over 120 years cod and halibut fishermen harvested the Gulf. Later, pre-groundfish trawling, Kodiak became "The King Crab Capitol of the World." Even when crabbers played a role in the declines, due in large part to the failures of the State of Alaska and NPFMC to set pot limits, we still had an inherent right, first and foremost, to management and conservation actions which would restore these ANCIENT fisheries. Black cod and Rockfish are also ancient multi-fish complexes, long preceding post MSA trawling.

No to groundfish IFQs (IBQs, and PQs) in our Gulf of Alaska fisheries!

Sincerely,



Ludger Dochtermann

P.O. Box 714; Kodiak, Alaska 99615-0714

Tel: (907) 486-5450 Fax: (907) 486-2272



January 28, 2013

Eric Olson, Chair
North Pacific Fishery Management Council
605 W. Fourth Ave.
Anchorage, AK 99501

Re: Agenda Item C-3(b) CGOA Trawl Catch Shares

Dear Chairman Olson and Council members:

The Alaska Marine Conservation Council is dedicated to protecting the long-term health of Alaska's oceans and sustaining the working waterfronts of our coastal communities. Our members include fishermen, subsistence harvesters, marine scientists, small business owners and families. Our ways of life, livelihoods and local economies depend on sustainable fishing practices and productive oceans.

The Gulf of Alaska (GOA) provides a plethora of commercial, sport and subsistence fisheries which are revered world wide. The Council's examination of a catch share program as a means of reducing bycatch offers both an incredible opportunity and a tremendous challenge. If designed and implemented well, a catch share program could provide both economic and ecological benefits, reducing bycatch and habitat impacts while creating opportunity for greater income to harvesters, processors and communities through strategic fishing and value-added opportunities. On the other hand, almost all of our past experiences with catch share programs in the North Pacific and worldwide have resulted in dramatic impacts to communities, some with negative ecological impacts as well. In undertaking the endeavor of designing a catch share program for the GOA we urge the Council to take advantage of this opportunity to design a new model of catch share program which avoids the pitfalls of past programs. To that end, we ask the Council to recognize the need for participation from a broad cross-section of GOA stakeholders—not only those who participate directly in the fisheries, but communities and fishermen who depend on the Gulf of Alaska's vibrant marine resource. These stakeholders face significant barriers to attending and participating in the upcoming meeting in Portland. Therefore we ask the Council to take action at this meeting only to define broad concepts for a next phase of analysis, and that decisions about specific alternatives, elements and options be deferred to the April 2013 Council meeting in Anchorage. In examining broad concepts for this program we ask the Council to include the following points, discussed in further detail below:

1. Consider a direct allocation to communities;
2. Further examine the potential for a catch share program which allocates bycatch only (i.e. an IBQ program);
3. Include meaningful bycatch reductions in program components and design;
4. Consider methods of quota issuance design such that it does not create a perpetual property right, but is renewed subject to performance standards on an ongoing basis.

At this stage, we urge the Council to move forward with analysis of a broad suite of concepts, investigating a number of options at this point rather than narrowly focusing the suite of alternatives. Moving through this process deliberately and with extensive opportunity for stakeholder input is crucial given the tremendous breadth and complexity of a potential GOA catch share program, and recognizes that the last two attempts to create such a program have failed. In making this request, we ask the Council to include the following elements for analysis.

1. Evaluate a direct allocation to communities as an alternative or component of any catch share program.

Experience from past catch share programs has shown a myriad of negative impacts: on crew, on communities, on support businesses, and on entry level opportunity to name a few. This Council is well aware of many of these issues, and has tried in some cases to address these issues, with varying degrees of success. In the Bering Sea Red King Crab program, as this Council is well aware, the number of crew jobs shrunk by 975 crew jobs in the years immediately following implementation of a catch share program in that fishery.¹ In addition, in this fishery, the portion of the vessel's revenue has also declined – from 35% of gross vessel revenues before the program to 23% in the first 5 years of the program.² This had a direct impact on crewmembers, but also had an indirect effect on support businesses and the community of which those crewmembers were a part.

In the halibut sablefish fishery, small communities experienced an outmigration of quota in the years immediately after a catch share program. While the Community Quota Entity (CQE) program was intended to address this unintended consequence, because CQEs were not part of the initial allocation and must purchase quota, in practice very few CQEs have successfully become quota owners. Lease rates in both the crab fisheries and halibut/sablefish IFQ program are also of concern, with rates in the Bering Sea Red King Crab program reportedly as high as 70%. In catch share programs around the world, once owning quota (in addition to a vessel and gear) becomes a requirement for entry into a fishery, new entrants face significant financial barriers to “buying in” to the fishery. This often disrupts historical practices of fishermen coming up through the ranks as crew and skipper to vessel ownership.³

This litany of consequences from catch share program development is one which program around the globe after program provides evidence of. Due to this large body of evidence, these are no longer unintended consequences, but consequences we can anticipate if a GOA catch share program is designed on the model we have used in the past. While the Council's analysis should examine specific measures to address these issues (some of which are referenced below), we also ask the Council to examine a different methods of dealing with these issues: through a direct allocation to communities.

¹ Mark Fina, *Evolution of Catch Share Management: Lessons from Catch Share Management in the North Pacific*, 36 Fisheries 171 (2011).

² *Id.* at 172.

³ Courtney Carothers and Catherine Chambers, *Fisheries Privatization and the Remaking of Fishery Systems*, 3 Environment and Society: Advances in Research 49 (2012).

The Magnuson Stevens Act (MSA) requires that in developing a limited access privilege program (LAPP, also referred to as a catch share program), a Council “shall consider the basic cultural and social framework of the fishery, especially through— (i) the development of policies to promote the sustained participation of small owner-operated fishing vessels and fishing communities that depend on the fisheries.”⁴ The MSA also directs Councils to “include measures to assist, when necessary and appropriate, entry-level and small vessel owner-operators, captains, crew, and fishing communities through set asides of harvesting allocations....”⁵

The MSA provides a mechanism for direct allocations to fishing communities via Community Fishery Associations (CFAs).⁶ A CFA is required to meet criteria set out by the Council, consist of residents who participate in fishing, processing or fishery-dependent support businesses and develop and submit a community sustainability plan to the Council.⁷ A CFA, which has community sustainability as its goal, can address many of the issues encountered in catch share programs, such as crew pay, lease rates and entry level access, directly. By allocating quota directly to a CFA, which would in turn lease quota to fishermen, many of the problems and negative impacts to communities can be addressed. No federal Fishery Management Council has successfully utilized the CFA provisions in Magnuson to date, and the Council has a clear opportunity to demonstrate leadership and innovation by developing a program which puts the MSA provisions for community access into practice. **We urge the Council to support the request of the Kodiak City Council and Borough assembly—governmental representatives of the most impacted communities—and include community quota as an alternative to be considered.**

2. Further examine the potential for a catch share program which allocates bycatch only (i.e. an IBQ program).

When initiated, the stated goal for this action was to provide the trawl fishery with tools to reduce bycatch. An individual bycatch quota (IBQ) program which allocates bycatch quota to specific vessels could potentially alleviate the concerns the fleet has expressed related to the “tragedy of the commons” nature of the race for bycatch. Issues associated with an ongoing race for fish could be addressed by indexing future allocations to bycatch performance. For instance, a portion of future allocations could be based on history, a portion distributed evenly between fishery participants and a portion based on bycatch performance, with those with lower bycatch receiving a greater allocation. This would create individual accountability for bycatch and would create an incentive for vessels to prioritize bycatch reduction since it will affect their future allocation, and thus bottom line.

We ask the Council in this next stage of analysis to continue to examine an IBQ program as a viable alternative for meeting the Council’s stated goal of providing tools for reducing bycatch.

⁴ Magnuson-Stevens Fishery Management and Conservation Act, 16 U.S.C. §1853a(c)(5)(B)(2011).

⁵ *Id.* 16 U.S.C. §1853a(c)(5)(C).

⁶ *Id.* 16 U.S.C. §1853a(c)(3).

⁷ *Id.* §1853a(c)(3)(a)(i).

3. Include meaningful bycatch reductions in program components and design:

Reducing bycatch is an absolutely critical component of this action. In fact, it's the whole impetus for the Council examining a GOA catch share program. The fleet has stated time after time that with the proper tools they can reduce bycatch. The gifting of these tools **must be accompanied by additional reductions in bycatch.** Chinook salmon and halibut stocks remain at all-time lows. The State of Alaska is in the midst of a Chinook salmon crisis, with numerous disaster declarations and severe impacts to commercial, recreational, subsistence and charter fishermen throughout the state. Commercial halibut fishermen have faced severe decreases in their catch limits in response to declining stocks, with another 7% coastwide cut for 2013. Tanner crab stocks in the Gulf of Alaska have slowly been rebuilding and are now supporting a small directed fishery. However, catch limits for the directed fishery in 2013 was significantly reduced in all areas open for the Tanner crab fishery due to low abundance.

Chinook salmon limits for the pollock fishery are set well above the long-term average. The Council selected a high cap in recognition of the fleet's limitations to adapt under an open access management system. Under a catch share program, with the tools it provides, the fleet must be held to a higher standard for bycatch reduction and lowering the Chinook salmon bycatch limits for the trawl fishery must be included in the Council's alternatives. Similarly, halibut bycatch limits must also be reduced through this action. The 15% reduction which the Council took action on in June 2012 is small in relation to the declines to the halibut stock. Gulf of Alaska fisheries are incredibly poor performers currently when it comes to halibut bycatch, with a bycatch rate of 15.9%- more than 5 times that of the Bering Sea.⁸ With the tools and increased opportunity for utilization, which a catch share program brings, must also come a higher expectation for halibut bycatch reduction. Finally, the Council took action in 2010 to implement Tanner crab protections. One closure area in Marmot Bay still has yet to be implemented. The rest of the Council's action, to require 100% observer coverage in select areas to get better data on trawl bycatch of Tanner crabs, has been superseded by the restructured observer program. Under the restructured program this requirement no longer exists. Under a catch share program, with better bycatch controls, there is potential for much expanded fishery effort. It is critical that important Tanner crab grounds are protected as part of this action.

In a program designed to address bycatch, program design must include options for meaningful reductions in Chinook salmon, halibut and Tanner crab bycatch at a minimum.

4. Consider methods of quota issuance design such that it does not create a perpetual property right, but is renewed subject to performance standards on an ongoing basis.

Many of the negative impacts encountered in past catch share programs are related to the transferability of the right. Without strong owner on board provisions quota migrates to the hands of those sitting on the beach, thus mandating that those who wish to fish pay a lease

⁸ International Pacific Halibut Commission (IPHC), *Halibut Bycatch Project: Progress Update, Presentation at IPHC Annual Meeting (Jan. 23, 2013) available at:*
<http://www.iphc.int/mcetings/2013am/documents/7.5.2BycatchProjectupdate.pdf>

fee to do so. Without limitations on leasing, lease fees can become so high that much of the value of the fishery is going to those who are not fishing, impacting crew wages and communities who depend on fishing income. When the cost of quota becomes high, it is prohibitive for people to enter the fishery. To assist in addressing these issues we urge the Council to consider a quota issuance design such that it does *not* create a perpetual property right that can be bought and sold. Fisheries are in essence a public trust resource, and public ownership should be retained even through a catch share program by creating a system in which quota is issued, but then subject to renewal on a fixed time basis.⁹ Quota renewal should be subject to a fixed set of performance standards, including bycatch performance, and also considering other metrics such as participation in the fishery and crew pay. Linking bycatch performance to quota allocations on an ongoing basis will inspire behavior change and bycatch avoidance, and will create a perpetual incentive to reduce bycatch.

The Council should begin to examine catch share program designs which do not create a property right and which link quota allocation directly to bycatch performance.

Conclusion

This Council is poised to develop a new model for catch share programs, and to provide leadership throughout the country and the world for managing fisheries. We ask this Council to draw upon the experience from our existing catch share programs, both successes and failures, and work with a comprehensive group of potentially impacted stakeholders to develop this program. We ask that you consider our concepts and recommendations as you move forward at this meeting in outlining broad direction for the program.

Sincerely,



Theresa Peterson, Kodiak Outreach Coordinator
Alaska Marine Conservation Council

⁹ While this could be an annual basis, to provide stability to the trawl fleet the Council should also look at longer terms, such as 3, 5 and 10 years.

Paul Olson, Attorney-at-Law
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polsonlaw@gmail.com

January 29, 2013

Eric Olson, Chairman
North Pacific Fishery Management Council
605 W. 4th Avenue, Suite 306
Anchorage, AK 99501-2252
Fax: (907) 271-2817
npfmc.comments@noaa.gov

Re: Agenda Item C-3(b) Trawl Catch Share Program

Dear Mr. Olson:

Thank you for the opportunity to comment on the discussion paper used to inform the North Pacific Fishery Management Council's ("the Council") consideration of a catch share program for Central Gulf of Alaska trawl fisheries. I submit the following comments on behalf of The Boat Company (TBC). TBC is a tax exempt, charitable, education foundation with a long history of operating in southeast Alaska that conducts multi-day tours in southeast Alaska aboard its two larger vessels, the 145' M/V Liseron and the 157' M/V Mist Cove. TBC's clients participate in a variety of activities that include environmental education, kayaking, hiking, beachcombing as well as sport fishing from smaller vessels.

TBC's clients fish for halibut and salmon affected by trawl bycatch in the Gulf of Alaska. Both species are experiencing ongoing declines, resulting in conservation-based harvest restrictions for targeted recreational, commercial and subsistence fisheries. Management measures to reduce bycatch have not achieved proportional reduction levels needed to promote conservation of these valuable species.

The purpose and need statement wisely recognizes that the Council needs to consider a new management regime for Central Gulf of Alaska trawl fisheries in part to reduce the waste of chinook and halibut taken as prohibited species catch (PSC). The program includes the worthy goals and objectives of reducing and avoiding trawl bycatch. However, the purpose and need statement focuses on the adverse impacts of PSC limits to trawl fishery managers, harvesters, processors and communities that serve as ports for groundfish taken in the trawl fisheries. This narrow focus may constrain the development of meaningful alternative approaches that, in conjunction with vessel quotas or standing alone, may also serve to achieve those goals and objectives that meet the Council's obligation to minimize bycatch.

Alaska's fishery resources, including those taken as PSC, are a public trust resource and a new management regime will have consequences for every port along the Alaska coast and adjacent fisheries. Bycatch control measures will affect coastal community residents for decades and the adequacy of control measures to a large extent will determine whether conservation, recreation, targeted commercial and subsistence interests will continue to have adequate access to public marine resources affected by trawl bycatch.

Consequently, it would be appropriate to revise the purpose and need statement so that it reflects the broader interests of non-trawl users of fishery resources, including recreational, commercial, subsistence and conservation interests in bycatch reduction. Goal and objective 13 – to minimize adverse impacts on sectors and areas not included in the program – should

be an explicit and driving component of the purpose and need for a new management regime for GOA trawl fisheries. A broader statement is necessary to spur NMFS into developing alternatives that reflect the proportional losses of chinook, halibut and crab to recreational, subsistence and targeted fisheries by establishing clear goals for PSC reductions and multiple methods for achieving those goals. A broader goal that encompasses all fishery constituencies would also allow for the development of alternatives that include set-asides for communities, gear conversion incentives for existing trawlers and entry-level opportunities for crew and small vessel owners who may only have access to sufficient capital to invest in lower cost, fixed gear options. In sum, given the magnitude of environmental and socio-economic impacts associated with a new management regime, the Council should direct NMFS to consider a broad range of alternatives.

Alternative Management Measures Should Include Significant and Proportional PSC Reductions that Reflect Resource Conditions and Uncertainties

Alternatives that consider PSC allocations should reflect the policy purposes of the Sustainable Fisheries Act and the Magnuson-Stevens Act's (MSA) conservation priorities. In 1996, Congress amended the Magnuson-Stevens Act (MSA) through the Sustainable Fisheries Act in order to add ecological concerns to the fishery management process. In particular, Congress added bycatch reduction provisions to stop the "inexcusable amount of waste" associated with bycatch and bycatch mortality in our nation's fisheries.¹ National Standard (NS) 9 thus provides that "[c]onservation and management measures, shall, to the extent practicable, (A) minimize bycatch, and (B) to the extent bycatch cannot be avoided, minimize the mortality of such bycatch."²

In evaluating bycatch, the Council must consider the net benefits to the Nation which include "[n]egative impacts on affected stocks, incomes accruing to participants in directed fisheries in both the short and long-term; incomes accruing to participants in fisheries that target the bycatch species; environmental consequences; non-market values of bycatch species, which include non-consumptive values of bycatch species and existence values, as well as recreational values; and impacts on other marine organisms."³

The purpose and need statement cites reduced PSC limits as a management problem in terms of the difficulty for meeting the economic goals of trawl fisheries. But there is no acknowledgement that current and proposed PSC limits are not sufficient to address recreational values, the economic goals of targeted fisheries and in many cases, fundamental conservation needs. Previous measures seeking to implement PSC limits are not proportional to losses suffered in other fisheries – or in the case of chinook PSC, illusory reductions that maintain historical status quo levels of waste during an ongoing fishery crisis.

The discussion paper suggests that NMFS may adopt an historical average approach by considering bycatch quota options based on annual allowances, historical usage and relative, fishery specific PSC rates. It is far from certain that significant PSC reductions will automatically occur by ending derby-style fisheries. But, unlike other trawl catch share programs, there is no assurance that mandatory PSC reductions will accompany the new management regime. It is not appropriate to proceed with a program to privatize public fishery resources, even on a temporary basis, unless it includes significant and meaningful conservation benefits, including mandatory PSC reduction goals.

¹ 142 Cong. Rec. S10810 (daily ed. September 18, 1996)(statement of Sen. Stevens).

² 16 U.S.C. § 1862(a)(1); 50 C.F.R. § 600.350(a).

³ 50 C.F.R. § 600.350(d).

Further, it is not clear that the rationale for catch shares – to eliminate the derby-style race for fish – is applicable to all Gulf of Alaska trawl fisheries, including fisheries that have some of the most serious bycatch problems. The few vessels participating in the lower value fisheries, for example, can account for half of the halibut bycatch in any given year. The environmental analysis for the catch share program should thus also consider alternative and fishery-specific approaches. An appropriately prioritized monitoring program would enable NMFS to assess each different fishery according to its levels and rates of bycatch both spatially and temporally. This information should lead to fishery specific bycatch reduction targets and inform a broader range of PSC reduction measures.

In sum, TBC submits that the Council should request that NMFS also develop alternatives that allocate PSC in a manner that reflects conservation needs and the relative decline in abundance of fishery resources taken as PSC. NMFS should evaluate alternatives that reduce PSC at least to the same extent as other similar catch share management regimes. Further, the Council and NMFS should continue to evaluate alternative means of achieving PSC reductions in the trawl fisheries.

The Development of Alternatives for New Management Regimes Should Include Adaptive Management Provisions, Incentives for Selective Gear Conversions, and Set-Asides for Communities

The Council and NMFS have the authority to incentivize conversions for more selective gear types and set aside fishery resources in order to meet conservation objectives for all resource users. National Standard 4 “sets forth three requirements that must be met whenever an FMP allocates fishing privileges: (i) the allocation must be fair and equitable; (ii) it must be reasonably calculated to promote conservation; and (iii) it must not allocate an excessive share of privileges to any particular group.”⁴ Every allocation involves some advantage and disadvantage to different user groups and allocations may impose hardships on one group if outweighed by the total benefits received by another group.⁵ The key factor in all cases is whether the regulation is designed to promote conservation.⁶

The range of alternatives should therefore include specific conservation measures. First, the Council could recommend that NMFS develop and evaluate an adaptive management provision that includes a set-aside for environmental and socio-economic purposes such as providing a buffer for resource uncertainties and incentivizing bycatch reduction through lower impact fishing practices and a transition to more selective gear types. This approach makes sense in light of our inability to predict long-term economic and environmental trends – in particular, the uncertainties regarding how climate change and ocean acidification will affect GOA public trust fishery resources.

Second, the range of alternatives for the catch share program could include measures to encourage trawl vessels to permanently convert to lower impact gear types. Further, the Council should recommend that NMFS develop an option to allow qualified fixed gear vessels to purchase and utilize trawl quota shares and analyze this option in its DEIS. This option would create conservation benefits across the Gulf of Alaska and beyond through a shift to gears with lower bycatch levels and mortality rates and greatly reduced habitat impacts.

⁴ 50 C.F.R. 600.325(a).

⁵ 50 C.F.R. 600.325(c)(3)(i)(A), (B).

⁶ See *Factory Trawlers v. Baldrige*, 821 F.2d 1456 (1987); 50 C.F.R. 602.14(c).

Finally, a substantial set-aside of groundfish resources for Community Fishing Associations (CFAs) or a similar community based entity is an appropriate management response to the goal and objective of limiting consolidation. Such an allocation is a viable alternative to the privatization and corporatization of public fishery resources associated with most catch share programs. TBC recommends that the Council form an ad hoc advisory committee to address whether CFAs can meet many of the goals listed in the discussion paper and provide advice on the amount and type of direct allocation that should be set aside for fishing communities. Consideration of community-based fishery management would help to meet National Standard 8's requirement to take into account the importance of fishery resources to fishing communities by utilizing economic and social data based on the best scientific information available, in order to (a) provide for the sustained participation of such communities, and (B) to the extent practicable, minimize adverse economic impacts on such communities."

Limits on Quota Share Allocations: Alternatives Should Include Fixed Term Options, Accumulation Caps and Exclude Processors

A permanent quota share program would result in a permanent gift of a public resource to a few qualifying entities or vessels with no mechanism to transfer the wealth created over time to the owner of the resource – the public. TBC requests that the Council avoid granting perpetual fishing rights and instead consider alternatives that acknowledge ocean resources as a public trust by including fixed term options in the catch share program and options that would auction a portion of the shares over time on a rolling basis to create revenues for public purposes. Alternatives for quota allocation should include low accumulation limits, owner-on-board requirements and options that exclude processor quotas.

Community Fishery and Recreation Impacts

TBC requests that the Council direct NMFS to ensure that the economic analysis provided in the draft EIS includes a thorough cost-benefit analysis. The analysis should address the impacts of the alternatives to recreational and directed fishery sectors and assesses the extent to which a new management regime will affect communities that range from Homer to Sitka. First, the analysis should describe economic and ecosystem benefits that would accrue from measures that substantially reduce PSC and incentivize conversions to more selective gear. Second, NMFS needs to fully evaluate the risks of resource shortages – and inability to manage those risks - if the agency and Council proceed to consider fixed individual bycatch quota options that maintain existing bycatch rates.

Conclusion

TBC thanks the Council for its effort to consider management measures that address the serious consequences of trawl PSC. Quota shares and bycatch quotas, however, should be accompanied by other management measures in order to protect other resource users and future generations of Alaska fishermen of all types. The Council and NMFS should thus consider alternative management approaches in further analysis that may provide a better match for the ecological and socio-economic context of the Gulf of Alaska fishery and its recreational, conservation, small-vessel commercial and subsistence constituencies.

Sincerely,

Paul Olson

January 29, 2013

Pete Wedin
Capt. Pete's Alaska
P.O. Box 3353
Homer, AK 99603

Mr. Eric Olson, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue, Suite 306
Anchorage, AK 99501-2252

Re: Agenda item: C-3 (b) CGOA Trawl Catch Share Program

Dear Chairman Olson and Members of the Council:

As a small business owner working out of the Port of Homer on Cook Inlet and the Gulf of Alaska, I appreciate the efforts the Council has made to reduce Chinook salmon and halibut bycatch in the trawl fisheries in the GOA. Chinook salmon and halibut are the primary targets of the 400-600 clients that I serve each year. More than half of the customers that harvest halibut on my boat are Alaska residents and more than three-quarters of those fishing for Chinook salmon are Alaska residents. Given the high cost to a small business to travel to Portland to be there with you to testify, I have opted to send my comments electronically and promise to attend the meeting in Anchorage this April to comment on the motion to cap Chinook bycatch in the non-pollock trawl fisheries. That will be an important first step as you analyze the options for a trawl catch share program.

As you consider a new catch share program, please take into consideration some of the shortcomings of those programs already in place. Think about a mechanism to keep quota holders accountable by requiring them to actively participate in the fishery. Promote "boots-on-deck" over "slipper-skipper" provisions. One way to provide for this incentive would be to not issue the fishing rights into perpetuity, rather grant this privilege to harvest a limited-time opportunity and provide for others to enter the fishery at a level that is affordable. This would help keep the fishing effort local, encouraging diversification. By providing opportunity for coastal community based harvesters, you will be assuring the livelihood of fishing crews, processing workers, and support industries.

One of the good things that can come out of a catch share program is the ability of the harvester to slow down and take time avoiding prohibited species. Along with hard caps that incentivize avoidance, working co-operatively rather than competitively, the masters of the vessels can report hotspots and hopefully choose to avoid them. I do not favor the concept of bycatch quota that can be bought, sold, or leased from one vessel to another. Where is the incentive to fish cleaner? Individual caps on bycatch make more sense and would reward clean fishermen for

their thoughtful practices and tie up those that are not able to figure out how to avoid prohibited species.


Full retention of PSC must be part of this program and provisions made for any salvageable fish to be distributed via programs like SeaShare. I am appalled at the amount of high-value edible fish that is thrown out. Requiring this fish to be retained and taken care of would be an additional incentive to reduce bycatch. For instance, in the rex sole fishery in 2010, it was estimated that over two pounds of fish was discarded for every pound of rex sole retained.¹

To ensure accountability, 100% observer coverage is a key component of this program. Increased sampling of Chinook salmon is essential to determining river of origin data that is needed to assess impacts to statewide Chinook salmon escapements and harvests that in recent years have become restricted or completely shut down. A key component of a good catch share plan should include a funding stream to assure that these research goals are included and met. In addition to the threat of being shut down for reaching a cap on individual bycatch, fines could be levied that would help fund this research and further incentivize bycatch reduction. That same year, one pound of halibut was killed as bycatch for every eight pounds of rex sole retained.² I think we can do better than this and if not, I would suggest consideration of closing a fishery when this condition exists.

Given the importance of Chinook salmon and halibut to so many stakeholders in the Gulf of Alaska, I think they deserve the efforts you will make to assure that bycatch of these economically critical species is greatly reduced. Every fish counts and although we do not think these discards are the only factor affecting returns, we do know that this is something that the Council is mandated to do. As you consider the alternatives in this catch share program, take the time and make it the one that we will say for years to come that it's the one that they "got right".

Thank you for your dedication and hard work for our fisheries!

Sincerely,



Pete Wedin, Owner/Operator
F/V Julia Lynn

¹ Stockhausen, W.T, M.E. Wilkins, and M.H. Martin. Assessment of the Rex Sole Stock in the Gulf of Alaska (2011) (hereinafter "GOA rex sole assessment") Table 6.20

² GOA rex sole assessment, Table 6.18b

January 29, 2013

Chairman Eric Olson
North Pacific Fishery Management Council
605 West 4th Avenue, Suite 306
Anchorage, Alaska 99501

George Hutchings, President
Americans For Equal Access
P.O. Box 8242
Kodiak, Alaska
99615-8242

Via: Submitted via email at: npfmc.comments@noaa.gov

RE: Agenda Item C-3(b) Discussion paper on CGOA Trawl Catch Shares.

Dear Chairman Olson:

On behalf of the association Americans For Equal Access¹ (AFEA), thank you for this opportunity to provide general comments for the Council Notebooks on Agenda Item C-3(b), the Council staff discussion paper describing a “Central Gulf of Alaska (CGOA) trawl catch share program.”² AFEA would like to thank Council staff for their work thus far, and the Council for its inclusion in this ongoing discussion of other innovative bycatch management tools and catch share-comparable programs for the unique and complex Gulf groundfish fishery; particularly PSC or bycatch allocations whereby valuable target and PSC species could be bindingly allocated among all participants, and when a vessel has fully used its PSC allocation, that vessel would no longer be permitted to fish.

We have reviewed the current Gulf trawl groundfish management paper, the discussion paper presented last year at the Council meetings in Kodiak and Anchorage,³ and have been communicating with the Kodiak City Council and Borough Assembly.⁴ Overall, AFEA is concerned with and objects to the regulatory momentum a catch share program has received in this process. Indeed, this discussion paper expressly states that its initial analysis assumes Council’s action to adopt and implement a catch share program. Though the Council began this discussion with the laudable goal of reducing bycatch and the use of prohibited species catch (PSC) in Gulf groundfish fisheries, it has narrowed the discussion to an analysis on a catch share plan that will likely be to the primary benefit of the Central Gulf large vessel trawl fleet to the exclusion of entry-level and small vessel owner-operators, captains, crew, and fishing-dependent communities.

¹ AFEA is a trade and community association of like-minded people who share the common goal of equal access for the public, to public fisheries resources. AFEA’s membership includes fishermen, skippers, and boat-owners, of large and small boats, in both state and federal waters.

² Sent in the January 25, 2013 Council mailing and available at:
http://www.alaskafisheries.noaa.gov/npfmc/PDFdocuments/catch_shares/CGOATrawlCatchShare213.pdf.

³ “Measures to address Gulf Bycatch,” June 2012, Agenda Item C-1(c), and October 2012, Agenda Item D-1(a), “Feedback on goals and objectives on CGOA trawl PSC tools.”

⁴ Kodiak City Council—Borough Assembly, Fishereis Work Group, January 14, 2013.

The Council's statement of purpose and need as currently drafted can accommodate a variety of different elements in any bycatch-reduction management program for the Gulf. The Council has the opportunity here to improve on stale catch share programs by taking active steps to eliminate or reduce the impacts of negative externalities from the implementation of catch shares born heavily by fishing communities and smaller fishery participants.⁵ AFEA is concerned that small vessel owners and operators, and their Captains and crew, will be further marginalized and excluded from future analyses, and that the potential significant adverse social and economic impacts of a catch share program to such participants will be downplayed or ignored.

In that vein, AFEA asks for reassurance from the Council, requests that it consider these broad comments, and that any future analysis emphasize the following:

- Promoting more efficient and cleaner fishing through incentives to avoid PSC species, utilize PSC allocations more efficiently, and gradually reduce the PSC available, to overall reduce bycatch and required discards by groundfish trawl vessels
- Limiting fleet consolidation and elimination of smaller vessels, minimize adverse economic impacts to fishing-dependent communities, ensure entry-level opportunities and protect entry-level and smaller participants;
- Requiring active participation in the fishery by vessel and permit owners, and any entities that receive or purchase catch shares;

In accordance with above, we ask that future analysis include in-depth discussion of:

- Cooperative structures possible within the groundfish trawl fleet to voluntarily report, monitor, and divide PSC; and
- The possibility of the creation of a "PSC Bank," to be drawn upon individually by vessels per fishery or per trip;

Finally, we reiterate our request that future analysis on management of the Gulf groundfish fisheries address:

- Fishermen-observed high-grading of high value fish species in the Gulf, such as halibut, scallops, and crab; and
- The lack of "Number 2" and "sandflead-ed" fish off-loaded to the dock or reported or recorded on State fish tickets.

AFEA appreciates this opportunity to contribute to and participate in this discussion and cautions moving too quickly through the process. In addition, any Council action and federal rulemaking in the Gulf should meaningfully address the Western and Eastern sectors, other gear types that fish for groundfish in the Gulf, jurisdictional and management overlap with State waters fisheries, and the need to coordinate with the State Board of Fisheries. For example, the Central, Western, and Eastern all fish off the same halibut bycatch quota; to rationalize the fishery and allocate catch shares in only the Central Gulf sector would be highly unfair and even arguably discriminatory.

The overall purpose of any Council action and federal rulemaking in the Gulf groundfish fishery should primarily be to reduce bycatch and curb the use of prohibited species catch (PSC) in Gulf of Alaska fisheries. Instead, at this early point in the Council process, it appears that the entire Gulf—Western, Central, and Eastern; pot, trawl, jig, and longline—groundfish fishery will be forced to accept a catch share plan that will primarily benefit the Central large vessel trawl fleet.

⁵ Council Motion, "C-1(c) GOA Comprehensive Bycatch Amendments," available at: <http://www.fakr.noaa.gov/npfmc/PDFdocuments/bycatch/GOABycatch612motion.pdf> (June 2012).

The impacts of this analysis will be far-reaching and long-term, and we request that it be as inclusive as practically possible.

Thank you,
(signed)
George Hutchings
President – AFEA

Subject: Comments for Council

From: Ian MacIntosh <jsirm20@hotmail.com>

Date: 1/29/2013 2:12 PM

To: "npfmc.comments@noaa.gov" <npfmc.comments@noaa.gov>

My Name is Ian MacIntosh. I am a lifelong resident of Kodiak, Alaska, and a fisherman. I am unable to attend the meeting in Oregon due to ongoing cod seasons. I urge you to not finalize any decisions on catch shares without getting input from community members, in coastal alaskan communities. Catch shares have to potential to consolidate wealth and devastate coastal communities. Bycatch issues must be addressed regardless. Nothing less than 100% observer coverage for Gulf of Alaska Trawling can be tolerated.

Thank you.

Ian MacIntosh

United Fishermen's Marketing Association Inc.

PO Box 1035, Kodiak, AK 99615

tel: 907-486-3453; fax: 907-486-8362; email: jstephan@ptialaska.net

January 29, 2013

Mr. Eric Olson, Chair
North Pacific Fishery Management Council
Anchorage, AK

Re: C-3 GOA Trawl Issues: (1) C-3(b) Discussion paper on CGOA Trawl Catch Shares; (2) C-3(c) Review WGOA issues and discuss next steps; (3) Need to expand Council action to include catch shares for the CGOA P. cod pot sector.

Dear Chairman Olson,

The United Fishermen's Marketing Association, Inc. (UFMA) includes harvesters who participate in the Gulf of Alaska (GOA) Pacific cod (P. cod) pot fishery. UFMA members and GOA P. cod pot harvesters are impacted by Council action that intends to adopt trawl catch shares in the CGOA and WGOA.

We request that the Council adopt a Control Date and begin the development of a Purpose and Need Statement for catch shares in the CGOA P. cod pot fishery at this meeting, and as you have done for CGOA groundfish trawl sector.

The proposed Council action to implement catch shares for the CGOA groundfish trawl sector, and possibly for the WGOA groundfish trawl sector, are intended to provide significant operational, financial and competitive efficiencies, and profitable economic and operational advantages and benefits, that are exclusive to the trawl groundfish sector. Included among the objectives that are intended for the proposed action to implement catch shares in the CGOA trawl sector, as indicated in the "Purpose and need statement", are (1) the elimination of the derby-style race for fish, (2) reducing incentives to fish during unsafe conditions, and (3) improvement of operational efficiencies.

Adoption of catch shares only for the CGOA trawl groundfish sector will have adverse social and economic impacts on the GOA P. cod pot fleet, other gear types and areas, and on harvesters, processors, and fishery-dependent GOA coastal communities.

We request that the Council consider, analyze, and compare the distribution of the economic, social, cultural and community impacts, costs and benefits that will bear upon the P. cod pot and longline sectors, and the associated residents, labor force, support businesses, and communities in the CGOA and GOA, as you proceed to implement catch shares in the CGOA and WGOA groundfish trawl sectors. We believe that the Council has the responsibility to consider and analyze the impacts, costs and benefits that will occur as a result of the implementation of catch shares for the CGOA and WGOA groundfish trawl sectors.

We believe reasonable judgment that is consistent with the wise and thoughtful development of fishery management systems suggest the necessity of conducting such a comprehensive analysis and consideration, as compared to otherwise exclusively addressing the CGOA and WGOA trawl sectors, absent any consideration of impacts to other entities that are integrally tied to, and dependent upon, the CGOA groundfish fishery.

Sincerely,



Jeffrey R. Stephan



Gulf of Alaska Coastal Communities Coalition

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Phone: (907) 561-7633 Email: goaccc@alaska.net

January 29, 2013

Mr. Eric Olsen, Chair
North Pacific Fishery Management Council
605 W. 4th Avenue, Suite 306
Anchorage, AK 99501

Re: Gulf of Alaska Trawl Groundfish Catch Shares

Dear Chairman Olsen and Council Members:

The Gulf of Alaska Coastal Communities Coalition (GOAC3) represents more than 20 communities in the Central and Western Gulf of Alaska. GOAC3 has been engaged with the Council for more than 15 years advocating for smaller, fishery dependant, and Gulf of Alaska communities. Our primary goals are for these communities to enjoy sustained participation in Gulf of Alaska fisheries and that the Council moves toward use of the best fishing methods for GOA habitat conservation and resource protection.

Fishery dependant Gulf of Alaska communities have long recognized that halibut and salmon and crab bycatch are too high. We have supported all initiatives to reduce GOA bycatch. We realize that bycatch reduction balances full utilization of the target species with prohibited species savings and we acknowledge that the Council has made progress to reducing GOA bycatch. Nevertheless, the current Council's initiative, "CGOA Trawl Catch Shares", seems to have shifted focus from bycatch reduction to resource allocation which gives us great concern because the history of what we now call catch shares shows a very strong tendency to negatively impact fishing communities. GOAC3 believes the Council needs to refocus this initiative back toward bycatch reduction along the lines supported by the City of Kodiak, Kodiak Island Borough, Lake & Peninsula Borough and Aleutians East Borough, including bycatch only share allocations.

Bycatch only shares will focus discussion on the distribution of 3 or 4 species rather than more than 20 species. This approach will provide some of the "tools" requested by the harvesting sector and it may mitigate some processing sector concerns as well as concerns the COAC3 has about fleet consolidation, crew treatment and gifting of public resources.

Sincerely,

Chuck McCallum, Executive Director

Our Mission is to support, enhance, and protect the fishing villages of the Gulf of Alaska; and to promote the education and capacity of resident fishermen and their communities to adapt to the challenges created by environmental, legal, financial, business, political, and regulatory change.



OUZINKIE NATIVE CORPORATION

P.O. Box 89
Ouzinkie, Alaska 99644

Ph: (907) 680-2208, Fax: (907) 680-2268, Email: jackiem_sr@yahoo.com
January 29, 2013

North Pacific Fisheries Management Council
Eric Olsen, Chairman
605 W., 4th Ave., Suite 306
Anchorage, AK 99501

Re: Gulf of Alaska Trawl Groundfish Rationalization

Dear Chairman Olsen and Council Members:

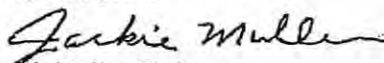
Ouzinkie is a fisheries dependant rural community located on Spruce Island, about 15 miles from the City of Kodiak. Because of Ouzinkie's proximity to rich fishing grounds, trawl activity around Spruce Island and in Ouzinkie's back yard, Marmot Bay, is extensive. Pollock trawl vessels fish in the area on virtually all openings, mostly close to shore, and hard on bottom trawling occurs for codfish and flatfish throughout Marmot Bay. Ouzinkie residents have long been concerned about the impacts of trawling, especially long term, on the bottom as well as the trawl related depletion of local fish stocks and the destruction of bycatch species such as salmon, Halibut and crab. In short, the Kodiak trawl fleet camps in our back yard and impacts our community.

Ouzinkie's goal is to reduce trawl activity in Marmot Bay and to protect our Halibut, Crab and Salmon. We're concerned about how rationalizing the trawl fleet may change fishing activity in our area and have unintended consequences for fishery resources in Marmot Bay. For example, with catch shares some vessels may be fishing Pollock for much of the year rather than just fishing for a few days each year. How will fishing Pollock in the middle of July or April or November impact other species? Also, to the degree that catch shares allows the trawl fleet to save halibut fishing for directed species such as cod, we expect the halibut to be used to further prosecute flatfish fisheries such as arrowtooth flounder. Again, this is likely to have an additional impact on the ocean bottom in our area. Also, given the extended number of trips and days that bottom contact gear is likely to be used, we would expect a different kind of impact on species that migrate seasonally — crab and salmon and halibut. Ouzinkie sees rationalization of the trawl fleet as simply creating increased and adverse impacts to our communities' fishery resources and habitat.

In addition, we have seen the impacts of rationalization of the halibut fleet and the crab fleet. Both programs resulted in a select group of fishermen having "gifted" capital that enabled them to compete with our fishermen from an advantaged position. Much of the current price support for halibut IFQs and fishing permits is because these fishermen can now "afford" to buy additional fishing opportunities with their gifted capital. No Ouzinkie fishermen will be advantaged by GOA trawl rationalization. Yet, all Ouzinkie fishermen will be disadvantaged by the programs impacts — increased tanner crab permit prices and salmon permit prices and IFQ prices and probably some boat prices, just to name a few. Gifted capital in one fishery always finds its way, in part, to other fisheries.

Ouzinkie is supportive of the Kodiak Island Borough/City of Kodiak letter. The Council should be very cautious about any GOA trawl catch shares program. However, if you do move ahead you should consider both a bycatch only type of catch share as well as a community protection allocation of catch shares.

Very truly yours,


Jackie Muller, Chairman



January 29, 2012

VIA FACSIMILE: 1.907.271.2817

North Pacific Fisheries Management Council
605 W. 4th Ave., Suite 306
Anchorage, AK 99501

RE: Gulf of Alaska Trawl Catch Shares

Dear North Pacific Council:

The Community of Old Harbor is concerned about allocating catch shares to the Gulf of Alaska trawl fleet. We see catch shares as a way to enrich one fishing fleet and, at the same time, harming our fishermen. We saw what happened with crab and halibut catch shares; the value of these shares enabled the recipients to buy more quota, more permits and bigger vessels. At the same time, crew jobs were eliminated, crew pay was reduced and less and less of the share holders are active in the fishery. More catch shares just repeats the cycle and again harms Old Harbor fishermen and crewmen.

Old Harbor supports the letter by the Kodiak Island Borough and the City of Kodiak. We especially support the suggestion that the Council consider awarding some portion of any Gulf of Alaska catch shares to fishery dependant coastal communities to help mitigate harm that will occur in these communities from trawl rationalization. Also, it make sense to us in Old Harbor to have the Council focus on bycatch reduction. Bycatch is the primary trawl issue that needs resolution and a bycatch only share system would appear to better fit the problem.

As the Council moves forward, it's important for the Council to analyze different fishery dynamics for different trawl species. The Pollock fleet may need management tools that are not the same as those needed for the cod fleet or the flatfish fleet. For example, Old Harbor believes any rationalization of the trawl codfish fishery should provide incentives for the fleet to change to less destructive fishing gear. Those trawlers that have trawl codfish fishing history should receive the economic value of their history but they should have that value reduced over time if they continue to catch cod with trawl gear. Why not clean up this fishery? Also, the bycatch and catch issues associated with arrowtooth fishing have more to do with proximity to processing and halibut availability than with a "race for fish". Consequently, the "tools" the Council considers for arrowtooth and flatfish should encourage fishing in less fished areas and bycatch reduction as a percentage of bycatch to directed catch. All trawl fishing under catch share should have 100% observer coverage.

Old Harbor cannot stress enough that the Council has ONE opportunity to think about and, if deemed necessary, apply catch shares in the Gulf of Alaska trawl fisheries. The Council MUST fully assess the impacts of this action on Old Harbor, Old Harbor fishermen, Old Harbor crew members and the resources in proximity to Old Harbor. And, the Council must mitigate all of these impacts!

Very truly yours,

OLD HARBOR NATIVE CORPORATION

A handwritten signature in cursive script, reading "Emil Christiansen".

Emil Christiansen, Chairman

Subject: Comment on agenda item C-3(c), AEB Goals for GOA fisheries management programs

From: Ernie Weiss <eweiss@aeboro.org>

Date: 1/28/2013 10:37 AM

To: "npfmc.comments@noaa.gov" <npfmc.comments@noaa.gov>

CC: Stanley Mack <smack@aeboro.org>

AGENDA C-3(c)
Supplemental
FEBRUARY 2012

Chairman Olsen, Members of the North Pacific Fishery Management Council,

Please accept this email and the attached Resolution 13-16, passed unanimously by the Aleutians East Borough Assembly at the January meeting, as comment on NPFMC February 2013 **agenda item C-3(c)**, WGOA Trawl Issues. Mayor Stanley Mack and the Borough Assembly are pleased that the Council has dedicated time to discuss proposals for WGOA groundfish management programs, in conjunction with the CGOA catch share discussion, and have outlined goals for sustainable fisheries and communities, including harvesters, processors and other supporting industries in AEB Resolution 13-16.

Borough residents depend on a sustainable fisheries resource and want to be involved in creating a management program that provides for healthy fishing communities moving forward. This year the Aleutians East Borough is celebrating our 25th year as an Alaskan municipality. As we look forward to our 50th and 100th years, we imagine thriving communities utilizing a healthy fisheries resource. We look forward to working with the NPFMC, the State of Alaska and all stakeholders to build a responsible fisheries management program that fits the needs of gulf communities, and provides for a sustainable resource for generations to come.

Thank you for the opportunity to comment.

Ernest Weiss
Natural Resources Director
907-274-7557



www.aebfish.org

—Attachments:—————

RES 13-16.pdf

75.4 KB



RESOLUTION 13-16

A RESOLUTION OF THE ALEUTIANS EAST BOROUGH ASSEMBLY SUPPORTING COMMENTS TO THE NORTH PACIFIC FISHERY MANAGEMENT COUNCIL REGARDING WESTERN GULF OF ALASKA GROUND FISH MANAGEMENT PROPOSALS.

WHEREAS, The North Pacific Fishery Management Council is moving forward with a Central Gulf of Alaska Trawl Catch Share Initiative as a way to reduce prohibited species catch; and,

WHEREAS, the Council will consider proposals during the CGOA discussion at their February 2013 meeting, including proposals relevant to the Western Gulf of Alaska fisheries; and,

WHEREAS, National Standards of the Magnuson-Stevens Fishery Conservation and Management Act require that federal fishery management decisions take into account the importance of fishery resources to fishing communities, in order to provide for the sustained participation of such communities and minimize adverse economic impacts on such communities; and

WHEREAS, the Aleutians East Borough strives to support healthy sustainable resources in the Central and Western Gulf of Alaska, while promoting a sustainable, vigorous economy within the Borough including competitive harvesting and processing sectors and support industries.

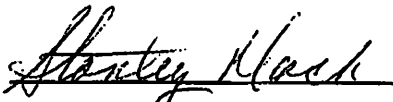
NOW THEREFORE BE IT RESOLVED, the Aleutians East Borough Assembly supports the following goals for fisheries management programs in the Central and Western Gulf of Alaska:

1. Provide effective controls of prohibited species catch and provide for balanced and sustainable fisheries and quality seafood products.
2. Maintain or increase target fishery landings and revenues to the Borough and AEB communities.
3. Maintain or increase employment opportunities for vessel crews, processing workers, and support industries.

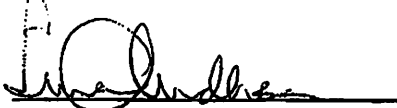
Resolution 13-16

4. Provide increased opportunities for value-added processing.
5. Maintain entry level opportunities for fishermen.
6. Maintain opportunities for processors to enter the fishery.
7. Minimize adverse economic impacts of consolidation of the harvesting or processing sectors.
8. Encourage local participation on harvesting vessels and use of fishing privileges.
9. Maintain the economic strength and vitality of AEB communities.

PASSED AND APPROVED by the Aleutians East Borough Assembly on this 10th day of January, 2013.


Stanley Mack, Mayor

ATTEST:


Tina Anderson, Clerk

Peninsula Fishermen's Coalition

Beth Stewart, Executive Director

2767 John Street, Juneau, AK 99801

Phone: 907.364.3646 Cell Phone: 907.635.4336 Email: bethontheroad@gmail.com

Eric Olson, Chairman

January 28, 2013

North Pacific Fishery Management Council

605 West 4th Avenue

Anchorage, Alaska 99801

In Re: Agenda Item C3 Western Gulf Trawl Bycatch Management

Dear Chairman Olson:

The Peninsula Fishermen's Coalition wishes to thank the Council for agreeing to consider the concerns that we raised concerning trawl bycatch management measures in the Gulf of Alaska. When the Kodiak trawl fleet began the path to rationalization, we realized that in order to preserve our pollock and P. cod fisheries we would have to move in that direction as well.

Our members represent the majority of the <60' trawlers in the Western Gulf pollock and P. cod trawl fisheries and are based in Sand Point and King Cove. After the December, 2012 NPFMC meeting, we committed to meet and prepare documents that would provide the Council with the tools to begin the process of placing the WGOA trawl bycatch management measures to its cycle of regulatory development.

We met in Sand Point on January 18-21, 2013 to develop elements we believed reflected PFC's commitment to preserve the locally based small boat fleet, recognize the importance of hired skippers, continue to provide crew jobs, and protect the pot only P. cod fleet.

We are asking that the Council set a control date for the WGOA pollock trawl fishery, the WGOA P. cod trawl fishery, and the WGOA P. cod pot fishery. We have suggested February 1, 2013, but understand that the Council may need to consider a somewhat later date given that the WGOA pollock and P. cod fisheries are currently underway.

The membership believes that "fishing for history" may have already begun given that the CGOA is already on track to adopt a catch share program. For that reason, we have asked that in addition to providing qualifying years, the WGOA program specify that at least 10 deliveries during the qualifying years to eliminate speculative landings.

The Peninsula Fishermen's Coalition is also asking that quota share be issued in three categories: (1) "A" shares to vessels <60'; "B" shares to vessels >60'; and "S" shares to skippers. It is extremely important to PFC that the small vessel fleet continues to thrive because it is the backbone of the King Cove and Sand Point communities. These small vessels are family owned and operated, providing local employment during the winter months, and opportunity for young fishermen to work their way into vessel ownership. Crew have the opportunity to become skippers, and then vessel owners only if there are enough vessels still fishing.

We should point out that we have tailored our proposal to fit the needs of the WGOA small vessel fishery. We assume that the large vessels may not share our concerns about things like consolidation, and we expect that folks from that part of the WGOA fleet will provide amendments for their sector that are suitable to meet their needs.

We do not want to see the kind of consolidation that occurred in the BSAI crab, BSAI pollock, and the halibut fisheries. We understand why consolidation was appropriate in those fisheries, but it is not appropriate here. Therefore, we ask that transfer of A shares be restricted so that vessels with B shares cannot acquire A shares, and that S shares be limited to fishermen who do not hold A or B shares.

PFC is also asking that vessels owned by CDQ groups be ineligible to receive catch shares in the WGOA fisheries. In the past Sand Point and King Cove fishermen, and the Aleutians East Borough have asked the Council to prohibit CDQ participants from participating in WGOA fisheries. We believe that the CDQ program was developed to help BSAI communities develop their own fisheries. GOA communities were not included in the CDQ program because the Council felt that GOA communities had already developed their fisheries.

It seems unfair that Sand Point and King Cove fishermen, who have worked hard to build these fisheries should have to compete with vessels built under a BSAI program. We have struggled with this position because three of the communities within the Aleutians East Borough are part of a CDQ. False Pass is of particular concern to us, situated as it is straddling the Gulf and the

Bering Sea. But in the end, we decided that the Sand Point and King Cove communities need protection too.

As for processor protection, we were unsure just where the recent court cases leave the Council. Shore based processing is the backbone of a small boat fleet. We have two long term processors in the area, Trident Seafoods and Peter Pan Seafoods. From time to time there have been other processors, particularly in the P. cod fishery. Naturally, it is important to the fishermen and to the communities of King Cove and Sand Point that processors remain healthy in both communities.

However, we do not want to set up a situation like that in the BSAI crab rationalization program where fishermen are forced to deliver to a particular processor and where processing rights can transfer from one community to another. We have indicated our desire to protect the communities of King Cove and Sand Point as well as Akutan, Dutch Harbor, and possibly False Pass by asking that future landings be in proportion to historical averages.

Without a better understanding of currently legal options, this provision is currently not very well fleshed out. We are hoping that during the analytical process we will gain a better understanding of the possibilities.

As for cooperatives, we have two goals; (1) allow coops to form in order to manage individual bycatch limits, set gear requirements, set fishing times and other rules that enable the WGOA trawl fleets to maximize TAC harvest while minimizing bycatch, and (2) avoid fleet consolidation. Since the P. cod pot fishery is not under bycatch restrictions, we have not provided a coop alternative.

This provision will also require more work, since we don't want fleet consolidation. We understand that the Council does not have to be closely involved in setting up coop rules, unless multiple cooperatives are formed. While PFC would like to "keep it simple," it seems to us that there might need to have at least two coops, one for A share vessels and one for B share vessels.

We included a catch share plan for the P. cod pot fishery in our proposal for the reasons we testified to at the December, 2012 meeting. The sector split did not provide the same kind of protection to the pot sector here in the WGOA that it did in the CGOA. This is because nearly all of our members participate in both the P. cod trawl and pot fisheries. The vessels that only participate in the P. cod pot fishery would be at a terrible disadvantage if only the trawl sector was issued catch shares. So, while the trawl vessels need catch shares to deal with bycatch issues, the pot sector needs catch shares to deal with the trawl sector.

We worked with Kenneth Mack, President of the Western Gulf Pot Sector Fishermen. That organization endorses our P. cod pot proposal, and he has provided a letter to the Council. That organization is also petitioning the Alaska Commercial Fisheries Entry Commission to limit entry into the State water P. cod fishery. We will be supporting that effort too.

Finally, we are still asking that the Council and NMFS change the boundary between the WGOA (610) and CGOA (620) to the 157 degree line. This will provide a unified program that recognizes fleet behavior.

Of course, we wish we could participate more fully in your meetings as this program moves along, but our fishing seasons will preclude attendance at most meetings. Thank you for taking to hear us at your December, 2012 meeting, and for adding this item to your very busy agenda in February. We hope that you will go forward with this program, and we look forward to working with you in the months to come.

Sincerely,

Beth Stewart, Executive Director

Peninsula Fishermen's Coalition

Kiley Thompson, President (F/V Decision)

Steven Galovin (F/V Shawna Rae)

A.J. Newman, Vice President (F/V Lady Lee Dawn)

Art Holmberg (F/V Tern)

Ben Ley, Treasurer (F/V Alaskan Lady)

Melvin Larsen (F/V Temptation)

Mike Alfeiri (F/V Ocean Storm)

Robin Larsen (F/V Courtney Noral)

Jody Cook (F/V Cape Reliant)

Taylor Lundgren (F/V Primus)

John Degroen (F/V Primus)

Tom Manos (F/V Alaskan Lady)

Tom Evich (F/V Karen Evich)

Pete Schoenberg (F/V Equinox)

Dwain Foster (F/V Heather Margene)

Corey Wilson (F/V Justin Case & F/V Miss Courtney)

Joe Puratich (F/V Marauder)

PFC WGOA Pollock Trawl Catch Share Plan

Purpose and Needs: The Peninsula Fishermen's Coalition submits the following plan to develop a program that will allow the fleet to obtain pollock TACs while minimizing impacts to Chinook salmon. It is our purpose to maintain local economies, continue to provide maximum employment, recognize skipper participation, and provide a viable means of entry to young fishermen. (*Note: This statement is not meant to take the place of the Problem Statement that is drafted by the Council, but to outline PFC's goals.*)

Participation Criteria: To be eligible, a vessel must have made at least 10 deliveries of trawl caught pollock in the directed Western Gulf pollock fishery between 2000 – 2012. Eligible vessels will have quota share issued based on landings in the directed pollock fishery between 2000 – 2012.

Option 1:	Drop 0 years	Option 3:	Drop 2 years
Option 2:	Drop 1 year	Option 4:	Drop 3 years.

Sub-Option: Vessels owned by CDQ groups are not eligible to receive quota share.

Vessel Size Categories: "A" shares shall be awarded to vessels <60' and "B" Shares shall be awarded to vessels >60'. "A" shares may not be bought, leased, or otherwise transferred or used on vessels >60'. "B" shares may be bought, leased, or transferred by any size vessel.

This provision provides for community stability and maintains the fleets based in Sand Point and King Cove.

Ownership Caps: No vessel may own more than:

Option 1:	5%
Option 2:	8%
Option 3:	10%

of the pollock quota. Grandfather Clause: Any vessel whose initial allocation exceeds the cap may fish all shares issued, but may not acquire additional shares.

Skipper Shares (S Shares): The purpose of this section is to recognize the role of hired skippers in this fishery and to provide a means of entry for new skippers. Skippers, as verified by *contracts with vessel owners or by fish tickets*, shall receive:

Option 1:	10%
Option 2:	15%
Option 3:	25%

of the quota share issued to qualified vessels. The total skipper share allowance for each vessel shall be divided between eligible skippers based on landings accrued by each skipper.

Skipper eligibility will be based on participation between 2008 – 2012.

Such shares are subject to all other transfer restrictions; Skipper shares may only be transferred to a person who does not own any A or B shares; and holders of Skipper shares must be on board when their shares are harvested and landed.

Community Protection Landing Requirements:

All shares of trawl caught pollock must be processed in King Cove, Sand Point, Akutan, or Dutch Harbor in proportion to the average of landings in a community between:

Option 1: 2005 – 2012

Option 2: 2010 – 2012.

This provision keeps processing within the current communities, thereby protecting the existing plants without granting them processing rights, thus avoiding the need to set up ROFRs.

Cooperative Formation: Coops may be formed in order to manage individual vessel bycatch limits, gear requirements, and other measures that provide for the orderly harvest of the pollock TAC while staying below the bycatch allocation(s).

PFC WGOA Pacific Cod Trawl Catch Share Plan

Purpose and Needs: The Peninsula Fishermen's Coalition submits the following plan to develop a program that will allow the fleet to obtain Pacific cod trawl allocations while minimizing impacts to Chinook salmon and halibut. It is our purpose to maintain local economies, continue to provide maximum employment, recognize skipper participation, and provide a viable means of entry to young fishermen. *(Note: This statement is not meant to take the place of the Problem Statement that is drafted by the Council, but to outline PFC's goals.)*

Participation Criteria: To be eligible, a vessel must have made at least 10 deliveries of trawl caught P. cod in the directed Western Gulf P. cod fishery between 2000 - 2012. Eligible vessels will have quota share issued based on landings in the directed P. cod fishery between 2000 - 2012:

Quota share will be based on the eligible vessels landings in its highest years within the qualifying period.

- | | | | |
|-----------|--------------|-----------|---------------|
| Option 1: | Drop 0 years | Option 2: | Drop 1 year |
| Option 3: | Drop 2 years | Option 4: | Drop 3 years. |

Sub-Option: Vessels owned by CDQ groups are not eligible to receive quota share.

Vessel Size Categories: "A" shares shall be awarded to vessels <60' and "B" Shares shall be awarded to vessels >60'. "A" shares may not be bought, leased, or otherwise transferred or used on vessels >60'. "B" shares may be bought, leased, or transferred by any size vessel.

This provision provides for community stability and maintains the fleets based in Sand Point and King Cove.

Ownership Caps: No vessel may own more than:

- | | | |
|-----------|----|-----------|
| Option 1: | 2% | Option 5% |
|-----------|----|-----------|

of the P. cod quota. Grandfather Clause: Any vessel whose initial allocation exceeds the cap may fish all shares issued, but may not acquire additional shares.

Skipper Shares (S Shares): The purpose of this section is to recognize the role of hired skippers in this fishery and to provide a means of entry for new skippers. Skippers, as verified by *contracts with vessel owners or by fish tickets*, shall receive:

- | | |
|-----------|-----|
| Option 1: | 10% |
| Option 2: | 15% |
| Option 3: | 25% |

of the quota share issued to qualified vessels. The total skipper share allowance for each vessel shall be divided between eligible skippers based on landings accrued by each skipper.

Skipper eligibility will be based on participation between 2008 – 2012.

Such shares are subject to all transfer restrictions; Skipper shares may only be transferred to a person who does not own any A or B shares; and holders of Skipper shares must be on board when their shares are harvested and landed.

Owner-On-Board Provisions: We are not in favor of requiring "A" and "B" quota share holders to be onboard during fishing.

Community Protection Landing Requirements:

All shares of trawl caught P. cod must be processed in King Cove, Sand Point, or Akutan in proportion to the average of landings in a community between:

Option 1: 2005 – 2012

Option 2: 2010 – 2012.

This provision keeps processing within the current communities, thereby protecting the existing plants without granting them processing rights, thus avoiding the need to set up ROFRs.

Cooperative Formation: Coops may be formed in order to manage individual vessel bycatch limits, gear requirements, and other measures that provide for the orderly harvest of the P. cod while staying below the bycatch allocation(s).

PFC Western Gulf Pacific Cod Pot Catcher Vessel Catch Share Plan

Purpose and Needs: The Peninsula Fishermen's Coalition submits the following plan to develop a program that will protect the Pacific cod pot fishery when the Pacific cod trawl fishery catch share plan is developed. The P. cod trawl fishery needs a catch share program to reduce halibut, Chinook, and other bycatch caps recently imposed by the North Pacific Fishery Management Council.

In the Western Gulf, virtually all of the <60' P. cod trawl vessels also participate in the Western Gulf P. cod pot fishery. However, there are many vessels that use pots in this fishery that do not trawl. When the trawl cod fishery comes under a catch share plan, the pot only vessels could be at a great disadvantage. Peninsula Fishermen's Coalition believes that simultaneous implementation of P. cod catch share plans will maximize the economic health of both sectors. The NPFMC's cod sector allocations solved many problems, but because the small trawl vessels based in King Cove and Sand Point use both trawl and pot gear sector allocations alone will not adequately protect the small boat pot fleet. *(Note: This statement is not meant to take the place of the Problem Statement that is drafted by the Council, but to outline PFC's goals.)*

Participation Criteria: Eligible vessels will have quota share issued based on landings in the directed P. cod pot fishery between 2000 – 2012.

Quota Share will be based on the eligible vessel's landings in it highest ____ years.

Sub-Option: Vessels owned by CDQ groups are not eligible to receive quota share.

Vessel Size Categories: "A" shares shall be awarded to vessels <60' and "B" shares shall be awarded to vessels >60'. "A" shares may not be bought, leased, or otherwise transferred or used on vessels >60'. However, "B" shares may be bought, leased or transferred by any size vessel.

This provision provides for community stability and maintains the fleets based in Sand Point and King Cove.

Skipper Shares (S Shares): The purpose of this section is to recognize the role of hired skippers in the fishery and to provide a means of entry for new skippers. Skippers, as verified by contracts with vessel owners or by fish tickets, shall receive:

- Option 1: 10%
- Option 2: 15%
- Option 3: 25%

of the quota share issued to qualified vessels. Such shares are designated as "S" shares. If more than one skipper is eligible for a single vessel's skipper share allowance, the shares shall be divided between eligible skippers based on landings accrued by each skipper.

Skipper eligibility will be based on participation between 2008-2012.

Transfer Restrictions: Skipper shares may only be transferred to a person who does not own any A or B shares; and holders of Skipper share must be on board when their shares are harvested and landed.

Ownership Caps: No vessel may own more than ____% of the WGOA pot cod allocation. Grandfather clause: Any vessel whose initial allocation exceeds the cap may fish all shares issued, but may not acquire additional shares.

Community Protection Landing Requirements: All shares of WGOA pot cod must be processed in King Cove, Sand Point, or Akutan in proportion to the average of landings in a community between:

Option 1: _____

Option 2: _____

Owner-On-Board Provisions: We are not in favor of requiring quota share holders to be onboard during fishing.

Because the pot sector does not fall under any bycatch restrictions, there is no need to provide for cooperatives.

PFC WGOA Control Date and Boundary Change

The Peninsula Fishermen's Coalition has prepared three documents for the February, 2013 North Pacific Fishery Management Council meeting that we hope will help the Council begin the process of developing catch share plans for the WGOA pollock trawl, P. cod trawl, and P. cod pot fisheries.

We are also asking the Council to take the following two actions:

- (1) adopt February 1, 2013 as the control date for these three fisheries in order to notify the public that participation in these fisheries from that date on will not be used to calculate a vessel's catch share, and
- (2) initiate action to change the boundary between area 610 and 620 (the Western Gulf of Alaska and the Central Gulf of Alaska) to the 157 degree line.

As we have testified, the proposed boundary change recognizes current and historical fishing practices for the vessels based in Sand Point and King Cove. Now that we are developing catch share plans for the only groundfish fisheries our vessels participate in, we think it is necessary to have those plans carry through the areas we have traditionally fished.

RESOLUTION 13-06

**A RESOLUTION OF THE LAKE AND PENINSULA BOROUGH ASSEMBLY
SUPPORTING COMMENTS TO THE NORTH PACIFIC FISHERY MANAGEMENT COUNCIL
REGARDING CENTRAL AND WESTERN GULF OF ALASKA
GROUNDFISH MANAGEMENT PROPOSALS.**

WHEREAS, The North Pacific Fishery Management Council is moving forward with a Central Gulf of Alaska Trawl Catch Share Initiative as a way to reduce prohibited species catch; and,

WHEREAS, the Council will consider proposals during the CGOA discussion at their February 2013 meeting; and,

WHEREAS, National Standards of the Magnuson-Stevens Fishery Conservation and Management Act require that federal fishery management decisions take into account the importance of fishery resources to fishing communities, in order to provide for the sustained participation of such communities and minimize adverse economic impacts on such communities; and

WHEREAS, the Lake and Peninsula Borough strives to support healthy sustainable resources in the waters of the Lake and Peninsula Borough including Central and Western Gulf of Alaska, while promoting a sustainable, vigorous economy within the Borough including competitive harvesting and processing sectors and support industries.

NOW THEREFORE BE IT RESOLVED, the Lake and Peninsula Borough Assembly support the following goals for fisheries management programs in the Central and Western Gulf of Alaska:

1. Provide effective controls of prohibited species catch and provide for balanced and sustainable fisheries and quality seafood products.
2. Maintain or increase target fishery landings and revenues to the Borough and Borough communities.
3. Maintain or increase employment opportunities for vessel crews, processing workers, and support industries.
4. Provide increased opportunities for value-added processing.
5. Maintain entry level opportunities for fishermen.
6. Maintain opportunities for processors to enter the fishery.
7. Minimize adverse economic impacts of consolidation of the harvesting or processing sectors.
8. Encourage local participation on harvesting vessels and use of fishing privileges.
9. Maintain the economic strength and vitality of Lake and Peninsula communities.

PASSED AND APPROVED by the Lake and Peninsula Borough on this 15th day of January, 2013.


Glen Alsworth, Mayor

ATTEST:


Kate Conley, Clerk

PUBLIC TESTIMONY SIGN-UP SHEET

Agenda Item: C-3(b,c) CGOA Trawl Catch Shares
WGOA ISSUES

	NAME (PLEASE PRINT)	TESTIFYING ON BEHALF OF:
1	Pat Branson & Jenny Lloyd	CITY AND BEAR HARBOR - KODIAK
2	Beth Stewart	Peninsula Fishermen's Coalition
3	Susan Robinson	Fishermen's Front
4	Clive McCallum	GUAC 3 Lake & Pen. Bur.
5	Ed Backus	Ecotrust
6	ALEXUS KWACHKA	GGFA
7	TERRY HAINES	CREWMEN'S ASSOCIATION
8	Sam Mutch	Self
9	Stanley Mack & Ernie Weiss	Aleutians East Borough
10	Bob Krueger	AK Whitefish Trawlers Assoc.
11	George Hutchins	Self
12	Sarah Melton	A F E A
13	Paul Gronholdt	Self
14	Thomas Peterson	Amoc
15	Emil Christiansen	OLD HARBOR NATIVE CORP
16	Mark Worley	Self
17	Ericette Bulson	APICDA
18	AL CRAMPTON	OLD HARBOR TRAWL ASSOC
19	Jeremie Pitkus	FV Polar Star
20	Jeff Stephan	UFMA
21	BRENT PAINK	UCB
22	Danna Parker	FV Sea Storm
23	Freddie Christiansen	Passive
24	Judi, Bannay	AGDB
25	Gregory Reed	PSAA

NOTE to persons providing oral or written testimony to the Council: Section 307(1)(I) of the Magnuson-Stevens Fishery Conservation and Management Act prohibits any person "to knowingly and willfully submit to a Council, the Secretary, or the Governor of a State false information (including, but not limited to, false information regarding the capacity and extent to which a United State fish processor, on an annual basis, will process a portion of the optimum yield of a fishery that will be harvested by fishing vessels of the United States) regarding any matter that the Council, Secretary, or Governor is considering in the course of carrying out this Act.

February 8, 2013

Mr. Eric Olson, Chair
North Pacific Fishery Management Council
605 W. Fourth Avenue, Suite 306
Anchorage, AK 99501-2252

Dr. James Balsiger, Regional Administrator
NOAA Fisheries, Alaska Region
709 West Ninth Street
Juneau, AK 99802-1668

RE: C-3b: Trawl catch shares

Dear Mr. Olson, Dr. Balsiger, and Council members:

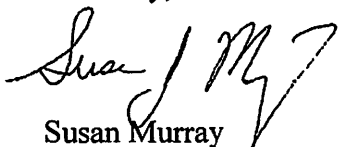
The North Pacific Fishery Management Council is considering a new management regime for Gulf of Alaska trawl fisheries. You must take this opportunity to design such a program with the primary goals to reduce bycatch, increase the ecological sustainability of the fisheries, and provide stability to coastal communities.

A new program must support progress towards ecosystem-based fishery management and ecologically sustainable fisheries. Standards for such a program must include at a minimum:

- Ecologically sustainable quotas;
- 100% observer coverage, and estimation of all species catch and bycatch, including benthic invertebrates;
- Clear control points for annual catch limits, overfishing and bycatch caps for all marine life;
- Requirements to reduce bycatch including bycatch of prohibited species;
- Incentives for one-way transfer of quota to lower impact gears;
- A timeline to reach a goal of no discards of edible fish;
- Protection of important ecological areas and sensitive habitats;
- Mitigation of any cumulative impacts on areas supporting remaining open-access fisheries, including fisheries in Alaska state waters;
- Collection of royalties to pay for monitoring, research, and management of the fishery;
- Transparency, including public release of fisheries data;
- Annual reports to the Council, Secretary of Commerce and the public; and
- Adaptive management that can respond to environmental concerns as they arise.

Oceana respectfully requests you consider the above standards when designing a fisheries management program, with the primary goal of ecologically sustainable fisheries. We will continue to work with you to find ways to protect the health, productivity, and biodiversity of the North Pacific marine ecosystem while maintaining fishing opportunities and vibrant coastal communities.

Sincerely,



Susan Murray
Vice President, Pacific

**C-3(b) and (c): GOA Trawl Bycatch Management Program
February 9, 2013**

The Council moves to modify the purpose and need statement for this action as follows; deletions are stricken and additions are underlined.

Purpose and Need Statement:

Management of ~~Central~~ Gulf of Alaska (GOA) groundfish trawl fisheries has grown increasingly complicated in recent years due to the implementation of measures to protect Steller sea lions and reduced Pacific halibut and Chinook salmon Prohibited Species Catch (PSC) limits under variable annual total allowable catch (TACs) limits for target groundfish species. These changes complicate effective management of target and non-target resources, and can have significant adverse social and economic impacts on harvesters, processors, and fishery-dependent GOA coastal communities.

The current management tools in the GOA Groundfish Fishery Management Plan (FMP) do not provide the ~~Central~~ GOA trawl fleet with the ability to effectively address these challenges, especially with regard to the fleet's ability to best reduce and utilize PSC. As such, the Council has determined that consideration of a new management regime for the ~~Central~~ GOA trawl fisheries is warranted.

The purpose of the proposed action is to create a new management structure which allocates allowable harvest to individuals, cooperatives, or other entities, which will ~~eliminate~~ mitigate the impacts of a derby-style race for fish. It is expected to improve stock conservation by creating vessel-level and/or cooperative-level incentives to eliminate wasteful fishing practices, provide mechanisms to control and reduce bycatch, and create accountability measures when utilizing PSC, target, and secondary species. It will also have the added benefit of reducing the incentive to fish during unsafe conditions and improving operational efficiencies.

The Council recognizes that ~~Central~~ GOA harvesters, processors, and communities all have a stake in the groundfish trawl fisheries. The new program shall be designed to provide tools for the effective management and reduction of PSC and bycatch, and promote increased utilization of both target and secondary species harvested in the GOA. The program is also expected to increase the flexibility and economic efficiency of the ~~Central~~ GOA groundfish trawl fisheries and support the continued direct and indirect participation of the coastal communities that are dependent upon those fisheries. These management measures ~~shall~~ could apply to those species, or groups of species, harvested by trawl gear in the ~~Central~~ GOA, as well as to PSC. This program will not modify the overall management of other sectors in the GOA, or the Central GOA rockfish program, which already operates under a catch share system.

The Council adopts a control date of March 1, 2013, for the Western Gulf of Alaska trawl fishery. Any catch history after this date may not be credited in any allocation system when designing a future fishery management system for the Western Gulf of Alaska trawl fishery.

The Council recommends an expanded discussion paper focused on the following elements and how they would relate to a GOA trawl catch share program:

1. Expanded discussion of state waters management, including options for addressing expansion into state waters which may result from a catch share program that applies to federal waters.

2. Potential benefits and detriments of limited duration quota allocations. This should include the identification of possible bycatch performance incentives upon which to base ongoing quota allocation, and exploration of non-monetary auction options.
3. Expand the discussion of community protections to include the mechanics and applicability of Community Fisheries Associations and other alternative measures (e.g, port of landing requirements, regionalization) to the GOA trawl fisheries.
4. Information on the number of trawl participants by area in the GOA, including the amount of landings by groundfish species, PSC use, landings by community, and participation in GOA trawl fisheries relative to other fisheries. Include information on the number of trawl licenses that are also endorsed for Pacific cod pot gear in the WG and/or CG.