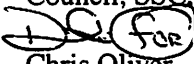


MEMORANDUM

TO: Council, SSC, and AP Members  
FROM:   
Chris Oliver  
Executive Director

ESTIMATED TIME  
4 HOURS

DATE: March 14, 2003

SUBJECT: BSAI Amendment 77 - Fixed gear Pacific cod allocations

**ACTION REQUIRED**

Initial review of fixed gear Pacific cod allocation amendment (BSAI Amendment 77).

**BACKGROUND**

Effective in September 2000, BSAI Amendment 64 apportions the fixed gear share of the BSAI Pacific cod TAC among the fixed gear sectors as follows:

- 80% hook-and-line catcher processors
- 0.3% hook-and-line catcher vessels
- 18.3% pot vessels
- 1.4% hook-and-line and pot catcher vessels <60' in length

This amendment sunsets on December 31, 2003. In October 2002, the Council initiated a new plan amendment (**BSAI Amendment 77**) to retain or alter these allocations, and the problem statement and alternatives for analysis were approved at the December Council meeting. Amendment 77 proposes implementing separate allocations to hook-and-line catcher processors, hook-and-line catcher vessels, pot vessels, and catcher vessels <60' LOA. with the option to split the pot vessels' allotment between pot catcher processors and pot catcher vessels. In essence, this action would continue to further split the 51% of the BSAI Pacific cod TAC allocated to fixed gear vessels among the above sectors based on recent catch histories.

This amendment package considers four primary alternatives, including the no action alternative (Alternative 1). The status quo alternative would continue the fixed gear Pacific cod apportionments approved by the Council under Amendment 64, which fairly closely represent harvests in this fishery over the period 1995-1998, with an additional allocation for catcher vessels <60' LOA. A third alternative would apportion the fixed gear BSAI Pacific cod TAC according to catch histories by sector during 1995 - 1999. Finally, a fourth alternative is included to apportion the pot share of the BSAI Pacific cod TAC between pot catcher processors and pot catcher vessels. There are also several options provided to address BSAI Pacific cod quota reallocated to and within the fixed gear sectors, as well as an option for a five-year sunset provision.

Similar to the original action, Amendment 77 is intended to respond to concerns that the stability of this fully utilized fishery is threatened by increased competition, driven in part by recent increases in the market value

of cod products. While participants in the BSAI fixed gear Pacific cod fishery include longline and pot fishermen with extensive catch histories, absent a gear split, there is no mechanism that would prevent one sector from increasing its effort in the fishery and eroding another sector's relative historical share. The original fixed gear split was approved as a step to promote stability in the BSAI Pacific cod fishery until comprehensive rationalization is completed. The Pacific cod endorsements required under Amendment 67 and implemented in 2003 are considered a further step in this process. The Council noted that prior to the expiration of Amendment 64, it intended to reconsider the issue in light of the impending Pacific cod endorsement requirement on permits issued to fixed gear vessels  $\geq 60'$  under the License Limitation Program.

Because Amendment 77 includes an alternative that would split the pot share of the TAC between pot catcher processors and pot catcher vessels, both issues (the overall fixed gear split and the pot split) are addressed in two separate problem statements guiding analysis of this proposed action. The alternatives for analysis and the problem statements are included in the executive summary, attached as Item C-6(a). The analysis was sent to you on March 14. Initial review is scheduled for this meeting, with final action scheduled in June.

## Executive Summary

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

At its April 1999 meeting, the North Pacific Fishery Management Council (Council) initiated an analysis to examine the effects of splitting the fixed gear allocation of Pacific cod between the various components of the fixed gear sector in the BSAI (BSAI Amendment 64). In October 1999, the Council approved BSAI FMP Amendment 64, which further split the fixed gear allocation of Pacific cod among the hook-and-line catcher processors, hook-and-line catcher vessels, and pot sector in the BSAI. Under this amendment, the Council approved the following allocations as a percentage of the fixed gear share of the BSAI Pacific cod TAC:

- 80% hook-and-line catcher processors
- 0.3% hook-and-line catcher vessels
- 1.4% pot or hook-and-line catcher vessels <60'
- 18.3% pot vessels

The above percentages were based closely on the historical harvest shares of each gear sector from 1995-1998, with an additional provision for catcher vessels <60'. Amendment 64 was approved by the U.S. Secretary of Commerce (Secretary) in July 2000, and implemented by final rule on August 24, 2000 (65 FR 51553). Amendment 64 became effective on September 1, 2000. Included in the final rule for Amendment 64 is a sunset date of December 31, 2003, meaning that the regulations implementing the allocations established for the fixed gear sectors will expire at that time. Thus, continuing the allocations of Pacific cod among the hook-and-line and pot gear sectors (or selecting new allocation percentages) requires Council and Secretarial approval of a new amendment. This Environmental Analysis/Regulatory Impact Review/Initial Regulatory Flexibility Analysis (EA/RIR/IRFA) for BSAI Amendment 77 represents a new amendment proposed to continue apportioning the fixed gear share of the BSAI Pacific cod TAC among the fixed gear sectors.

At the same time the Council initiated the original analysis for Amendment 64, an analysis was initiated to support a follow-up amendment (BSAI Amendment 67) to add a Pacific cod endorsement to Federal licenses held by fixed gear vessels that qualify for a BSAI area endorsement under the current License Limitation Program (LLP) and meet specified qualification criteria. In April 2000, the Council defined qualification criteria for hook-and-line catcher processors, hook-and-line catcher vessels  $\geq 60'$ , pot catcher processors and pot catcher vessels  $\geq 60'$ . Because the Pacific cod endorsement is added to a vessel's Federal LLP license, the resulting number of vessels in each sector that qualify under the endorsement criteria depends on the number of vessels that also hold an LLP license. Amendment 67 was approved by the Secretary of Commerce in November 2001, and the requirement for a cod endorsement became effective January 1, 2003. Thus, the number of fixed gear vessels that are eligible to fish the BSAI Pacific cod allocations at issue in Amendment 77 will be reduced starting in 2003.

In addition, at the time the Council approved Amendment 64, it acknowledged that a further split of the pot sector share of the BSAI Pacific cod fixed gear TAC between pot catcher processors and pot catcher vessels may be necessary to ensure the historical harvest distribution between those sectors of the fishery. Concern was expressed that the pot sector needed the stability of a direct gear allocation, much like was done for the hook-and-line sectors under Amendment 64, and the trawl sectors previously under Amendment 46.

However, because the public had not been noticed that this action may be taken under Amendment 64, the Council decided to delay action specific to the pot sector and include the proposal in a follow-up amendment (BSAI Amendment 68). Thus, in June 2002, the Council considered BSAI Amendment 68 to create separate allocations for the pot catcher processor and pot catcher vessel sectors. The Council ultimately decided to take no action on the amendment, deferring action on the pot allocations until it could be rolled into one amendment package that would also address the issues associated with the expiration of Amendment 64.

Similar to the original action, proposed Amendment 77 is intended to respond to concerns that the stability of this fully utilized fishery is threatened by increased competition, driven in part by recent increases in the market value of cod products. While participants in the BSAI fixed gear Pacific cod fishery include longline and pot fishermen with extensive catch histories, absent a gear split, there is no mechanism that would prevent one sector from increasing its effort in the fishery and eroding another sector's relative historical share. Because the new amendment (BSAI Amendment 77) to allocate Pacific cod among the fixed gear sectors includes an alternative that would also split the pot share of the TAC among pot catcher processors and pot catcher vessels, both issues are addressed in two separate problem statements guiding analysis of the proposed action.

The first problem statement was developed in response to the expiration of the fixed gear allocations under Amendment 64. Amendment 77, which proposes to continue Pacific cod allocations among the fixed gear sectors, addresses protecting the relative historical catch distribution among the fixed gear sectors by apportioning the TAC accordingly; it does not propose alternatives to limit the number of individual vessels entering the fishery. (Limiting individual vessel participation in the fixed gear cod fishery is not addressed in this amendment package. That issue is addressed under BSAI Amendment 67 which requires a BSAI Pacific cod endorsement for hook-and-line and pot vessels  $\geq 60'$ .) Thus, the first problem statement is applicable to **Alternatives 1- 3**, which address the overall fixed gear allocations. The second problem statement was developed in response to the concern that the pot catcher processor sector's historical harvest share is being eroded by the pot catcher vessel sector. Thus, the second problem statement is applicable to **Alternative 4**, which proposes to split the pot share of the BSAI Pacific cod fixed gear TAC between pot catcher processors and pot catcher vessels according to recent catch histories. The complete Council problem statement for Amendment 77, approved in December 2002, is included below.

#### **Problem Statements for proposed Amendment 77 to the BSAI FMP**

**Problem Statement 1: Overall fixed gear allocations (Applicable to Alternatives 1 -3, formerly under Amendment 64)**

The fixed gear fisheries for Pacific cod in the BSAI are fully utilized. The fishermen who hold licenses in the BSAI Pacific cod fisheries have made substantial investments and are significantly dependent on BSAI Pacific cod.

The longline and pot gear allocations currently in place for the BSAI Pacific cod fishery under Amendment 64 expire December 31, 2003. Without action by the North Pacific Fishery Management Council, serious disruption to the BSAI Pacific cod fixed gear fisheries will occur. Prompt action is required to maintain stability in the BSAI fixed gear Pacific cod fishery until comprehensive rationalization is completed.

**Problem Statement 2: Separate allocations for pot catcher processors and pot catcher vessels: (Applicable to Alternative 4, formerly under Amendment 68)**

The catcher processor and catcher vessel pot fisheries for Pacific cod in the Bering Sea/Aleutian Islands are fully utilized. Pot catcher processors who have made significant long-term investments, have long catch histories, and are significantly dependent on the BSAI cod fisheries need protection from pot catcher vessels who want to increase their Pacific cod harvest. This requires prompt action to promote stability in the BSAI pot cod fishery until comprehensive rationalization is completed.

## Alternatives for Consideration

Similar to the original analysis for Amendment 64, this EA/RIR/IRFA for Amendment 77 examines separate apportionments of the BSAI Pacific cod TAC among hook-and-line catcher processors, hook-and-line catcher vessels, and pot gear vessels. In addition to the no action alternative, two alternatives are proposed which would either continue or modify the split among hook-and-line and pot vessels. A fourth alternative, which is applicable in conjunction with either alternative to make the split among the fixed gear sectors, would further split the pot share of the BSAI fixed gear TAC between pot catcher processors and pot catcher vessels. The fourth alternative is therefore only applicable in conjunction with either Alternative 2 or 3, as an overall fixed gear split is necessary in order to facilitate a further split of the pot sector share. The Council approved the following alternatives, options, and suboptions in December 2002 for analysis:

**Alternative 1:** No action. BSAI Pacific cod allocations for the fixed gear sectors (hook-and-line catcher processors, hook-and-line catcher vessels, pot vessels, and hook-and-line and pot vessels <60') under Amendment 64 would expire December 31, 2003.

**Alternative 2:** Status quo. Continue the current BSAI Pacific cod allocations among the fixed gear sectors as originally determined under BSAI Amendment 64:

- 80% hook-and-line catcher processors
- 0.3% hook-and-line catcher vessels
- 1.4% pot or hook-and-line catcher vessels <60'
- 18.3% pot vessels

### **Rollover Options**

**Option 1:** Any unharvested portion of the hook-and-line catcher vessel and the <60' pot and hook-and-line vessel quota that is projected to remain unused by a specified date shall be reallocated to the hook-and-line catcher processor fleet.

**Option 2:** Any quota reallocated from the jig or trawl sectors will be apportioned 95% to the hook-and-line catcher processor sector and 5% to the pot sectors.

**Option 3:** Apportion the 2% BSAI Pacific cod jig allocation on a quarterly or trimester basis as follows, and rollover unused jig gear quota to the catcher vessels <60' using hook-and-line or pot gear:

- Suboption:
- (a) 25% - 25% - 25% - 25%
  - (b) 50% - 30% - 15% - 5%
  - (c) 33.3% - 33.3% - 33.3%
  - (d) 60% - 25% - 15%
  - (e) Provide a regulatory framework such that the seasonal allocations of BSAI Pacific cod to the jig sector are determined annually and provided for in the annual TAC setting process.

### **Sunset Provision**

**Option 1:** No sunset provision

Option 2: Sunset 5 years after implementation

**Alternative 3:** Modify the current BSAI Pacific cod allocations among the fixed gear sectors according to catch histories to be determined as a percentage of cumulative catches of BSAI Pacific cod by gear type for: 1995 - 1999.

Option: Include a 1.4% allocation to pot and hook-and-line catcher vessels <60', to be subtracted from the overall fixed gear allocation before the split is made.

**Rollover Options**

Option 1: Any unharvested portion of the hook-and-line catcher vessel and the <60' pot and hook-and-line vessel quota that is projected to remain unused by a specified date shall be reallocated to the hook-and-line catcher processor fleet.

Option 2: Any quota reallocated from the jig or trawl sectors will be apportioned 95% to the hook-and-line catcher processor sector and 5% to the pot sectors.

Option 3: Apportion the 2% BSAI Pacific cod jig allocation on a quarterly or trimester basis as follows, and rollover unused jig gear quota to the catcher vessels <60' using hook-and-line or pot gear:

- Suboption:
- (a) 25% - 25% - 25% - 25%
  - (b) 50% - 30% - 15% - 5%
  - (c) 33.3% - 33.3% - 33.3%
  - (d) 60% - 25% - 15%
  - (e) Provide a regulatory framework such that the seasonal allocations of BSAI Pacific cod to the jig sector are determined annually and provided for in the annual TAC setting process.

**Sunset Provision**

Option 1: No sunset provision

Option 2: Sunset 5 years after implementation

**Alternative 4:** (Applicable only in combination with Alternatives 2 or 3). Apportion the pot share of the BSAI Pacific cod fixed gear TAC between pot catcher processors and pot catcher vessels according to catch histories to be determined as a percentage of cumulative catches of the BSAI Pacific cod TAC by pot sector for:

Option 1: 1995-1999

Option 2: 1996-2001

Option 3: 1998 -2001

Option 4: 2000, 2001

Suboption: Any portion of the Pacific cod pot catcher processor or pot catcher vessel quota that is projected to remain unused by a specified date shall be reallocated as follows:

- (a) Unused quota from either pot sector would be reallocated to the other pot sector before it is reallocated to the other fixed gear sectors.
- (b) Unused quota from the pot catcher vessel sector would be reallocated to the hook-and-line catcher vessel sector before it is reallocated to the pot catcher processor sector.

Under the no action alternative (**Alternative 1**), each of the fixed gear sectors would compete against the others to harvest the fixed gear share (51%) of the BSAI Pacific cod fixed gear allocation. This mirrors the circumstances present in the fishery prior to September 2000, the concern for which prompted initiation of Amendment 64 in 1999. The amendment was proposed to respond to concerns that the stability of the fully utilized BSAI Pacific cod fishery is threatened by increased competition, driven in part by recent increases in the market value of cod products. This action was intended to protect the historical harvests of each gear sector and protect those participants with extensive histories and long-term dependence on the fishery. Given the difficulty associated with making predictions regarding effort by the different gear sectors absent a fixed gear split, the no action alternative was generally characterized in this document and a baseline of 1995 - 1999 was used as a reference point. There is a discussion provided on whether the problems which spurred the original amendment would continue to exist under the no action alternative and what outcomes may be expected under this scenario.

**Alternative 2** as considered by the Council would continue the existing allocations that have been in place under Amendment 64 since mid-2000. This means that 80 percent of the fixed gear BSAI Pacific cod TAC would be allocated to hook-and-line catcher processors, 0.3 percent to hook-and-line catcher vessels, and 18.3 percent to pot vessels. These percentages closely represent harvests in this fishery during 1995 - 1998. In addition, a separate 1.4% allocation was established for hook-and-line and pot catcher vessels <60' LOA. This small boat allocation was 'funded' through a reduction in the hook-and-line catcher processors' allocation, as the <60' fleet harvested about 0.3 percent of the overall fixed gear TAC during that time period. The action taken by the Council in the original amendment in October 1999 was based on historical data through 1998, the best scientific information available at the time. Since then, catch data for 1999 has become available and is included for consideration under Alternative 3. As the original amendment for the fixed gear split was implemented in 2000, using catch history from the most recent years (2000 and 2001) would essentially be the same as maintaining the existing allocations. Deviations from the current allocations would only occur as the result of rollovers or TAC that was left unharvested.

**Alternative 3** would allocate BSAI Pacific cod to the fixed gear sectors based on the actual harvest distribution from 1995 - 1999. The *actual* catch distribution among the fixed gear sectors does not change whether 1995 - 1998 or 1995 - 1999 harvest data is used. Depending on whether a separate allocation is made for <60' catcher vessels, based on actual catch history, the allocations would be as follows: 81.6 percent to hook-and-line catcher processors, 0.1 - 0.3 percent to hook-and-line catcher vessels, 18.0 - 18.1 percent to the pot sector, and 0 - 0.3 percent to the hook-and-line and pot vessels <60' LOA.

**Option 1** under Alternative 3 would provide for a 1.4 percent allocation to catcher vessels <60' LOA, taken off the top of the fixed gear share before the split is made among the remaining sectors. Option 1 would modify the allocations as follows: 80.5 percent to hook-and-line catcher processors, 0.3 percent to hook-and-line catcher vessels, 17.8 percent to the pot sector, and 1.4 percent to the hook-and-line and pot vessels <60'

LOA. Option 1 was proposed to mirror the allocation the <60' sector currently receives under Amendment 64, but it differs in that under Amendment 64, the small boat allocation came entirely from the hook-and-line catcher processors' allotment, while under Alternative 3, Option 1, the small boat allocation is taken off the top of the fixed gear TAC prior to the split being made. Each sector's allocation receives a proportional decrease as a result.

In addition, under **Alternative 4**, the four options considered by the Council would allocate between 13.2 - 24.2 percent of the pot gear share of the BSAI Pacific cod TAC to pot catcher processors and between 75.8 - 86.8 percent to pot catcher vessels. This is a difference of 11 percentage points among the options. Under Alternative 2, in which the whole pot sector is allocated 18.3 percent of the overall fixed gear cod TAC, this equates to direct allocations of 2.4 - 4.4 percent of the fixed gear TAC to pot catcher processors and 13.9 - 15.9 percent to pot catcher vessels. Under Alternative 3, in which the whole pot sector is allocated 18.1% of the fixed gear cod TAC, this equates to direct allocations of 2.4 - 4.4 percent of the fixed gear TAC to pot catcher processors and 13.7 - 15.7 percent to pot catcher vessels. Under Alternative 3, Option 1, the allocations would change slightly to 2.4 - 4.3 percent to pot catcher processors and 13.5 - 15.4 percent to pot catcher vessels (total of 17.8 percent to pot vessels).

The Council considered splitting the 18.3 percent between the pot catcher processor sector and the pot catcher vessel sector in June 2002 (BSAI Amendment 68) but ultimately selected the no action alternative. The Council noted in that decision the pending expiration of Amendment 64 and suggested that a further split between the pot sectors could be considered as an alternative under reauthorization of that amendment if desired. As related in the problem statement for Amendment 68, the proposal to split the pot sectors' allocation is spurred by a concern that pot catcher processors who have made significant long-term investments, have substantial catch histories, and are significantly dependent on the BSAI cod fisheries need protection from pot catcher vessels who continue to increase their Pacific cod harvest. The original intent of Amendment 64 was to stabilize the Pacific cod fixed gear fishery in a way that preserves the historical character of the fishery, by basing the allocations on historical harvests by the respective gear sectors. The pot catcher processor sector asserts that the same split is necessary in the pot sector as was established in the hook-and-line sector under Amendment 64 and is being considered again under Amendment 77.

### *Rollover Options*

Because a sector of the BSAI Pacific cod fishery may not be able to harvest its entire allocation in a year due to halibut bycatch constraints or, in the case of the jig fishery, insufficient effort in the fishery, the Council also provided direction on how reallocated quota should be treated under the original Amendment 64. Thus, there are also several options that address how to reallocate quota from other gear sectors under this amendment package. Note that not all of the rollover options are mutually exclusive.

Currently, under Amendment 64, reallocated quota from the jig or trawl sectors is apportioned 95% to hook-and-line catcher processors and 5% to pot vessels. This split was based on the actual harvest of reallocated quota from 1996 - 1998. In addition, under the status quo, any unharvested portion of the catcher vessel longline and the <60' pot and longline vessel allocation that is projected to remain unused is reallocated to the hook-and-line catcher processor fleet in September. Both of these provisions are included for consideration under the status quo (Alternative 2) as well as the alternative to modify the existing fixed gear allocations (Alternative 3). In addition, both alternatives include an option (Option 3) to reapportion the jig gear allocation either on a trimester or quarterly basis, or under a regulatory framework in which seasonal jig allocations are established annually during the TAC-setting process. This option would not change the overall jig allocation (2% of the BSAI Pacific cod TAC); but would change the way unused jig quota is



reallocated. Currently, any unused portion of the A season cod allowance for jig vessels is reapportioned to the B seasonal allowance, and any unused jig quota is reallocated to the hook-and-line catcher processor sector and pot sector, 95% and 5%, respectively, for harvest before the end of the year. Under this option, quota projected to remain unharvested by the jig sector would be reallocated to the <60' pot and longline sector near the end of each jig season.

Similarly, under Alternative 4, there are suboptions that would reallocate any portion of the Pacific cod pot catcher processor or pot catcher vessel quota that is projected to remain unused by a specified date as follows: a) unused quota from either pot sector would be reallocated to the other pot sector before it is reallocated to the other fixed gear sectors, or b) unused quota from the pot catcher vessel sector would be reallocated to the hook-and-line catcher vessel sector before it is reallocated to the pot catcher processor sector.

Suboption a would mirror the approach taken in the hook-and-line sector under the original Amendment 64, while Suboption b would allocate any quota that is projected to remain unharvested in the pot catcher vessel sector to the hook-and-line sector as a first option. Neither suboption is expected to affect whether fixed gear quota will go unharvested, as it is anticipated that the timing of the reallocations will continue to allow for the full harvest of the quota regardless of which sector receives the quota. Based on preliminary data, the pot sector did not harvest its entire quota in 2002, thus 3,500 mt was reallocated to the hook-and-line catcher processors late in the season. Regardless of the preferred suboption, it may be most effective to view the suboptions as setting an order of preference of recipients of reallocated quota, and allow the Regional Administrator to make the inseason determination regarding which sector is capable of harvesting the quota and subsequently allocate the quota to that sector.

The analysis uses 2001 first wholesale prices and the 2003 TAC to derive gross revenues across all sectors under each of the alternatives and options, as well as the 1995 - 1999 fishery which is used as a point of reference. This issue is unique in that the fishery under the Amendment 64 allocations (2000 - 2003) is considered the status quo, but does not represent the no action alternative. The status quo represents the catch and revenue distributions that are projected to occur under the current system to apportion the BSAI fixed gear Pacific cod TAC. Conversely, if no action was taken, the current allocations would expire and all of the fixed gear sectors would compete for the 51 percent of the BSAI Pacific cod TAC that is allocated to fixed gear overall. Given the difficulty associated with making a prediction of catch and revenue distributions under that scenario, a general characterization of the no action alternative was made in this document.

Hook-and-line catcher processors estimated gross first wholesale revenues range from \$83.8 to \$85.4 million under the Alternatives 2 and 3 to make the allocations among the fixed gear sectors and the baseline (1995 - 1999) respectively. Pot catcher processors are estimated to generate \$2.7 to \$5.1 million. A similar range is projected for pot catcher processors should Alternative 4 be selected, in which pot catcher processors and pot catcher vessels receive separate allocations. In sum, total first wholesale revenues, including revenue from catcher processors and shoreside plants receiving catcher vessel deliveries, would range from \$107.7 to \$108.1 million under Alternatives 1 - 3..

Ex-vessel prices for 2001 were developed from gross earnings estimates prepared by the Commercial Fisheries Entry Commission (CFEC) so that a range of ex-vessel revenues for catcher vessels could be calculated. Assuming 2001 prices and using the 2003 TAC, ex-vessel revenues for hook-and-line catcher vessels  $\geq 60'$  range from \$0.06 million to \$0.17 million. For pot vessels  $\geq 60'$ , the range is from \$7.06 to \$8.18 million. Should an option under Alternative 4 be selected, in which pot catcher processors and pot catcher vessels receive separate allocations, the projected ex-vessel revenues for pot catcher vessels ranges from \$6.96 to \$8.19 million.

## Summary

In sum, there are four primary alternatives considered in this analysis:

- **Alternative 1.** No Action
- **Alternative 2.** Status quo. Continue the current BSAI Pacific cod allocations among the fixed gear sectors.
- **Alternative 3.** Modified status quo. Modify the current BSAI Pacific cod allocations to include catch histories from 1999.
- **Alternative 4.** (Applicable only in combination with Alternatives 2 or 3.) Further split the pot gear allocation between pot catcher processors and pot catcher vessels.

The alternatives and options are expected to have no significant biological impacts. The intent of the proposed amendment is the same as the original, to provide each of the fixed gear sectors with a direct allocation approximating historical harvest levels. By stabilizing the harvests of the different gear sectors, the proposed action would also be expected to stabilize the fixed gear Pacific cod fishery's environmental impacts. Any increase or decrease in harvest of Pacific cod by hook-and-line and pot fisheries and any substantial shift in effort between these fisheries would likely have a corresponding impact on incidental catch of "other species," such as octopus, sharks, and skates. By preventing any significant change in the relative percentages of the Pacific cod fixed gear TAC taken by the different fixed gear sectors, the proposed amendment would likely have the ancillary impact of stabilizing incidental catches of the "other species" management group also at their historical levels and percentages according to gear sector. Bycatch of halibut is limited by hook-and-line prohibited species caps, so no additional bycatch would be expected.

None of the alternatives change the harvest of BSAI Pacific cod by the fixed gear sectors as a whole (51% of the overall BSAI Pacific cod TAC). With the exception of the no action alternative, there is little variation expected among the allocations resulting from the alternatives and options. Any slight shift in effort between the different sectors as a result of the alternatives would likely have little corresponding impact on incidental catch of other species, as well as marine mammals such as Steller sea lions.

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

AGENDA C-6  
APRIL 2003  
Supplemental

F/V OCEAN BAY MATTHEW R. HEGGE POBOX 3388 KODIAK, AK 99615

25 March, 2003

RECEIVED  
MAR 26 2003

N.P.F.M.C

Re: Central Gulf of Alaska Pacific Cod

Attn: Mr. Dave Benton, Chairman, NPFMC

I am writing with concern over how the Central Gulf Pacific cod TAC has been managed since the 2001 season, when Sealion measures were implemented.

My main concern is the taking of fish between the A and B seasons. The amount of fish taken as bycatch between seasons has gone unchecked and has risen to levels well above what has been historically been taken as bycatch in other trawl fisheries. Through lack of any management to prevent this, there is a direct allocation advantage that is being exploited by trawlers targeting other species. Measures were to be taken to prevent any sector advantage caused by the Sealion measures, this has not happened in this case. As a result, quota that has historically been harvested by vessels of all gear types in the directed Pacific cod is being taken by vessels in bycatch fisheries. The lack of action on this issue could jeopardize the entire Pacific cod fishery, because the A season portion harvest levels set through Sealion measures are being exceeded.

Please consider a cap on bycatch fisheries that reflect historic harvest levels. I appreciate your attention regarding this matter of concern to many fishermen who rely on the Pacific cod directed fishery.

Regards,

Matthew R. Hegge

Matthew R. Hegge  
F/V Ocean Bay

Dave Benton, Chairman  
North Pacific Fishery Management Council  
605 W. 4th Street, Suite 306  
Anchorage, AK 99501

RECEIVED

MAR 26 2003

N.P.F.M.C

Chairman Benton,

I am part-owner of the F/V Jeanoah. The F/V Jeanoah pot fishes for crab and Pacific cod in the GOA, and longlines for halibut and sablefish in the GOA and BSAI. This letter is to voice my deep concern for the present manner in which the Pacific cod fishery in the GOA is prosecuted. As you are well aware, under current Stellar sealion measures 60% of the Pacific cod TAC is to be harvested in the "A" season and 40% in the "B" season with any by catch occurring between the the two seasons subtracted from "B" season. In 2002, it became apparent that trawlers participating in other directed fisheries occurring between the "A" and "B" seasons refined the practice of "topping off" with Pacific cod while participating in these directed fisheries. As a result of this practice of "topping off" there was only 7.4% of the TAC left for a directed Pacific cod fishery.

In early August of 2002, NMFS speculated that there would be only enough Pacific cod available for a 1 to 3 day directed fishery in the "B" season. I voiced my concerns and objections to Tom Pearson of NMFS Sustainable Fisheries in Kodiak on this matter. Within hours of my speaking to Mr. Pearson, I received a call from Mr. Pearson informing me that the halibut PSC rates had been recalculated and the trawl fishery would be closed in mid August instead of late August. This allowed for a directed Pacific cod fishery of 7.4% of the TAC to take place in the "B" season. It is hard not to speculate what kind of directed Pacific cod fishery would have occurred in the "B" season, if NMFS had not been made aware of the concerns of other user groups. As a result of what occurred in 2002, there is now significant effort by longliners, who feel preempted and disenfranchised, in the skate fishery which has a 20% allowable by catch of Pacific cod. The landing reports for the GOA skate fishery will reveal a significant by catch of Pacific cod, approaching the 20% allowable cap. I have been questioned by local processors why, when halibut fishing, the "Jeanoah" does not deliver it's 20% allowable by catch of cod. It has become apparent to me that Pacific cod by catch has now become a quasi directed fishery.

NMFS is well informed on these issues but to date has not shown a willingness to address these problems. I will continue to urge NMFS to to take the appropriate action to ensure that all user groups have equal access to the Pacific cod resource in the GOA. In the meantime, I felt you should be aware of my concerns, and if the venue is proper the Council address this matter. I am available to discuss this issue in greater detail at your convenience.

Yours sincerely,



Jerry Bongen

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Mr. Dave Benton, Chairman  
NPFMC  
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## Re: Initial Review of Amendment 77: BSAI Fixed Gear Cod Allocations

Mr. Chairman,

On behalf of Prowler Fisheries, I would like to submit the following comments for the Council's consideration in regards to Amendment 77. Prowler Fisheries owns and operates three freezer-longliners that primarily fish for p-cod in the EBS/WGOA. Prowler Fisheries has made substantial long term investments in the BSAI cod fishery and is significantly dependent on this fishery with a catch history from 1989 onward.

I would ask the Council to move the analysis forward (with a few minor changes) for public review. This is in order to have final action in June and implementation prior to the December NPFMC meeting which involves TAC setting and apportionments. The sunset date for Amendment 64 is December 31, 2003.

Although this is only initial review, I would strongly urge the Council to maintain the fixed gear split (80/18.3/0.3/1.4) and rollovers as presently exists today but with removal of the sunset date. The table below gives the allocations in Amendment 64 and 77:

Gear	Data for A. 64= 1995-98	A. 64 Final action	A.77: Alt2 "status quo"	A.77: Alt3 no < 60' 1995-99	A.77: Alt3 with <60' 1995-99	A.77: Alt3 Option 1
CP H&L	81.6%	80%	80%	81.6%	81.6%	80.5%
Pot	18.1%	18.3%	18.3%	18.1%	18.0%	17.8%
CV H&L	0.3%	0.3%	0.3%	0.3%	0.1%	0.3%
<60' CV	n/a	1.4%	1.4%	n/a	0.3%	1.4%

**Allocation:** As you can see, the allocation for the <60' CV sector came entirely from the CP H&L catch history (as did a small portion, 0.2%, of the pot allocation). All the allocation alternatives that are strictly based on catch history will increase the allocation to the CP H&L sector from "status quo" (Amendment 64). Alternative 3, Option 1 provides for all fixed gear >60' sectors to proportionately fund the <60' allocation. This alternative will also increase the CP H&L sector from "status quo" (Amendment 64).

Prowler Fisheries has been a consistent proponent of using catch history as the basis of allocation decisions. However, in the interest of expediency and compromise, Prowler supports the "status quo" option (as in Amendment 77: Alternative 2) which reduces the CP H&L -1.6% from its catch history (either 1995-98 or 1995-99). The 1999 catch data could be considered by the Council but it does not change the catch history allocations.

Frozen at Sea Longline Caught Fish

**Rollovers:** Prowler Fisheries supports maintaining the existing rollover provisions (as in Alt. 2, Options 1 & 2). This is consistent with the problem statements in both Amendments 64 & 77.

The problem statement for A. 64 stated: *"The H&L and pot fisheries for p-cod in the BSAI are fully utilized... Longline and pot fishermen who have made significant long-term investments, have long catch histories, and are significantly dependent on the BSAI cod fisheries need protection from others who have little or limited history and wish to increase their participation in the fishery."*

The problem statement for A. 77 includes: *"The fixed gear fisheries for p-cod in the BSAI are fully utilized. The fishermen who hold licenses in the BSAI p-cod fisheries have made substantial investments and are significantly dependent on BSAI p-cod."*

The <60' fleet is asking for an increase in TAC (via reallocation of the jig rollover) on the basis that the <60' allocation was caught in 2002 (for the first time ever). This is not a unique position. The fact is that all the other fixed gear sectors (with far more extensive catch histories and far more reliance on the resource) have been catching their allocations all along (with the exception of the pot sector in 2002). This is the reason why the Council did an allocation in the first place (Amendment 64) because the resource is fully utilized. Every fixed gear sector can make the same argument that they caught their allocation and could therefore use more quota.

Under Amendment 64, the <60' fixed gear CV fleet initially fishes off of the >60' pot and CV H&L allocations. After those allocations are filled, the catches of the <60' vessels begin to accrue against the 1.4% <60' allocation. Therefore, the <60' sector (with minimal catch history) presently has access beyond its 1.4% allocation (20% of the entire fixed gear allocation). Additionally, the <60' sector receives portions of the rollovers from jig/trawl into the pot/longline sectors. There is also nothing preventing these vessels from participating in the jig fishery.

It has not been adequately demonstrated that the needs of the <60' sector outweigh those with historical reliance on the fishery. It has not been adequately demonstrated that the <60' fixed gear sector needs the entire jig rollover (recent average = 3400 mt) which would increase the potential <60' fixed gear harvest by a factor of 3.4 or +240%.

Additionally, the Council may want to examine the practicality of some of the rollover suboptions. In alternatives 2 & 3, placing the rollover suboptions (a) – (d) into regulation would seem to present logistical difficulties for NMFS managers due to the loss of flexibility, timing, and size of the amounts. The same difficulties may also exist in Alternative 4 suboptions (a) and (b).

Thank you for your consideration of these comments.

  
Gerry Merrigan  
Government Affairs, Prowler Fisheries

# PUBLIC TESTIMONY SIGN-UP SHEET FOR C-6 AGENDA ITEM Fixed gear P.eed Allocations

PLEASE SIGN ON THE NEXT BLANK LINE.  
LINES LEFT BLANK WILL BE DELETED.

	NAME	AFFILIATION
1.	Dave Krasa	muir vitochi
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C-6  
Dave Fraser

**Allocation Issues Pertaining to a BS-AI TAC Split of Pacific Cod**

If the Plan team recommends a split of the BS and AI Cod TAC for biological reasons, there will be significant allocation issues that will arise. Catch histories and LLP endorsements between the BS and AI reflect different participation patterns in the two areas.

Catch Patterns vs Sector Allocations:

The following table contrasts the sector allocations with the average catch of groundfish in the cod target by sector over the last several years, as well as a snapshot of 2002.

Sector	BSAI Wide Allocation	Average 1996-2002 AI Catch %	2002 AI Catch %
Pot	9.3%	6.7%	0.0%
Longline	41.0%	33.4%	8.0%
Trawl	47.0%	59.9%	92.0%
<60' Fixed Gear	0.7%	?	?
Jig	2.0%	?	?

If the cod TAC is split and the BSAI allocations are super-imposed on the AI portion of the cod TAC, it will shift the distribution of catch dramatically between sectors, both from the historic average, and even more radically from a recent snapshot.

LLP Eligibility to Fish Cod in the AI:

The following table shows the relative portions of each sector's participants who are eligible to fish cod based on the most recent LLP file on the NMFS-RAM website.

Vessels Eligible to Fish Cod in the AI Under LLP					
LLPs	BS		AI		% with AI endorsements
	Interim	Final	Interim	Final	
CV Trawl	17	140	9	47	34%
CP Trawl	8	58	6	50	86%
CP HL	13	35	11	34	97%
CV HL	6	5	4	5	100%
CP Pot	7	5	6	2	40%
CV Pot	33	49	16	3	6%

A TAC is split for cod subdivided by sectors (particularly if not adjusted for participation patterns at the sectoral level) will also likely impact vessels because of the different LLP endorsements by area.



Allocation Options with a Cod TAC Split:

There are three basic options for integrating sector allocations with a TAC split for cod:

- 1- Maintain the sector splits at the BSAI wide level.
- 2- Impose the current BSAI sector splits on both the BS and AI.
- 3- Adjust the sector splits to reflect use patterns between the two areas, such that the sum equals the overall current BSAI wide splits.

Option 1 would allow a race for the AI portion of the TAC, whereby one sector could take the whole AI cod TAC before another sector arrived to participate as long as its harvest was less than its BSAI wide limit. This approach would pre-empt the ability of vessel under 60 to make use of the 1.4% of the fixed gear allocation in the AI.

Option 2, while simple, would not reflect participation patterns and thus force the relocation of effort between sectors. Some vessels within a sector could not move with the TAC shift, due to the lack of LLP endorsement in the other area. This approach would limit the under 60 foot vessels in the AI to the AI percentage of the 1.4% allocation, even though the AI is the primary area in which the under 60 foot cod vessels participate.

Option 3 would require some fancy arithmetic to rebalance the allocations by area, so that there was no net reallocation of cod between sectors at the BSAI wide level, while maintaining participation patterns by area. There is likely to be some controversy over the appropriate set of years to capture the desired participation pattern.

Conclusion:

While a TAC split is the right thing to do biologically it has serious allocational impacts.

A trawl vessel with 90% of its cod history is in the AI area would not want to receive 87% of its cod allocation in the BS areas (assuming a TAC spit of 87/13 between the BS and AI).

By the same token, a pot vessel with no AI LLP endorsement, would not want to receive 13% of its allocation in the AI area.

As we saw with northern rockfish, a BS-AI TAC split can happen very quickly based on Plan Team and SSC recommendations. These allocation issues are germane to Amendment 77, to IRIU Amendment A, and to the multi-species coop discussions underway for the BSAI, yet they aren't being dealt with as a component of any of these processes.