

Processor Sideboard Committee Report to the Council

August 9-10, 1999

In June the Council requested that a Committee be formed and report to the Council no later than September 15, 1999 on issues related to processing sideboards and other related aspects of the American Fisheries Act (AFA). That Committee was appointed and met in Seattle, WA on August 9 and 10. The list of Committee members and others present is attached. Kent Lind provided the Committee an update on overall AFA implementation schedules and Chris Oliver provided the Committee an overview of issues related to the processor sideboards and excessive share caps. Overall, the Committee reached consensus on few specific issues, but did engage in productive discussions on a number of issues. The report below summarizes the major points of discussion, provides options for Council consideration on some of those issues, and provides recommendations from the Committee where noted.

In general, there were discussions (and disagreement) over the necessity of processing sideboards at all, and whether hard caps were the best way to protect non-AFA processors, without negatively impacting the fishermen delivering to those processors. It became apparent in the discussions that hard caps could have unintended impacts to fishermen, particularly relative to the crab fisheries, in terms of market availability and safety. The Committee then focused on how best to implement sideboards, under the assumption that the AFA mandates measures of some fashion to protect non-AFA processors from losing market share of non-pollock species.

Crab Processing Sideboards

The Committee was informed that for year 2000 NMFS intends to implement the crab processing sideboards based on the statutory authority in the AFA - i.e., all shore plants and motherships which participate in co-ops will be subject to a cap based on their activity in the years 1995-1997, and NMFS would apply the 10% ownership rule as specified in the AFA to determine which facilities are subject to the cap. While NMFS would view that cap as an overall cap in the aggregate, the intent is to establish individual caps for each entity. This would shift most of the burden to the processors themselves so that each entity would be responsible for ceasing processing upon attainment of a particular crab cap. **The Committee recommends that such caps not be on an individual entity basis, but instead be applied and managed on an overall, aggregate basis.** The reasons for this recommendation include: (1) the AFA specifies that such a cap would be in aggregate; (2) individual caps would reduce competition among AFA processors; (3) individual caps have the potential to have adverse impacts on harvesting vessels (not being able to find a buyer at the right time and place for example); (4) individual caps would have serious negative impacts to those AFA processors who have little or no history in the 1995-1997 time period; (5) because they are limits, and not allocations, there would still be a 'race for fish' even with individual limits.

In order for this to occur, NMFS and ADF&G will have to coordinate data requirements and management responsibility. Real time data collection would be required, possibly through electronic

reporting requirements. The Committee then discussed alternatives for implementing crab sideboards, including: (1) the idea of some type of daily maximum throughput which would be applied to the AFA companies/entities; (2) a geographic-based limit whereby additional capacity (processing) would be prohibited by the AFA processors in the locations of the pollock eligible plants (Dutch Harbor, Akutan, etc.); (3) a cap on the number of vessels which could deliver to a particular plant, or to AFA processors in aggregate; (4) a variation of the throughput alternative which would be based on finished product, as opposed to raw input, but would require AFA processors to sell the excess to non-AFA processors as custom processing.

While these alternatives were discussed, a daily throughput limit on each AFA company (across all facilities), perhaps coupled with an average weekly limit, was viewed by the Committee as a potential alternative worth further consideration. Under this scenario, adding processing capacity would not make sense, but relative share could still potentially increase. It would still somewhat freeze things in place which could have some impact to catcher vessels, but less of an impact than a hard cap. Monitoring and enforcement issues related to this alternative would need to be further fleshed out. Staff should attempt to provide additional information/analysis of the throughput alternative for Council consideration in October. (See attachments 1 and 2 for information on this alternative).

The Committee was also very interested in knowing how the relative share (between AFA and non-AFA processors) of crab processing has changed since the 1995-1997 time period. **In order to make an informed decision and judge potential impacts to all parties, the Committee requests that information on the 1998 and 1999 crab fisheries be compiled and made available for review prior to the Council's October decision, and that these years be considered as an alternative. (See attachments 3 and 4 for this information).**

Who is subject to sideboards

Relative to crab sideboards, the AFA specifies that the *owners of motherships and shoreplants* would be subject to the aggregate processing caps. The Committee notes that one crab processor, which is owned by an AFA catcher/processor owner, was included in the historical data which analyzed the crab caps (the Chapter 8 analysis). Based on the language in the AFA it appears that this vessel would not be subject to the cap and should be removed from that data set. This language also implies that any offshore sector AFA company (or entity) could process crab unrestricted, though not with one of the 20 listed catcher/processors.

The Committee also discussed whether processing sideboards for groundfish should be applied to catcher/processors, given their existing and specific sideboards already in place. The consensus of the Committee was that any processing sideboards applied in aggregate (across all processors regardless of sector) should not include the catcher/processor sector; i.e, since they have existing sideboards relative to harvest, one or the other should apply but not both.

Groundfish Sideboards

Most of the issues for groundfish are the same, or similar, as with crab sideboards. **Generally the**

All crab processors from 1995-99 included in the AFA or Non-AFA classes (Cont. p. 3 of 3)

Processor	AFA					Non-AFA				
	95	96	97	98	99	95	96	97	98	99
Sitka Sound Sfds - YAK						■	■	■	■	■
Snopac Products/Snopac						■	■	■	■	■
South Atlantic Fisheries LLC/Mr. B						■	■	■	■	■
Southern Wind						■	■	■	■	■
Stellar Sfds/Stellar Sea	■	■	■	■	■					
Super Bear - JUN						■	■	■	■	■
Surfing Salmon Sfds/Makani Kanali						■	■	■	■	■
Taku Smokeries - JUN						■	■	■	■	■
Toho America Corp						■	■	■	■	■
Trident Sfds - AKU	■	■	■	■	■					
Trident Sfds - STP	■	■	■	■	■					
Trident Sfds/Alaska Packer	■	■	■	■	■					
Trident Sfds/Bountiful	■	■	■	■	■					
Trident Sfds/Independence	■	■	■	■	■					
Trident Sfds/Sea Alaska	■	■	■	■	■					
Tyson Sfd Group/Glacier Enterprise				■	■					
Tyson Sfd Group/Royal Enterprise	■	■	■	■	■					
Unisea Inc. - DUT	■	■	■	■	■					
Unisea Inc./Omnisea	■	■	■	■	■					
Unisea, Inc - STP	■	■	■	■	■					
Unknown						■	■	■	■	■
Western Alaska Fisheries - KOD						■	■	■	■	■
Western Enterprise*	■	■	■	■	■					
Westward Sfd Inc. -DUT	■	■	■	■	■					
Yak Inc./Yard Arm Knot*	■	■	■	■	■					
Yak Inc/Westward Wind*	■	■	■	■	■					
Yamaya Sfd						■	■	■	■	■

Note: There is debate over whether the companies with an asterisk should be included in the AFA sector. Moving them to the Non-AFA sector would substantially reduce the opilio sideboard cap. The specific language in the AFA, with respect to crab processing sideboards (Section 211(c)(2)), limits the owners of motherships and shoreplants to their historical aggregate processing levels. The Baranof and Couragous are reported to be no longer linked to an AFA firm (personal communication with Doug Wells). The Yak Inc. vessels are only linked to AFA through a catcher/processor. They are considered to be in the Non-AFA sector by several members of industry. The Western Enterprise and Northern Enterprise ownership is unknown. These vessels are thought to be fishing in Russian waters. Finally, the American Champion is owned by a company that only has catcher processors, and therefore may not be subject to the sideboard caps.

King crab percentages Using the Council staff AFA list of processors

Percent of red king crab processed by AFA and Non-AFA plants

Year	AFA	Non-AFA	Total
95	55.9%	44.1%	100.0%
96	62.8%	37.2%	100.0%
97	77.0%	23.0%	100.0%
98	73.8%	26.2%	100.0%
1995-97 Avg	69.3%	30.7%	100.0%
1995-98 Avg	71.2%	28.8%	100.0%

Source: ADF&G fishticket data, 1995-98

Note: Excludes CDQ and deadloss

Percentage of blue crab processed by AFA and Non-AFA plants

Year	AFA	Non-AFA	Total
95	73.9%	26.1%	100.0%
96	75.5%	24.5%	100.0%
97	74.4%	25.6%	100.0%
98	72.5%	27.5%	100.0%
1995-97 Avg	74.6%	25.4%	100.0%
1995-98 Avg	74.2%	25.8%	100.0%

Source: ADF&G fishticket data, 1995-98

Note: Excludes CDQ and deadloss

Percentage of golden king crab processed by AFA and Non-AFA plants

Year	AFA	Non-AFA	Total
95	65.8%	34.2%	100.0%
96	66.3%	33.7%	100.0%
97	34.4%	65.6%	100.0%
98	46.0%	54.0%	100.0%
1995-97 Avg	57.8%	42.2%	100.0%
1995-98 Avg	55.5%	44.5%	100.0%

Source: ADF&G fishticket data, 1995-98

Note: Excludes CDQ and deadloss

Committee recommends that any caps implemented be in the aggregate, to provide for sustained competition. In terms of in-season monitoring, if we limit caps to only the (8) AFA facilities, then monitoring may be simplified, since they could simply report their non-pollock activity along with their pollock co-op reports. Any system will likely require NMFS and ADF&G to coordinate and have an interagency agreements related to monitoring of sideboards. As with crab, the Committee recommends that staff provide information on 1998 and 1999 processing activities to the extent possible prior to October, and make that information available to the public before the October Council meeting. Pacific cod is of particular interest, including a breakout of AFA vs non-AFA plant activity and broken out by all gear types. (Some of this information may be compiled in time for the October Council meeting).

Application of the 10% rule

A considerable amount of time was spent by the Committee discussing this issue, and different approaches to define the entities which would be subject to sideboards (or excessive share caps in the future). It was clarified that the 10% rule for purposes of the analyses to date only included processing facilities, not catcher vessels or storage facilities for example, in terms of defining entities and aggregating the data. The Committee endorses that approach in order to partially mitigate unintended consequences of the 10% rule. Various other options were discussed including (1) exemption of CDQ organizations from the chain of linkage; (2) use of a multiplicative (instead of linear) application of the 10%; (3) use of a percentage different than 10%; (4) use of a straight majority ownership rule (50.1%); and, (5) use of a more simple 'rule of thumb' in determining where the linkage stops in terms of how wide the net is cast is associating facilities or firms.

While the Committee did not fully resolve this issue, or come to any specific recommendations, they believe that if some percentage linkage is applied, the linkage should stop at the point at which direct pollock processing involvement no longer exists; i.e, at the first point where a non-pollock operation is capped. For example, if an AFA entity owns (10% or more) of a freezer-longliner, that freezer-longliner would fall under the sideboards, but any operations owned by that freezer-longliner would not be included. Or, if there is a non-AFA processor who co-owns a crab operation with an AFA processor, they would not be capped. But, if they co-own a pollock processing operation their other operations would be capped. The Committee recommends staff provide, in time for the October Council meeting, further specification and examples of how this linkage might be applied.

Which facilities would be capped?

If we use a cap as currently proposed, there is still the question of whether it would apply only to AFA facilities, or to all facilities owned by AFA companies. Some members feel that the operational advantages beyond the specific pollock plants are minimal (and it's not all that feasible to simply expand operations in other locations), while others feel that caps must extend to all facilities owned by AFA companies in order to adequately protect against loss of market share of other species. Under the crab sideboards as outlined in the AFA, all facilities would be included. Under the daily throughput alternative, all facilities would be included as well, but it would provide flexibility to the AFA processing companies to adjust the distribution of that throughput throughout their facilities to

accommodate changes in markets and geographic distribution of deliveries. If caps apply to all facilities, the issue remains as to how to define company vs entity, and whether 10% is the appropriate way to apply that linkage.

The Committee also discussed (but did not resolve) whether sideboards would only apply to AFA operation which participate in a co-op. The AFA language for crab sideboards would apply such a limit only to operations which participate in a co-op.

Excessive share cap issues

The necessity to proceed with excessive share caps was debated by the Committee, as were the provisions in the AFA with regard to pollock processing caps specifically. While the AFA speaks to a 17.5% cap for pollock processing, it does not appear to preclude the Council from setting a pollock cap higher than 17.5%. **This was a major source of debate among Committee members and they requested that a legal opinion be provided with regard to this issue.** There is not agreement that everyone should be grandfathered at their current levels, though that may be an alternative for consideration. Related to that request, the Committee requested a legal opinion as to whether and to what extent the Council could elect not to implement excessive share caps, or sideboard processing limits.

The Committee also requested information on relative shares by company, particularly for Trident Seafood (with their recent acquisition of Tyson Seafoods), for both harvesting and processing as there is obvious interplay for companies involved in both. This type of information, as well as further resolution in October of related sideboard issues, will be necessary before detailed analysis and resolution of excessive share cap options can occur. This is particularly true with regard to the 10% ownership rule and how entities are defined, since excessive share caps by definition will apply to individual entities, as opposed to aggregate caps across companies or sectors. As with sideboards, imposing processor caps may indirectly impact harvesters and such impacts need to be thoroughly considered in shaping the alternatives for excessive shares. It was noted that, if we make decisions which restrict where vessels can deliver, we may need to take actions that allow vessels more flexibility in where they deliver (a potential Catch-22).

Next Meeting

The Committee has not scheduled any additional meetings, but remains constituted as a Committee in the event the Council needs additional input on sideboard issues, or further developing the excessive share amendments.

List of Participants at the Processor Sideboard Committee Meeting

Rick Lauber - Chairman
John Young - Independent Catcher Vessels Association
Paul Peyton - Bristol Bay Economic Development Corporation
Kris Norosz - Icicle Seafoods (Ralph Hoard alternate)
Chuck Bundrant - Trident Seafoods (Joe Plesha alternate)
Terry Leitzell - Victor Seafood
John Iami - Unisea
Tom Casey - Alaska Fisheries Conservation Group
Kevin Kaldestad - Alaska Crab Coalition (Arni Thomson alternate)
Alan Chaffee - Highland Light Seafood
Earl Comstock - Fair Fisheries Coalition (John Garner alternate)
Greg Baker - Westward Seafoods
Barry Collier - Peter Pan Seafood
Wynn Brindle - Aleyska Seafoods (Alec Brindle, Jr. alternate)
Gary Loncon - Royal Aleutian Seafood
Doug Christiansen - At-Sea Processors Association (Donna Parker alternate)
Rob Zuanich - Purse Seine Vessel Owners Association

Ex-officio members

:
Glenn Reed - Pacific Seafood Processors Association
John Gauvin - Groundfish Forum (John Henderscheidt alternate)

Staff:

Chris Oliver and Darrell Brannan (NPFMC)
Kent Lind and Joe Terry (NMFS)
Blaine Hollis (NOAA-GC)
Jeff Hartman (ADF&G)
Marcus Hartley (Northern Economics, Inc.)

Other Attendees:

Brent Paine Dave Benson Ken Tippet Jan Jacobs Joe Childers
Don Giles Ray Nomina Gretar Gudmundson Ed Poulsen
Alf Sorvick Sonja Sorvick Kristian Sorvick Paul McGregor

Attachment 1: Examination of limit based on maximum daily and weekly throughput

AFA processors maximum daily opilio purchases divided by maximum weekly purchases

Processor	1998	1999
Alyeska Sfd - DUT	28%	54%
Baranof Fisheries/Baranof*	100%	100%
Blue Wave Sfds/Blue Wave	29%	52%
Courageous Sfds/Courageous*	100%	100%
Northern Victor Prtnrshp/Northern Victor	26%	44%
Peter Pan Sfds - KCO	36%	46%
Stellar Sfds/Stellar Sea	45%	50%
Trident Sfds - AKU	36%	40%
Trident Sfds - STP	28%	45%
Trident Sfds/Alaska Packer	47%	59%
Trident Sfds/Bountiful	100%	100%
Trident Sfds/Independence	30%	51%
Trident Sfds/Sea Alaska	39%	39%
Tyson Sfd Group/Royal Enterprise	100%	100%
Unisea Inc. - DUT	41%	50%
Unisea Inc./Omnisea	32%	66%
Unisea, Inc - STP	34%	35%
Westward Sfd Inc. -DUT	20%	31%
Yak Inc./Westward Wind*	67%	100%
Yak Inc./Yard Arm Knot*	28%	54%

Note: Processors with an asterisk may not be subject to AFA crab sideboards

Sum of AFA and Non-AFA sectors maximum daily and weekly opilio purchases, 1998 and 1999

Sector	1998		1999	
	Daily	Weekly	Daily	Weekly
	Pounds			
AFA Processors Aggregate Throughput Cap	11,040,275	31,703,203	12,936,896	26,428,696
Non-AFA Processors Aggregate Throughput Cap	5,601,305	13,486,785	5,757,614	9,903,922
Total	16,641,580	45,189,988	18,694,510	36,332,618
	Expressed as a % of the total			
AFA Processors Aggregate Throughput Cap	66.3%	70.2%	69.2%	72.7%
Non-AFA Processors Aggregate Throughput Cap	33.7%	29.8%	30.8%	27.3%
Total	100.0%	100.0%	100.0%	100.0%

Source: ADF&G fishticket data

Note: The table provides estimates of the AFA sectors throughput, based on each plants maximum daily and weekly purchases of opilio crab during the year.

Attachment 2: Examination of limit based on maximum daily and average weekly throughput

AFA processors maximum daily opilio purchases divided by average weekly purchases

Processor	1998	1999
Alyeska Sfd - DUT	50%	84%
Baranof Fisheries/Baranof*	180%	219%
Blue Wave Sfds/Blue Wave	53%	93%
Courageous Sfds/Courageous*	201%	294%
Northern Victor Prtnrshp/Northern Victor	58%	85%
Peter Pan Sfds - KCO	58%	136%
Stellar Sfds/Stellar Sea	72%	86%
Trident Sfds - AKU	107%	89%
Trident Sfds - STP	41%	81%
Trident Sfds/Alaska Packer	72%	98%
Trident Sfds/Bountiful	137%	120%
Trident Sfds/Independence	65%	92%
Trident Sfds/Sea Alaska	86%	63%
Tyson Sfd Group/Royal Enterprise	155%	309%
Unisea Inc. - DUT	75%	91%
Unisea Inc./Omnisea	69%	114%
Unisea, Inc - STP	57%	65%
Westward Sfd Inc. -DUT	41%	66%
Yak Inc./Westward Wind*	128%	162%
Yak Inc./Yard Arm Knot*	48%	83%

Note: Processors with an asterisk may not be subject to AFA crab sideboards

Sum of AFA and Non-AFA sectors maximum daily and average weekly opilio purchases, 1998 and 1999

Sector	1998		1999	
	Daily	Weekly	Daily	Weekly
	Pounds			
AFA Processors Aggregate Throughput Cap	11,040,275	17,063,502	12,936,896	14,192,584
Non-AFA Processors Aggregate Throughput Cap	5,601,305	7,888,561	5,757,614	6,067,336
Total	16,641,580	24,952,063	18,694,510	20,259,920
	Expressed as a % of the total			
AFA Processors Aggregate Throughput Cap	66.3%	68.4%	69.2%	70.1%
Non-AFA Processors Aggregate Throughput Cap	33.7%	31.6%	30.8%	29.9%
Total	100.0%	100.0%	100.0%	100.0%

Source: ADF&G fishticket data

Note: The table provides estimates of the AFA sectors throughput, based on each plants maximum daily and average weekly purchases of opilio crab during the year.

Attachment 3: Updated information on opilio crab processing activities

Opilio crab processors categorized by whether they are AFA or Non-AFA.

Processor	AFA					Non-AFA				
	95	96	97	98	99	95	96	97	98	99
Alaskan Enterprise										
Alaskan Fisheries Co/Alaskan I										
Alyeska Sfd - DUT										
American Champion Ltd Prtnrshp*										
Aquatech/Lamar Ballard										
Baranof Fisheries/Baranof*										
Blue Dutch (Kiska Enterprise)										
Blue Wave Sfds/Blue Wave										
Cannery Row Inc.										
CJW Fisheries/Pacific Lady										
Cold Sea Int'l/Midas										
Courageous Sfds/Courageous*										
Deep Creek Custom Pack										
Deep Sea Harvester Inc/Deep Sea Harvester										
Dutch Hbr Sfds Ltd/Galaxy										
East Point Sfd Co - DUT										
East Point Sfd Co - KOD										
Golden Shamrock Inc/Pro Surveyor										
Gulf Wind (Liberator)										
Icicle Sfds/Arctic Star										
Icicle Sfds/Bering Star										
Icicle Sfds/Coastal Star										
Jacquelyn R/Jacquelyn R										
Karla Fae, Co-Ownership/Karla Fae										
King Fisher										
Malezi Kwasai										
Norquest Sfds/Aleutian Falcon										
Norquest Sfds/Lafayette										
Norquest Sfds/Pribilof										
North Alaska Fisheries Inc/WAS										
North Pacific Processors										
Northern Enterprise*										
Northern Victor Prtnrshp/Northern Victor										
Northland Fisheries, Inc/Northland										
Ocean Beauty Sfds - KOD										
Ocean Pride/Ocean Pride										
Olympic Co-Ownership/Olympic										
Osterman Fish - DUT										
Pacific Wind										
Pavlof Inc/Pavlof										
Peter Pan Sfds - KCO										
Pioneer Food Corp										
Prime Alaska Sfds - DUT										
Royal Aleutian Sfds/Royal Aleutian										

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Processor	AFA					Non-AFA				
	95	96	97	98	99	95	96	97	98	99
Seawind Fisheries Group LLC										
South Atlantic Fisheries LLC/Mr. B										
Southern Wind										
Stellar Sfds/Stellar Sea										
Trident Sfds - AKU										
Trident Sfds - STP										
Trident Sfds/Alaska Packer										
Trident Sfds/Bountiful										
Trident Sfds/Independence										
Trident Sfds/Sea Alaska										
Tyson Sfd Group/Glacier Enterprise										
Tyson Sfd Group/Royal Enterprise										
Unisea Inc. - DUT										
Unisea Inc./OmniSEA										
Unisea, Inc - STP										
Western Enterprise*										
Westward Sfd Inc. -DUT										
Yak Inc./Westward Wind*										
Yak Inc./Yard Arm Knot*										
Yamaya Sfd										

Note: There is debate over whether the companies with an asterisk should be included in the AFA sector. Moving them to the Non-AFA sector would substantially reduce the opilio sideboard cap. The specific language in the AFA, with respect to crab processing sideboards (Section 211(c)(2)), limits the owners of motherships and shoreplants to their historical aggregate processing levels. The Baranof and Couragous are reported to be no longer linked to an AFA firm (personal communication with Doug Wells). The Yak Inc. vessels are only linked to AFA through a catcher/processor. They are considered to be in the Non-AFA sector by several members of industry. The Western Enterprise and Northern Enterprise ownership is unknown. These vessels are thought to be fishing in Russian waters. Finally, the American Champion is owned by a company that only has catcher processors, and therefore may not be subject to the sideboard caps.

Pounds of Opilio, excluding deadloss and CDQ, for the years 1995-99 (Using Council AFA List)

YEAR	AFA		AFA Total	Non-AFA		Non-AFA Total	Grand Total
	CP	CV		CP	CV		
95	4,055,056	41,597,406	45,652,462	4,568,404	25,088,321	29,656,725	75,309,187
96	5,318,499	34,497,269	39,815,768	5,972,226	19,982,781	25,955,007	65,770,775
97	6,189,624	73,264,751	79,454,375	6,930,111	33,158,538	40,088,649	119,543,024
98	7,863,588	159,851,284	167,714,872	9,237,116	63,740,969	72,978,085	240,692,957
99	5,077,004	123,676,084	128,753,088	5,100,298	49,224,960	54,325,258	183,078,346
Grand Total	28,503,771	432,886,794	461,390,565	31,808,155	191,195,569	223,003,724	684,394,289

Source: ADF&G Fishticket Data

Percentage of Opilio, excluding deadloss and CDQ, for the years 1995-99 (Using Council AFA List)

YEAR	AFA		AFA Total	Non-AFA		Non-AFA Total	Grand Total
	CP	CV		CP	CV		
95	5.4%	55.2%	60.6%	6.1%	33.3%	39.4%	100.0%
96	8.1%	52.5%	60.5%	9.1%	30.4%	39.5%	100.0%
97	5.2%	61.3%	66.5%	5.8%	27.7%	33.5%	100.0%
98	3.3%	66.4%	69.7%	3.8%	26.5%	30.3%	100.0%
99	2.8%	67.6%	70.3%	2.8%	26.9%	29.7%	100.0%
1995-97 avg.	6.0%	57.3%	63.3%	6.7%	30.0%	36.7%	100.0%
1995-99 avg.	4.2%	63.3%	67.4%	4.6%	27.9%	32.6%	100.0%

Source: ADF&G Fishticket Data

Pounds of Opilio Catch, excluding deadloss and CDQ, for the years 1995-99 (Using Amended Fair Fisheries Coalition AFA List)

YEAR	AFA		AFA Total	Non-AFA		Non-AFA Total	Grand Total
	CP	CV		CP	CV		
95	2,255,930	38,097,790	40,353,720	6,367,530	28,587,937	34,955,467	75,309,187
96	3,584,024	31,550,018	35,134,042	7,706,701	22,930,032	30,636,733	65,770,775
97	4,939,689	66,040,179	70,979,868	8,180,046	40,383,110	48,563,156	119,543,024
98	6,117,511	147,549,926	153,667,437	10,983,193	76,042,327	87,025,520	240,692,957
99	3,864,517	114,019,669	117,884,186	6,312,785	58,881,375	65,194,160	183,078,346
Grand Total	20,761,671	405,139,318	425,900,989	39,579,482	235,341,135	274,920,617	700,821,606

Note: The following plants were switched from AFA to Non-AFA for this calculation: Baranof, Courageous, Northern Enterprise, Western Enterprise, American Champion, Westward Wind, Yard Arm Knot.

Percentage of Opilio, excluding deadloss and CDQ, for the years 1995-99 (Using Amended Fair Fisheries Coalition AFA List)

YEAR	AFA		AFA Total	Non-AFA		Non-AFA Total	Grand Total
	CP	CV		CP	CV		
95	3.0%	50.6%	53.6%	8.5%	38.0%	46.4%	100.0%
96	5.4%	48.0%	53.4%	11.7%	34.9%	46.6%	100.0%
97	4.1%	55.2%	59.4%	6.8%	33.8%	40.6%	100.0%
98	2.5%	61.3%	63.8%	4.6%	31.6%	36.2%	100.0%
99	2.1%	62.3%	64.4%	3.4%	32.2%	35.6%	100.0%
1995-97 avg.	4.1%	52.1%	56.2%	8.5%	35.3%	43.8%	100.0%
1995-99 avg.	3.0%	58.0%	61.1%	5.8%	33.1%	38.9%	100.0%

Note: The following plants were switched from AFA to Non-AFA for this calculation: Baranof, Courageous, Northern Enterprise, Western Enterprise, American Champion, Westward Wind, Yard Arm Knot.

Attachment 4: Updated information on all crab processing activities

All crab processors from 1995-99 included in the AFA or Non-AFA classes

Processor	AFA					Non-AFA				
	95	96	97	98	99	95	96	97	98	99
Alaska Fresh Sfds - KOD										
Alaska Glacier Seafood Company										
Alaska Sfd Co - JNU										
Alaskan Enterprise										
Alaskan Fisheries Co/Alaskan I										
Alyeska Sfd - DUT										
American Champion Ltd Prtnrshp*										
Aquatech/Lamar Ballard										
Baranof Fisheries/Baranof*										
Blue Dutch (Kiska Enterprise)										
Blue Wave Sfds/Blue Wave										
Breakwater Sfds										
Brooks Alaskan Sfds/Ushagat C5000										
Cannery Row Inc.										
Chatham Strait Seafoods - PBG										
CJW Fisheries/Pacific Lady										
Coastal Cold Storage - PBG										
Cold Sea Int'l/Midas										
Cook Inlet Processing - KOD										
Courageous Sfds/Courageous*										
David Bowen/Acadia										
Deckhand Sfds - PBG										
Deep Creek Custom Pack										
Deep Sea Harvester Inc/Deep Sea Harvester										
Dutch Hbr Sfds Ltd/Galaxy										
East Point Sfd Co - DUT										
East Point Sfd Co - KOD										
Emerald Island Gourmet Sfd - KOD										
Eric Calvin/Quick Silver										
Favco - ANC										
Golden Shamrock Inc/Pro Surveyor										
Gulf Wind (Liberator)										
His Catch Value Added										
Hoonah Cold Storage - HNH										
Horst's Seafood Inc - JNU										
Icicle Sfds - PBG										
Icicle Sfds/Arctic Star										
Icicle Sfds/Bering Star										
Icicle Sfds/Coastal Star										

All crab processors from 1995-99 included in the AFA or Non-AFA classes (Cont. p 2 of 3)

Processor	AFA					Non-AFA				
	95	96	97	98	99	95	96	97	98	99
J.R. Fish Co - WRN										
Jacquelyn R/Jacqueulyn R										
Karla Fae, Co-Ownership/Karla Fae										
King Fisher										
Libbie Louise/Libbie Louise										
Malezi Kwasai										
Norquest Seafoods Inc - KTN										
Norquest Seafoods Inc - PBG										
Norquest Sfds/Aleutian Falcon										
Norquest Sfds/Lafayette										
Norquest Sfds/Pribilof										
North Alaska Fisheries Inc/WAS										
North Pacific Processors										
Northern Enterprise*										
Northern Victor Ptnrshp/Northern Victor										
Northland Fisheries, Inc/Northland										
Norton Sound Crab Co - NOM										
Norton Sound Sfd Prod (Econ Dev)										
Norton Sound Sfd Prod (UNA)										
Ocean Beauty Sfds - KOD										
Ocean Pride/Ocean Pride										
Olympic Co-Ownership/Olympic										
Osterman Richard V										
Osterman Fish - DUT										
Pacific Gold Fisheries/Chilkat										
Pacific Wind										
Patricia Lee Inc/Patricia Lee										
Pavlof Inc/Pavlof										
Pelican Sfds - PEL										
Peter Pan Sfds - KCO										
PGN Inc/Neptune										
Pioneer Food Corp										
Point Adolphus Sfds - GUS										
Prime Alaska Sfds - DUT										
Quality Alaskan Seafoods/Orion										
Quality Alaskan Sfds/Nor'wester										
Quality Alaskan Sfds/Orion										
Royal Aleutian Sfds/Royal Aleutian										
Royal Enterprise										
Sea Level Sfds - WRN										
Seawind Fisheries Group LLC										
Sitka Sound Sfds - SIT										

8.0 PROCESSING LIMITS ON SPECIES OTHER THAN BSAI POLLOCK

Chapter 8 examines the impacts of limiting processing of GOA groundfish, BSAI crab, and BSAI non-pollock groundfish by processors eligible to participate in pollock cooperatives. The analysis examines the language in the AFA, analyzes the structure of the industry, and develops 10 specific options to implement processing limits, sometimes referred to as "processing sideboards". It then estimates limits based on the structure of the industry and options specified. Conclusions are drawn regarding the efficacy of the options in fulfilling the mandates of the AFA.

The AFA requires the Council to submit measures by July 1999 to "protect processors not eligible to participate in the directed pollock fishery from adverse effects as a result of this Act or fishery cooperatives in the directed pollock fishery." These processors are collectively referred to as "non-AFA processors." In the November 1998, December 1998, and February 1999 Council meetings, representatives of non-AFA processors expressed concern about spillover effects of the AFA, and offered several suggestions for mitigating those potential impacts.

Specific language about processing restrictions for the 20 AFA-eligible catcher processors is found in §211(b)(3) and §211(b)(4):

(3) **BERING SEA PROCESSING.**—The catcher/processors eligible under paragraphs (1) through (20) of section 208(e) are hereby prohibited from—

(A) processing any of the directed fishing allowances under paragraphs (1) or (3) of section 206(b); and

(B) processing any species of crab harvested in the Bering Sea and Aleutian Islands Management Area.

(4) **GULF OF ALASKA.**—The catcher/processors eligible under paragraphs (1) through (20) of section 208(e) are hereby prohibited from—

(A) harvesting any fish in the Gulf of Alaska;

(B) processing any groundfish harvested from the portion of the exclusive economic zone off Alaska known as Area 630 under the fishery management plan for Gulf of Alaska groundfish; or

(C) processing any pollock in the Gulf of Alaska (other than as bycatch in non-pollock groundfish fisheries) or processing, in the aggregate, a total of more than 10 percent of the cod harvested from Areas 610, 620, and 640 of the Gulf of Alaska under the fishery management plan for Gulf of Alaska groundfish.

Section 211(c) includes specific language discussing processing limits for BSAI crab for AFA-eligible motherships and inshore processors:

(2) **BERING SEA CRAB AND GROUND FISH.**

(A) Effective January 1, 2000, the owners of the motherships eligible under section 208(d) and the shoreside processors eligible under section 208(f) that receive pollock from the directed pollock fishery under a fishery cooperative are hereby prohibited from processing, in the aggregate for each calendar year, more than the percentage of the total catch of each species of crab in directed fisheries under the jurisdiction of the North Pacific Council than facilities operated by such owners processed of each such species in the aggregate, on average, in 1995, 1996, 1997. For the purposes of this subparagraph, the term "facilities" means any processing plant, catcher/processor, mothership, floating processor, or any other operation

that processes fish. Any entity in which 10 percent or more of the interest is owned or controlled by another individual or entity shall be considered to be the same entity as the other individual or entity for the purposes of this subparagraph.

Other sections of the AFA provide additional directives to the Council, paraphrased below:

1. The Council cannot alter the list of eligible processors, unless the TAC increases or an eligible plant is lost.
2. By July 1999 the Council must recommend measures to "protect processors not eligible to participate in the (BSAI) directed pollock fishery from adverse effects of the AFA or fishery cooperatives..."
3. The Council must have in place by January 2000 measures to prevent AFA motherships and shoreside processors from processing, in aggregate, a greater percentage of the total catch of BSAI crab than they processed in 1995-1997 (on average).
4. The Council must submit measures to establish excessive share caps for harvesting and processing of all groundfish and crab in the BSAI though under no time certain.
5. The Council can develop any other measures it deems necessary (at any time) to protect other fisheries and participants under its jurisdiction from adverse impacts caused by the AFA or co-ops in the directed pollock fishery.

Non-AFA processors have testified to the Council that their basic concern is that AFA processors will have a competitive advantage that may allow them to use economic and operational leverage to increase their positions in processing other species. In effect resources normally spent ensuring AFA processors their share of the BSAI pollock fishery, may now be freed up to gain processing shares of other fisheries.

In response the Council has chosen to include the concept of AFA processing limits for all groundfish in the GOA, all groundfish other than pollock in the BSAI, and all crab in the BSAI. The limits would apply to all AFA processors and would be based on the processing shares of AFA processors during the years 1995, 1996, and 1997, or alternatively just 1996 and 1997.

There are three levels at which processing limits could be applied for each species:

1. Single overall limit for all AFA-eligible processors
2. Sector limits: Onshore, Mothership and Catcher processors
3. Individual limits

Within each level there are at least three layers of facilities that could be included and thus restricted by the limits:

1. All plants and vessels that are AFA-eligible
2. All facilities owned by companies that own AFA-eligible plants and vessels
3. All facilities associated with entities that combine facilities through a 10 percent ownership link.¹

¹For purposes of this analysis, this language of §211(c)(2)(B) defining entities is called "the 10% Ownership Rule". The 10% Ownership Rule will be applied as follows:

If a company has a 10 percent or more ownership stake in an AFA-eligible processing facility, then all other processing facilities in which that company has a 10 percent ownership will also be considered part of the AFA-entity. For purposes of the analysis, the lease of a facility will be considered ownership of that facility.

The nine permutations of the above levels and layers are analyzed as options along with one additional option, which would apply individual company processing limits, but would include only AFA-eligible facilities within those companies.

The analysis first considers the perspectives of both non-AFA processors and AFA processors and of economic theory. Next, the analysis provides an overview of the structure and ownership of the groundfish processing industry. The analysis then focuses on specific options for processing limits. Decision points are identified that the Council will need to address in developing its preferred alternative. Embedded in the list of decision points is the question of how the processing limits should be applied, with specific definitions for the 10 options referred to in the previous paragraph. Following the list of decision points, the analysis examines each of the 10 options with implementation steps, tables showing the specific processing limits, and an assessment of impacts for each. The final section of the chapter summarizes the processing limit options and presents conclusions regarding their feasibility.

8.1 Perspectives on the Need and Objectives for Processing Limits

8.1.1 Perspectives of Non-AFA Processors

Processors that have not participated in the BSAI pollock fisheries in the past will not be allowed to participate in cooperatives for BSAI pollock. They believe that participants in cooperatives will be able to leverage the relative certainty of cash flows in the BSAI pollock fisheries to obtain a competitive advantage in non-pollock fisheries, and thus increase their processing share of non-pollock fisheries. Here is a summary of views expressed by non-AFA processors:

- Inshore processors will move from 36 percent of the total pollock TAC under inshore-offshore allocations approved by the NPFMC in 1998 to 45 percent of the total under AFA. This increase alone has the potential to increase revenue and profits for AFA inshore processors relative to non-AFA processors.
- AFA processors operating in cooperatives will be relatively certain of taking deliveries of a fixed amount of pollock, regardless of unforeseen events such as processing plant breakdowns or adverse weather conditions.
- Because of their relatively certain flows of pollock, AFA processors operating with cooperatives will be able to pace their pollock processing to take advantage of market conditions and processing technologies that will allow them to enhance recovery rates and revenues.
- With higher revenues and profits from pollock, AFA processors will have more of their own profits that could be invested in machinery and facilities that can take advantage of non-pollock fisheries.
- Higher profits and more certain cash flows from pollock will enable AFA processors to offer higher prices to catcher vessels for delivery of non-pollock species.
- The relative certainty of cash flow and potentially higher profits of AFA processors make it more likely that AFA processors will be able to raise new capital, either through new equity investment by external sources or through institutional lenders.
- To limit the ability of AFA processors to expand their share of other crab and non-pollock groundfish in the BSAI and all groundfish in the GOA, AFA processors should be restricted to processing amounts of these species that do not exceed amounts they have processed in the past.
- It is not enough to simply limit non-pollock processing by facilities that will be allowed to participate in cooperatives. Companies that own these facilities could easily evade the restrictions by expanding processing at their other facilities.

- It is also not enough to set processing limits on all facilities owned by AFA companies, because AFA companies could evade the restrictions by hiding their ownership of other non-pollock processing facilities under different company names. The restrictions on non-pollock processing must be applied to all companies in which AFA processors have a significant level of ownership or control.
- The appropriate level of ownership by which to measure AFA affiliation is 10 percent. Ownership levels less than 10 percent do not indicate significant ownership or control.

8.1.2 Perspectives of AFA Processors

AFA processors express the view that:

- Declines in the overall pollock TAC have eroded the profitability of existing investments in pollock processing equipment and pollock processing facilities.
- Restrictions placed on the pollock fisheries to protect the habitat of Steller sea lions further reduce the ability of pollock processors to profitably utilize their existing equipment and facilities.
- Several owners of AFA-eligible facilities, in an effort to diversify their interests, have made significant investments in non-pollock processing lines, plants, and vessels in recent years. Some came on line in 1998 before the AFA. Under the proposed limits much of the potential earning power of these investments would be eroded.
- Other owners of AFA-eligible facilities, particularly those that may have an interest in selling their facilities, have expressed the concern that the processing limits, as proposed, severely restrict the market value of their pollock processing plants. This concern stems from the language in the act that would include all facilities that are related to AFA processors by minor amounts of common ownership under the processing restriction. Owners interested in selling their facilities, perhaps to CDQ groups, are concerned that a literal interpretation of the AFA would mean that if a CDQ organization, for example, purchased an AFA processing facility, all other processing facilities in which the CDQ organization has an interest would be limited by the processing restriction. Restrictions would be imposed even though there may be no direct link between the organization's pollock interests and its non-pollock interests.
- Without the ability to operate with pollock cooperatives, the value of existing pollock investments would continue to decline and pollock processors would be susceptible to takeover by the very firms that are calling for AFA processing limits.
- Even with the ability to operate with pollock cooperatives, at least one large AFA processing entity is available for sale, indicating that future profitability of AFA processors may be lower than other opportunities outside the fish processing industry.
- Given these considerations, pollock processors believe the AFA is necessary to ensure the continued viability of the pollock processing industry, and does not merit the imposition of punitive restrictions.

8.1.3 Perspectives of Non-AFA Processors Who May Be Harmed By Processing Limits

The language in §211(c)(2)(A) regarding the 10 percent ownership linkage is of considerable concern to processors that are not directly involved in the pollock fishery, but which may be linked to AFA processors by this rule. The language is also a concern of CDQ organizations that are actively looking for investments in pollock processing facilities. Many CDQ organizations have already made investments in other non-pollock processing facilities. If the language in the 10% Ownership Rule is used in the context of processing limits, then many non-pollock processors will be restricted even though they have no direct pollock processing interests.

8.1.4 Perspectives of Economic Theory

Economic theory indicates that the formation of cooperatives will lead to more efficient utilization of the resources used in the pollock production process. Most investments in pollock processing capacity were made assuming a race for fish would exist throughout the expected life cycle of the investment. Cooperatives help eliminate the race for fish and allow pollock processors to utilize resources more efficiently and generate higher profits.

Though the existence of higher-than-expected profits generally induces additional investment in the form of new entrants, the AFA prohibits new entry into the pollock processing industry. Therefore additional investments in processing will be linked to existing processors and most likely be made to take advantage of the extra time allowed for processing that is achieved by the cooperative system. Or, excess profits might be made by these firms, without expanding capacity.

At some point, however, additional investments in pollock processing may generate lower returns than would be generated by additional investments to process other species. In addition, pollock processors may find it more profitable to shift the timing of their pollock operations so that their existing facilities can be used for processing of other species. Therefore, at some point it is likely that AFA processors, if unconstrained, will invest additional capital and time into the processing of species other than pollock. This underscores the primary concern of proponents of processing limits for AFA processors.

8.1.5 Effect of Design of Processing Limits

Impacts of non-pollock processing limits will vary depending on how they are configured. In general the limits will create two classes of processors for every species, with potentially very different impacts on each. For species other than pollock in the BSAI the two processor classes will be:

1. Non-AFA processors, which in aggregate will be guaranteed a minimum percentage of the processing of all crab and groundfish species other than BSAI pollock
2. AFA processors, which in aggregate will be limited to a maximum percentage, but not guaranteed that percentage, of the processing of all crab and groundfish species other than BSAI pollock

For non-AFA processors the limits may ease competition from AFA processors for species other than pollock in the BSAI, and in the short run, lead to increased profits. However, the unexpected profits will likely inspire additional investment, either from within the class or from new entries into the processing business, the latter being particularly important because, unlike AFA processors, entry in the non-AFA class is not restricted. New entrants will erode the profitability of existing plants until no further "excess profits" are being made in this sector.

For AFA processors the limits on processing do not represent a guaranteed percentage of the processing of a given species. AFA processors will face the prospect of being forced to end processing because of other AFA processors, but must also worry that non-AFA processors will increase their capacity and process at levels above their guaranteed minimums. Thus it appears that the processing limits may lead to increased price competition for fish other than pollock in the AFA processing class, and increase investments that accelerate processing, but do little to add value per unit of fish. The effect of intensified price competition would likely reduce net revenues for BSAI pollock processors, however, increased ex-vessel prices would benefit catcher

vessels. It is not possible to determine if ex-vessels prices would rise under this management scenario. If they did rise, they would only increase to a point that reflects their competitive value, in the long run.

Processing limits may also have unintended consequences which result primarily from the fact that ownership interests in the crab and groundfish processing industry are very intertwined. It is often very difficult to distinguish between one company and another in terms of ownership. Many of the owners of AFA-eligible facilities have interests in other facilities that are not AFA-eligible. Similarly, many owners of facilities that are not AFA-eligible have ownership stakes in AFA-eligible facilities. Therefore, it is very likely that AFA processors will be either too narrowly defined to effectively limit AFA processors, or too broadly defined, which will impose limits on companies that may have little or no interest in pollock processing.

8.1.6 Objectives and Effectiveness of Processing Limits

From the preceding discussion it is clear that the concept of processing limits will be controversial. To provide a consistent framework for qualitatively judging the effectiveness of the different options, this section develops a set of ten objectives based on the perspectives of the four groups directly affected.

From the perspective of non-AFA processors, processing limits should be imposed to prevent AFA processors from increasing their historical share of the processing of non-pollock species as a result of their ability to form cooperatives in the BSAI pollock fisheries. This perspective may be translated into three objectives:

- Objective 1: Processing limits should limit AFA processing of non-pollock species to levels achieved before AFA.
- Objective 2: Processing limits should include all processing interests of AFA companies.
- Objective 3: Processing limits should prevent AFA companies from evading the limits through subsidiaries or holding companies.

If processing limits must be imposed under AFA, then AFA processors' perspectives lead to the following three objectives:

- Objective 4: Processing limits should allow AFA processors to maximize their ability to realize profits in the pollock processing industry.
- Objective 5: Processing limits should allow AFA processors to utilize non-pollock processing capacity improvements completed before AFA.
- Objective 6: Processing limits should not limit the market value of their AFA-eligible facilities.

In addition, non-pollock processors indirectly linked to AFA processors are likely to view the AFA processing limits with the following objective:

- Objective 7: Processing limits should not restrict non-pollock processors that will not benefit directly from the AFA.

Finally, NMFS will have certain objectives relating to its ability to implement the limits and to reduce the expense of implementation, monitoring, and enforcement, such as the following :

- Objective 8: Processing limits should not substantially increase paperwork requirements on processors.

Objective 9: Processing limits should be easy and inexpensive to set annually.

Objective 10: Processing limits should be easy and inexpensive to monitor and enforce.

The ten objectives are used to evaluate qualitatively the processing limits.

8.2 Structure of the Pollock Processing Industry as it Relates to Processing Limits

As noted earlier, ownership of crab and groundfish processors is very intertwined. Thus specification of processors will be critically important in determining the impacts of processors limits. This section examines the structure of the pollock processing industry and discusses how ownership may be defined in terms of the processing limits. It examines ownership of each of the AFA-eligible facilities and other facilities that may be related through ownership.

8.2.1 The 10% Ownership Rule

The AFA defines ownership linkages as follows: "Any entity in which 10 percent or more of the interest is owned or controlled by another individual or entity shall be considered to be the same entity as the other individual or entity for the purposes of this subparagraph." Entities that are linked by this "10% Ownership Rule" to AFA-eligible processing facilities are referred to as AFA entities.

The 10% Ownership Rule is applied in this analysis as follows:

If a company has a 10 percent or more ownership stake in an AFA-eligible processing facility, then all other processing facilities in which that company has at least 10 percent ownership will also be considered part of the AFA entity. In the analysis, lease of a facility is considered the same as ownership.

In identifying AFA entities and linkages, the Council needs to be aware that verifiably accurate and complete ownership information is not currently available from any source. Therefore, only approximate levels can be identified for applying processing limits.

Federal and state processing permits provide initial data for tracking owners. Additional information comes from public licensing documents required by states in which companies do business. In addition, less formal information is available, such as trade journals or publications such as *Fishing Vessels of the United States*, which lists vessel owners and management companies. Finally, information on ownership may be obtained directly from company officials. By combining information from different sources it is possible to determine ownership levels as a first-order approximation of AFA entities and linkages. Actual implementation and monitoring will depend upon more accurate and complete information on ownership. Presumably, NMFS or MARAD will require full disclosure of ownership information to determine and monitor processing limits.

8.2.1.1 CDQ Organizations

CDQ organizations and companies are treated no differently from non-CDQ companies for purposes of defining AFA entities. Thus if a CDQ company has an ownership stake of 10 percent or more in an AFA-eligible processing facility, then all other processing facilities in which the CDQ company has at least 10 percent ownership also are considered part of the AFA entity.

8.2.1.2 Catcher Vessels

The 10% Ownership Rule is applied only to links between processing facilities. Links between processors solely through ownership of a catcher vessel are not considered links in terms of the 10% Ownership Rule. For example, two individuals may own a group of 5 catcher vessels in a 50-50 partnership. One of the individuals owns an AFA-eligible pollock processing facility, and the other owns a crab processing plant. Both facilities receive all of their deliveries from the 5 catcher vessels. Because the only link between the two companies is the catcher vessels, the two corporations are not considered part of a single AFA-entity. In its final decision the Council can change this interpretation.

8.2.1.3 Control

In providing the basis for the 10% Ownership Rule, the AFA includes not only ownership, but also the concept of control. This analysis focuses on ownership rather than control for two primary reasons:

1. Control is very difficult to define and does not lend itself to quantifiable measures.
2. An ownership share of as low as 10 percent in a processing company may imply control of the company. By associating all companies linked by 10 percent (or more) ownership levels, it is likely that all persons that have a controlling interest in an AFA company are also included.

Control is not a focus of this analysis. However, if the Council wants to consider control more closely, it should be noted that there are various indicators of control. For example, percent of ownership is often equated to percent of control of an organization. Ownership information often is a matter of public record, but other influences and controls may not be evident. Such influence may be exerted through joint management or management links, personal or familial relationships, contractual obligations, and other means.

Officers of publicly held corporations often exert considerable influence or control, although they may not own a majority of the stock. Officers of privately held or closely held corporations may be somewhat more limited in their level of control, although they would be anticipated to have considerable influence on the corporation's activities. The analysis assumes that links between processors exist when a corporate officer of an AFA-eligible processor is a corporate officer or director for another processor, or when a corporate officer of an AFA-eligible processor has at least a 10 percent ownership in another processor.

Contractual obligations can also enable an individual or firm to exert control over a processor. For example, industry representatives discussed possible loans made to individuals or organizations by larger companies that require the individuals or organizations to sell all their harvest or product to the larger companies. Marketing agreements between firms may have similar requirements. Another example of possible control is a loan made to an individual to purchase a vessel with terms of the loan such that the lender actually controls the vessel. Although interviews mentioned these examples, no corroborating information could be found to support these statements. Therefore, influence or control through potential contractual terms and obligations are not treated as links in terms of the 10% Ownership Rule.

For many individuals, working in the fishing or processing industry offshore Alaska is a family tradition of several generations. Siblings and spouses are often active participants in the businesses and share in the business decisions. Long-standing friendships and family ties have also evolved over the years, and these relationships are often used to start or finance new vessels or expand the current business. The analysis conducted for this section identified instances in which owners, officers, and directors of AFA-eligible

processors had spouses and other family members with ownership positions in other processors. No other information could be found indicating that the individuals related to the AFA-eligible processors had substantive influence or control over the other processors. Subsequently, relationships between family members and friends are not treated as links in terms of the 10% Ownership Rule. In its final decision the Council will have the latitude to change this interpretation of the 10% Ownership Rule and include links between family members.

8.2.2 Basis for Ownership Patterns

The ownership of AFA-eligible processing plants and vessels is based on federal permit data from NMFS and intent-to-operate data from ADF&G, corporate license data from the states of Washington and Alaska, as well other data bases from private sources such as Dunn and Bradstreet. Corporate officers also have provided ownership details. Organizational charts are used to show ownership linkages. They include notes on sources of information.

There are shortcomings in most data bases. Some firms do not provide information to Dunn and Bradstreet, and the company record is limited to publicly available information. State of Washington corporate records list corporate officers and directors, but do not indicate percent of ownership by these persons, or ownership percentages for persons or firms that are not corporate officers or directors. State of Alaska corporate records typically show ownership percentages for officers and directors, but controlling interest in a corporation may be held by an entity or individual that is not an officer or director.

Discussions with corporate officers or owners typically provided the most detailed information. Attempts were made to verify this information through conversation with other industry members or through public records. In some instances individuals requested that their names not be attributed to certain details for their companies or other organizations, so names are not tied to specific information. Persons contacted are listed in Table 8.1.

8.2.3 AFA-Eligible Pollock Processing Plants and Vessels

Table 8.2 lists pollock processing plants and vessels that are AFA-eligible, the company owning the plant or vessel, and the sector in which the vessel or plant participates. This list is the basis for developing further linkages in the pollock processing industry.

Table 8.1 Persons Contacted

Name	Company
Mike Atterberry	Alaska Ocean Seafood LLP
Bill Atkinson	Alaska Frontier Company
Dave Benson	Tyson Seafoods Group (now Trident)
Alec Brindle	Wards Cove Packing
John Bundy	Glacier Fish Company
Doug Christensen	Arctic Storm, Inc.
Mike Coleman	Yak/Yok Holdings
Barry Collier	Peter Pan Seafoods, Inc.
Craig Cross	Alaska Trawl Fisheries, Inc.
Robert Czeisler	Phoenix Processor Limited Partnership
Matt Doherty	Ocean Peace, Inc.
Bart Eaton	Trident Seafoods, Inc.
Jessie Gharrett	NMFS
Jay Ginter	NMFS
Don Goodfellow	Westward Seafoods, Inc.
Glen Haight	Alaska Department of Community and Regional Affairs
John Henderschedt	YDFDA
Mike Hyde	American Seafoods Co.
John Iani	Unisea, Inc.
John Lepore	NMFS
Terry Leitzell	Northern Victor Partnership
Dave Little	Clipper Seafoods
Mariuz Mazurek	TCW/Oak Tree Capital Management
John Moeller	APICDA
Judy Nelson	BBEDC
Barry Ohai	Aleutian Spray Fisheries
Brent Paine	United Catcher Boats
Joe Plesha	Trident Seafoods, Inc.
Joe Sullivan	Mundt, MacGregor
Cory Swasand	Aleutian Spray Fisheries
Arne Thomson	Alaska Crab Coalition
Dick Tremaine	CBSFA
Doug Wells	Baranof Seafoods
John Winther	Ocean Prowler, LLC
Rob Wurm	Alaskan Leader Fisheries, LLP

Information from the industry discussions was added to the database, and searches on the names of companies, vessels, officers, and directors were conducted to identify links that were not known or had not been identified in discussions with corporate officers.

Table 8.2 AFA-Eligible Pollock Processing Plants and Vessels

Company	Vessel Name/ Plant Location	Sector
Alaska Ocean Seafood LLP	<i>Alaska Ocean</i>	CP
Alaska Trawl Fisheries, Inc.	<i>Endurance</i>	CP
Aleutian Spray Fisheries	<i>Starbound</i>	CP
Alyeska Seafoods, Inc.	Dutch Harbor	INS
American Seafoods Co.	<i>American Dynasty</i>	CP
American Seafoods Co.	<i>American Empress</i>	CP
American Seafoods Co.	<i>American Triumph</i>	CP
American Seafoods Co.	<i>Browns Point</i>	CP
American Seafoods Co.	<i>Christina Ann</i>	CP
American Seafoods Co.	<i>Elizabeth Ann</i>	CP
American Seafoods Co.	<i>Katie Ann</i>	CP
American Seafoods Co.	<i>Northern Eagle</i>	CP
American Seafoods Co.	<i>Northern Hawk</i>	CP
American Seafoods Co.	<i>Northern Jaeger</i>	CP
American Seafoods Co.	<i>Ocean Rover</i>	CP
American Seafoods Co.	<i>Pacific Explorer</i>	CP
American Seafoods Co.	<i>Pacific Navigator</i>	CP
American Seafoods Co.	<i>Pacific Scout</i>	CP
American Seafoods Co.	<i>Rebecca Ann</i>	CP
American Seafoods Co.	<i>Victoria Ann</i>	CP
Arctic Storm, Inc.	<i>Arctic Fjord</i>	CP
Arctic Storm, Inc.	<i>Arctic Storm</i>	CP
Northern Victor Partnership	<i>Northern Victor</i>	INS
Norton Sound EDC	<i>Northern Glacier</i>	CP
Norton Sound EDC	<i>Pacific Glacier</i>	CP
Peter Pan Seafoods, Inc.	King Cove	INS
Peter Pan Seafoods, Inc.	<i>Golden Alaska</i>	MS
Phoenix Processor Limited Partnership	<i>Ocean Phoenix</i>	MS
Supreme Alaska Seafoods	<i>Excellence</i>	MS
Trident Seafoods Corporation	Akutan	INS
Trident Seafoods Corporation	Sand Point	INS
Trident Seafoods Corporation (Tyson)	<i>American Enterprise</i>	CP
Trident Seafoods Corporation (Tyson)	<i>Island Enterprise</i>	CP
Trident Seafoods Corporation (Tyson)	<i>Kodiak Enterprise</i>	CP
Trident Seafoods Corporation (Tyson)	<i>Seattle Enterprise</i>	CP
Trident Seafoods Corporation (Tyson)	<i>U.S. Enterprise</i>	CP
Trident Seafoods Corporation (Tyson)	<i>Arctic Enterprise</i>	INS
Unisea Inc	Dutch Harbor	INS
Westward Seafoods Inc	Dutch Harbor	INS
Yak/Yok Holdings	<i>Highland Light</i>	CP

Sector definitions:

CP = Catcher processor

MS = Mothership

INS = Shore plant or inshore floating processor

Source: NFMS permit and blend data files, ADFG intent-to-operate files

8.2.4 Organization Charts for AFA-Entities

The organizational structure focuses on AFA entities as groups of firms or individuals with some common threads of ownership and control. The AFA entity can include individuals, companies, and other organizations. It even may consist of a parent organization that owns 100 percent of one or more companies that control AFA-eligible plants or vessels. In other instances, the AFA entity may consist of a parent organization with subsidiaries that control AFA-eligible plants or vessels. At the AFA entity level of aggregation, the definition of a company and the distinction between these two examples are not critical. However, if the Council wishes to pursue a company-oriented ownership rule, the definition of a company will be very important. For example, is a wholly owned company with separate management a distinct company from the parent company? Or if a parent organization owns 100 percent of the capital stock in two companies, each of which has a separate management structure to operate separate AFA-eligible facilities, are all three organizations separate companies? A company-oriented ownership rule will require a definition capable of addressing such distinctions, and this definition does not yet exist, since the Council has not yet acted on processor sideboards..

Figures 8.1 - 8.12 depict ownership or control linkages that exist for AFA-eligible processing plants and processing vessels, as well as linkages between the companies that own these plants and vessels. These links are presented at the entity level. Each overall structure is identified by the largest company or the firm with majority ownership in the others. The AFA entities described in this section include:

- Alaska Ocean
- Alaska Trawl
- Aleutian Spray
- American Seafoods
- Marubeni
- Maruha
- Nichiro Corporation
- Nippon Suisan Kaisha, Ltd.
- Trident Seafoods
- Tyson Seafoods Group, Inc.
- Unification Church
- Yardon Knot Holdings/Yardarm Knot Holdings

In addition to these entities, two CDQ groups (Bristol Bay Economic Development Corporation and Norton Sound Economic Development Corporation) have ownership interests in AFA-eligible processing facilities. Organization charts for these two entities are presented in Section 8.2.5 with information for all CDQ groups.

In the organizational charts, links that could be corroborated from several sources are shown with solid black lines. Links for which information could not be confirmed, or for which conflicting information was found, are shown with dashed lines. Information on these potential links is presented in notes for each chart.

Figure 8.1 Organizational Chart for Alaska Ocean

ALASKA OCEAN



Notes: Companies noted above are listed as partners in State of Washington Corporate records .

Sources: Ingens Database of Alaska Corporation records; State of Washington Corporation records; Dun and Bradstreet, In c.

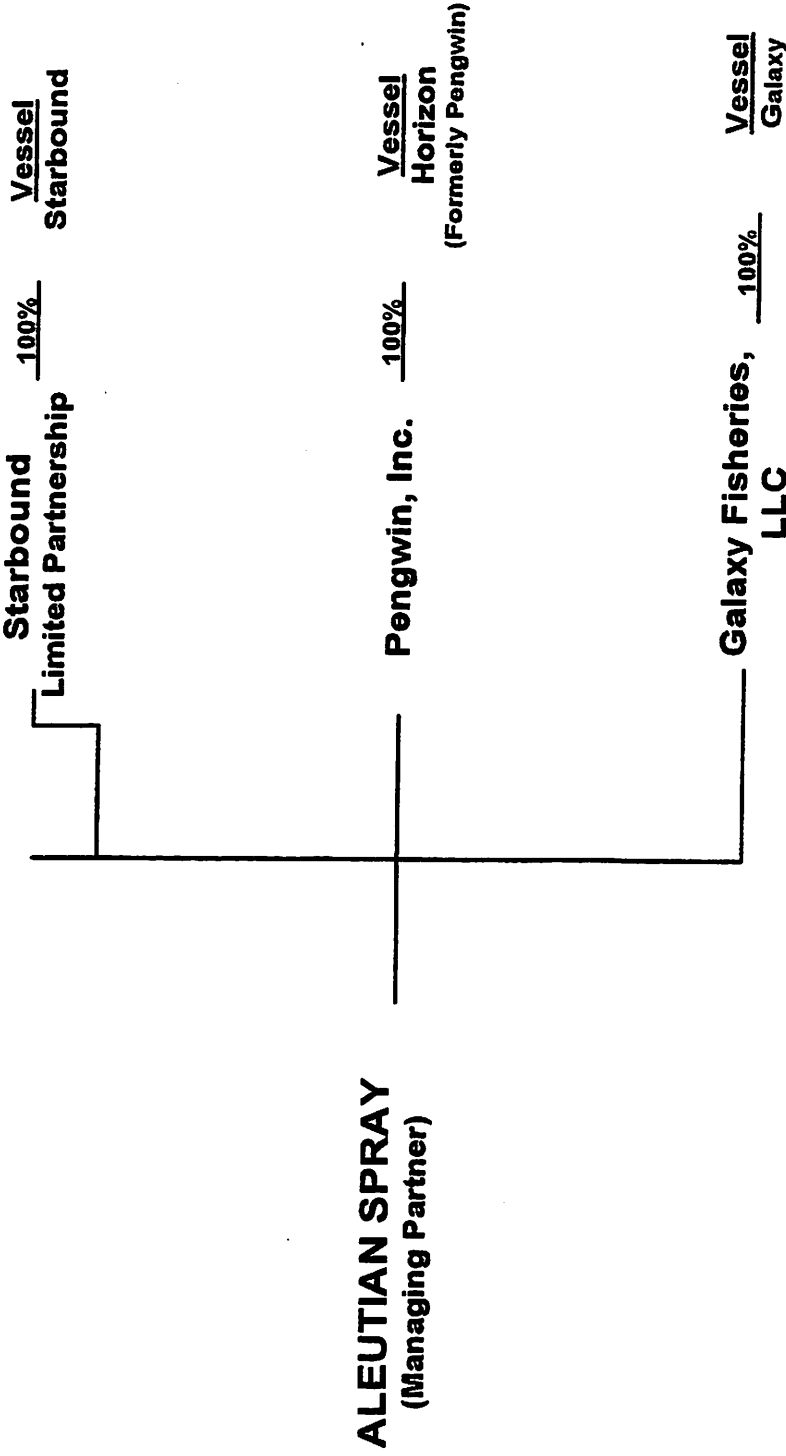
Figure 8.2 Organizational Chart for Alaska Trawl

ALASKA TRAWL



Sources: Ingens Database of Alaska Corporation records; State of Washington Corporation records; Dun and Bradstreet, Inc.

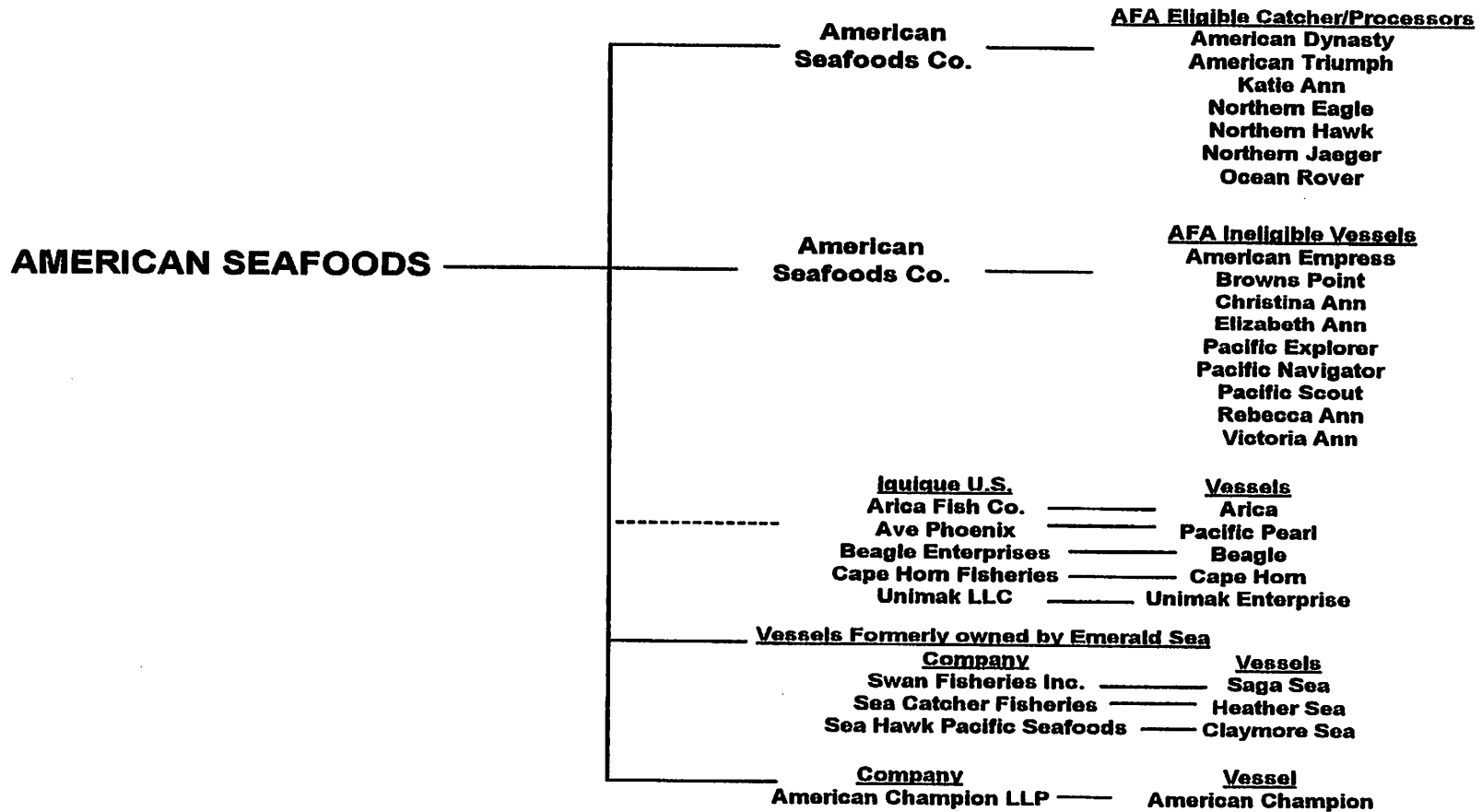
Figure 8.3 Organizational Chart for Aleutian Spray



Note: Galaxy Fisheries, LLC, owns the moratorium permit for the Northern Empire.

Sources: Ingens Database of Alaska Corporation records; State of Washington Corporation records; Dun and Bradstreet, Inc.; and industry representative discussions.

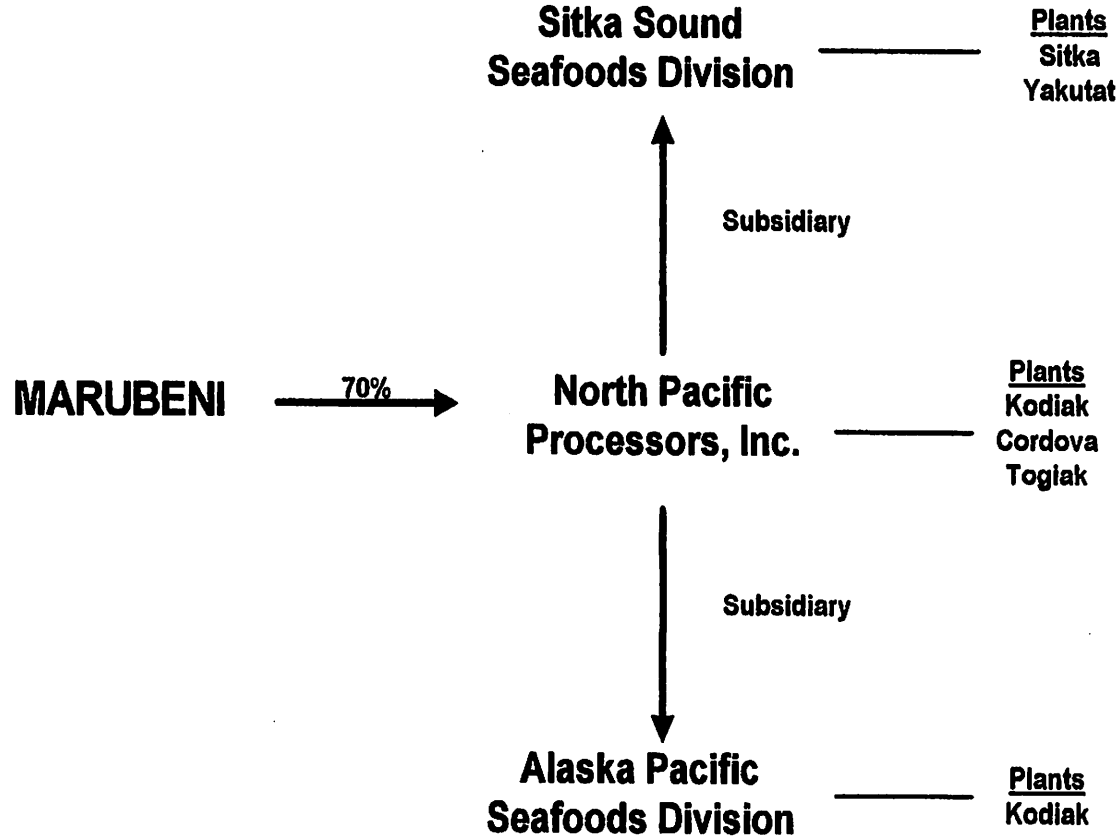
Figure 8.4 Organizational Chart for American Seafoods



Notes: An individual in American Seafood management has ownership or management interest in the group of boats managed by Iquique U.S. The vessels formerly owned by Emerald Sea are owned by owners of American Seafoods, but are currently operating in Russia. Their U.S. processing and fishing histories remain within the American Seafoods entity. The American Champion is no longer documented in the U.S.

Sources: Ingens Database of Alaska Corporation records; State of Washington Corporation records; Dun and Bradstreet, Inc.

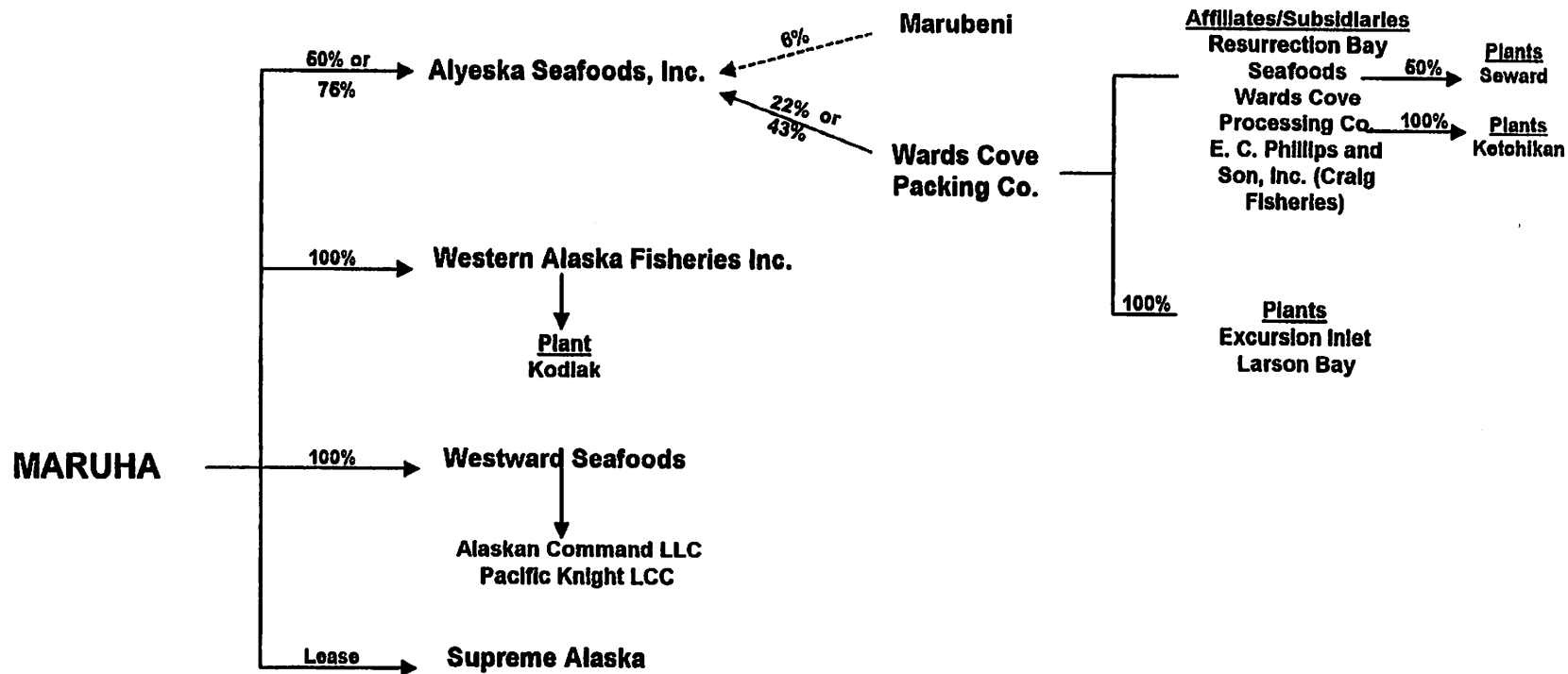
Figure 8.5 Organizational Chart for Marubeni



Note: Alaska Corporation records show Marubeni owns 70% of North Pacific. Other owners are not shown. Dun and Bradstreet records only indicate foreign parent is Marubeni.

Sources: Ingens Database of Alaska Corporation records; State of Washington Corporation records; Dun and Bradstreet, Inc.

Figure 8.6 Organizational Chart for Maruha

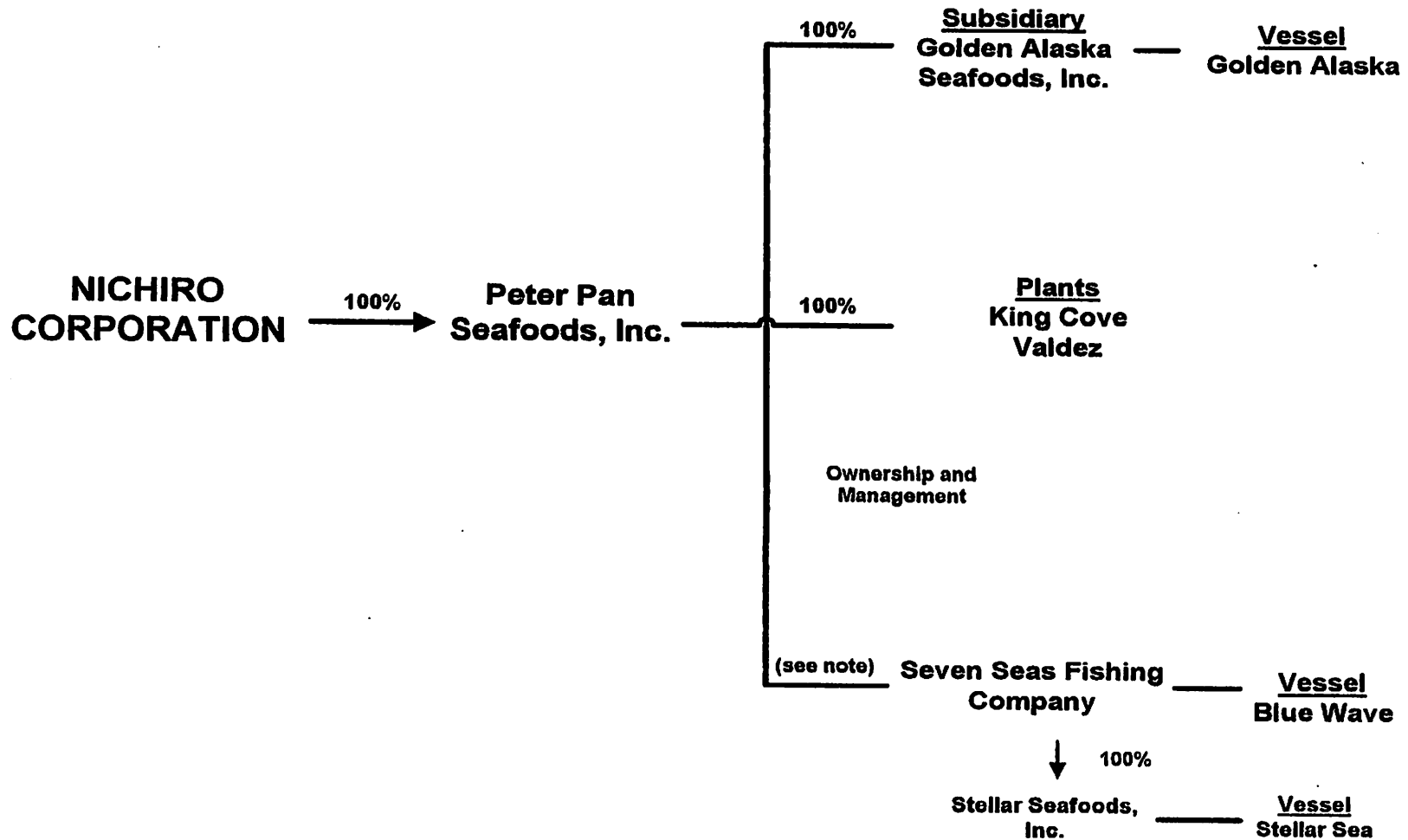


Notes:

- 1) State of Alaska corporate records indicate Maruha owns 76% of Alyeska and Wards Cove Packing Co. owns 22% of Alyeska. Dun and Bradstreet reports state that Maruha owns 50% and Wards Cove owns 43%.
- 2) Dun and Bradstreet report dated August 11, 1998 indicates 6% of Alyeska capital stock is owned by Marubeni Corporation and 1% by Western Alaska Fisheries Inc.
- 3) Dun and Bradstreet reported that Maruha had majority ownership in Alaskan Command.

Sources: Ingens Database of Alaska Corporation records; State of Washington Corporation records; Dun and Bradstreet, Inc.

Figure 8.7 Organizational Chart for Nichiro Corporation



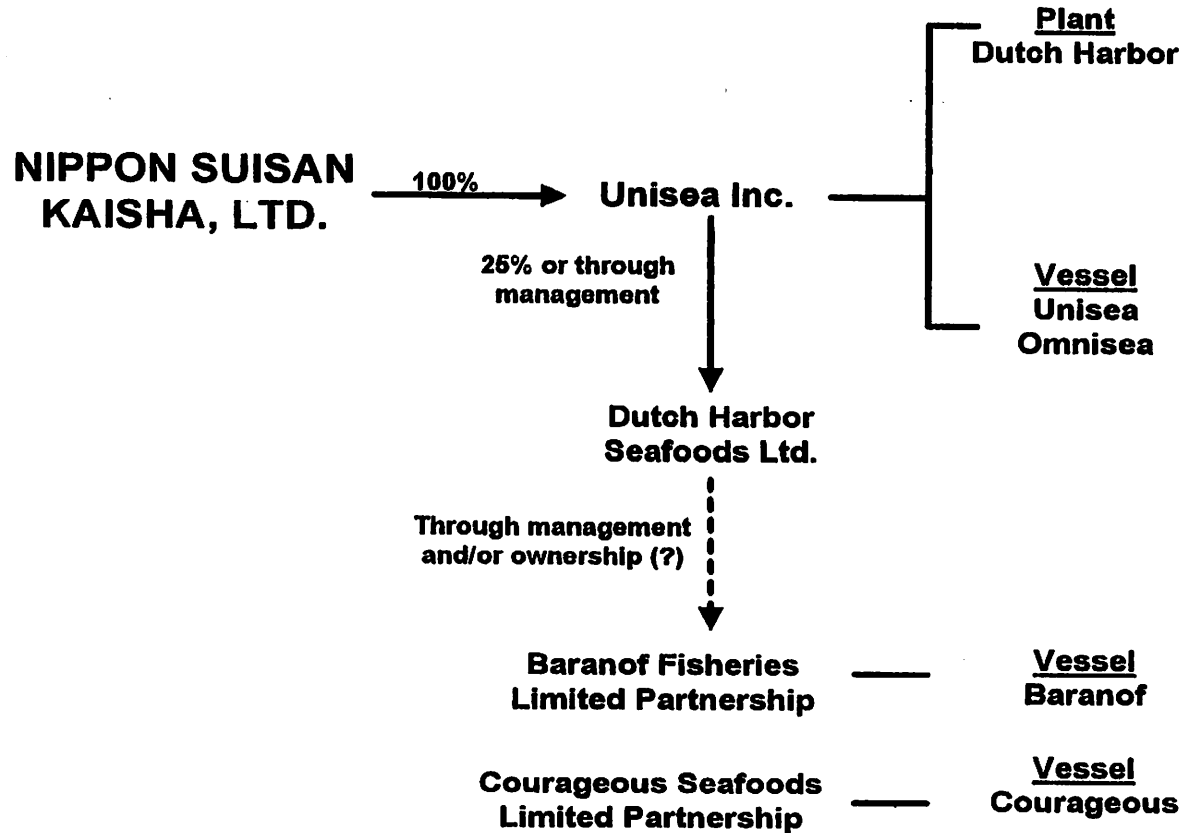
Notes:

1) State of Alaska corporation records for Seven Seas Fishing Company show Barry Collier, President of Peter Pan Seafoods with 75% of capital stock.

2) Peter Pan Seafoods has 10% and Nichiro Corporation has 15%.

Sources: Ingens Database of Alaska Corporation records; State of Washington Corporation records; Dun and Bradstreet, Inc.

Figure 8.8 Organizational Chart for Nippon Suisan Kaisha, Ltd.

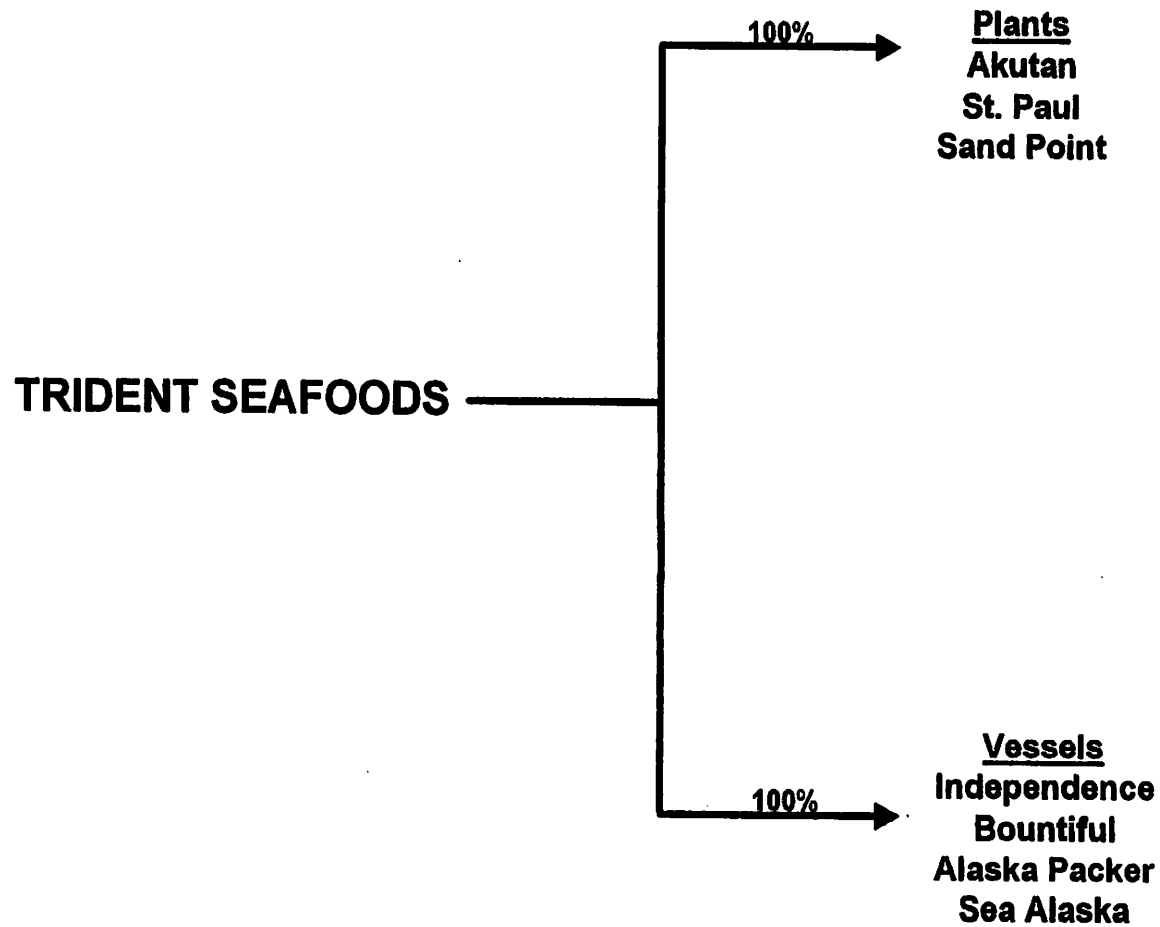


Notes:

- 1) State of Alaska corporation records show Richard C. White as President and a 20% owner in Dutch Harbor Seafoods. Mr. White is also listed as a partner in the Baranof and Courageous Partnerships although Washington State records do not show level of ownership.
- 2) According to industry sources, Richard Pace is a limited partner in the Baranof and Courageous Partnerships and according to the State of Washington records, Judith V. Pace, his wife, is a partner in the Baranof and Courageous Partnerships. Mr. Pace was a previous president of Unisea, Inc.
- 3) Aaron Gilman and Bert Gilman started Universal Seafoods in 1974 and later sold that business to NSK. The Gilmans are both listed as partners in the Baranof and Courageous Partnerships.

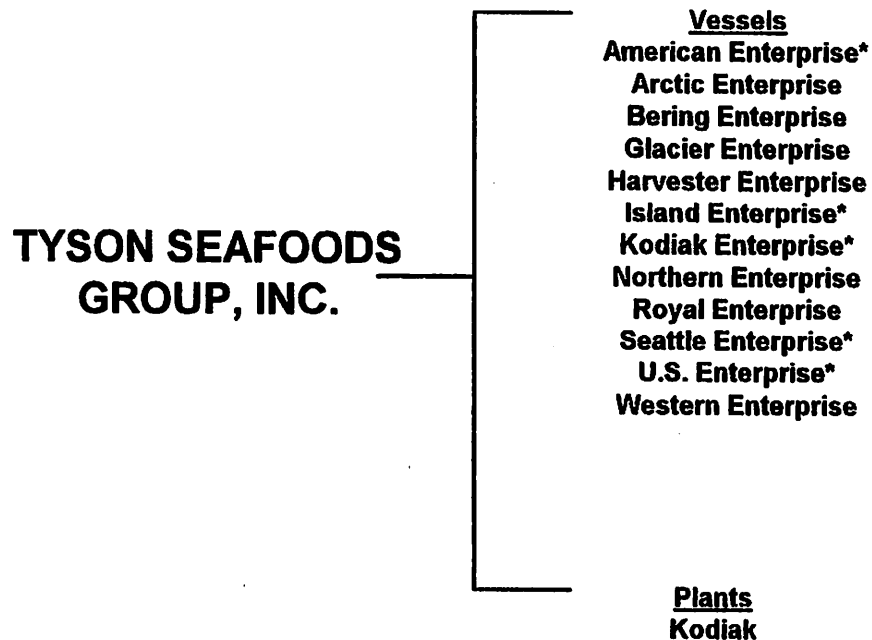
Sources: Ingens Database of Alaska Corporation records; State of Washington Corporation records; Dun and Bradstreet, Inc

Figure 8.9 Organizational Chart for Trident Seafoods



Sources: Ingens Database of Alaska Corporation records; State of Washington Corporation records; Dun and Bradstreet, Inc.

Figure 8.10 Organizational Chart for Tyson Seafoods Group, Inc.



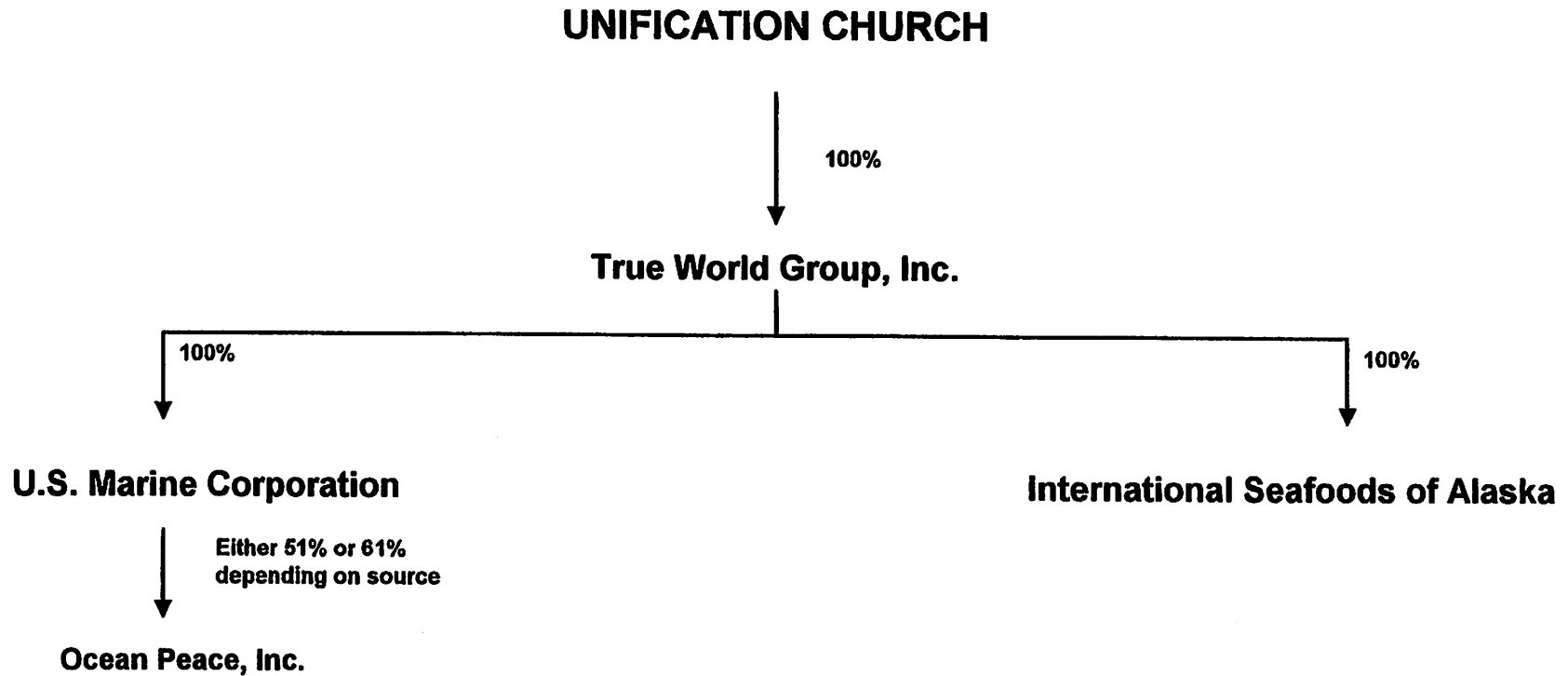
Notes:

1) An asterics indicates AFA eligible catcher/processors.

2) Tyson has recently sold several catcher processors that operated as Tyson vessels between 1995-1997. The vessels listed above were still owned by Tyson as of March 20, 1999.

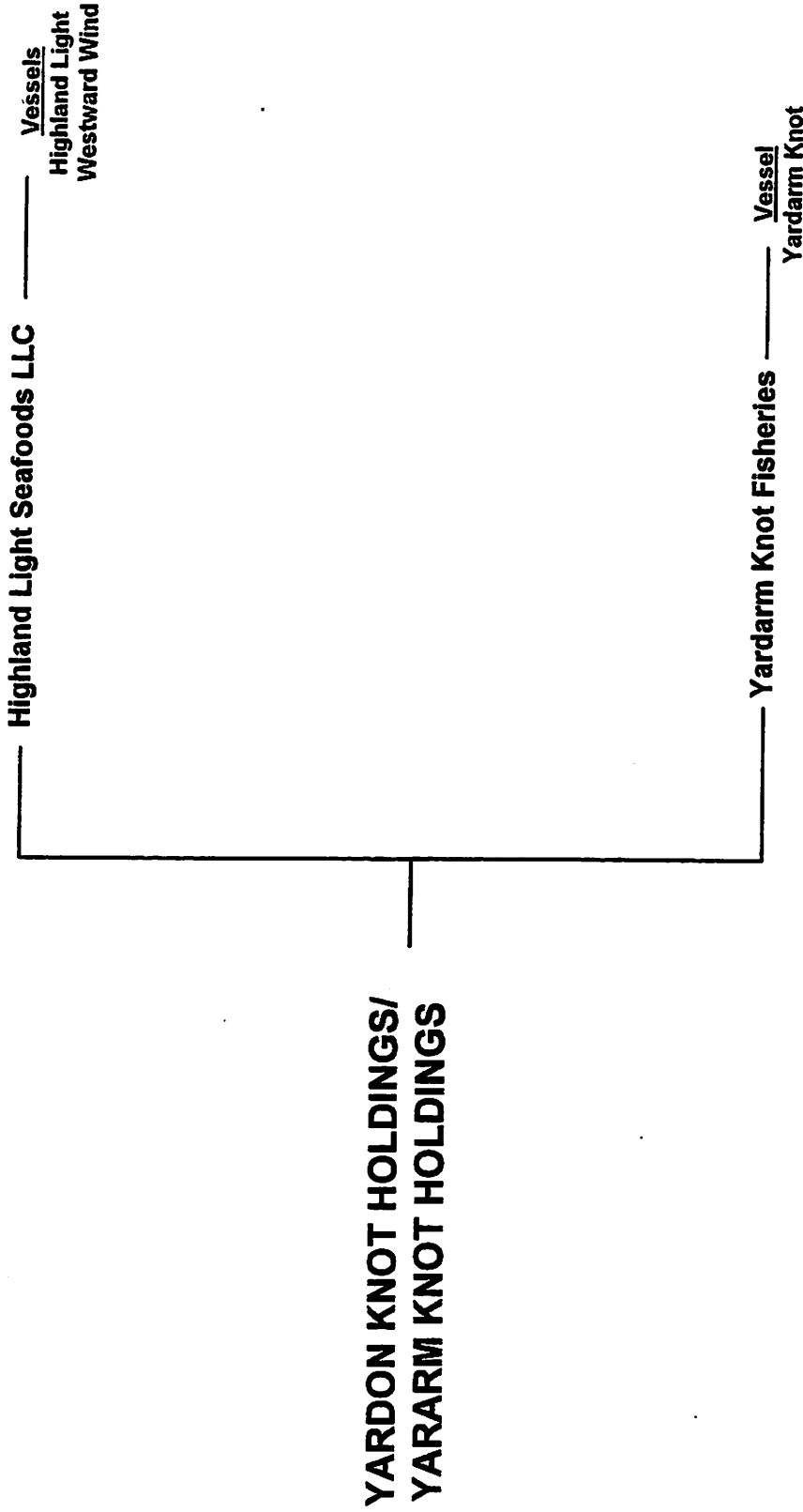
Sources: Ingens Database of Alaska Corporation records; State of Washington Corporation records; Dun and Bradstreet, Inc.

Figure 8.11 Organizational Chart for Unification Church



Sources: Ingens Database of Alaska Corporation records; State of Washington Corporation records; Dun and Bradstreet, Inc.

Figure 8.12 Organizational Chart for Yardon Knot Holdings/Yardarm Knot Holdings



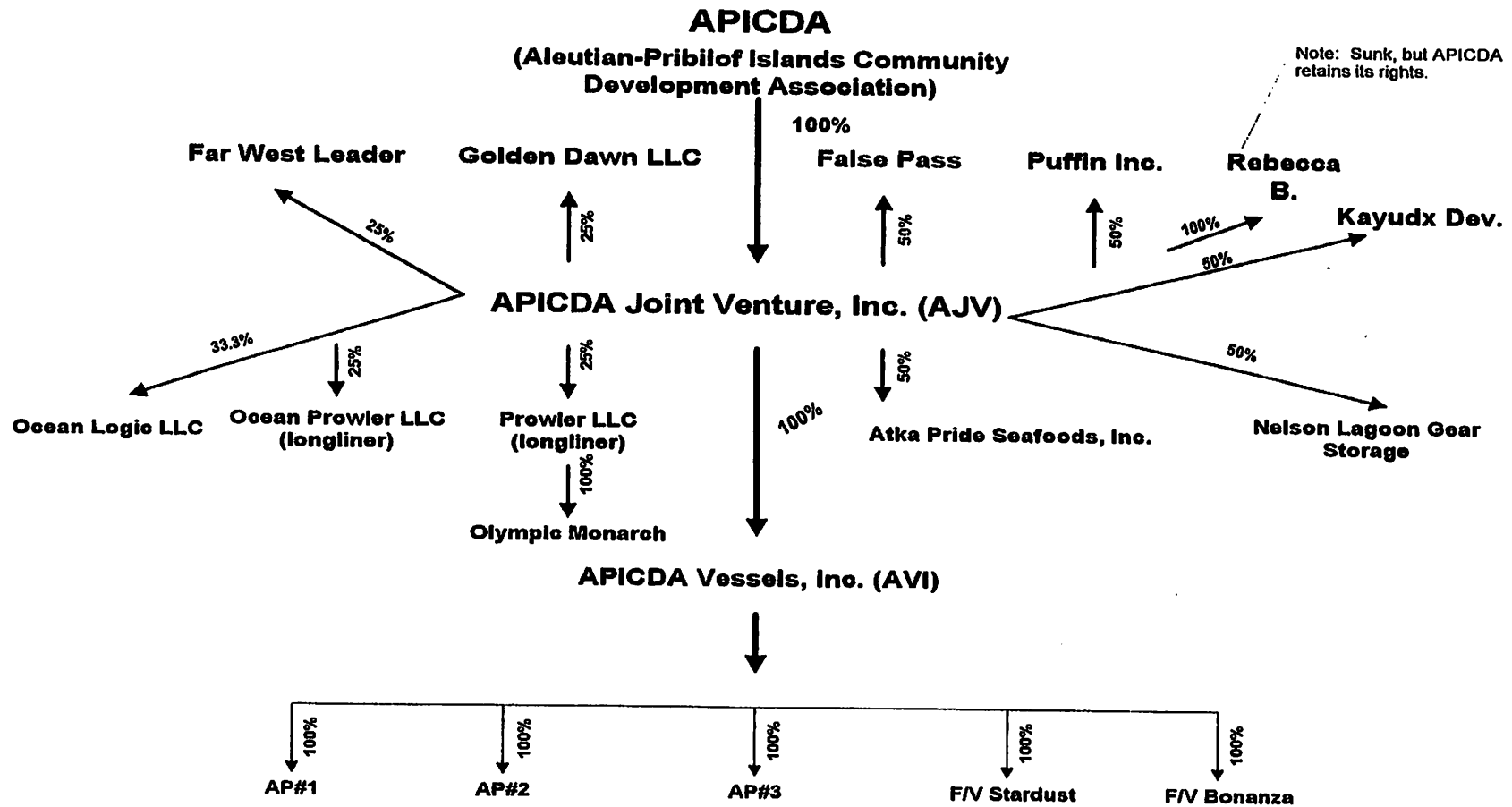
Notes: Yardon Knot Holdings and Yardarm Knot Holdings were both reported in the data bases and have similar ownership structure.

Sources: Ingens Database of Alaska Corporation records; State of Washington Corporation records; Dun and Bradstreet, Inc.; Discussions with industry representatives.

8.2.5 CDQ Groups

Figures 8.13 - 8.18 depict the organization of the six primary CDQ groups. Bristol Bay Economic Development Corporation and Norton Sound Economic Development Corporation have direct investments in AFA-eligible processors. Aleutian Pribilof Island Community Development Association may be associated with an AFA-eligible processor under the 10% Ownership Rule. Basic information sources include the Alaska Department of Community and Regional Affairs. Industry discussions and research of corporate records revealed other links as noted in the charts.

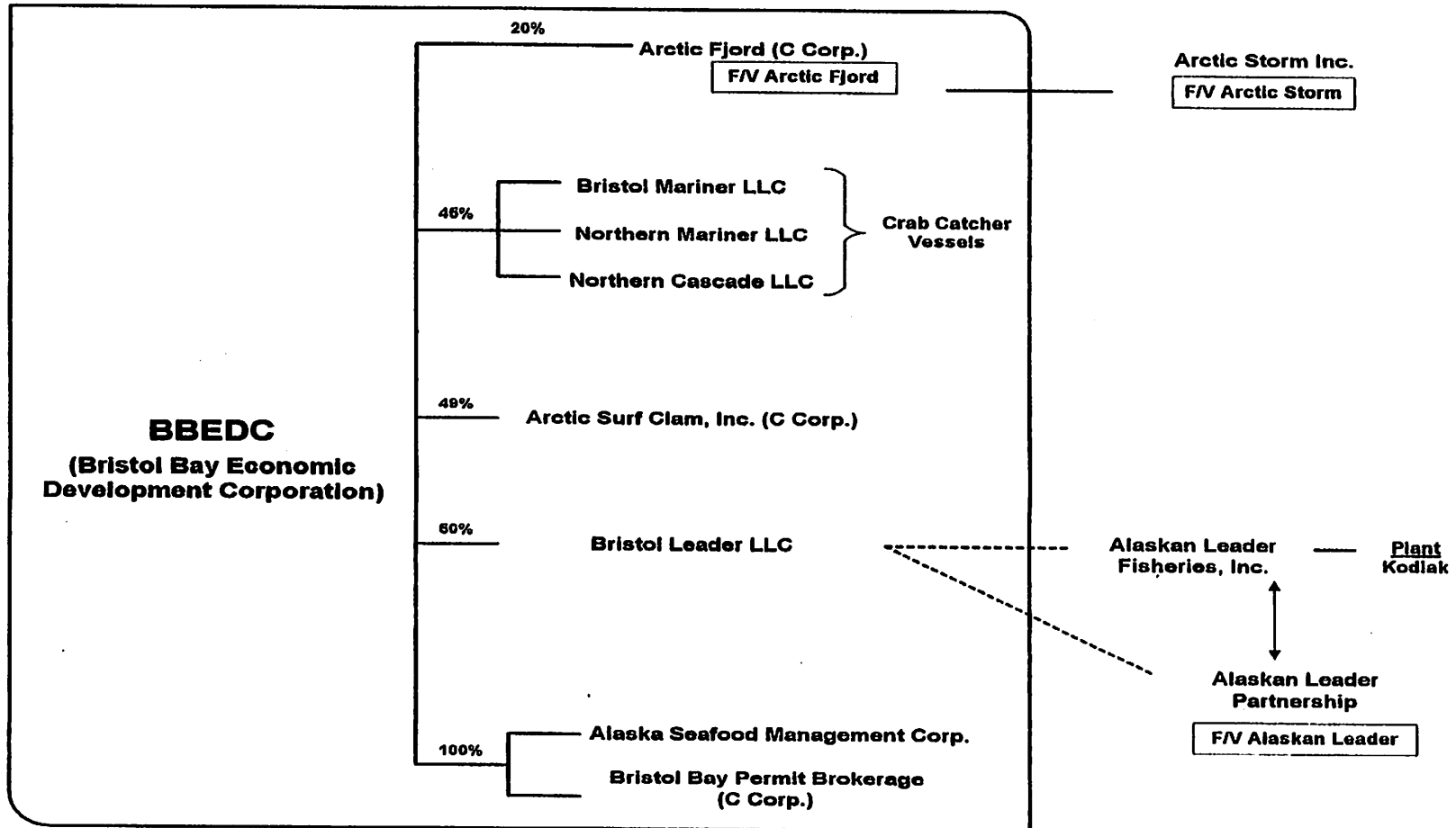
Figure 8.13 Organizational Chart for Aleutian-Pribilof Islands Community Development Association



Notes: AJV is a 100% owner of AVI, which purchases and leases fishing vessels which are leased to fishermen from various southwestern Alaska villages; a 50% owner of Atka Pride Seafoods, Inc. (APS), located in Atka, Alaska, which purchases and processes fish for resale; a 100% owner of Rebecca B, LLC; a 25% owner of Golden Dawn, LLC which is a vessel engaged in pollock fishery; a 33.3% owner of Ocean Logic, LLC which is developing software for fishing vessels; a 25% owner of Ocean Prowler, LLC which owns a 156' longline processing vessel; a 25% owner of Prowler, LLC which owns a 115' longline processing vessel; and a 50% owner of Kayudx Development, LLC which is in the process of commercially developing and planning to operate Tract 1 in the City of St. George, Alaska. Pollock partners: Trident and Starbound.

Prepared by: Glen Haight, DCRA Municipal and Regional Assistance Division, received February 19, 1999.

Figure 8.14 Organizational Chart for Bristol Bay Economic Development Corporation



Notes: Arctic Fjord is 20% owned by five partners. There is also the Arctic Storm Mgmt. Co. which manages both the F/V Arctic Fjord and the F/V Arctic Storm. The F/V Arctic Storm is currently owned 50% by Oyang (Korean Corp) and 50% by same five partners. BB Permit Brokerage and AK Seafood Mgmt Corp are now defunct. Pollock partner: Arctic Storm (previously Oceanrawl). State of Alaska records indicate that 42% of Bristol Leader LLC is owned by a group of six persons, each with 7% ownership, who also control the majority of ownership in the Alaskan Leader Partnership and Alaska Leader Fisheries. Arctic Fjord Inc and Arctic Storm Inc have 3 multiple owners. At least one person owns more than 10% ownership in both companies. Common ownership is approximately 80% for the Arctic Fjord and over 40% for the Arctic Storm.

Sources: Information within the box was prepared by Glen Haight, DCRA Municipal and Regional Assistance Division, received February 19, 1999.; Other information is from the State of Alaska corporation records and discussions with industry representatives.

Figure 8.15 Organizational Chart for Central Bering Sea Fisherman's Association

CBSFA
(Central Bering Sea Fisherman's Association)



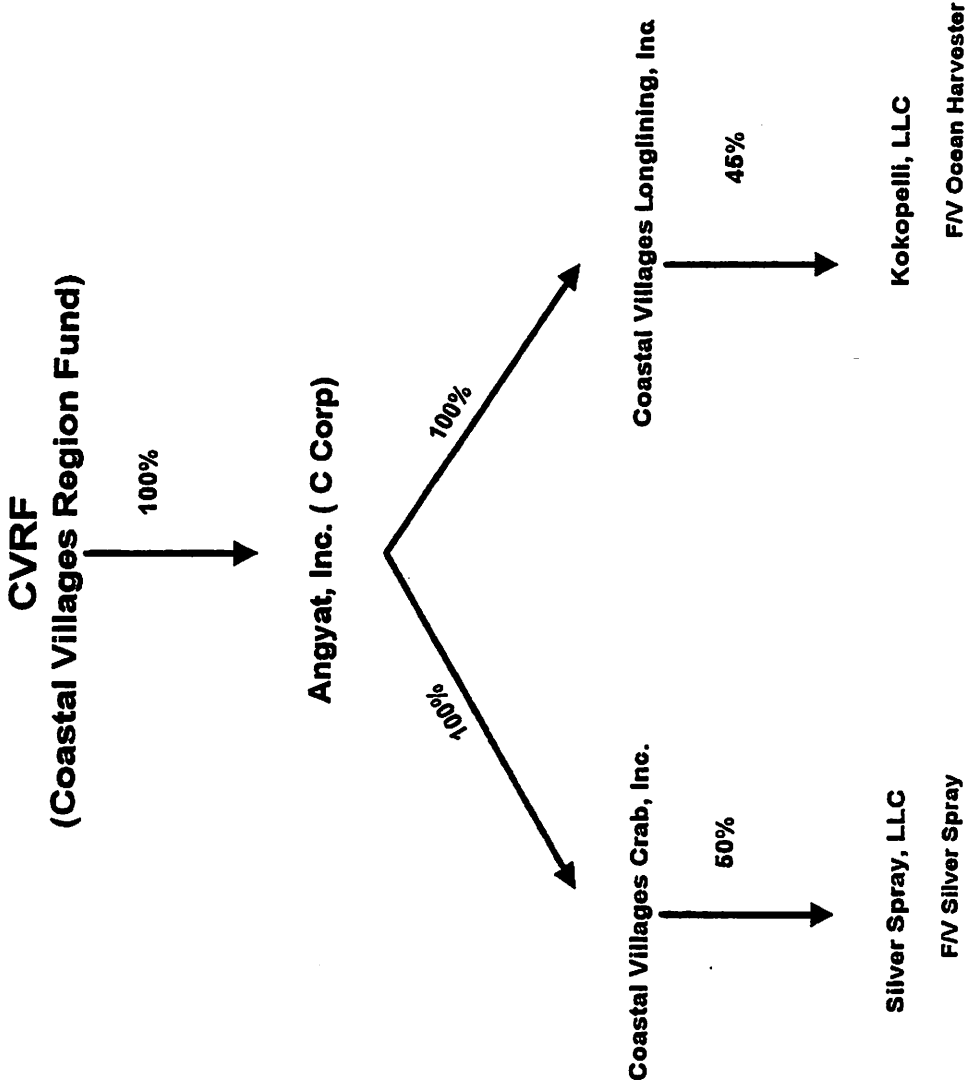
CBSFC
(Central Bering Sea Fisherman's Company)



Vessel
20%
Zolotoi

Prepared by: Glen Haight, DCRA Municipal and Regional Assistance Division, received February 19, 1999.

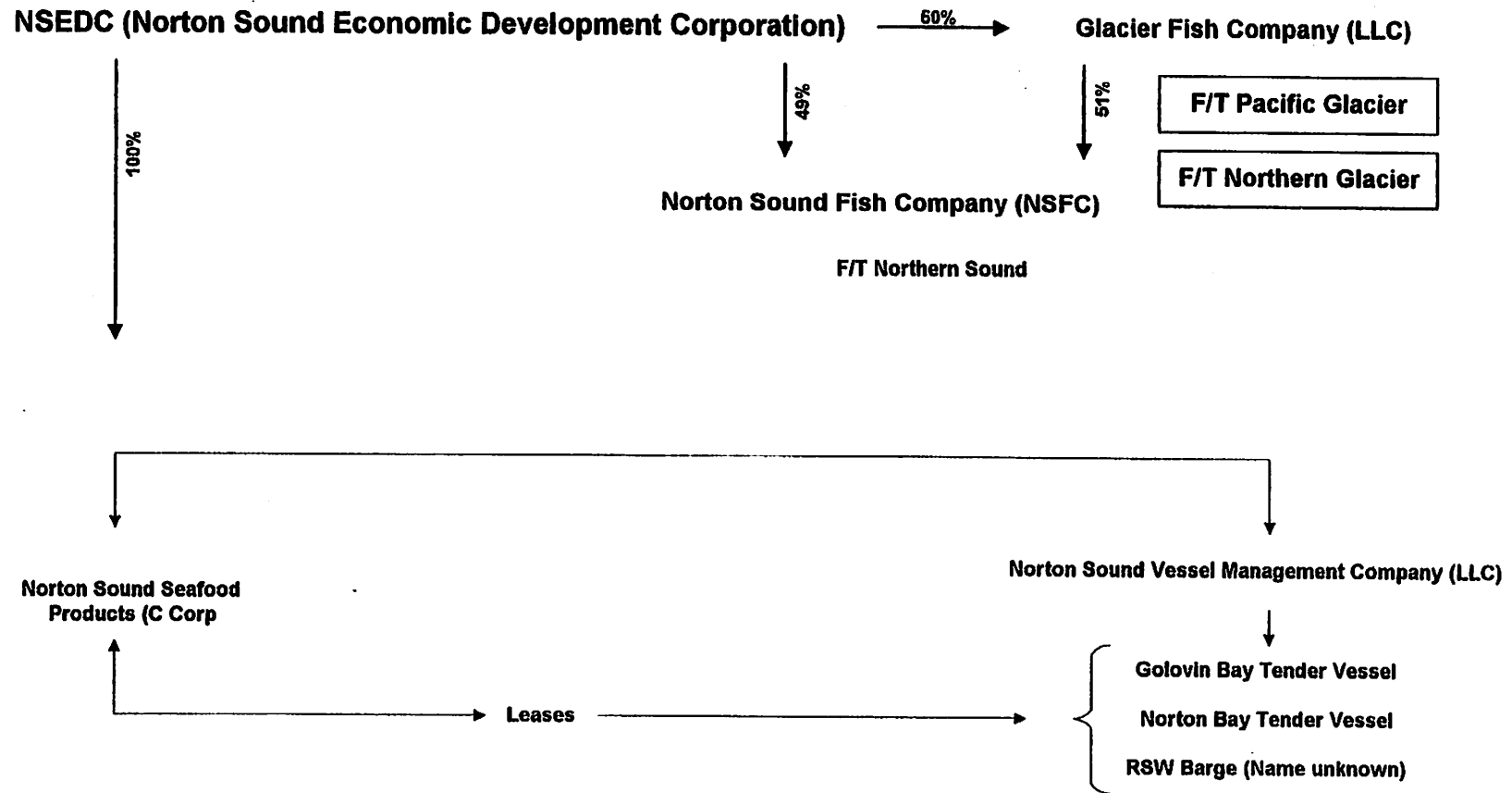
Figure 8.16 Organizational Chart for Coastal Villages Region Fund



Notes: The F/V Silver Spray is a crabber. The F/V Ocean Harvester is a longliner. Pollock partners: Westward and Tyson

Prepared: Glenn Haight, DCRA Municipal & Regional Assistance Division, received February 19, 1999.

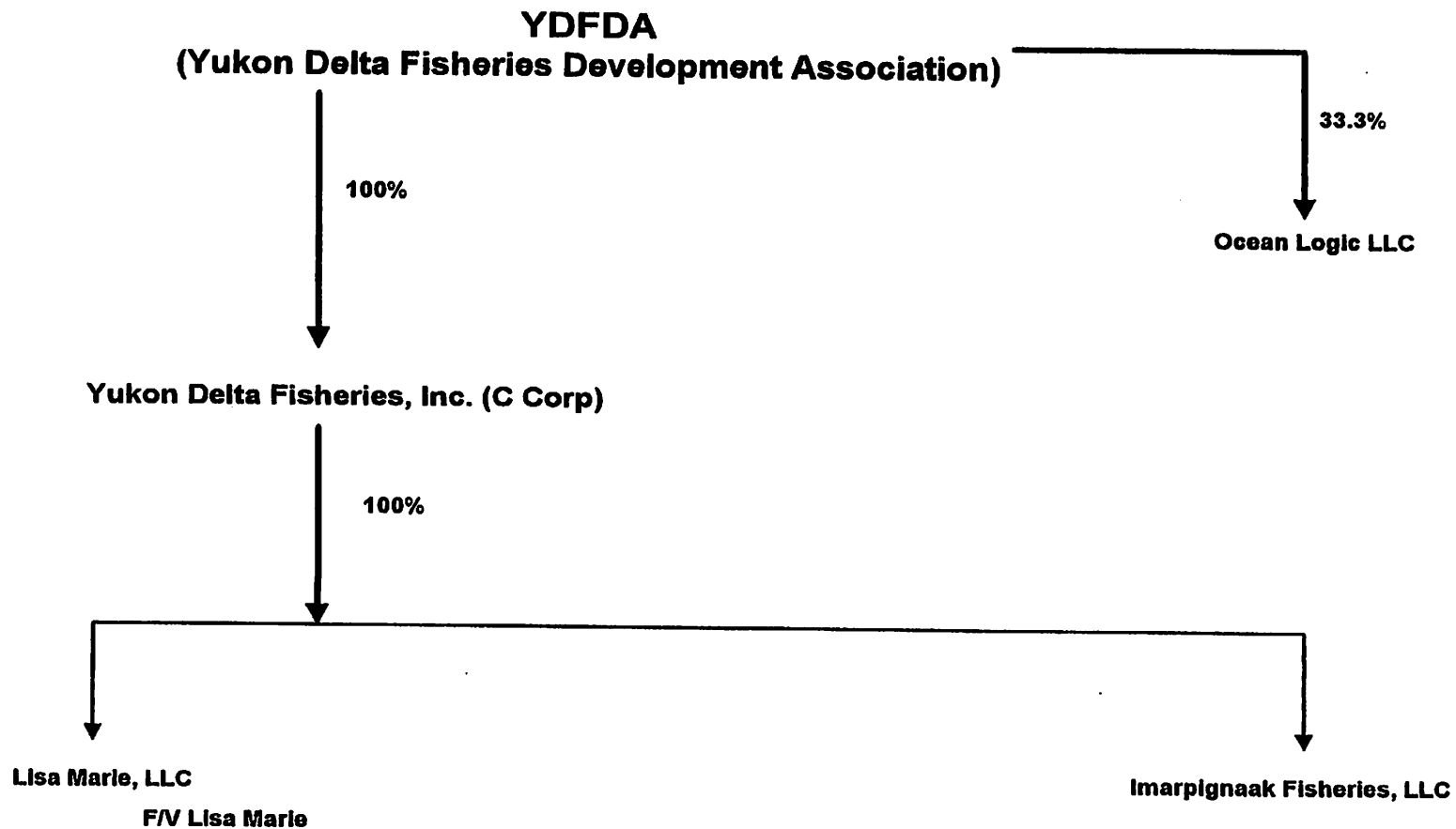
Figure 8.17 Organizational Chart for Norton Sound Economic Development Corporation



Notes: NSFC is owned 49% by NSEDC and 51% by GFC. NSFC owns the F/V Norton Sound, a 139' longline vessel. GFC operates the vessel, Norton Sound Vessel Mgmt. Co. is a subsidiary of NSEDC which manages two specially built tender vessels and which are 100% owned by NSEDC. Norton Sound Seafood Products is a subsidiary of NSEDC which buys and markets various seafood products. GFC owns the 201' Northern Glacier and the 276' Pacific Glacier and an interest in the F/V Norton Soudn. GFC is 50% owned by NSEDC, the other 50% owners are Seattle based individuals (5% John Bundy, 45% Erick Brevik). Pollock partner: GFC.

Sources: Glen Haight, DCRA Municipal and Reigonal Assistance Division, received February 19, 1999.

Figure 8.18 Organizational Chart for Yukon Delta Fisheries Development Association



Notes: Lisa Marie, LLC, is 100% owner of the F/V Lisa Marie which fishes for pollock. Imarpignaak Fisheries, LLC is in the process of purchasing 4 small vessels (for training purposes) from Yukon Delta Fisheries, Inc. Pollock partner: Golden Alaska Seafoods.

Prepared by: Glen Haight, DCRA Municipal and Regional Assistance Division, received February 19, 1999.

8.2.6 Summary of the Ownership Interests of AFA Processors

Table 8.3 summarizes ownership interests of AFA processors in companies and entities developed in the organization charts. These will be used in the estimates of processing limits.

Table 8.3 Specification of AFA Companies and Entities for the Analysis of Processing Limits

Entity	Company	Vessel Name or Location of Plant	ID	AFA Qualified	AFA Company	AFA Entity	Sector	
Alaska Ocean LLP	Alaska Ocean LLP	<i>Alaska Ocean</i>	P3794	✓	✓	✓	CP	
Alaska Trawl Fisheries	Alaska Trawl Fisheries	<i>Endurance</i>	P3360	✓	✓	✓	CP	
Aleutian Spray Fisheries	Aleutian Spray Fisheries	<i>Starbound</i>	P3414	✓	✓	✓	CP	
	Aleutian Spray Fisheries	<i>Galaxy</i>	F0192		✓	✓	CP	
	Aleutian Spray Fisheries	<i>Penguin/Horizon</i>	P1301		✓	✓	INS	
American Seafoods Co.	American Seafoods Co.	<i>American Dynasty</i>	P3681	✓	✓	✓	CP	
	American Seafoods Co.	<i>American Empress</i>	P2722	✓	✓	✓	CP	
	American Seafoods Co.	<i>American Triumph</i>	P4055	✓	✓	✓	CP	
	American Seafoods Co.	<i>Browns Point</i>	P2722	✓	✓	✓	CP	
	American Seafoods Co.	<i>Christina Ann</i>	P2850	✓	✓	✓	CP	
	American Seafoods Co.	<i>Elizabeth Ann</i>	P2722	✓	✓	✓	CP	
	American Seafoods Co.	<i>Katie Ann</i>	P1996	✓	✓	✓	CP	
	American Seafoods Co.	<i>Northern Eagle</i>	P3261	✓	✓	✓	CP	
	American Seafoods Co.	<i>Northern Hawk</i>	P4063	✓	✓	✓	CP	
	American Seafoods Co.	<i>Northern Jaeger</i>	P3896	✓	✓	✓	CP	
	American Seafoods Co.	<i>Ocean Rover</i>	P3442	✓	✓	✓	CP	
	American Seafoods Co.	<i>Pacific Explorer</i>	P3416	✓	✓	✓	CP	
	American Seafoods Co.	<i>Pacific Navigator</i>	P2799	✓	✓	✓	CP	
	American Seafoods Co.	<i>Pacific Scout</i>	P3383	✓	✓	✓	CP	
	American Seafoods Co.	<i>Rebecca Ann</i>	P2838	✓	✓	✓	CP	
	American Seafoods Co.	<i>Victoria Ann</i>	P2839	✓	✓	✓	CP	
	American Champion LLP	<i>American Champion</i>	F9692		✓	✓	INS	
	Seahawk Pacific Seafoods	<i>Claymore Sea</i>	P3362			✓	CP	
	Seacatcher Fisheries, Inc.	<i>Heather Sea</i>	P3664			✓	CP	
	Swan Fisheries, Inc.	<i>Saga Sea</i>	P4056			✓	CP	
	Arica Fish Co. Ltd.	<i>Arica</i>	P3694			Probable	CP	
	Cape Horn Fisheries	<i>Cape Horn</i>	P2110			Probable	CP	
	Ave Phoenix	<i>Pacific Pearl</i>	P0276			Probable	CP	
	Rebecca Irene, Inc.	<i>Rebecca Irene</i>	P1610			Probable	CP	
	Unimak Fisheries LLC	<i>Unimak Enterprise</i>	P3369			Probable	CP	
	Beagle Enterprises LLP	<i>Beagle</i>	P0528			Probable	INS	
	Bristol Bay EDC	Arctic Storm, Inc.	<i>Arctic Fjord</i>	P3396	✓	✓	✓	CP
		Arctic Storm, Inc.	<i>Arctic Storm</i>	P2943	✓	✓	✓	CP
Bristol Leader LLC		<i>New Star/ Bristol Leader</i>	P3491			✓	CP	
Alaskan Leader LLP		<i>Alaskan Leader</i>	P4598			Probable	CP	
Alaskan Leader LLP		<i>Kodiak</i>	F1991			Probable	INS	
Maruha Corp.	Alyeska Seafoods, Inc.	Dutch Harbor	F0753	✓	✓	✓	INS	
	Westward Seafoods, Inc.	Dutch Harbor	F1366	✓	✓	✓	INS	
	Supreme Alaska Seafoods	<i>Excellence</i>	M4111	✓	✓	✓	MS	
	Pacific Knight LLC	<i>Pacific Knight</i>	P2783		✓	✓	CP	
	Alaskan Command LLC	<i>Alaskan Command</i>	P3391			✓	CP	
	Wards Cove Packing Co.	<i>Excursion Inlet</i>	F0274			✓	INS	

Entity	Company	Vessel Name or Location of Plant	ID	AFA Qualified	AFA Company	AFA Entity	Sector
Maruha Corp. (cont.)	Wards Cove Packing Co.	Ketchikan	F0110			✓	INS
	Wards Cove Packing Co.	Ketchikan	F2185			✓	INS
	Western Alaska Fisheries	Kodiak	F0320			✓	INS
	Wards Cove Packing Co.	Larsen Bay	F0266			✓	INS
	Wards Cove Packing Co.	Seward	F1379			✓	INS
	Wards Cove Packing Co.	Seward	F2354			✓	INS
Nichiro Corp.	Peter Pan Seafoods, Inc.	King Cove	F0142	✓	✓	✓	INS
	Peter Pan Seafoods, Inc.	Golden Alaska	M1607	✓	✓	✓	MS
	Peter Pan Seafoods, Inc.	Valdez	F1041		✓	✓	INS
	Peter Pan Seafoods, Inc.	Blue Wave	F1636		✓	✓	MS
	Peter Pan Seafoods, Inc.	Siellar Sea	M5362		✓	✓	MS
Nippon Suisan Kaisha	Unisea, Inc.	Dutch Harbor	F1180	✓	✓	✓	INS
	Unisea, Inc.	St. Paul	F0188		✓	✓	INS
	Unisea, Inc.	Omnisea	F1066			✓	MS
	Baranof Fisheries	Baranof	P1248			Probable	CP
	Courageous Seafoods	Courageous	P1276			Probable	CP
Northern Victor LLP	Northern Victor LLP	Northern Victor	F1319	✓	✓	✓	INS
Norton Sound EDC	Norton Sound EDC	Northern Glacier	P0661	✓	✓	✓	CP
	Norton Sound EDC	Pacific Glacier	P3357	✓	✓	✓	CP
	Norton Sound EDC	Norton Sound	P5294		✓	✓	CP
	Norton Sound EDC	Nome	F1809		✓	✓	INS
	Norton Sound EDC	Unalakleet	F2290		✓	✓	INS
	Norton Sound EDC	Unknown	F2289		✓	✓	INS
Phoenix Processor LLP	Phoenix Processor LP	Ocean Phoenix	M3703	✓	✓	✓	MS
Trident Seafoods Corp.	Trident Seafoods Corp.	Akutan	F0939	✓	✓	✓	INS
	Trident Seafoods Corp.	Sand Point	F0940	✓	✓	✓	INS
	Trident Seafoods Corp.	Bountiful	P0278		✓	✓	CP
	Trident Seafoods Corp.	South Naknek	F0942		✓	✓	INS
	Trident Seafoods Corp.	St. Paul	F1927		✓	✓	INS
	Trident Seafoods Corp.	Alaska Packer	F0944		✓	✓	MS
	Trident Seafoods Corp.	Independence	M3259		✓	✓	MS
	Trident Seafoods Corp.	Sea Alaska	F0945		✓	✓	MS
Tyson Seafoods Group	Tyson Seafoods Group	American Enterprise	P2760	✓	✓	✓	CP
	Tyson Seafoods Group	Island Enterprise	P3870	✓	✓	✓	CP
	Tyson Seafoods Group	Kodiak Enterprise	P3671	✓	✓	✓	CP
	Tyson Seafoods Group	Seattle Enterprise	P3245	✓	✓	✓	CP
	Tyson Seafoods Group	U.S. Enterprise	P3004	✓	✓	✓	CP
	Tyson Seafoods Group	Arctic Enterprise	M5314	✓	✓	✓	INS
	Tyson Seafoods Group	Bering Enterprise	P3003		✓	✓	CP
	Tyson Seafoods Group	Glacier Enterprise	F9720		✓	✓	CP
	Tyson Seafoods Group	Harvester Enterprise	P2732		✓	✓	CP
	Tyson Seafoods Group	Northern Enterprise	F9713		✓	✓	CP
	Tyson Seafoods Group	Royal Enterprise	F9723		✓	✓	CP
	Tyson Seafoods Group	Western Enterprise	F9716		✓	✓	CP
	Tyson Seafoods Group	Kodiak	F0222		✓	✓	INS
	Tyson Seafoods Group	Kodiak	F1936		✓	✓	INS
	Yak/Yok Holdings	Yak/Yok Holdings	Highland Light	P3348	✓	✓	✓
Yak/Yok Holdings		Westward Wind	F9715		✓	✓	CP
Yak/Yok Holdings		Yardarm Knot	M3116		✓	✓	MS

8.3 Identification of Ten Options

Processing limits may be applied for each species or species group at three general levels:

1. Single overall limit for all AFA entities combined.
2. Sector limits for inshore, offshore catcher processors, and motherships.
3. Individual limits for an AFA facility, company, entity, etc.

In addition, each level has three layers of AFA eligibility:

1. Eligible plants and vessels
2. Companies that own such plants or vessels
3. Entities that combine eligible companies through 10% ownership

These nine combinations were analyzed along with a tenth option that applies individual company processing limits, but includes only AFA-eligible facilities within those companies.

Here are the ten options described in full:

- Option 1 Overall Limits Applied to All AFA-eligible Facilities.** A single overall processing limit would be set for each species. Only AFA processing facilities would be included. Once the overall limit is reached, no additional processing of the limited species by any included facility would be allowed.
- Option 2 Overall Limits Applied to All Facilities within AFA Companies.** A single overall processing limit would be set for each species. All processing facilities owned by companies that own AFA facilities would be included under the limits. Once the overall limit is reached, no additional processing of the limited species by any included facility would be allowed.
- Option 3 Overall Limits Applied to All Facilities within AFA Entities.** A single overall processing limit would be set for each species. AFA entities would be defined as an umbrella organization under which all processing facilities that are associated with AFA facilities by the 10% Ownership Rule are included under the limits. Once the overall limit is reached, no additional processing of the limited species by any included facility in any of the entities would be allowed.
- Option 4 Sector Level Limits Applied to AFA Facilities:** A processing limit for each species would be applied to each sector. There would be three sectors as defined in the AFA: (1) catcher processors, which include all AFA catcher processors, (2) motherships, which would include all AFA motherships, and (3) inshore, which would include all AFA shore plants and floating processors. Processing histories of all AFA facilities from each sector (including the nine catcher processors listed in §209) would be included in the calculation of the sector limits. Once a sector's limit for a particular species is reached, no additional processing of that species by any AFA facility included in the sector would be allowed.
- Option 5 Sector-Level Limits Applied to All Facilities within AFA Companies.** Sector level processing limits for each species would be imposed upon all facilities in AFA companies as defined by direct ownership of AFA facilities. Three sectors would be defined on the basis

of existing inshore-offshore regulations. The catcher-processor sector would include all catcher processors of any gear type greater than 125 feet LOA and all catcher processors less than 125 feet LOA that process more than 125 tons per week (round weight). The mothership sector would include any non-catching floating-processor that takes delivery of groundfish or BSAI crab species in more than one location during the year, or which takes deliveries outside of state waters. The inshore sector would include all shore plants and non-catching floating-processors that take delivery of groundfish and BSAI crab in a single location within state waters during the year, and all catcher processors less than 125 feet LOA that process less than 125 tons per week (round weight). Once a sector's limit is reached, no additional processing of the limited species by any facility owned by an AFA company included in the sector would be allowed.

Option 6 **Sector-Level Limits Applied to All Facilities within AFA Entities.** Sector-level processing limits for each species would be imposed upon all facilities in AFA entities, as defined by the 10% Ownership Rule. Three sectors would be defined on the basis of existing inshore-offshore regulations. The catcher-processor sector would include all catcher processors of any gear type greater than 125 feet LOA and all catcher processors less than 125 feet LOA that process more than 125 tons per week (round weight). The mothership sector would include any non-catching floating-processor that takes delivery of groundfish or BSAI crab species in more than one location during the year, or which takes deliveries outside of state waters. The inshore sector would include all shore plants and non-catching floating-processors that take delivery of groundfish and BSAI crab in a single location within state waters during the year, and all catcher processors less than 125 feet LOA that process less than 125 tons per week (round weight). Once a sector's limit is reached, no additional processing of the limited species by any facility associated with an AFA entity included in the sector would be allowed.

Option 7 **Individual Plant and Vessel Limits.** An individual facility level processing limit would be imposed. Each AFA plant or vessel would be limited according to its own percentage of the total of each species processed over the historical period. Once a facility's limit for a species is reached, that plant or vessel would not be allowed to process additional amounts of the species.

Option 8 **Individual Company Limits Applied to AFA Facilities.** Processing limits would be imposed on each company that owns AFA plants or vessels. The historical processing of all AFA facilities owned by the company would be included in the company limit. Processing histories of facilities owned by the company but which are not AFA facilities would not be included in the calculation of the company limits, nor would these facilities be affected by the limits. In other words, once a company's limit of a particular species is reached, only non-AFA facilities within the company could continue processing the species.

Option 9 **Individual Company Limits Applied to All Company Facilities.** Processing limits would be issued to each company that owns AFA plants or vessels. The historical processing of all facilities owned by the company would be included in the company limit. The company could decide how the processing of each species is allocated among its facilities. Once a company's limit is reached, no facility owned by the company could process additional amounts of that species.

- Option 10 **Individual Entity Limits Applied to All Entity Facilities.** Processing limits would be imposed on each AFA entity. The historical processing of all facilities within the entity would be included in the entity's processing limit. The entity as a group could decide how the processing of each species is allocated among its facilities. Once an entity's limit for a given species is reached, no facility within the entity could process additional amounts of that species.

8.4 Assumptions and Issues

The following assumptions and issues underpin the specification of options above and the analysis, and need to be carefully considered by the Council.

1. Processing limits will not constitute an allocation.
2. Fisheries with processing limits.

Crab Fisheries in the BSAI: If crab fisheries are included, the analysis assumes that limits will be species-specific but not area-specific, i.e., there will be processing limits on Blue King Crab, Brown King Crab, Red King Crab, Bairdi Crab, and Opilio Crab, but not by area.

Groundfish other than pollock in the BSAI: Non-pollock BSAI groundfish limits will be applied to five species groups for the entire BSAI rather than by specific species for specific areas: Pacific Cod, Atka Mackerel, Flatfish, Rockfish, and Other Groundfish without reference to area.

All groundfish in the GOA: GOA groundfish limits will be applied to six species groups for the entire GOA rather than by specific species and area: Pollock, Pacific Cod, Atka Mackerel, Flatfish, Rockfish, and Other Groundfish. Processing limits in the GOA are in addition to the potentially more restrictive language in the AFA regarding Area 630 and pollock and Pacific cod processing. They will not supersede the language in the AFA unless that is the specific intent of Council.

3. Calculation of processing limits.

The following general formula will be used to calculate processing limits for each limited fishery:

$$\frac{\text{Historical Processing of Limited Processors}}{\text{Historical Processing of All Processors}} \times \text{Current Year TAC (or GHF for Crab)} = \text{AFA Processing Limit}$$

The analysis assumes that all AFA eligible facilities will participate in cooperatives.

4. Years included in processing history.
 - 1995, 1996, and 1997. These years were indicated in the AFA.
 - 1996, 1997 only. These years were proposed by the Council as an alternative.
5. Treatment of non-pollock processing histories of the nine removed catcher processors.

The processing histories of the nine catcher processors listed in section 209 are treated differently depending on how the processing limit is configured. For an overall limit, the histories will be included

in that overall limit. For sector limits, the histories are included in the offshore catcher processor limit. If individual limits are used, the histories will go to American Seafoods as a whole or be apportioned equally among its seven catcher processors.

6. GOA Groundfish processing limits of 20 named catcher processors.

The GOA groundfish processing limits of the 20 catcher processors listed in section 208 of AFA are included in the overall, sector, or individual catcher processors' limits, depending on options chosen. The AFA prohibits those 20 vessels from processing any BSAI crab (none did anyway during 1995-1997), any GOA pollock, any groundfish in GOA Area 630, or more than 10% of the Pacific cod in Areas 610, 620, and 640. However, non-AFA catcher processors included within AFA companies or entities could be allowed to process up to whatever limits are established.

7. Non-pollock processing histories of catcher processors that qualify under §208(e)(21) AFA and shore plants that qualify under §208(f)(1)(B).

It appears that two processing facilities, the *Ocean Peace*, and the shore plant in Kodiak owned by International Seafoods of Alaska, would qualify under these sections. Discussions with members of industry indicated that references to these facilities in the AFA were included to allow these facilities to continue to process pollock in directed fisheries as part of the allocations in §206 of the AFA, but that it was not intended that they would be limited unless they participated in cooperatives. Because it is not anticipated that these facilities will participate in cooperatives, their processing histories have not been included in the calculation of processing limits.

8. Processing histories of AFA-eligible facilities that choose not to participate in cooperatives.

All 23 catcher processors and motherships specified in the AFA, and the shore plants and floaters that processed 2,000 or more tons of pollock in 1996 and 1997, are assumed to participate in cooperatives. Therefore, their processing histories are included in the calculation of the limits. If their histories are included in calculating the limits, but they choose not to be in a cooperative, will the non-participating facilities have to cease processing if an applicable processing limit is reached? **In general, for all options presented, the Council will need to decide whether processing limits would be applied when facilities/companies do not participate in co-ops.**

9. Use of 10% Ownership Rule in the determination of AFA entities.

The analysis treats the ownership of each individual in a family separately. The Council may wish to treat the ownership of currently married individuals and the minor children as a single ownership stake for purposes of the 10% Ownership Rule. Further, the analysis assumes that CDQ companies and organization are treated no differently from other companies. Issues of "control" have been discussed earlier. As noted then, this analysis focuses more on ownership.

10. Fixed processing limits, or adjustable limits to account for changes in ownership patterns or the participation of AFA-eligible facilities in cooperatives.

For example, a non-AFA processing company purchases an AFA-eligible facility. The new owner would become an AFA company. If the limits are intended to preclude AFA companies from expanding their processing in non-pollock species, then it stands to reason that the new owner's

processing in its non-AFA plants would be added into the AFA processing total for that species. Once a processing limit for a given species is reached, then the new owner will have to cease processing that species at all of its facilities. If processing limits are fixed, then the new owner's processing history from its original plants would not be included in the processing limit calculation, but the current processing of its original non-AFA plants would count toward the limits. In this example, a closure could result before any of the facilities has processed its historical percentage of the species.

11. Vessels that are not eligible under the Crab and/or Groundfish License Limitation Program (LLP).

The analysis uses all catch and processing of all vessels and processing facilities that participated in 1995-1997, and does not verify whether all catcher processors would qualify for a license under the LLP. It is not believed that there were significant numbers of unqualified vessels participating in those years.

12. Processing totals of vessels or plants that have been destroyed or replaced.

Since 1995, there have been several vessels or plants that have been destroyed or replaced. In some of those cases, catch and processing histories have been transferred to new owners who have built new vessels or processing facilities to replace the old. It is possible that AFA companies or members of AFA entities own the catch and processing histories of some of the destroyed or replaced facilities. The analysis assumes that the catch and processing histories of such destroyed or replaced facilities will be included in the calculation of AFA processing limits. However, it should be noted that it is possible that some of the lost or destroyed vessels may not be eligible for licenses under the Crab LLP. Because of the difficulties in documenting destroyed or replaced vessels, the analysis includes processing of all facilities that participated in the fisheries between 1995 and 1997.

13. Processing totals of vessels that have been removed from U.S. documentation.

It is possible that some vessels that are no longer U.S.-documented fishing vessels (in addition to the nine vessels removed in the AFA) may contribute to the AFA processing limits. In some cases, the processing histories of those vessels may be sufficient to qualify replacement vessels under the LLP, and it is possible that the owners of those fishing histories have already built replacement vessels. Because of the difficulties of confirming current U.S. documentation of all vessels, the analysis includes the catch and processing of all vessels that participated in the fisheries between 1995 and 1997. If the Council chooses to exclude these vessels, then processing histories of all vessels that have given up their documentation should be removed from both the numerator and the denominator of the calculation for calculating limits.

14. Interactions of processing limits with Improved Retention and Improved Utilization (IRIU).

If a processing limit is reached for a species that is caught as bycatch in other fisheries, will processing of the other species be limited as well? As an example, assume that a processing limit for Pacific cod is reached, but the processing limit for flatfish has yet to be attained. Bycatch of Pacific cod is almost unavoidable in flatfish fisheries, and therefore it is likely that additional Pacific cod will be caught or delivered to flatfish processors. If those processors cannot process additional Pacific cod, and they cannot discard the Pacific cod because of IRIU, then in effect they cannot process additional flatfish (must refuse delivery).

15. Crab GHLS

How will processing limits be applied to crab species when the Guideline Harvest Level (GHL) is set as a range, or when crab species are managed by season?

16. Treatment of Bycatch

If a processing limit for a species is reached, the processors affected by that limit, whether at the individual, sector, or overall level, will be prohibited from processing additional amounts of that species, even if delivered as bycatch. NMFS may, however, employ a phased approach of imposing processing limits that would allow the processing of bycatch amounts of a limited species after a predetermined threshold is reached.

17. Defining AFA facilities, companies, and entities

Processing limits will be set at the beginning of the year and may vary with the number of participating facilities and species TACs. Facilities, companies and entities must declare before the calendar year which facilities will participate in pollock cooperatives. That declaration will define which facilities, companies and entities are AFA-related. If a company or entity has at least one AFA eligible facility, that company or entity is defined as an AFA company or entity.

18. NMFS verification procedures

NMFS will have the ultimate responsibility for defining AFA facilities, companies, and entities. Ownership structure will need to be detailed in affidavits showing ownership shares down to the 10 percent ownership level. If a company, corporation, or partnership owns the processor, then additional details showing the individual owners of the company, corporation, or partnership must also be provided. The processor's permit application will also contain signed affidavits from all companies, corporations, partnerships and individuals that own at least a 10 percent share of the processor. The affidavits will indicate all other processing facilities in which the company, partnership, or individual has at least a 10 percent ownership share. After defining AFA facilities, companies or entities, NMFS will send documentation to each one describing the company and ownership linkages. A representative of the facility, company or entity will have to acknowledge the ownership structure and agree to abide by the processing limits, or be denied a permit.

If sector limits are to be used, the representative will also have to declare which sector his facility will operate based on already established inshore-offshore criteria.

AFA-eligible inshore floating processors, if they participate in pollock cooperatives, must declare as part of the inshore sector, and may not process crab or groundfish in a location other than the location in which they process pollock.

8.5 Results of the Analysis of Ten Options

This section presents the results of the analysis of the ten options. It quantifies the limits as they pertain to various levels and layers within levels, and qualitatively assesses the efficacy of the option in meeting the objectives previously described.

8.5.1 Option 1: Overall Processing Limits Applied to All AFA Facilities

A single overall processing limit would be set for each species and would encompass all AFA facilities. Once the overall limit is reached, no additional processing of the limited species by any AFA facility would be allowed. Under this option, only AFA facilities would be limited. If a company owns an AFA facility and a non-AFA facility, only the AFA facility would be affected by the processing limits.

The GOA groundfish processing histories of the 20 catcher processors listed in §208 of the AFA are included in the overall processing limits. The AFA prohibits those 20 vessels from processing any BSAI crab, any pollock in the GOA, any groundfish in Area 630 of the GOA, and more than 10 percent of the Pacific cod in Areas 610, 620, and 640. However, other processors included within the AFA processing limits will be allowed to process the 20 catcher processors' historical portions of GOA groundfish species. (The 20 catcher processors listed in §208 of the AFA did not process any crab during the historical processing period.)

A qualitative assessment of the effectiveness of this option in meeting the 10 objectives introduced in Subsection 8.1.5 is given in Table 8.5 along with an assessment for the other options. The table shows each of those objectives with a presumed rating from the perspective of an interest group. The objectives are rated "good", "fair" or "poor", relative to the other options, and where a "fair" rating implies that there are worse options and there are better options. The ratings are made from the analyst's presumption of the attitudes of the stated interest group, but do not necessarily reflect the actual judgement of the group.

Table 8.4 shows estimates of overall processing limits for AFA facilities for each species group, based first on the processing histories of AFA facilities in 1995-1997 and then on only 1996-1997.

Table 8.4 Option 1: Overall Limit Applied to All AFA Facilities, 1995-1997 and 1996-1997

Percent of Total Processing						
Bering Sea Aleutian Islands Groundfish						
	Atka Mackerel	Flatfish	Other Species	Pacific Cod	Rockfish	
1995-1997	13.64	33.57	22.78	37.95	19.23	
1996-1997	13.04	33.73	23.48	38.75	18.74	
Gulf of Alaska Groundfish						
	Atka Mackerel	Flatfish	Other Species	Pacific Cod	Pollock	Rockfish
1995-1997	14.23	7.88	4.58	31.83	47.45	9.25
1996-1997	9.94	6.66	4.55	35.55	46.73	8.11
Crab						
	Bairdi	Blue King	Brown King	Opilio	Red King	
1995-1997	56.47	18.63	55.77	19.03	55.21	
1996-1997	61.09	16.61	55.08	19.70	57.43	

Table 8.5 Summary of the Qualitative Analysis of Processing Limits

	Overall Limits			Sector Limits			Individual Limits			
	Option 1 Facility	Option 2 Company	Option 3 Entity	Option 4 Facility	Option 5 Company	Option 6 Entity	Option 7 Facility	Option 8 Company	Option 9 AFA/Co.	Option 10 Entity
Objectives from the Perspective of Proponents of Processing Limits										
1. How does the option rate in terms of limiting AFA processing of species other than BSAI pollock to the levels achieved prior to the passage of the AFA?	Poor	Fair	Good	Poor	Fair	Good	Poor	Fair	Poor	Good
2. How does the option rate in terms of including all processing interests of AFA companies?	Poor	Fair	Good	Poor	Fair	Good	Poor	Fair	Poor	Good
3. How does the option rate in terms of preventing AFA companies from evading the limits through subsidiaries or holding companies?	Poor	Fair	Good	Poor	Fair	Good	Poor	Fair	Poor	Good
Objectives from the Perspective of AFA Processors										
4. How does the option rate in terms of allowing AFA processors to maximize their ability to realize profits in the pollock processing industry?	Good	Good	Good	Good	Good	Good	Poor	Good	Good	Good
5. How does the option rate in terms of allowing AFA processors to be able to utilize non-pollock processing capacity improvements completed prior to passage of the AFA?	Fair	Fair	Poor	Fair	Poor	Poor	Fair	Fair	Good	Fair
6. How does the option rate in terms of its effect on the market value of AFA facilities?	Good	Fair	Poor	Fair	Fair	Poor	Good	Fair	Good	Poor
Objectives from the Perspective of Non-pollock Processors Linked to AFA Processors										
7. How does the option rate in terms of restricting non-pollock processors that will not benefit directly from the AFA?	Good	Good	Poor	Good	Good	Poor	Good	Good	Good	Poor
Objectives from the Perspective of NMFS										
8. How does the option rate in terms of the Paperwork Reduction Act?	Good	Fair	Poor	Good	Fair	Poor	Good	Fair	Good	Poor
9. How does the option rate in terms of the NMFS ability to determine and set the limits?	Good	Fair	Poor	Good	Fair	Poor	Good	Fair	Good	Poor
10. How does the option rate in terms of the NMFS ability to manage the limits in-season?	Good	Fair	Fair	Good	Poor	Poor	Fair	Fair	Fair	Fair

Notes:

1/ The objectives are given a presumed rating relative to the other options from the perspective of the interest group shown. A fair rating implies that there are worse options and better options.

2/ The column headed "AFA/Co." is for the option that imposes individual processing limits on the AFA facilities in a company, but does not limit non-AFA facilities in the company.

8.5.2 Option 2: Overall Limits Applied to All Facilities in AFA Companies

A single overall processing limit would be set for each species and would encompass all of the processing facilities of companies that have a direct majority ownership stake in AFA facilities. In effect the primary criterion under which two or more processing facilities are considered to be owned by a single company will be whether the majority of ownership in each facility is held by the same individuals or companies, regardless of whether each individual's or company's relative shares are identical. In this section, companies that own AFA facilities are referred to as AFA companies. Once the overall limit is reached, no additional processing of the limited species by any facility owned by any AFA company would be allowed. The 10% Ownership Rule would not be applied under this option, and only those facilities that are within the AFA companies would be limited.

The GOA groundfish processing histories of the 20 catcher processors listed in §208 of the AFA are included in the catcher-processor sector processing limits. The AFA prohibits those 20 vessels from processing any BSAI crab, any pollock in the GOA, any groundfish in Area 630 of the GOA, and more than 10 percent of the Pacific cod in Areas 610, 620, and 640. However, other non-AFA catcher processors included within AFA catcher-processor sector limits will be allowed to process up to the catcher-processor sector processing limits for crab and GOA groundfish species. (The 20 catcher processors listed in §208 of the AFA did not process any crab during the historical processing period.)

Table 8.6 shows estimates of overall processing limits for AFA companies for each species group. The estimates are based on the processing histories of all facilities in AFA companies for 1995-1997 and 1996-1997. The effectiveness of the processing limits is shown in Table 8.5.

Table 8.6 Option 2: Overall Limit Applied to All Facilities within AFA Companies, 1995-1997 and 1996-1997.

Percent of Total Processing						
Bering Sea Aleutian Islands Groundfish						
	Atka Mackerel	Flatfish	Other Species	Pacific Cod	Rockfish	
1995-1997	13.93	36.82	26.09	42.19	25.99	
1996-1997	13.17	35.79	26.56	43.50	24.72	
Gulf of Alaska Groundfish						
	Atka Mackerel	Flatfish	Other Species	Pacific Cod	Pollock	Rockfish
1995-1997	16.86	21.87	8.48	44.31	58.27	25.03
1996-1997	10.07	21.00	8.82	48.11	56.04	25.27
Crab						
	Bairdi	Blue King	Brown King	Opilio	Red King	
1995-1997	65.15	74.05	59.93	61.67	69.37	
1996-1997	61.09	74.52	55.79	62.64	70.04	

8.5.3 Option 3: Overall Limits Applied to All Facilities in AFA Entities

This section discusses a single overall processing limit that would be set for each species and would encompass all of the processing facilities of AFA entities, as defined by the 10% Ownership Rule. Once the overall limit is reached, no additional processing of the limited species by any facility associated with any AFA entity would be allowed.

The GOA groundfish processing histories of the 20 catcher processors listed in §208 of the AFA are included in the catcher-processor sector processing limits. The AFA prohibits those 20 vessels from processing any BSAI crab, any pollock in the GOA, any groundfish in Area 630 of the GOA, and more than 10 percent of the Pacific cod in Areas 610, 620, and 640. However, other non-AFA catcher processors included within AFA catcher-processor sector limits will be allowed to process up to the catcher-processor sector processing limits for crab and GOA groundfish species. (The 20 catcher processors listed in §208 of the AFA did not process any crab during the historical processing period.)

Tables 8.7 and Table 8.8 show estimates of overall processing limits for AFA entities for each species group. The entities are based on the organizational analysis from Section 8.2, and therefore the estimates should be viewed as analytical estimates rather than final limits. The tables provide ranges of estimated limits for each species group. The lower values are derived from facilities that the analysts were able to document as part of an AFA entity and are shown in the rows labeled "documented". Higher estimates of the limits are shown in rows labeled "possible." The higher estimates were derived by adding to the documented totals, the processing volumes of other facilities that may be considered part of an AFA entity once final rules are determined and additional information and verification has been gathered. As before, the qualitative analysis of the efficacy of this option is shown in Table 8.5.

Table 8.7 Option 3: Overall Limit Applied to All Facilities Within AFA Entities, 1995-1997

Percent of Total Processing						
Bering Sea Aleutian Islands Groundfish						
	Atka Mackerel	Flatfish	Other Species	Pacific Cod	Rockfish	
Documented	13.94	38.48	28.34	44.36	27.68	
Possible	15.01	54.26	39.07	51.09	43.53	
Gulf of Alaska Groundfish						
	Atka Mackerel	Flatfish	Other Species	Pacific Cod	Pollock	Rockfish
Documented	17.21	28.72	17.40	50.56	66.93	29.39
Possible	19.48	32.37	20.93	51.27	67.10	37.20
Crab						
	Bairdi	Blue King	Brown King	Opilio	Red King	
Documented	65.38	74.05	59.93	61.67	69.37	
Possible	66.90	74.56	59.93	63.31	70.20	

Notes:

1/ Total documented percentages include facilities for which the analysis has documented linkages at the 10 percent level.

2/ Total possible percentages include all documented linkages as well as facilities that may be linked, depending on the application of the 10 percent rule or further investigation.

Table 8.8 Option 3: Overall Limit Applied to All Facilities Within AFA Entities, 1996 and 1997

Percent of Total Processing						
Bering Sea Aleutian Islands Groundfish						
	Atka Mackerel	Flatfish	Other Species	Pacific Cod	Rockfish	
Documented	13.18	35.95	27.73	43.91	24.97	
Possible	13.92	52.51	39.24	50.61	41.15	
Gulf of Alaska Groundfish						
	Atka Mackerel	Flatfish	Other Species	Pacific Cod	Pollock	Rockfish
Documented	10.13	29.35	19.19	54.49	65.44	31.17
Possible	11.36	32.23	22.90	54.72	65.57	39.41
Crab						
	Bairdi	Blue King	Brown King	Opilio	Red King	
Documented	61.83	74.52	55.79	62.64	70.04	
Possible	62.40	74.90	55.79	64.41	70.92	

Notes:

- 1/ Total documented percentages include facilities for which the analysis has documented linkages at the 10 percent level.
- 2/ Total possible percentages include all documented linkages as well as facilities that may be linked, depending on the application of the 10 percent rule or further investigation.

8.5.4 Option 4: Sector-Level Processing Limits Applied to All AFA Facilities

Sector-level processing limits would be imposed for each species upon all AFA facilities as defined in the AFA aggregated across the offshore, mothership, and shoreside processors. Once the sector limit is reached, no additional processing of the limited species by any AFA facility would be allowed.

The GOA groundfish processing histories of the 20 catcher processors listed in §208 of the AFA are included in the catcher-processor sector processing limits. The AFA prohibits those 20 vessels from processing any BSAI crab, any pollock in the GOA, any groundfish in Area 630 of the GOA, and more than 10 percent of the Pacific cod in Areas 610, 620, and 640. However, other non-AFA catcher processors included within AFA catcher-processor sector limits will be allowed to process up to the catcher-processor sector processing limits for crab and GOA groundfish species. (The 20 catcher processors listed in §208 of the AFA did not process any crab during the historical processing period.)

Table 8.9 shows estimates of sector level processing limits for AFA facilities for each species group. The estimates are based on the processing histories of AFA facilities during the years 1995, 1996, and 1997. Table 8.10 shows estimates of sector level processing limits for AFA facilities for each species group, based on the processing histories of AFA facilities during the years 1996 and 1997. The efficacy of this option is evaluated in Table 8.5.

Table 8.9 Option 4: Sector-Level Limits Applied to AFA Facilities, 1995-1997

Species by Area	Percent of Total Processing by Sectors			
	Catcher Processors	Inshore Processors	Motherships	Total
Bering Sea Aleutian Islands Groundfish				
Atka Mackerel	12.81	0.23	0	13.64
Flatfish	25.41	7.86	0.46	33.73
Other Species	9.31	13.39	0.78	23.48
Pacific Cod	11.73	25.41	1.61	38.75
Rockfish	9.32	8.51	0.91	18.75
Gulf of Alaska Groundfish				
Atka Mackerel	0.27	9.67	-	9.94
Flatfish	4.64	2.02	0	6.66
Other Species	0.89	3.66	-	4.56
Pacific Cod	2.42	33.10	0.03	35.55
Pollock	0.96	45.68	0.09	46.72
Rockfish	6.87	1.24	-	8.11
Crab				
Bairdi	-	56.47	-	56.47
Blue King	-	18.63	-	18.63
Brown King	-	55.77	-	55.77
Opilio	-	19.03	-	19.03
Red King	-	55.21	-	55.21

Table 8.10 Option 4: Sector-Level Limits Applied to AFA Facilities, 1996 and 1997

Species by Area	Percent of Total Processing by Sectors			
	Catcher Processors	Inshore Processors	Motherships	Total
Bering Sea Aleutian Islands Groundfish				
Atka Mackerel	12.81	0.23	0	13.04
Flatfish	25.41	7.86	0.46	33.73
Other Species	9.31	13.39	0.78	23.48
Pacific Cod	11.73	25.41	1.61	38.75
Rockfish	9.32	8.51	0.91	18.74
Gulf of Alaska Groundfish				
Atka Mackerel	0.27	9.67	-	9.94
Flatfish	4.64	2.02	0	6.66
Other Species	0.89	3.66	-	4.55
Pacific Cod	2.42	33.10	0.03	35.55
Pollock	0.96	45.68	0.09	46.73
Rockfish	6.87	1.24	-	8.11
Crab				
Bairdi	-	61.09	-	61.09
Blue King	-	16.61	-	16.61
Brown King	-	55.08	-	55.08
Opilio	-	19.70	-	19.70
Red King	-	57.43	-	57.43

8.5.5 Option 5: Sector-Level Limits Applied to All Facilities in AFA Companies

Sector-level processing limits would be imposed for each species upon all facilities in AFA companies as defined by direct ownership of AFA facilities. Sectors would be defined on the basis of the existing inshore/offshore regulations. The catcher processor sector would include all catcher processors of any gear type greater than 125 feet LOA and all catcher processors less than 125 feet LOA that process more than 125 tons per week (round weight). The mothership sector would include any non-catching floating processor that takes delivery of groundfish or BSAI crab species in more than one location during the year, or which takes deliveries outside of state waters. The inshore sector would include all shore plants and non-catching floating processors that take delivery of groundfish and BSAI crab in a single location within state waters during the year, and all catcher processors of any gear type less than 125 feet LOA that process less than 125 tons per week (round weight). Once the sector limit is reached, no additional processing of the limited species by any AFA facility in the sector would be allowed.

The primary criterion under which two or more processing facilities are considered to be owned by a single company will be whether the majority of ownership in each facility is held by the same individuals or companies, regardless of whether each individual's company's relative shares are identical. Once the sector limit is reached, no additional processing of the limited species by any facility owned by an AFA company included in the sector would be allowed.

The GOA groundfish processing histories of the 20 catcher processors listed in §208 of the AFA are included in the catcher-processor sector processing limits. The AFA prohibits those 20 vessels from processing any BSAI crab, any pollock in the GOA, any groundfish in Area 630 of the GOA, and more than 10 percent of the Pacific cod in Areas 610, 620, and 640. However, other non-AFA catcher processors included within AFA catcher-processor sector limits will be allowed to process up to the catcher-processor sector processing limits for crab and GOA groundfish species. (The 20 catcher processors listed in §208 of the AFA did not process any crab during the historical processing period.)

Table 8.11 shows estimates of sector level processing limits for AFA companies for each species group. The estimates are based on the processing histories of all facilities in AFA companies during the years 1995, 1996, and 1997, and the assumptions delineated above. Table 8.12 shows similar information for 1996-1997.

Table 8.11 Option 5: Sector-Level Limits Applied to All Facilities Within AFA Companies, 1995-1997

Species by Area	Percent of Total Processing by Sectors			Total
	Catcher Processors	Inshore Processors	Motherships	
Bering Sea Aleutian Islands Groundfish				
Atka Mackerel	12.95	0.23	0	13.17
Flatfish	27.37	7.87	0.56	35.79
Other Species	12.11	13.41	1.04	26.56
Pacific Cod	14.81	25.49	3.20	43.50
Rockfish	15.08	8.52	1.12	24.72
Gulf of Alaska Groundfish				
Atka Mackerel	0.30	9.76	-	10.07
Flatfish	9.09	11.91	0	21.00
Other Species	1.96	6.86	0	8.82
Pacific Cod	2.84	44.03	1.25	48.11
Pollock	1.05	54.9	0.09	56.04
Rockfish	20.27	5.00	0	25.27
Crab				
Bairdi	3.31	58.91	2.94	65.15
Blue King	2.79	34.54	36.71	74.05
Brown King	3.56	56.37	0	59.93
Opilio	4.44	30.48	26.76	61.67
Red King	0.65	61.43	7.30	69.37

Table 8.12 Option 5: Sector-Level Limits Applied to All Facilities Within AFA Companies, 1996 and 1997

Species by Area	Percent of Total Processing by Sectors			
	Catcher Processors	Inshore Processors	Motherships	Total
Bering Sea Aleutian Islands				
Groundfish				
Atka Mackerel	12.95	0.23	0	13.17
Flatfish	27.37	7.87	0.56	35.79
Other Species	12.11	13.41	1.04	26.56
Pacific Cod	14.81	25.49	3.20	43.50
Rockfish	15.08	8.52	1.12	24.72
Gulf of Alaska Groundfish				
Atka Mackerel	0.30	9.76	-	10.07
Flatfish	9.09	11.91	0	21.00
Other Species	1.96	6.86	0	8.82
Pacific Cod	2.84	44.03	1.25	48.11
Pollock	1.05	54.90	0.09	56.04
Rockfish	20.27	5	0	25.27
Crab				
Bairdi	0	61.09	0	61.09
Blue King	0	35.31	39.21	74.52
Brown King	0	55.79	0	55.79
Opilio	4.22	31.56	26.86	62.64
Red King	0.69	61.76	7.59	70.04

8.5.6 Option 6: Sector-Level Limits Applied to All Facilities in AFA Entities

Sector-level processing limits would be applied for each species to all facilities in AFA entities, as defined by the 10% Ownership Rule. Sectors would be defined as in Option 5. Once the sector limit is reached, no additional processing of the limited species by any entity that owns an AFA-eligible facility included in the sector would be allowed. All processing facilities associated with an AFA entity would be affected by the limit.

The GOA groundfish processing histories of the 20 catcher processors listed in §208 of the AFA are included in the catcher-processor sector processing limits. The AFA prohibits those 20 vessels from processing any BSAI crab, any pollock in the GOA, any groundfish in Area 630 of the GOA, and more than 10 percent of the Pacific cod in Areas 610, 620, and 640. However, other non-AFA catcher processors included within AFA catcher-processor sector limits will be allowed to process up to the catcher-processor sector processing limits for crab and GOA groundfish species. (The 20 catcher processors listed in §208 of the AFA did not process any crab during the historical processing period.)

Tables 8.13 and 8.14 show, for the two time periods, estimates of sector level processing limits for AFA entities for each species group. The entities are based on the organizational analysis from Section 8.2, and therefore the estimates should be viewed as analytical estimates rather than final limits. The tables provide ranges of estimated limits for each species group. The lower values are derived from facilities that the analysts were able to document as part of an AFA entity and are shown in the rows labeled "documented." Higher estimates of the limits are shown in rows labeled "possible." The higher estimates were derived by adding to the documented totals, the processing volumes of other facilities that may be considered part of an AFA entity once final rules are determined and additional information and verification has been gathered.

Table 8.13 Option 6: Sector-Level Limits Applied to All Facilities Within AFA Entities, 1995-1997

Species by Area	AFA Links	Percent of Total Processing by Sectors			
		Catcher Processors	Inshore Processors	Motherships	Total
Bering Sea Aleutian Islands Groundfish					
Atka Mackerel	documented	12.95	0.23	0	13.18
	possible	13.69	0.23	0	13.92
Flatfish	documented	27.41	7.94	0.60	35.65
	possible	42.77	9.15	0.60	52.52
Other Species	documented	12.80	13.73	1.20	27.73
	possible	23.35	14.69	1.20	39.24
Pacific Cod	documented	14.99	25.49	3.43	43.91
	possible	21.49	25.69	3.43	50.61
Rockfish	documented	15.16	8.53	1.28	24.97
	possible	30.33	9.54	1.28	41.15
Gulf of Alaska Groundfish					
Atka Mackerel	documented	0.30	9.82	-	10.12
	possible	1.54	9.82	-	11.36
Flatfish	documented	9.09	19.05	1.21	29.35
	possible	10.73	20.29	1.21	32.23
Other Species	documented	1.96	17.10	0.13	19.19
	possible	3.23	19.54	0.13	22.90
Pacific Cod	documented	2.84	50.35	1.30	54.49
	possible	2.98	50.44	1.30	54.72
Pollock	documented	1.05	64.30	0.09	65.44
	possible	1.18	64.31	0.09	65.48
Rockfish	documented	20.27	10.64	0.26	31.17
	possible	28.14	11.01	0.26	39.41
Crab					
Bairdi	documented	3.31	59.13	2.94	65.38
	possible	4.83	59.13	2.94	66.90
Blue King	documented	2.79	34.54	36.71	74.05
	possible	3.31	34.54	36.71	74.56
Brown King	documented	3.56	56.37	0	59.93
	possible	3.56	56.37	0	59.93
Opilio	documented	4.44	30.48	26.76	61.67
	possible	6.08	30.48	26.76	63.31
Red King	documented	0.65	61.43	7.30	69.37
	possible	1.47	61.43	7.30	70.20

Notes:

1/ Total documented percentages include facilities for which the analysis has documented linkages at the 10 percent level.

2/ Total possible percentages include all documented linkages as well as facilities that may be linked, depending on the application of the 10 percent rule or further investigation.

Table 8.14 Option 6 Sector-Level Limits Applied to All Facilities Within AFA Entities, 1996 and 1997

Species by Area	AFA Links	Percent of Total Processing by Sectors			Total
		Catcher Processors	Motherships	Inshore Processors	
Bering Sea Aleutian Islands Groundfish					
Atka Mackerel	documented	12.95	0	0.23	13.18
	possible	13.69	0	0.23	13.92
Flatfish	documented	27.41	0.60	7.94	35.95
	possible	42.77	0.60	9.15	52.51
Other Species	documented	12.80	1.20	13.73	27.73
	possible	23.35	1.20	14.69	39.24
Pacific Cod	documented	14.99	3.43	25.49	43.91
	possible	21.49	3.43	25.69	50.61
Rockfish	documented	15.16	1.28	8.53	24.97
	possible	30.33	1.28	9.54	41.15
Gulf of Alaska Groundfish					
Atka Mackerel	documented	0.30	-	9.82	10.13
	possible	1.54	-	9.82	11.36
Flatfish	documented	9.09	1.21	19.05	29.35
	possible	10.73	1.21	20.29	32.23
Other Species	documented	1.96	0.13	17.10	19.19
	possible	3.23	0.13	19.54	22.90
Pacific Cod	documented	2.84	1.30	50.35	54.49
	possible	2.98	1.30	50.44	54.72
Pollock	documented	1.05	0.09	64.30	65.44
	possible	1.18	0.09	64.31	65.57
Rockfish	documented	20.27	0.26	10.64	31.17
	possible	28.14	0.26	11.01	39.41
Crab					
Bairdi	documented	0	0	61.83	61.83
	possible	0.56	0	61.83	62.40
Blue King	documented	0	39.21	35.31	74.52
	possible	0.38	39.21	35.31	74.90
Brown King	documented	0	0	55.79	55.79
	possible	0	0	55.79	55.79
Opilio	documented	4.22	26.86	31.56	62.64
	possible	5.98	26.86	31.56	64.41
Red King	documented	0.69	7.59	61.76	70.04
	possible	1.58	7.59	61.70	70.92

Notes:

1/ Total documented percentages include facilities for which the analysis has documented linkages at the 10 percent level.

2/ Total possible percentages include all documented linkages as well as facilities that may be linked, depending on the application of the 10 percent rule or further investigation.

8.5.7 Option 7: Individual Processing Limits Applied to Each AFA Facility

Individual processing limits for each species would be imposed upon each AFA eligible facility. Once the individual facility reaches a limit for a particular species, no additional processing of the limited species by that facility in the sector would be allowed. The limits would not constitute an allocation, and would not guarantee that a facility could process a specified percentage of the TAC. As with other sideboard alternatives, a decision has to be made as to whether the limit would apply in the event a facility does not participate in a co-op.

The GOA groundfish processing histories of the 20 catcher processors listed in §208 of the AFA are included in the catcher-processor sector processing limits. The AFA prohibits those 20 vessels from processing any BSAI crab, any pollock in the GOA, any groundfish in Area 630 of the GOA, and more than 10 percent of the Pacific cod in Areas 610, 620, and 640. The Council should make a decision regarding the ability of these catcher processors to shift historical processing from Area 630 to other areas for purposes of the processing limits. (The 20 catchers listed in §208 of the AFA did not process any crab during the historical processing period.)

Tables 8-15-8.20 show estimates of individual processing limits for AFA facilities for each species group and two time periods. Actual plant identities have been hidden for reasons of confidentiality.

Table 8.15 Option 7: Individual Plant and Vessel Limits for Bering Sea Aleutian Island Groundfish, 1995-1997

AFA Plant Number	Sector	Percent of Total Processing				
		Atka Mackerel	Flatfish	Other Species	Pacific Cod	Rockfish
1	CP	0	0.14	0.41	0.85	0.17
2	INS	0.03	3.93	2.75	3.76	1.35
3	INS	0	0.25	0.69	2.24	1.15
4	MS	0	0.56	0.35	0.88	0.57
5	CP	1.77	0.02	0.65	0.12	0.09
6	INS	0.06	0.69	3.09	7.66	2.54
7	CP	0	0.12	0.66	1.14	0.20
8	CP	1.37	0.70	0.91	0.91	0.52
9	CP	1.37	3.10	0.89	0.94	1.05
10	CP	0	2.50	0.37	0.18	0.49
11	CP	2.62	0.70	0.68	0.94	0.58
12	CP	0	1.98	0.27	0.14	0.45
13	INS	0	0.03	0.09	0.12	0.03
14	CP	-	0.03	0.04	0.03	0.01
15	CP	1.37	3.37	0.88	0.97	1.20
16	INS	0.11	0.19	0.76	1.46	1.37
17	INS	0.01	0.16	0.79	2.63	0.42
18	CP	1.37	0.73	0.66	0.87	0.53
19	CP	0	0.06	0.05	0.09	0.03
20	MS	0	0.04	0.18	0.35	0.07
21	INS	0.03	1.97	1.61	3.21	0.89
22	CP	-	6.08	0.82	0.39	1.17
23	CP	1.40	1.02	0.67	1.75	0.79
24	CP	0.72	1.78	0.69	0.26	1.57
25	CP	-	0.04	0.08	0.06	0.05
26	CP	-	0.01	0.01	0.01	0
27	CP	0.01	0.07	0.14	0.95	0.15
28	CP	0	0.07	0.10	0.15	0.04
29	CP	1.37	2.62	0.74	0.95	0.83
30	MS	0	0.07	0.10	0.12	0.07
31	INS	0.02	0.50	2.66	3.82	0.85
Total		13.64	33.57	22.78	37.95	19.23

Note: The processing of the nine facilities that were removed from the fishery according to AFA has been redistributed to the remaining seven facilities owned by American Seafoods

Table 8.16 Option 7: Individual Plant and Vessel Limits Gulf of Alaska Groundfish, 1995-1997

AFA Plant Number	Sector	Percent of Total Processing					
		Atka Mackerel	Flatfish	Other Species	Pacific Cod	Pollock	Rockfish
1	CP	-	0	0	0	0.03	-
2	INS	2.98	0.06	0.33	0.56	3.26	0.04
3	INS	0	0.02	0.01	0.20	1.70	0
4	MS	-	0	-	0.01	0.08	-
5	CP	-	-	-	-	-	-
6	INS	0.16	0.06	0.02	0.89	0.82	0.04
7	CP	-	-	-	-	-	-
8	CP	0.03	0.77	0.10	0.21	0.14	0.43
9	CP	0.03	0.79	0.10	0.21	0.11	0.43
10	CP	-	-	-	-	-	-
11	CP	0.03	0.77	0.10	0.45	0.13	0.43
12	CP	-	0	-	0	0.04	-
13	INS	1.17	1.04	1.24	14.86	27.12	0.60
14	CP	-	0	0	0	0.05	-
15	CP	0.03	0.77	0.10	0.21	0.05	0.43
16	INS	0.34	0.12	0.01	0.31	0.40	0.01
17	INS	0.96	0.67	1.18	12.21	5.68	0.22
18	CP	0.03	0.77	0.10	0.21	0.05	0.43
19	CP	-	-	-	-	-	-
20	MS	-	0	-	0	0.01	-
21	INS	4.57	0.06	0.24	0.38	2.3	0.03
22	CP	-	-	-	-	-	-
23	CP	0.03	0.77	0.10	0.21	0.05	0.43
24	CP	0.08	0.10	0.34	0.34	0.04	5.22
25	CP	-	-	-	-	-	-
26	CP	-	-	-	-	-	-
27	CP	-	0.27	0.01	0.01	0.23	0.05
28	CP	-	0	0	0	0.08	-
29	CP	0.03	0.77	0.10	0.21	0.16	0.43
30	MS	-	0	-	0	0.02	-
31	INS	3.78	0.06	0.52	0.35	4.88	0.05
Total		14.23	7.88	4.58	31.83	47.45	9.25

Note: The processing of the nine facilities that were removed from the fishery according to AFA has been redistributed to the remaining seven facilities owned by American Seafoods

Table 8.17 Option 7: Individual Plant and Vessel Limits for Crab, 1995-1997

AFA Plant Number	Sector	Percent of Total Processing				
		Bairdi	Blue King	Brown King	Opilio	Red King
1	CP	-	-	-	-	-
2	INS	12.14	1.68	7.72	2.55	12.45
3	INS	-	-	-	-	-
4	MS	-	-	-	-	-
5	CP	-	-	-	-	-
6	INS	16.65	2.92	0.67	2.24	14.09
7	CP	-	-	-	-	-
8	CP	-	-	-	-	-
9	CP	-	-	-	-	-
10	CP	-	-	-	-	-
11	CP	-	-	-	-	-
12	CP	-	-	-	-	-
13	INS	-	-	-	-	-
14	CP	-	-	-	-	-
15	CP	-	-	-	-	-
16	INS	-	-	-	-	-
17	INS	14.06	2.15	-	5.07	13.05
18	CP	-	-	-	-	-
19	CP	-	-	-	-	-
20	MS	-	-	-	-	-
21	INS	6.03	4.92	16.75	3.36	7.50
22	CP	-	-	-	-	-
23	CP	-	-	-	-	-
24	CP	-	-	-	-	-
25	CP	-	-	-	-	-
26	CP	-	-	-	-	-
27	CP	-	-	-	-	-
28	CP	-	-	-	-	-
29	CP	-	-	-	-	-
30	MS	-	-	-	-	-
31	INS	7.59	6.96	30.63	5.82	8.10
Total		56.47	18.63	55.77	19.03	55.21

Note: The processing of the nine facilities that were removed from the fishery according to AFA has been redistributed to the remaining seven facilities owned by American Seafoods.

Table 8.18 Option 7: Individual Plant and Vessel Limits Bering Sea Aleutian Island Groundfish, 1996 and 1997

AFA Plant Number	Sector	Percent of Total Processing				
		Atka Mackerel	Flatfish	Other Species	Pacific Cod	Rockfish
1	CP	0	0.1	0.36	0.93	0.18
2	INS	0.03	4.12	2.92	3.72	1.50
3	INS	0.01	0.25	0.86	2.33	1.12
4	MS	0	0.33	0.49	1.17	0.83
5	CP	2.11	0.02	0.86	0.13	0.11
6	INS	0.03	0.84	3.77	8.52	2.67
7	CP	0	0.13	0.59	1.44	0.24
8	CP	1.29	0.70	0.99	0.82	0.47
9	CP	1.29	3.22	0.75	0.90	0.96
10	CP	0	2.45	0.27	0.14	0.61
11	CP	2.49	0.69	0.66	0.86	0.52
12	CP	-	2.05	0.30	0.14	0.57
13	INS	0	0.03	0.08	0.12	0.04
14	CP	-	0.03	0.05	0.02	0.02
15	CP	1.29	3.61	0.90	0.95	1.29
16	INS	0.10	0.18	0.91	1.70	1.37
17	INS	0.01	0.19	0.84	2.82	0.45
18	CP	1.29	0.70	0.64	0.83	0.48
19	CP	0	0.08	0.06	0.09	0.05
20	MS	0	0.04	0.17	0.32	0.03
21	INS	0.02	1.85	1.52	2.61	0.75
22	CP	-	6.34	0.73	0.39	1.49
23	CP	1.29	1.03	0.62	1.73	0.75
24	CP	0.46	1.70	0.57	0.15	0.56
25	CP	-	0.04	0.10	0.06	0.07
26	CP	-	-	-	-	-
27	CP	0.01	0.07	0.16	1.14	0.16
28	CP	0	0.06	0.08	0.07	0.04
29	CP	1.29	2.38	0.63	0.93	0.75
30	MS	0	0.09	0.12	0.13	0.05
31	INS	0.02	0.41	2.49	3.58	0.62
Total		13.04	33.73	23.48	38.75	18.75

Note: The processing of the nine facilities that were removed from the fishery according to AFA has been redistributed to the remaining seven facilities owned by American Seafoods

Table 8.19 Option 7: Individual Plant and Vessel Limits Gulf of Alaska Groundfish, 1996 and 1997

AFA Plant Number	Sector	Percent of Total Processing					
		Atka Mackerel	Flatfish	Other Species	Pacific Cod	Pollock	Rockfish
1	CP	-	0	0	0	0.05	-
2	INS	3.79	0.05	0.43	0.51	1.23	0.04
3	INS	0	0.01	0.01	0.13	2.14	0
4	MS	-	0	-	0.02	0.05	-
5	CP	-	-	-	-	-	-
6	INS	0	0.03	0.02	0.65	0.41	0.06
7	CP	-	-	-	-	-	-
8	CP	0.04	0.60	0.06	0.28	0.12	0.05
9	CP	0.04	0.60	0.06	0.28	0.06	0.05
10	CP	-	-	-	-	-	-
11	CP	0.04	0.60	0.06	0.65	0.18	0.05
12	CP	-	0	-	0	0.06	-
13	INS	0.16	1.09	1.48	17.39	30.32	0.82
14	CP	-	-	-	-	-	-
15	CP	0.04	0.60	0.06	0.28	0.06	0.05
16	INS	0.02	0.07	0.01	0.26	0.59	0
17	INS	0.09	0.68	1.09	13.68	6.25	0.25
18	CP	0.04	0.60	0.06	0.28	0.06	0.05
19	CP	-	-	-	-	-	-
20	MS	-	0	-	0.01	0.02	-
21	INS	5.43	0.04	0.08	0.11	1.76	0.01
22	CP	-	-	-	-	-	-
23	CP	0.04	0.60	0.06	0.28	0.06	0.05
24	CP	0.02	0.07	0.48	0.06	0.02	6.44
25	CP	-	-	-	-	-	-
26	CP	-	-	-	-	-	-
27	CP	-	0.38	0.02	0.02	0.08	0.08
28	CP	-	-	-	-	-	-
29	CP	0.04	0.60	0.06	0.28	0.23	0.05
30	MS	-	0	-	0	0.02	-
31	INS	0.17	0.04	0.54	0.37	2.98	0.05
Total		9.94	6.66	4.56	35.55	46.72	8.11

Note: The processing of the nine facilities that were removed from the fishery according to AFA has been redistributed to the remaining seven facilities owned by American Seafoods.

Table 8.20 Option 7: Individual Plant and Vessel Limits for Crab, 1996 and 1997

AFA Plant Number	Sector	Percent of Total Processing				
		Bairdi	Blue King	Brown King	Opilio	Red King
1	CP	-	-	-	-	-
2	INS	13.67	2.52	9.68	2.91	13.35
3	INS	-	-	-	-	-
4	MS	-	-	-	-	-
5	CP	-	-	-	-	-
6	INS	13.09	2.80	1.04	1.68	14.76
7	CP	-	-	-	-	-
8	CP	-	-	-	-	-
9	CP	-	-	-	-	-
10	CP	-	-	-	-	-
11	CP	-	-	-	-	-
12	CP	-	-	-	-	-
13	INS	-	-	-	-	-
14	CP	-	-	-	-	-
15	CP	-	-	-	-	-
16	INS	-	-	-	-	-
17	INS	18.45	1.43	-	5.34	13.52
18	CP	-	-	-	-	-
19	CP	-	-	-	-	-
20	MS	-	-	-	-	-
21	INS	9.13	3.12	16.16	3.22	7.58
22	CP	-	-	-	-	-
23	CP	-	-	-	-	-
24	CP	-	-	-	-	-
25	CP	-	-	-	-	-
26	CP	-	-	-	-	-
27	CP	-	-	-	-	-
28	CP	-	-	-	-	-
29	CP	-	-	-	-	-
30	MS	-	-	-	-	-
31	INS	6.75	6.75	28.20	6.55	8.21
Total		61.09	16.61	55.08	19.70	57.43

Note: The processing of the nine facilities that were removed from the fishery according to AFA has been redistributed to the remaining seven facilities owned by American Seafoods.

8.5.8 Option 8: Individual Processing Limits Applied to the AFA Facilities Within Each AFA Company

Individual processing limits for each species would be imposed upon all AFA companies. However, unlike the previous option, only the AFA-eligible facilities within each company would be included. Once the company's limit for a species is reached, no additional processing of the limited species by any of the company's facilities participating in pollock cooperatives would be allowed. Although the processing limits do not constitute an allocation, each AFA company could determine how its own limit might be divided among its participating facilities. The analysis of individual-company processing limits on participating facilities uses the same assumptions that define the previous option. As with previous options, a decision has to be made as to whether the limit would apply when a company (or any of its AFA-eligible facilities) does not join a co-op. Each company would likely need to declare each year whether any of its facilities would be in a co-op.

Tables 8.21-8.26 show estimates of individual processing limits imposed on the AFA facilities that are participating in cooperatives within a company for each species group for the two time periods. Actual company identities have been hidden for reasons of confidentiality.

Table 8.21 Option 8: Individual Company Limits Applied to AFA Facilities for Bering Sea Aleutian Islands Groundfish, 1995-1997

Company Number	Percent of Total Processing				
	Atka Mackerel	Flatfish	Other Species	Pacific Cod	Rockfish
Company 1	0.01	0.07	0.14	0.95	0.15
Company 2	0	0.12	0.66	1.14	0.20
Company 3	10.86	12.26	5.43	7.32	5.51
Company 4	0	0.21	0.51	1.01	0.21
Company 5	1.77	0.02	0.65	0.12	0.09
Company 6	0	0.25	0.69	2.24	1.15
Company 7	0.83	2.10	1.62	1.91	3.03
Company 8	-	6.08	0.82	0.39	1.17
Company 9	0	0.07	0.10	0.12	0.07
Company 10	0.02	0.50	2.66	3.82	0.85
Company 11	0.01	0.21	0.97	2.98	0.49
Company 12	0	0.56	0.35	0.88	0.57
Company 13	0.03	1.97	1.61	3.21	0.89
Company 14	0.06	0.72	3.18	7.78	2.57
Company 15	0.03	3.93	2.75	3.76	1.35
Company 16	0	4.48	0.64	0.32	0.94
Total	13.64	33.57	22.78	37.95	19.23

Table 8.22 Option 8: Individual Company Limits Applied to AFA Facilities for Gulf of Alaska Groundfish, 1995-1997

Company Number	Percent of Total Processing					
	Atka Mackerel	Flat fish	Other Species	Pacific Cod	Pollock	Rockfish
Company 1	-	0.27	0.01	0.01	0.23	0.05
Company 2	-	-	-	-	-	-
Company 3	0.19	5.41	0.67	1.70	0.70	2.98
Company 4	-	0	0	0	0.11	-
Company 5	-	-	-	-	-	-
Company 6	0	0.02	0.01	0.20	1.70	0
Company 7	0.41	0.22	0.36	0.65	0.49	5.23
Company 8	-	-	-	-	-	-
Company 9	-	0	-	0	0.02	-
Company 10	3.78	0.06	0.52	0.35	4.88	0.05
Company 11	0.96	0.67	1.18	12.21	5.69	0.22
Company 12	-	0	-	0.01	0.08	-
Company 13	4.57	0.06	0.24	0.38	2.30	0.03
Company 14	1.33	1.10	1.26	15.75	27.94	0.64
Company 15	2.98	0.06	0.33	0.56	3.26	0.04
Company 16	-	0	-	0	0.04	-
Total	14.23	7.88	4.58	31.83	47.45	9.25

Table 8.23 Option 8: Individual Company Limits Applied to AFA Facilities for Crab, 1995-1997

Company Number	Percent of Total Processing				
	Bairdi	Blue King	Brown King	Opilio	Red King
Company 1	-	-	-	-	-
Company 2	-	-	-	-	-
Company 3	-	-	-	0.07	0
Company 4	-	-	-	-	1.23
Company 5	-	-	-	-	-
Company 6	-	-	-	-	-
Company 7	-	-	-	-	-
Company 8	-	-	-	-	-
Company 9	-	-	-	-	-
Company 10	7.59	6.96	30.63	5.82	8.10
Company 11	14.06	2.15	0	5.07	13.05
Company 12	-	-	-	-	-
Company 13	6.03	4.92	16.75	3.36	7.50
Company 14	16.65	2.92	0.67	2.24	14.09
Company 15	12.14	1.68	7.72	2.55	12.45
Company 16	-	-	-	-	-
Total	56.47	18.63	55.77	19.10	56.44

Table 8.24 Option 8: Individual Company Limits Applied to AFA Facilities for Bering Sea Aleutian Islands Groundfish, 1996 and 1997

Company Number	Percent of Total Processing				
	Atka Mackerel	Flatfish	Other Species	Pacific Cod	Rockfish
Company 1	0.01	0.07	0.16	1.14	0.16
Company 2	0	0.13	0.59	1.44	0.24
Company 3	10.23	12.34	5.18	7.02	5.22
Company 4	0	0.16	0.44	1.00	0.22
Company 5	2.11	0.02	0.86	0.13	0.11
Company 6	0.01	0.25	0.86	2.33	1.12
Company 7	0.56	2.02	1.68	2.03	2.06
Company 8	-	6.34	0.73	0.39	1.49
Company 9	0	0.09	0.12	0.13	0.05
Company 10	0.02	0.41	2.49	3.58	0.62
Company 11	0.01	0.22	1.01	3.14	0.48
Company 12	0	0.33	0.49	1.17	0.83
Company 13	0.02	1.85	1.52	2.61	0.75
Company 14	0.03	0.87	3.85	8.64	2.70
Company 15	0.03	4.12	2.92	3.72	1.50
Company 16	0	4.50	0.57	0.29	1.19
Total	13.04	33.73	23.48	38.75	18.75

Table 8.25 Option 8: Individual Company Limits Applied to AFA Facilities for Gulf of Alaska Groundfish, 1996 and 1997

Company Number	Percent of Total Processing					
	Atka Mackerel	Flat fish	Other Species	Pacific Cod	Pollock	Rockfish
Company 1	-	0.38	0.02	0.02	0.08	0.08
Company 2	-	-	-	-	-	-
Company 3	0.26	4.19	0.39	2.34	0.75	0.35
Company 4	-	0	0	0	0.05	-
Company 5	-	-	-	-	-	-
Company 6	0	0.01	0.01	0.13	2.14	0
Company 7	0.03	0.14	0.49	0.33	0.61	6.45
Company 8	-	-	-	-	-	-
Company 9	-	0	-	0	0.02	-
Company 10	0.17	0.04	0.54	0.37	2.98	0.05
Company 11	0.09	0.68	1.09	13.68	6.26	0.25
Company 12	-	0	-	0.02	0.05	-
Company 13	5.43	0.04	0.08	0.11	1.76	0.01
Company 14	0.17	1.13	1.50	18.04	30.73	0.88
Company 15	3.79	0.05	0.43	0.51	1.23	0.04
Company 16	-	0	-	0	0.06	-
Total	9.94	6.66	4.56	35.55	46.72	8.11

Table 8.26 Option 8: Individual Company Limits Applied to AFA Facilities for Crab, 1996 and 1997

Company Number	Percent of Total Processing				
	Bairdi	Blue King	Brown King	Opilio	Red King
Company 1	-	-	-	-	-
Company 2	-	-	-	-	-
Company 3	-	-	-	-	-
Company 4	-	-	-	-	-
Company 5	-	-	-	-	-
Company 6	-	-	-	-	-
Company 7	-	-	-	-	-
Company 8	-	-	-	-	-
Company 9	-	-	-	-	-
Company 10	6.75	6.75	28.20	6.55	8.21
Company 11	18.45	1.43	-	5.34	13.52
Company 12	-	-	-	-	-
Company 13	9.13	3.12	16.16	3.22	7.58
Company 14	13.09	2.80	1.04	1.68	14.76
Company 15	13.67	2.52	9.68	2.91	13.35
Company 16	-	-	-	-	-
Total	61.09	16.61	55.08	19.70	57.43

8.5.9 Option 9: Individual Processing Limits Applied to All AFA Companies

8.5.9 Individual Limits Applied to All Facilities within a Company

Individual processing limits would be imposed for each species upon each all AFA company. The primary criterion under which two or more processing facilities are considered to be owned by a single company will be whether the majority of ownership in each facility is held by the same individuals or companies, regardless of whether each individual's or company's relative shares are identical. Once the company's limit for a species is reached, no additional processing of the limited species by any facility owned by that company would be allowed. Although the processing limits do not constitute an allocation, each AFA company could determine how its own limit might be divided among its processing facilities.

The GOA groundfish processing histories of the 20 catcher processors listed in §208 of the AFA are included in the individual company processing limits. The AFA prohibits those 20 vessels from processing any BSAI crab, any pollock in the GOA, any groundfish in Area 630 of the GOA, and more than 10 percent of the Pacific cod in Areas 610, 620, and 640. However, other facilities included within AFA companies, will be allowed to process that company's processing history of crab and GOA groundfish species. (The 20 catcher processors listed in §208 of the AFA did not process any crab during the historical processing period.)

Tables 8.27-8.32 show estimates of individual processing limits for AFA company facilities for each species group for the two time periods. Actual company identities have been hidden for reasons of confidentiality.

Table 8.27 Option 9: Individual Company Limits Applied to All Company Facilities for Bering Sea Aleutian Islands Groundfish, 1995-1997

Company Number	Percent of Total Processing				
	Atka Mackerel	Flatfish	Other Species	Pacific Cod	Rockfish
Company 1	0.01	0.65	0.32	1.12	0.23
Company 2	-	6.08	0.82	0.39	1.17
Company 3	10.86	12.26	5.43	7.32	5.51
Company 4	0	0.30	2.23	2.40	0.23
Company 5	1.77	0.02	0.65	0.12	0.09
Company 6	0	0.25	0.69	2.24	1.15
Company 7	1.12	4.59	2.81	2.79	9.49
Company 8	0	0.12	0.66	1.14	0.20
Company 9	0	0.07	0.10	0.12	0.07
Company 10	0.02	0.50	2.66	3.82	0.85
Company 11	0.01	0.21	0.98	3.02	0.49
Company 12	0	0.56	0.35	0.88	0.57
Company 13	0.03	1.97	1.61	3.21	0.89
Company 14	0.06	0.82	3.38	9.52	2.77
Company 15	0.03	3.94	2.76	3.76	1.35
Company 16	0	4.48	0.64	0.32	0.94
Total	13.93	36.82	26.09	42.19	25.99

Table 8.28 Option 9: Individual Company Limits Applied to All Company Facilities for Gulf of Alaska Groundfish, 1995-1997

Company Number	Percent of Total Processing					
	Atka Mackerel	Flatfish	Other Species	Pacific Cod	Pollock	Rockfish
Company 1	-	0.27	0.01	0.02	0.23	0.05
Company 2	-	-	-	-	-	-
Company 3	0.19	5.41	0.67	1.70	0.70	2.98
Company 4	-	0	0	0.03	0.11	-
Company 5	-	-	-	-	-	-
Company 6	0	0.02	0.01	0.20	1.70	0
Company 7	2.97	14.18	4.04	11.08	11.29	20.98
Company 8	-	-	-	-	-	-
Company 9	-	0	-	0	0.02	-
Company 10	3.78	0.06	0.52	0.35	4.88	0.05
Company 11	0.96	0.68	1.37	13.24	5.70	0.24
Company 12	-	0	-	0.01	0.08	-
Company 13	4.57	0.06	0.24	0.38	2.30	0.03
Company 14	1.40	1.12	1.27	16.74	27.96	0.65
Company 15	2.98	0.06	0.33	0.56	3.26	0.04
Company 16	-	0	-	0	0.04	-
Total	16.86	21.87	8.48	44.31	58.27	25.03

Table 8.29 Option 9: Individual Company Limits Applied to All Company Facilities for Crab, 1995-1997

Company Number	Percent of Total Processing				
	Bairdi	Blue King	Brown King	Opilio	Red King
Company 1	4.06	-	-	6.33	1.38
Company 2	-	2.79	3.56	0.72	-
Company 3	-	-	-	0.07	-
Company 4	-	-	-	-	1.23
Company 5	-	-	-	-	-
Company 6	-	-	-	-	-
Company 7	2.18	-	-	2.30	0.39
Company 8	-	-	-	-	-
Company 9	-	-	-	-	-
Company 10	7.59	6.96	30.63	5.82	8.10
Company 11	14.06	21.21	-	14.38	16.09
Company 12	-	-	-	-	-
Company 13	6.03	4.92	16.75	3.36	7.50
Company 14	16.95	28.89	1.19	19.73	20.59
Company 15	14.27	9.27	7.80	8.96	14.09
Company 16	-	-	-	-	-
Total	65.15	74.05	59.93	61.67	69.37

Table 8.30 Option 9: Individual Company Limits Applied to All Company Facilities for Bering Sea Aleutian Islands Groundfish, 1996 and 1997

Company Number	Percent of Total Processing				
	Atka Mackerel	Flatfish	Other Species	Pacific Cod	Rockfish
Company 1	0.01	0.07	0.23	1.36	0.17
Company 2	0	0.14	0.59	1.52	0.24
Company 3	10.23	12.34	5.18	7.02	5.22
Company 4	0	0.27	2.13	2.59	0.25
Company 5	2.11	0.02	0.86	0.13	0.11
Company 6	0.01	0.25	0.86	2.33	1.12
Company 7	0.70	3.85	2.76	2.63	7.79
Company 8	-	6.34	0.73	0.39	1.49
Company 9	0	0.09	0.12	0.13	0.05
Company 10	0.02	0.41	2.49	3.58	0.62
Company 11	0.01	0.22	1.02	3.21	0.48
Company 12	0	0.33	0.49	1.17	0.83
Company 13	0.02	1.85	1.52	2.61	0.75
Company 14	0.03	0.99	4.07	10.83	2.90
Company 15	0.03	4.12	2.94	3.72	1.50
Company 16	0	4.50	0.57	0.29	1.19
Total	13.17	35.79	26.56	43.50	24.72

Table 8.31 Option 9: Individual Company Limits Applied to All Company Facilities for Gulf of Alaska Groundfish, 1996 and 1997

Company Number	Percent of Total Processing					
	Atka Mackerel	Flat fish	Other Species	Pacific Cod	Pollock	Rock fish
Company 1	-	0.38	0.02	0.02	0.08	0.08
Company 2	-	-	-	-	-	-
Company 3	0.26	4.19	0.39	2.34	0.75	0.35
Company 4	-	0	0.01	0.05	0.05	-
Company 5	-	-	-	-	-	-
Company 6	0	0.01	0.01	0.13	2.14	0
Company 7	0.16	14.47	4.69	11.62	9.92	23.60
Company 8	-	-	-	-	-	-
Company 9	-	0	-	0	0.02	-
Company 10	0.17	0.04	0.54	0.37	2.98	0.05
Company 11	0.09	0.68	1.15	14.28	6.26	0.26
Company 12	-	0	-	0.02	0.05	-
Company 13	5.43	0.04	0.08	0.11	1.76	0.01
Company 14	0.17	1.13	1.50	18.67	30.73	0.88
Company 15	3.79	0.05	0.43	0.51	1.23	0.05
Company 16	-	0	-	0	0.06	-
Total	10.07	21.00	8.82	48.11	56.04	25.27

Table 8.32 Option 9: Individual Company Limits Applied to All Company Facilities for Crab, 1996 and 1997

Company Number	Percent of Total Processing				
	Bairdi	Blue King	Brown King	Opilio	Red King
Company 1	-	-	-	-	-
Company 2	-	-	-	-	-
Company 3	-	-	-	0.53	-
Company 4	9.13	3.12	16.16	3.22	7.58
Company 5	-	-	-	-	-
Company 6	-	-	-	-	-
Company 7	-	-	-	-	-
Company 8	-	-	-	-	0.77
Company 9	18.45	22.74	-	14.94	16.54
Company 10	-	-	-	-	-
Company 11	-	-	-	-	-
Company 12	13.09	29.53	1.65	19.13	20.48
Company 13	-	-	-	2.19	0.42
Company 14	13.67	12.37	9.78	9.30	14.55
Company 15	6.75	6.75	28.20	6.55	8.21
Company 16	-	-	-	6.77	1.48
Total	61.09	74.52	55.79	62.64	70.04

8.5.10 Option 10: Individual Processing Limits Applied to All AFA Entities

Individual processing limits are applied to each AFA entity for each species, as defined by the 10% Ownership Rule. Once the entity's limit for a species is reached, no additional processing of the limited species by any facility within the entity would be allowed. Although the processing limits do not constitute an allocation, each AFA entity could determine how its own limit might be divided among its processing facilities.

The GOA groundfish processing histories of the 20 catcher processors listed in §208 of the AFA are included in the individual entity processing limits. The AFA prohibits those 20 vessels from processing any BSAI crab, any pollock in the GOA, any groundfish in Area 630 of the GOA, and more than 10 percent of the Pacific cod in Areas 610, 620, and 640. However, other facilities included within AFA entities will be allowed to process the share crab and GOA groundfish species generated by the entity's catcher processors. (The 20 catcher processors listed in §208 of the AFA did not process any crab during the historical processing period.)

Tables 8.33-8.38 show estimates of individual processing limits for AFA entities for each species group for the two periods. The entities are based on the organizational analysis from Section 8.2, and therefore the estimates should be viewed as analytical estimates rather than final limits. The tables provide ranges of estimated limits for each species group. The lower values are derived from facilities that the analysts were able to document as part of an AFA entity and are shown in the rows labeled "documented". Higher estimates of the limits are shown in rows labeled "possible." The higher estimates were derived by adding to the documented totals, the processing volumes of other facilities that may be considered part of an AFA entity once final rules are determined and additional information and verification have been gathered.

Table 8.33 Option 10: Individual Limits Applied to All Facilities Within AFA Entities for Bering Sea Aleutian Island Groundfish, 1995-1997

Entity	AFA Links	Percent of Total Processing				
		Atka Mackerel	Flatfish	Other Species	Pacific Cod	Rockfish
Entity 1	documented	0	0.12	0.66	1.19	0.20
	possible	0	0.12	0.66	1.19	0.20
Entity 2	documented	0.06	3.09	4.99	7.41	2.84
	possible	0.06	3.09	4.99	7.41	2.84
Entity 3	documented	0.01	0.65	0.32	1.12	0.23
	possible	0.01	0.65	0.32	1.12	0.23
Entity 4	documented	10.86	13.32	6.37	8.64	6.15
	possible	11.93	28.87	14.31	11.57	21.96
Entity 5	documented	0	0.30	2.23	2.40	0.23
	possible	0	0.30	2.23	2.40	0.23
Entity 6	documented	1.77	0.02	0.65	0.12	0.09
	possible	1.77	0.02	0.65	0.12	0.09
Entity 7	documented	0.03	3.94	2.78	3.84	1.36
	possible	0.04	3.99	3.56	5.08	1.40
Entity 8	documented	0.01	0.21	0.98	3.02	0.49
	possible	0.01	0.21	0.98	3.02	0.49
Entity 9	documented	0	4.51	1.32	0.79	0.94
	possible	0	4.69	3.33	3.35	0.95
Entity 10	documented	0	0.25	0.69	2.24	1.15
	possible	0	0.25	0.69	2.24	1.15
Entity 11	documented	1.12	4.59	2.81	2.79	9.49
	possible	1.12	4.59	2.81	2.79	9.49
Entity 12	documented	0.06	0.82	3.38	9.52	2.77
	possible	0.06	0.82	3.38	9.52	2.77
Entity 13	documented	-	6.08	0.82	0.39	1.17
	possible	-	6.08	0.82	0.39	1.17
Entity 14	documented	0	0.56	0.35	0.88	0.57
	possible	0	0.56	0.35	0.88	0.57
Total Documented		13.94	38.48	28.34	44.36	27.68
Total Possible		15.01	54.26	39.07	51.09	43.53

Notes:

1/ Total documented percentages include facilities for which the analysis has documented linkages at the 10 percent level.

2/ Total possible percentages include all documented linkages as well as facilities that may be linked, depending on the application of the 10 percent rule or further investigation.

Table 8.34 Option 10: Individual Limits Applied to All Facilities Within AFA Entities for Gulf of Alaska Groundfish, 1995-1997

Entity Number	AFA Links	Percent of Total Processing					
		Atka Mackerel	Flatfish	Other Species	Pacific Cod	Pollock	Rockfish
Entity 1	documented	-	-	-	-	-	-
	possible	-	-	-	-	-	-
Entity 2	documented	8.70	6.98	9.66	6.98	15.86	4.44
	possible	8.70	6.98	9.66	6.98	15.86	4.44
Entity 3	documented	-	0.27	0.01	0.02	0.23	0.05
	possible	-	0.27	0.01	0.02	0.23	0.05
Entity 4	documented	0.19	5.41	0.67	1.70	0.70	2.98
	possible	2.46	8.98	2.08	2.39	0.87	10.62
Entity 5	documented	-	0.00	0.00	0.03	0.11	-
	possible	-	0.00	0.00	0.03	0.11	-
Entity 6	documented	-	-	-	-	-	-
	possible	-	-	-	-	-	-
Entity 7	documented	2.98	0.06	0.33	0.56	3.26	0.04
	possible	2.98	0.10	1.09	0.57	3.26	0.15
Entity 8	documented	0.96	0.68	1.37	13.24	5.70	0.24
	possible	0.96	0.68	1.37	13.24	5.70	0.24
Entity 9	documented	-	0.00	0.02	0.00	0.04	0.00
	possible	-	0.03	1.38	0.00	0.04	0.07
Entity 10	documented	0.00	0.02	0.01	0.20	1.70	0.00
	possible	0.00	0.02	0.01	0.20	1.70	0.00
Entity 11	documented	2.97	14.18	4.04	11.08	11.29	20.98
	possible	2.97	14.18	4.04	11.08	11.29	20.98
Entity 12	documented	1.40	1.12	1.27	16.74	27.96	0.65
	possible	1.40	1.12	1.27	16.74	27.96	0.65
Entity 13	documented	-	-	-	-	-	-
	possible	-	-	-	-	-	-
Entity 14	documented	-	0.00	-	0.01	0.08	-
	possible	-	0.00	-	0.01	0.08	-
Total Documented		17.21	28.72	17.40	50.56	66.93	29.39
Total Possible		19.48	32.37	20.93	51.27	67.10	37.20

Notes:

1/ Total documented percentages include facilities for which the analysis has documented linkages at the 10 percent level.

2/ Total possible percentages include all documented linkages as well as facilities that may be linked, depending on the application of the 10 percent rule or further investigation.

Table 8.35 Option 10: Individual Limits Applied to All Facilities Within AFA Entities for Crab, 1995-1997

Entity	Percent of Total Processing					
	AFA Links	Bairdi	Blue King	Brown King	Opilio	Red King
Entity 1	documented	-	2.79	3.56	0.72	-
	possible	-	2.79	3.56	0.72	-
Entity 2	documented	13.85	11.88	47.38	9.18	15.60
	possible	13.85	11.88	47.38	9.18	15.60
Entity 3	documented	4.06	-	-	6.33	1.38
	possible	4.06	-	-	6.33	1.38
Entity 4	documented	-	-	-	0.07	-
	possible	-	-	-	0.07	-
Entity 5	documented	-	-	-	-	1.23
	possible	-	-	-	-	1.23
Entity 6	documented	-	-	-	-	-
	possible	-	-	-	-	-
Entity 7	documented	14.27	9.27	7.80	8.96	14.09
	possible	15.79	9.79	7.80	10.60	14.91
Entity 8	documented	14.06	21.21	-	14.38	16.09
	possible	14.06	21.21	-	14.38	16.09
Entity 9	documented	-	-	-	-	-
	possible	-	-	-	-	-
Entity 10	documented	-	-	-	-	-
	possible	-	-	-	-	-
Entity 11	documented	2.18	-	-	2.30	0.39
	possible	2.18	-	-	2.30	0.39
Entity 12	documented	16.95	28.89	1.19	19.73	20.59
	possible	16.95	28.89	1.19	19.73	20.59
Entity 13	documented	-	-	-	-	-
	possible	-	-	-	-	-
Entity 14	documented	-	-	-	-	-
	possible	-	-	-	-	-
Total Documented		65.38	74.05	59.93	61.67	69.37
Total Possible		66.90	74.56	59.93	63.31	70.20

Notes:

1/ Total documented percentages include facilities for which the analysis has documented linkages at the 10 percent level.

2/ Total possible percentages include all documented linkages as well as facilities that may be linked, depending on the application of the 10 percent rule or further investigation

Table 8.36 Option 10: Individual Limits Applied to All Facilities Within AFA Entities for Bering Sea Aleutian Island Groundfish, 1996 and 1997

Entity	AFA Links	Percent of Total Processing				
		Atka Mackerel	Flatfish	Other Species	Pacific Cod	Rockfish
Entity 1	documented	0	0.14	0.59	1.52	0.24
	possible	0	0.14	0.59	1.52	0.24
Entity 2	documented	0.04	2.46	4.58	6.42	1.58
	possible	0.04	2.46	4.58	6.42	1.58
Entity 3	documented	0.01	0.07	0.23	1.36	0.17
	possible	0.01	0.07	0.23	1.36	0.17
Entity 4	documented	10.23	12.38	5.85	7.15	5.30
	possible	10.97	28.73	14.50	10.03	21.42
Entity 5	documented	0	0.27	2.13	2.59	0.25
	possible	0	0.27	2.13	2.59	0.25
Entity 6	documented	2.11	0.02	0.86	0.13	0.11
	possible	2.11	0.02	0.86	0.13	0.11
Entity 7	documented	0.03	4.13	2.97	3.84	1.52
	possible	0.04	4.17	3.87	5.21	1.56
Entity 8	documented	0.01	0.22	1.02	3.21	0.48
	possible	0.01	0.22	1.02	3.21	0.48
Entity 9	documented	0	4.50	0.59	0.34	1.19
	possible	0	4.67	2.54	2.80	1.20
Entity 10	documented	0.01	0.25	0.86	2.33	1.12
	possible	0.01	0.25	0.86	2.33	1.12
Entity 11	documented	0.70	3.85	2.76	2.63	7.79
	possible	0.70	3.85	2.76	2.63	7.79
Entity 12	documented	0.03	0.99	4.07	10.83	2.90
	possible	0.03	0.99	4.07	10.83	2.90
Entity 13	documented	-	6.34	0.73	0.39	1.49
	possible	-	6.34	0.73	0.39	1.49
Entity 14	documented	0	0.33	0.49	1.17	0.83
	possible	0	0.33	0.49	1.17	0.83
Total Documented		13.18	35.95	27.73	43.91	24.97
Total Possible		13.92	52.51	39.24	50.61	41.15

Notes:

1/ Total documented percentages include facilities for which the analysis has documented linkages at the 10 percent level.

2/ Total possible percentages include all documented linkages as well as facilities that may be linked, depending on the application of the 10 percent rule or further investigation

Table 8.37 Option 10: Individual Limits Applied to All Facilities Within AFA Entities for Gulf of Alaska Groundfish, 1996 and 1997

Entity	AFA Links	Percent of Total Processing					
		Atka Mackerel	Flatfish	Other Species	Pacific Cod	Pollock	Rockfish
Entity 1	documented	-	-	-	-	-	-
	possible	-	-	-	-	-	-
Entity 2	documented	5.66	8.43	10.99	6.86	14.17	5.96
	possible	5.66	8.43	10.99	6.86	14.17	5.96
Entity 3	documented	-	0.38	0.02	0.02	0.08	0.08
	possible	-	0.38	0.02	0.02	0.08	0.08
Entity 4	documented	0.26	4.19	0.39	2.34	0.75	0.35
	possible	1.49	7.02	1.55	2.57	0.89	8.42
Entity 5	documented	-	0	0.01	0.05	0.05	-
	possible	-	0	0.01	0.05	0.05	-
Entity 6	documented	-	-	-	-	-	-
	possible	-	-	-	-	-	-
Entity 7	documented	3.79	0.05	0.43	0.51	1.23	0.05
	possible	3.79	0.06	0.98	0.51	1.23	0.12
Entity 8	documented	0.09	0.68	1.15	14.28	6.26	0.26
	possible	0.09	0.68	1.15	14.28	6.26	0.26
Entity 9	documented	-	0	-	0	0.06	-
	possible	-	0.04	2.00	0	0.06	0.10
Entity 10	documented	0	0.01	0.01	0.13	2.14	0
	possible	0	0.01	0.01	0.13	2.14	0
Entity 11	documented	0.16	14.47	4.69	11.62	9.92	23.60
	possible	0.16	14.47	4.69	11.62	9.92	23.60
Entity 12	documented	0.17	1.13	1.50	18.67	30.73	0.88
	possible	0.17	1.13	1.50	18.67	30.73	0.88
Entity 13	documented	-	-	-	-	-	-
	possible	-	-	-	-	-	-
Entity 14	documented	-	0	-	0.02	0.05	-
	possible	-	0	-	0.02	0.05	-
Total Documented		10.13	29.35	19.19	54.49	65.44	31.17
Total Possible		11.36	32.23	22.90	54.72	65.57	39.41

Notes:

1/ Total documented percentages include facilities for which the analysis has documented linkages at the 10 percent level.

2/ Total possible percentages include all documented linkages as well as facilities that may be linked, depending on the application of the 10 percent rule or further investigation.

Table 8.38 Option 10: Individual Limits Applied to All Facilities Within AFA Entities for Crab, 1996 and 1997

Entity	Percent of Total Processing					
	AFA Links	Bairdi	Blue King	Brown King	Opilio	Red King
Entity 1	documented	-	-	-	0.53	-
	possible	-	-	-	0.53	-
Entity 2	documented	16.62	9.87	44.36	9.77	15.80
	possible	16.62	9.87	44.36	9.77	15.80
Entity 3	documented	-	-	-	6.77	1.48
	possible	-	-	-	6.77	1.48
Entity 4	documented	-	-	-	-	-
	possible	-	-	-	-	-
Entity 5	documented	-	-	-	-	0.77
	possible	-	-	-	-	0.77
Entity 6	documented	-	-	-	-	-
	possible	-	-	-	-	-
Entity 7	documented	13.67	12.37	9.78	9.30	14.55
	possible	14.23	12.76	9.78	11.07	15.44
Entity 8	documented	18.45	22.74	-	14.94	16.54
	possible	18.45	22.74	-	14.94	16.54
Entity 9	documented	-	-	-	-	-
	possible	-	-	-	-	-
Entity 10	documented	-	-	-	-	-
	possible	-	-	-	-	-
Entity 11	documented	-	-	-	2.19	0.42
	possible	-	-	-	2.19	0.42
Entity 12	documented	13.09	29.53	1.65	19.13	20.48
	possible	13.09	29.53	1.65	19.13	20.48
Entity 13	documented	-	-	-	-	-
	possible	-	-	-	-	-
Entity 14	documented	-	-	-	-	-
	possible	-	-	-	-	-
Total Documented		61.83	74.52	55.79	62.64	70.04
Total Possible		62.40	74.90	55.79	64.41	70.92

Notes:

1/ Total documented percentages include facilities for which the analysis has documented linkages at the 10 percent level.

2/ Total possible percentages include all documented linkages as well as facilities that may be linked, depending on the application of the 10 percent rule or further investigation.

8.6 Summary and Conclusions

The subsections that follow summarize the findings of the analysis and offer conclusions regarding the imposition of processing limits on AFA processors. The overall conclusions about effectiveness of the 10 options in meeting the objectives are shown in Table 8.39 (the same as Table 8.5 introduced in Section 8.5.1). First, effectiveness of the levels at which the processing limits are imposed (overall limits, sector limits, or individual limits) is considered, followed by a comparison of effectiveness brought about by defining AFA processors at the facility, company, or entity level. Then some observations are presented regarding the interpretation of the 10% Ownership Rule. The final subsection provides a more generalized summary and conclusion from the analysis of processing limits.

imposed on AFA companies or on AFA entities. If sector-level limits are imposed only on AFA-eligible facilities, then the sector definitions are predetermined.

If processing limits are imposed on individual processors, NMFS may be able to shift some of the monitoring burden onto the processors themselves. In such cases NMFS could report weekly cumulative processing totals to the processors, but the processors themselves would have the responsibility of determining when they should cease processing for directed fisheries. Under this scenario it may be possible to make enforcement a post-season process involving fines and sanctions for those processors that exceed their limits.

In conclusion, it appears that if processing limits are imposed, relative to other options, individual processing limits offer as much protection to non-AFA processors and may not be any more costly to implement and enforce. Individual processing limits may also allow AFA processors to realize more of the benefits of the AFA (by reducing market share competition among AFA processors). However, they would still be competing in the market place with non-AFA processors to attract catcher vessels to deliver their fish to them. This would help ensure they would continue paying the market price in most cases. Yet, as AFA processors reach their caps they will no longer be allowed to purchase fish. This will reduce the number of processors available to purchase fish from catcher vessels. If enough processors leave the market in an area, it could reduce the ex-vessel price paid to vessel owners, or increase the cost of delivering fish by forcing them to seek markets further from the fishing grounds.

8.6.2 Effectiveness of Limits: Comparisons of AFA Entities, AFA Companies, and AFA Facilities

Processing limits applied to AFA facilities will be restrictive, but less restrictive than limits applied to companies or entities. If processing limits are applied to facilities, either as a group or individually, AFA participating cooperatives would not be able to increase their shares of processing of crab and groundfish species under the jurisdiction of the NPFMC. AFA facilities would, however, be able to increase their relative processing shares of species managed solely by the State of Alaska, such as salmon, herring, and other shellfish. Additionally, limiting the processing of AFA facilities would not constrain the ability of the owners of the facilities to use AFA profits to increase their non-pollock processing shares at other facilities in which the AFA owners may have an interest.

Processing limits applied to AFA companies rather than to AFA facilities will be more effective in limiting the ability of owners of AFA facilities to increase their shares of non-pollock processing. The effectiveness of processing limits on AFA companies depends largely on the ability to define AFA companies. The analysis defines AFA companies on a conceptual basis that combines all of the processing facilities that have roughly the same ownership structure. Under this definition, non-AFA facilities owned by AFA companies or by subsidiaries of AFA companies are included in the processing limits. Thus if an AFA owner wishes to increase its shares of crab or groundfish other than BSAI pollock, it would have to do so as a minority partner. The processing limits would not place a constraint on AFA companies wishing to increase their processing shares of halibut or of species managed solely by the State of Alaska, such as salmon, herring, and other shellfish.

Processing limits applied to AFA entities as defined by the 10% Ownership Rule would appear to be more effective than limits imposed on AFA companies. With the 10% Ownership Rule it will be much more difficult for AFA owners to use profits resulting from the AFA to invest in greater processing capacity. If AFA owners wish to make new capital investments in non-pollock processing, they could make investments in salmon and herring fisheries or make investments at levels less than 10 percent of the capital value of the processors in which they are investing. In addition, because of the limits AFA processors would bring, existing owners may not welcome new investment associated with AFA profits.

Imposing processing limits on AFA entities will have some unintended and perhaps draconian consequences. Processing limits imposed on AFA entities will create significantly more paperwork for NMFS and the processing industry than the other options. This additional burden will be time-consuming and expensive, and may be viewed by many as a significant intrusion of government into private affairs of industry. Additionally, if limits are imposed on AFA entities, AFA owners will be prevented from investments in crab and groundfish processing capacity, and may choose instead to invest in additional processing capacity in species that are not limited, such as salmon, herring and halibut. Additional competition for the same processors that are calling for the limits could result.

Imposing processing limits on entities will also create other unintended consequences by limiting the activities of processors that may not be able to experience any of the benefits of the AFA. These consequences are perhaps most easily understood by using ownership interests of the Bristol Bay Economic Development Corporation as an example. As was shown Figure 8.14 in Section 8.2.5, BBEDC has a 20 percent ownership interest in the *Arctic Fjord*, an AFA catcher processor. BBEDC also has a 50 percent interest in the *Bristol Leader*, a factory longliner. Partners of Alaskan Leader Fisheries, which owns 2 other non-AFA processing facilities, own the remaining 50 percent of the *Bristol Leader*. Under the 10% Ownership Rule it is likely that the *Bristol Leader* and the two processing facilities owned by Alaskan Leader Fisheries would be included as part of an AFA entity and therefore be constrained by the processing limits. Furthermore, there do not appear to be any other linkages between the *Arctic Fjord* and the *Bristol Leader* or Alaskan Leader Fisheries.

Table 8.39 Summary of the Qualitative Analysis of Processing Limits

	Overall Limits			Sector Limits			Individual Limits			
	Option 1 Facility	Option 2 Company	Option 3 Entity	Option 4 Facility	Option 5 Company	Option 6 Entity	Option 7 Facility	Option 8 Company	Option 9 AFA/Co.	Option 10 Entity
Objectives from the Perspective of Proponents of Processing Limits										
1. How does the option rate in terms of limiting AFA processing of species other than BSAI pollock to the levels achieved prior to the passage of the AFA?	Poor	Fair	Good	Poor	Fair	Good	Poor	Fair	Poor	Good
2. How does the option rate in terms of including all processing interests of AFA companies?	Poor	Fair	Good	Poor	Fair	Good	Poor	Fair	Poor	Good
3. How does the option rate in terms of preventing AFA companies from evading the limits through subsidiaries or holding companies?	Poor	Fair	Good	Poor	Fair	Good	Poor	Fair	Poor	Good
Objectives from the Perspective of AFA Processors										
4. How does the option rate in terms of allowing AFA processors to maximize their ability to realize profits in the pollock processing industry?	Good	Good	Good	Good	Good	Good	Poor	Good	Good	Good
5. How does the option rate in terms of allowing AFA processors to be able to utilize non-pollock processing capacity improvements completed prior to passage of the AFA?	Fair	Fair	Poor	Fair	Poor	Poor	Fair	Fair	Good	Fair
6. How does the option rate in terms of its effect on the market value of AFA facilities?	Good	Fair	Poor	Fair	Fair	Poor	Good	Fair	Good	Poor
Objectives from the Perspective of Non-pollock Processors Linked to AFA Processors										
7. How does the option rate in terms of restricting non-pollock processors that will not benefit directly from the AFA?	Good	Good	Poor	Good	Good	Poor	Good	Good	Good	Poor
Objectives from the Perspective of NMFS										
8. How does the option rate in terms of the Paperwork Reduction Act?	Good	Fair	Poor	Good	Fair	Poor	Good	Fair	Good	Poor
9. How does the option rate in terms of the NMFS ability to determine and set the limits?	Good	Fair	Poor	Good	Fair	Poor	Good	Fair	Good	Poor
10. How does the option rate in terms of the NMFS ability to manage the limits in-season?	Good	Fair	Fair	Good	Poor	Poor	Fair	Fair	Fair	Fair

Notes:

1/ The objectives are given a presumed rating relative to the other options from the perspective of the interest group shown. A fair rating implies that there are worse options and better options.

2/ The column headed "AFA/Co." is for the option that imposes individual processing limits on the AFA facilities in a company, but does not limit non-AFA facilities in the company.

8.6.1 Effectiveness of Limits: A Comparison of Overall, Sector, and Individual Limits

Processor caps were included in the AFA to help protect the market share of the non-AFA processors. While the AFA was being drafted, non-AFA processors expressed concerns that processors with the exclusive rights to process pollock could use profits from that fishery to increase their market share in other fisheries. The non-AFA processors would then be disadvantaged because they would be operating in a market that had a one way gate. AFA processors could increase their market share of crab, for example, but the non-AFA processors could not process any pollock from the directed fishery.

From the perspective of non-AFA processors, there do not appear to be significant differences if the processing limits are implemented as overall limits, sector limits, or individual limits. However, the level at which the limits are applied will make a significant difference to AFA processors and to NMFS.

If overall or sector-level limits are imposed, AFA processors will continue to compete against other AFA processors to attract fishermen to deliver crab and groundfish other than BSAI pollock. AFA processors will compete against other AFA processors to get their share of inputs (raw fish) before the AFA limit is reached, and will also need to compete against all non-AFA processors, who will not be restricted in any way. Individual processing limits may reduce price competition among AFA processors. Although individual limits will not constitute an allocation and individual AFA processors will face continued competition from non-AFA processors, AFA processors will not need to compete with other AFA processors. Non-AFA processors would still be allowed to erode the AFA processor's share of these fisheries. So from a harvestors perspective, for the most part there is still a competitive market for their fish, even if the caps are set at the plant level. The harvestors may experience difficulties making deliveries towards the end of the year if several of the AFA processors reach their individual cap and can no longer accept deliveries from catcher vessels. This will reduce marketing opportunities for catcher vessels and may lead to lower prices, all other things being equal.

In general, individual processing limits will allow AFA processors more flexibility than with overall or sector-level limits to allocate their processing capacities and other resources, and allow them to realize more of the potential benefits of the AFA, within their historical processing shares. It should be noted however, that individual processing limits implemented at the AFA facility level could be less than optimal for AFA companies that have multiple AFA processing facilities. In such cases, AFA companies may not be able to achieve the same level of processing efficiency that might be possible if individual limits are imposed at the company level.

Annual implementation and in-season enforcement of overall processing limits appear to be less burdensome to NMFS than sector-level or individual-level limits. With overall or sector level processing limits, it is likely that NMFS will have to enforce at least two types of closures in order to enforce the processing limits and to still allow the processing of limited species as bycatch. The two types of closure would be:

1. A directed processing closure when the AFA processing total reaches a pre-determined percentage of the processing limits. A closure of directed processing will allow AFA processors to retain and process limited species when they are delivered as bycatch.
2. A closure to all processing when the full processing limit is reached.

If processing limits are imposed at the sector level, NMFS may have the additional burden of determining which processing facilities belong to which sector. This additional burden will occur if sector-level limits are

The lack of a direct connection between the majority owners of the *Arctic Fjord* and the managing partners of the *Bristol Monarch* and Alaskan Leader Fisheries makes it unlikely that the *Bristol Leader* and Alaskan Leader Fisheries will realize higher processing shares of crab and groundfish in the North Pacific as a result of the AFA. Therefore, it could be argued that the *Bristol Leader* and Alaskan Leader Fisheries should not be included in the processing limits. On the other hand, it is certainly feasible that BBEDC could invest its pollock profits into additional processing capacity of the *Bristol Leader*, into the other processing facilities owned by Alaskan Leader Fisheries, or into any other processing facility. These new investments could result in higher processing shares of crab and groundfish other than pollock for the *Bristol Monarch*, Alaskan Leader Fisheries, or other BBEDC interests.

Thus it appears that although while the use of the 10% Ownership Rule in the application of processing limits will provide additional protection to processors that have no links or minor links to AFA owners, it may restrict and potentially harm other processors that are unlikely to actually benefit from the AFA. In addition, limits on AFA entities could lead to increased investments in salmon and herring processing. Finally, the paperwork and enforcement if limits are applied to AFA entities will be more burdensome and expensive for both NMFS and the industry. Therefore, it is uncertain whether the additional protection gained by applying processing limits to AFA entities outweighs the negative impacts.

Given the possibility of ambiguous results if processing limits are applied to AFA entities, the Council may wish instead to approve a less restrictive option in order to fulfill its mandate to protect processors not eligible to participate in the directed pollock fishery in the BSAI, or examine other options for defining AFA entities.

8.6.3 Alternative Interpretations of the 10% Ownership Rule

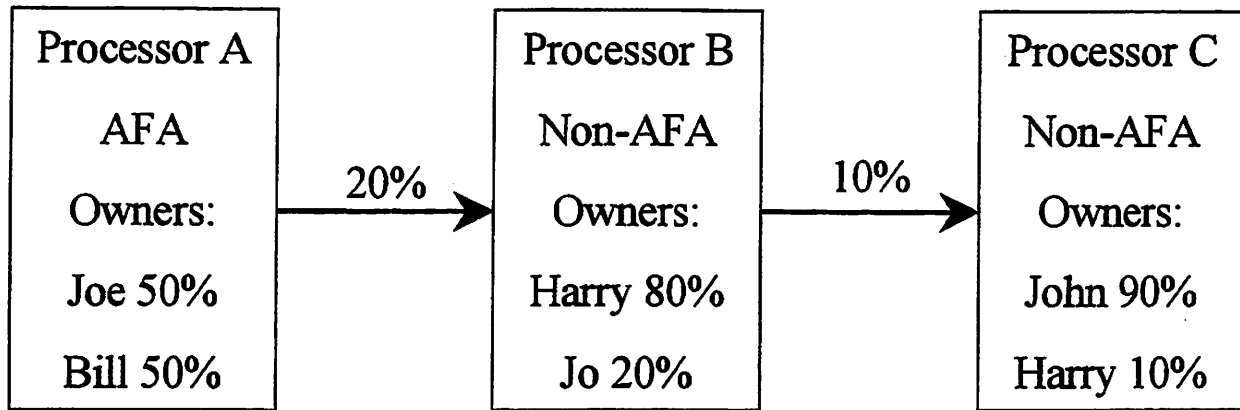
This subsection reexamines the literal interpretation of the 10% Ownership Rule as used in the analysis of processing limits and suggests alternative ways in which the 10% Ownership Rule could be applied if the Council chooses.

Although the 10% Ownership Rule was developed from language contained in the AFA, the Council has determined that Congress has given it the authority to adapt the language in the AFA to address its mandates. Therefore, the Council has the authority to interpret or adapt the 10% Ownership Rule as necessary to achieve the objectives for which the processing limits were proposed.

To date the 10% Ownership Rule has been interpreted in its simplest and most literal form, which considers processors to be linked if there is at least a 10 percent ownership connection, regardless of how that connection is developed. Figure 8.20 illustrates the literal interpretation of the 10% Ownership Rule. In the figure, Joe owns 50 percent of Processor A and 20 percent of Processor B, so Processor A and B are linked through Joe's 20 percent ownership in Processor B. Similarly, Processor B and Processor C are linked through Harry, with his 80 percent interest in Processor B and 10 percent interest in Processor C. Because A is linked to B and B is linked to C, all three processors are defined as a single entity.

Figure 8.19 Literal Interpretation of the 10% Ownership Rule

Companies A, B, and C are a single entity.

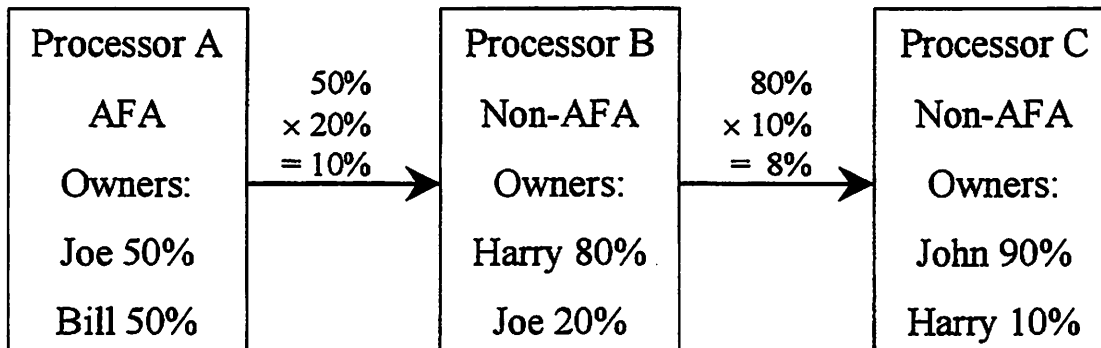


Another way to interpret the 10% Ownership Rule would use a multiplicative measure of ownership. In this case the shares of the common owners are multiplied together. Figure 8.XX2 shows how the situation from Figure 1 would be interpreted under a multiplicative interpretation. Joe's ownership share in Processor A is multiplied by Joe's share in Processor B. If the result is greater than 10 percent, then the Processor A is linked to Processor B. This interpretation measures the percentage of AFA interest in affiliated processors. In this case it can be said that Processor A has a 10 percent ownership interest in Processor B. The link between Processor B and Processor C has different implications. Even though Harry owns 10 percent of Processor C, the Processor B as a whole owns only 8 percent of Processor C. In this interpretation of the 10% Ownership Rule, Processor B is not linked to Processor C. An additional advantage of the multiplicative interpretation of the 10% Ownership Rule is that it provides a means by which to measure linkages that involve partnerships or more than one person.

Figure 8.20 Multiplicative Interpretation of the 10% Ownership Rule

Companies A and B are a single entity.

The multiplicative link between B and C is less than 10 percent.



It is also possible to interpret the 10% Ownership Rule as implying that the direct AFA interest in a processor must exceed 10 percent in order for 2 processors to be considered linked. In other words, the link must involve an owner of an AFA facility. Under this interpretation, Processors A and B would be linked in either the literal interpretation or the multiplicative interpretation of the 10% Ownership Rule, but Processor C would not be linked to the entity because Processor C has no direct AFA ownership.

Regardless of the interpretation of the 10% Ownership Rule, there still may be unintended consequences of its application. Analyzing and documenting these impacts is not possible, however, an example of these impacts is provided. Assume that the relationship between Harry and Joe began in 1990 when Processor B was constructed, and that Joe and Bill purchased Processor A in 1995. After Joe became involved with Bill in Processor A, he relinquished all management of Processor B to Harry. If processing limits are applied using the 10% Ownership Rule, Processor B will be limited, even though Harry, the managing partner and majority owner, has no interactions with Joe, except when he signs the check to Joe for 20 percent of the annual profit.

That is not to say that Processor B cannot benefit from AFA through Joe. If, for example, Joe invests some of his additional profits in Processor B to add a new crab line, then Processor B will be able to expand its percentage of crab processing as a result of Joe's participation in pollock cooperatives. However, absent any additional investment, any increases in processing shares that Processor B may be able to achieve cannot be directly linked to AFA.

Based on the discussion in this section it may be possible to craft an alternative means to restrict processors associated with the AFA facilities from increasing their shares of crab and groundfish species as a result of profits associated with AFA, without placing overly restrictive limits on processors that are only indirectly linked to the AFA. Although Chapter 8 does not specifically address any other definitions of the 10% Ownership Rule, there may be sufficient information in the analysis of the organization of the processing industry in Section 8.2 to allow the Council to develop a preferred alternative based on one of these alternative interpretations.

8.7 Overall Conclusions

The AFA instructs the Council to examine alternatives that would protect processors that will not be able to participate in pollock cooperatives from adverse effects resulting from the AFA. This chapter has examined the concept of imposing limits on the amounts of crab and groundfish other than pollock that AFA processors can process, as a means of protecting non-AFA processors.

Application of economic theory leads to the conclusion that pollock processors may be able to generate higher-than-expected profits from pollock processing because of the AFA. AFA processors may choose to reinvest those higher than expected returns into the processing of other species if it appears that returns from additional investment in processing of crab, groundfish, and other species will provide better returns than investments outside of fish processing. Because many other opportunities for investment exist, the stock market, for example, it is not certain that pollock processors will invest additional amounts into the processing of crab and other groundfish. If the processors do choose to invest in additional processing capacity, then it is likely they will be able to increase their share of the processing of other species.

It does not appear that any of the options that have been analyzed will fully address the concerns of the non-AFA processors without placing potentially harsh restrictions on processors that do not appear to be able to benefit directly from the AFA, and without imposing burdensome paperwork and enforcement costs on NMFS

and on the industry as a whole. This conclusion applies whether the processing limits are overall limits, sector limits or individual limits.

If the Council chooses to fulfill its mandate to protect non-AFA processors by imposing processing limits on crab and groundfish other than pollock, it appears that establishing limits on individual AFA companies will provide a relatively high level of protection with relatively few negative impacts.

Supplemental Analyses for Processor Sideboards

Prepared by Northern Economics, Inc.

and

Staff of the North Pacific Fishery Management Council

October 6, 1999

Supplemental Analyses for Processor Sideboards

In order to supplement the existing analyses for processor sideboards, the following information is provided:

1. The first task modified Table 8.3 from Chapter 8 of the original AFA analysis by adding a column showing which plants and vessels would qualify as AFA processors using the Limited 10% Rule as advanced at the August 1999 meeting of the AFA Sideboard Committee. The Limited 10% Rule would limit the use of the 10 percent rule to all facilities owned by companies that have a direct ownership link of 10 percent or more to AFA pollock processing facilities. Companies whose only link to an AFA processor is through a non-pollock facility would not be limited by the processing sideboard limits.
2. The second task evaluated changes in groundfish shares among AFA and non-AFA processors using the definition of AFA processors described in Chapter 8 of the original AFA analysis. We have included a table showing changes in groundfish shares among AFA and non-AFA processors under the Limited 10% Rule.
3. The third task developed new tables that show the percentage of groundfish and crab processing by AFA entity, as described under the Limited 10% Rule, for Option 10.

Task 1. Table 8.3 (Revised)

The following table is a modification of Table 8.3 from Chapter 8 of the original AFA analysis. The table presents information about companies that are AFA-qualified. The rightmost column in the original table listed the sector (for example, shore plant, catcher-processor) for each plant or vessel. That column has been replaced with a column that indicates whether a company would be AFA-qualified under the Limited 10% Rule. A check mark indicates that the vessel or plant would qualify. The Limited 10% Rule results in several vessels and plants being removed from the original AFA list. The following plant and vessels were transferred from AFA status as defined in Chapter 8 of the original AFA analysis to non-AFA status under the Limited 10% Rule: *Courageous*, *Baranof*, *Arica*, *Pacific Pearl*, *Cape Horn*, *Unimak Enterprise*, *Rebecca Irene*, *Alaskan Leader*, and the Kodiak plant of Alaskan Leader Fisheries, Inc.

Table 8.3 (Revised) Specification of AFA Companies and Entities for the Analysis of Processing Limits

Entity	Company	Vessel Name or Location of Plant	ID	AFA- Qualified	AFA Company	AFA Entity	Limited 10% Rule
Alaska Ocean LLP	Alaska Ocean LLP	<i>Alaska Ocean</i>	P3794	√	√	√	√
Alaska Trawl Fisheries	Alaska Trawl Fisheries	<i>Endurance</i>	P3360	√	√	√	√
Aleutian Spray Fisheries	Aleutian Spray Fisheries	<i>Starbound</i>	P3414	√	√	√	√
	Aleutian Spray Fisheries	<i>Galaxy</i>	F0192		√	√	√
	Aleutian Spray Fisheries	<i>Penguin/Horizon</i>	P1301		√	√	√
American Seafoods Co.	American Seafoods Co.	<i>American Dynasty</i>	P3681	√	√	√	√
	American Seafoods Co.	<i>American Empress</i>	P2722	√	√	√	√
	American Seafoods Co.	<i>American Triumph</i>	P4055	√	√	√	√
	American Seafoods Co.	<i>Browns Point</i>	P2722	√	√	√	√
	American Seafoods Co.	<i>Christina Ann</i>	P2850	√	√	√	√
	American Seafoods Co.	<i>Elizabeth Ann</i>	P2722	√	√	√	√
	American Seafoods Co.	<i>Katie Ann</i>	P1996	√	√	√	√
	American Seafoods Co.	<i>Northern Eagle</i>	P3261	√	√	√	√
	American Seafoods Co.	<i>Northern Hawk</i>	P4063	√	√	√	√
	American Seafoods Co.	<i>Northern Jaeger</i>	P3896	√	√	√	√
	American Seafoods Co.	<i>Ocean Rover</i>	P3442	√	√	√	√
	American Seafoods Co.	<i>Pacific Explorer</i>	P3416	√	√	√	√
	American Seafoods Co.	<i>Pacific Navigator</i>	P2799	√	√	√	√
	American Seafoods Co.	<i>Pacific Scout</i>	P3383	√	√	√	√
	American Seafoods Co.	<i>Rebecca Ann</i>	P2838	√	√	√	√
	American Seafoods Co.	<i>Victoria Ann</i>	P2839	√	√	√	√
	American Champion LLP	<i>American Champion</i>	F9692		√	√	√
	Seahawk Pacific Seafoods	<i>Claymore Sea</i>	P3362			√	√
	Seacatcher Fisheries, Inc.	<i>Heather Sea</i>	P3664			√	√
	Swan Fisheries, Inc.	<i>Saga Sea</i>	P4056			√	√
	Arica Fish Co. Ltd.	<i>Arica</i>	P3694				Probable
	Cape Horn Fisheries	<i>Cape Horn</i>	P2110				Probable
	Ave Phoenix	<i>Pacific Pearl</i>	P0276				Probable
	Rebecca Irene, Inc.	<i>Rebecca Irene</i>	P1610				Probable
	Unimak Fisheries LLC	<i>Unimak Enterprise</i>	P3369				Probable
	Beagle Enterprises LLP	<i>Beagle</i>	P0528				Probable

Table 8.3 (Revised) Continued

Entity	Company	Vessel Name or Location of Plant	ID	AFA- Qualified	AFA Company	AFA Entity	Limited 10% Rule
Bristol Bay EDC	Arctic Storm, Inc.	<i>Arctic Fjord</i>	P3396	√	√	√	√
	Arctic Storm, Inc.	<i>Arctic Storm</i>	P2943	√	√	√	√
	Bristol Leader LLC	<i>New Star/Bristol Leader</i>	P3491			√	√
	Alaskan Leader LLP	<i>Alaskan Leader</i>	P4598				Probable
	Alaskan Leader LLP	Kodiak	F1991				Probable
Maruha Corp.	Alyeska Seafoods, Inc.	Dutch Harbor	F0753	√	√	√	√
	Westward Seafoods, Inc.	Dutch Harbor	F1366	√	√	√	√
	Supreme Alaska Seafoods	<i>Excellence</i>	M4111	√	√	√	√
	Pacific Knight LLC	<i>Pacific Knight</i>	P2783		√	√	√
	Alaskan Command LLC	<i>Alaskan Command</i>	P3391			√	√
	Wards Cove Packing Co.	<i>Excursion Inlet</i>	F0274			√	√
	Wards Cove Packing Co.	Ketchikan	F0110			√	√
	Wards Cove Packing Co.	Ketchikan	F2185			√	√
	Western Alaska Fisheries	Kodiak	F0320			√	√
	Wards Cove Packing Co.	Larsen Bay	F0266			√	√
	Wards Cove Packing Co.	Seward	F1379			√	√
	Wards Cove Packing Co.	Seward	F2354			√	√
Nichiro Corp.	Peter Pan Seafoods, Inc.	King Cove	F0142	√	√	√	√
	Peter Pan Seafoods, Inc.	<i>Golden Alaska</i>	M1607	√	√	√	√
	Peter Pan Seafoods, Inc.	Valdez	F1041		√	√	√
	Peter Pan Seafoods, Inc.	<i>Blue Wave</i>	F1636		√	√	√
	Peter Pan Seafoods, Inc.	<i>Stellar Sea</i>	M5362		√	√	√
Nippon Suisan Kaisha	Unisea, Inc.	Dutch Harbor	F1180	√	√	√	√
	Unisea, Inc.	St. Paul	F0188	√	√	√	√
	Unisea, Inc.	<i>Omnisea</i>	F1066			√	√
	Baranof Fisheries	<i>Baranof</i>	P1248				Probable
	Courageous Seafoods	<i>Courageous</i>	P1276				Probable
Northern Victor LLP	Northern Victor LLP	<i>Northern Victor</i>	F1319	√	√	√	√

Table 8.3 (Revised) Continued

Entity	Company	Vessel Name or Location of Plant	ID	AFA- Qualified	AFA Company	AFA Entity	Limited 10% Rule
Norton Sound EDC	Norton Sound EDC	<i>Northern Glacier</i>	P0661	√	√	√	√
	Norton Sound EDC	<i>Pacific Glacier</i>	P3357	√	√	√	√
	Norton Sound EDC	<i>Norton Sound</i>	P5294		√	√	√
	Norton Sound EDC	Nome	F1809		√	√	√
	Norton Sound EDC	Unalakleet	F2290		√	√	√
	Norton Sound EDC	Unknown	F2289		√	√	√
Phoenix Processor LLP	Phoenix Processor LP	<i>Ocean Phoenix</i>	M3703	√	√	√	√
Trident Seafoods Corp.	Trident Seafoods Corp.	Akutan	F0939	√	√	√	√
	Trident Seafoods Corp.	Sand Point	F0940	√	√	√	√
	Trident Seafoods Corp.	<i>Bountiful</i>	P0278		√	√	√
	Trident Seafoods Corp.	South Naknek	F0942		√	√	√
	Trident Seafoods Corp.	St. Paul	F1927		√	√	√
	Trident Seafoods Corp.	<i>Alaska Packer</i>	F0944		√	√	√
	Trident Seafoods Corp.	<i>Independence</i>	M3259		√	√	√
	Trident Seafoods Corp.	<i>Sea Alaska</i>	F0945		√	√	√
Tyson Seafoods Group	Tyson Seafoods Group	<i>American Enterprise</i>	P2760	√	√	√	√
	Tyson Seafoods Group	<i>Island Enterprise</i>	P3870	√	√	√	√
	Tyson Seafoods Group	<i>Kodiak Enterprise</i>	P3671	√	√	√	√
	Tyson Seafoods Group	<i>Seattle Enterprise</i>	P3245	√	√	√	√
	Tyson Seafoods Group	<i>U.S. Enterprise</i>	P3004	√	√	√	√
	Tyson Seafoods Group	<i>Arctic Enterprise</i>	M5314	√	√	√	√
	Tyson Seafoods Group	<i>Bering Enterprise</i>	P3003		√	√	√
	Tyson Seafoods Group	<i>Glacier Enterprise</i>	F9720		√	√	√
	Tyson Seafoods Group	<i>Harvester Enterprise</i>	P2732		√	√	√
	Tyson Seafoods Group	<i>Northern Enterprise</i>	F9713		√	√	√
	Tyson Seafoods Group	<i>Royal Enterprise</i>	F9723		√	√	√
	Tyson Seafoods Group	<i>Western Enterprise</i>	F9716		√	√	√
	Tyson Seafoods Group	Kodiak	F0222		√	√	√
	Tyson Seafoods Group	Kodiak	F1936		√	√	√
Yak/Yok Holdings	Yak/Yok Holdings	<i>Highland Light</i>	P3348	√	√	√	√
	Yak/Yok Holdings	<i>Westward Wind</i>	F9715		√	√	√
	Yak/Yok Holdings	<i>Yardarm Knot</i>	M3116		√	√	√

Task 2. Changes in Groundfish Shares

The second task involved an evaluation of the change in Pacific cod processing shares among AFA and non-AFA processors between the 1995–1997 period and the 1998–1999 period. After the data set was constructed for Pacific cod, it was relatively easy to present data for all AFA species, so information for all groundfish are shown in the following four tables. The groundfish species are aggregated as Atka mackerel, flatfish, other species, Pacific cod, pollock, and rockfish. The first two tables show volume and percent of processing shares using the definition described in Chapter 8 of the original AFA analysis. The second two tables show volume and percent of processing shares under the Limited 10% Rule. A fifth table shows the differences in percent of processing shares for AFA and non-AFA entities if the Limited 10% Rule is adopted, rather than applying the definition in Chapter 8 of the Council’s original AFA analysis to determine AFA-qualified plants and vessels. The information presented in these tables is based on percent of total catch, not percent of total allowable catch.

The following two tables show volume and percent of processing shares using the definition described in Chapter 8 of the original AFA analysis.

Table 1. Metric Tons of Groundfish, excluding CDQ, for the years 1995-99 (Using Council AFA List)

YEAR	AFA							Non-AFA							Grand Total
	Atka Mackerel	Flatfish	Other	Pacific Cod	Pollock	Rockfish	AFA Total	Atka Mackerel	Flatfish	Other	Pacific cod	Pollock	Rockfish	Non-AFA Total	
95	14,095	103,465	9,495	127,089	1,196,703	34,874	1,485,721	67,445	73,450	15,025	117,066	35,406	36,738	345,130	1,830,851
96	10,935	107,687	10,629	128,787	1,100,113	27,913	1,386,063	93,007	78,752	13,291	111,135	29,453	42,741	368,379	1,754,442
97	12,691	117,811	9,507	122,457	1,030,938	36,036	1,329,440	53,130	125,164	17,891	134,826	32,010	48,706	411,728	1,741,168
98	8,665	56,681	8,022	85,334	1,101,434	14,842	1,274,978	48,430	109,430	19,679	110,314	23,815	34,276	345,944	1,620,923
99	804	33,660	5,024	62,620	606,108	12,335	720,551	33,022	67,066	11,734	73,367	23,375	41,650	250,214	970,765
Grand Total	47,189	419,304	42,677	526,287	5,035,297	126,000	6,196,753	295,035	453,862	77,620	546,709	144,059	204,111	1,721,396	7,918,149

Source: Adapted from National Marine Fisheries Service blend and permit data.

Note: 1999 data are only through September 11, 1999.

Table 2. Percentage of groundfish, excluding CDQ, for the years 1995-99 (Using Council AFA List)

YEAR	AFA							Non-AFA							Grand Total
	Atka mackerel	Flatfish	Other	Pacific cod	Pollock	Rockfish	AFA Total	Atka mackerel	Flatfish	Other	Pacific cod	Pollock	Rockfish	Non-AFA Total	
95	17.3%	58.5%	38.7%	52.1%	97.1%	48.7%	81.1%	82.7%	41.5%	61.3%	47.9%	2.9%	51.3%	18.9%	100.0%
96	10.5%	57.8%	44.4%	53.7%	97.4%	39.5%	79.0%	89.5%	42.2%	55.6%	46.3%	2.6%	60.5%	21.0%	100.0%
97	19.3%	48.5%	34.7%	47.6%	97.0%	42.5%	76.4%	80.7%	51.5%	65.3%	52.4%	3.0%	57.5%	23.6%	100.0%
98	15.2%	34.1%	29.0%	43.6%	97.9%	30.2%	78.7%	84.8%	65.9%	71.0%	56.4%	2.1%	69.8%	21.3%	100.0%
99	2.4%	33.4%	30.0%	46.0%	96.3%	22.8%	74.2%	97.6%	66.6%	70.0%	54.0%	3.7%	77.2%	25.8%	100.0%
1995-97 avg.	15.0%	54.3%	39.1%	51.0%	97.2%	43.5%	78.9%	85.0%	45.7%	60.9%	49.0%	2.8%	56.5%	21.1%	100.0%
1998-99 avg.	10.4%	33.9%	29.3%	44.6%	97.3%	26.4%	77.0%	89.6%	66.1%	70.7%	55.4%	2.7%	73.6%	23.0%	100.0%

Source: Adapted from National Marine Fisheries Service blend and permit data.

Note: 1999 data are only through September 11, 1999.

The following two tables show the volume and percent of processing shares under the Limited 10% Rule.

Table 3. Metric Tons of BSAI Groundfish, excluding CDQ, for the years 1995-99 (Using Limited 10% Rule)

YEAR	AFA							Non-AFA							Grand Total
	Atka Mackerel	Flatfish	Other	Pacific Cod	Pollock	Rockfish	AFA Total	Atka Mackerel	Flatfish	Other	Pacific Cod	Pollock	Rockfish	Non-AFA Total	
95	12,688	79,003	7,292	110,693	1,189,574	24,202	1,423,452	68,852	97,912	17,228	133,462	42,535	47,410	407,399	1,830,851
96	9,696	76,408	8,044	113,210	1,091,274	16,841	1,315,473	94,246	110,031	15,875	126,712	38,292	53,814	438,969	1,754,442
97	12,671	83,074	6,612	105,679	1,022,146	23,533	1,253,715	53,150	159,902	20,786	151,605	40,802	61,209	487,453	1,741,168
98	8,468	35,909	5,450	72,669	1,098,170	9,112	1,229,778	48,627	130,202	22,251	122,979	27,080	40,006	391,145	1,620,923
99	642	18,069	2,956	53,035	600,397	5,943	681,042	33,185	82,656	13,803	82,951	29,087	48,042	289,724	970,765
Grand Total	44,165	292,463	30,354	455,287	5,001,560	79,630	5,903,459	298,060	580,702	89,943	617,709	177,796	250,481	2,014,690	7,918,149

Source: Adapted from National Marine Fisheries Service blend and permit data.

Note: 1999 data are only through September 11, 1999.

Table 4. Percentage of BSAI groundfish, excluding CDQ, for the years 1995-99 (Using Limited 10% Rule)

YEAR	AFA							Non-AFA							Grand Total
	Atka Mackerel	Flatfish	Other	Pacific Cod	Pollock	Rockfish	AFA Total	Atka Mackerel	Flatfish	Other	Pacific Cod	Pollock	Rockfish	Non-AFA Total	
95	15.6%	44.7%	29.7%	45.3%	96.5%	33.8%	77.7%	84.4%	55.3%	70.3%	54.7%	3.5%	66.2%	22.3%	100.0%
96	9.3%	41.0%	33.6%	47.2%	96.6%	23.8%	75.0%	90.7%	59.0%	66.4%	52.8%	3.4%	76.2%	25.0%	100.0%
97	19.3%	34.2%	24.1%	41.1%	96.2%	27.8%	72.0%	80.7%	65.8%	75.9%	58.9%	3.8%	72.2%	28.0%	100.0%
98	14.8%	21.6%	19.7%	37.1%	97.6%	18.6%	75.9%	85.2%	78.4%	80.3%	62.9%	2.4%	81.4%	24.1%	100.0%
99	1.9%	17.9%	17.6%	39.0%	95.4%	11.0%	70.2%	98.1%	82.1%	82.4%	61.0%	4.6%	89.0%	29.8%	100.0%
1995-97 avg.	13.9%	39.3%	28.9%	44.5%	96.4%	28.4%	75.0%	86.1%	60.7%	71.1%	55.5%	3.6%	71.6%	25.0%	100.0%
1998-99 avg.	10.0%	20.2%	18.9%	37.9%	96.8%	14.6%	73.7%	90.0%	79.8%	81.1%	62.1%	3.2%	85.4%	26.3%	100.0%

Source: Adapted from National Marine Fisheries Service blend and permit data.

Note: 1999 data are only through September 11, 1999.

Table 8. Percentage of BSAI groundfish, excluding CDQ, for the years 1998-99
(Using Limited 10% Rule)

Percent of Total Processing						
Entity	Atka Mackerel	Flatfish	Other Species	Pacific cod	Pollock	Rockfish
Entity 1	0.0%	0.1%	0.1%	0.1%	4.6%	0.0%
Entity 2	0.0%	0.2%	0.5%	1.3%	2.4%	0.4%
Entity 3	0.0%	0.1%	0.4%	0.1%	2.4%	0.0%
Entity 4	0.0%	1.2%	0.3%	0.1%	5.7%	0.1%
Entity 5	0.0%	0.3%	3.0%	4.2%	4.2%	0.5%
Entity 6	0.1%	1.0%	3.5%	13.9%	22.0%	4.5%
Entity 7	0.3%	1.9%	4.2%	5.0%	14.8%	1.9%
Entity 8	0.0%	0.1%	0.2%	1.7%	1.7%	0.1%
Entity 9	0.0%	0.1%	0.3%	0.1%	2.4%	0.1%
Entity 10	0.0%	4.2%	0.4%	0.2%	1.3%	1.2%
Entity 11	0.0%	0.4%	1.7%	3.1%	9.6%	1.5%
Entity 12	9.5%	10.7%	3.9%	6.9%	21.9%	3.9%
Entity 13	0.0%	0.1%	0.5%	1.4%	3.9%	0.3%
Total	10.0%	20.2%	18.9%	37.9%	96.8%	14.6%

Source: Adapted from National Marine Fisheries Service blend and permit data.

Note: 1999 data are through September 11, 1999.

Table 9. Percentage of BSAI groundfish, excluding CDQ, for the years 1995-99
(Using Limited 10% Rule)

Percent of Total Processing						
Entity	Atka Mackerel	Flatfish	Other Species	Pacific cod	Pollock	Rockfish
Entity 1	0.0%	0.4%	0.3%	0.6%	4.6%	0.4%
Entity 2	0.0%	0.2%	0.6%	2.0%	3.0%	0.9%
Entity 3	0.0%	0.1%	0.6%	0.8%	2.1%	0.1%
Entity 4	0.0%	3.5%	0.9%	0.6%	4.8%	0.7%
Entity 5	0.0%	0.3%	2.5%	2.9%	3.5%	0.3%
Entity 6	0.9%	4.1%	5.2%	12.8%	19.9%	9.8%
Entity 7	0.1%	2.7%	4.7%	6.7%	13.3%	2.6%
Entity 8	0.0%	0.5%	0.3%	1.3%	1.8%	0.2%
Entity 9	1.3%	0.0%	0.5%	0.1%	2.7%	0.1%
Entity 10	0.0%	5.5%	0.7%	0.3%	1.5%	1.2%
Entity 11	0.0%	2.9%	2.4%	3.6%	9.2%	1.4%
Entity 12	10.5%	13.1%	5.8%	8.2%	26.7%	6.0%
Entity 13	0.0%	0.2%	0.8%	2.5%	3.4%	0.4%
Total	12.9%	33.5%	25.2%	42.4%	96.6%	24.1%

Source: Adapted from National Marine Fisheries Service blend and permit data.

Note: 1999 data are through September 11, 1999.

The following 4 tables show the percent of crab processing accounted for by plants and vessels that are AFA-qualified according to the Limited 10% Rule. The information presented here includes information for crab harvested in the Bering Sea and Aleutian Islands management areas, excluding Norton Sound, which has an exclusive registration regulation that effectively prohibits all but local boats from participation in the crab fishery.

Table 10. Percentage of Crab Processing by AFA Entities for the years 1995-97 (Using Limited 10% Rule)

Percent of Total Processing					
Entity	Brown				
	Red King	Blue King	King	Bairdi	Opilio
Entity 1	14.5%	12.1%	10.7%	14.3%	9.7%
Entity 2	0.0%	0.0%	0.0%	0.0%	0.1%
Entity 3	16.1%	11.9%	46.0%	13.6%	9.2%
Entity 4	0.0%	0.0%	0.0%	0.0%	0.0%
Entity 5	16.6%	21.2%	0.0%	14.1%	14.4%
Entity 6	21.6%	28.9%	1.1%	19.1%	22.1%
Entity 7	1.4%	0.0%	0.0%	4.1%	6.3%
Total	70.3%	74.1%	57.8%	65.1%	61.6%

Source: Adapted from ADF&G fishticket data

Note: Excludes CDQ and deadloss

Table 11. Percentage of Crab Processing by AFA Entities for the years 1996-97 (Using Limited 10% Rule)

Percent of Total Processing					
Entity	Brown				
	Red King	Blue King	King	Bairdi	Opilio
Entity 1	14.8%	12.4%	9.0%	13.6%	9.8%
Entity 2	0.0%	0.0%	0.0%	0.0%	0.0%
Entity 3	16.0%	9.9%	42.7%	15.7%	9.8%
Entity 4	0.0%	0.0%	0.0%	0.0%	0.0%
Entity 5	16.8%	22.8%	0.0%	18.5%	14.9%
Entity 6	21.2%	29.5%	1.4%	13.0%	21.4%
Entity 7	1.5%	0.0%	0.0%	0.0%	6.7%
Total	70.3%	74.5%	53.0%	60.9%	62.6%

Source: Adapted from ADF&G fishticket data

Note: Excludes CDQ and deadloss

It is apparent from the preceding tables that AFA regulations have resulted in substantial changes in the manner in which certain fisheries are pursued. As a result, total harvests have diminished and the AFA share of the harvest of certain species has declined.

The following table shows the difference in percent of processing shares for AFA and non-AFA entities if the Limited 10% Rule is adopted rather than applying the definition in Chapter 8 of the initial AFA analysis to determine qualified plants and vessels.

Table 5. Change in Percentage of BSAI groundfish, excluding CDQ, for the years 1995-99 (From Council Rule to Limited 10% Rule)

YEAR	AFA							Non-AFA							Grand Total
	Atka Mackerel	Flatfish	Other	Pacific Cod	Pollock	Rockfish	AFA Total	Atka Mackerel	Flatfish	Other	Pacific Cod	Pollock	Rockfish	Non-AFA Total	
95	-1.7%	-13.8%	-9.0%	-6.7%	-0.6%	-14.9%	-3.4%	1.7%	13.8%	9.0%	6.7%	0.6%	14.9%	3.4%	0.0%
96	-1.2%	-16.8%	-10.8%	-6.5%	-0.8%	-15.7%	-4.0%	1.2%	16.8%	10.8%	6.5%	0.8%	15.7%	4.0%	0.0%
97	0.0%	-14.3%	-10.6%	-6.5%	-0.8%	-14.8%	-4.3%	0.0%	14.3%	10.6%	6.5%	0.8%	14.8%	4.3%	0.0%
98	-0.3%	-12.5%	-9.3%	-6.5%	-0.3%	-11.7%	-2.8%	0.3%	12.5%	9.3%	6.5%	0.3%	11.7%	2.8%	0.0%
99	-0.5%	-15.5%	-12.3%	-7.0%	-0.9%	-11.8%	-4.1%	0.5%	15.5%	12.3%	7.0%	0.9%	11.8%	4.1%	0.0%
1995-97 avg.	-1.1%	-14.9%	-10.1%	-6.6%	-0.7%	-15.1%	-3.9%	1.1%	14.9%	10.1%	6.6%	0.7%	15.1%	3.9%	0.0%
1998-99 avg.	-0.4%	-13.6%	-10.4%	-6.7%	-0.5%	-11.8%	-3.3%	0.4%	13.6%	10.4%	6.7%	0.5%	11.8%	3.3%	0.0%

Task 3. Groundfish and Crab Percentages by Entity for Option 10

The following 8 tables show groundfish and crab processing percentages by entity for each AFA species, for plants and vessels that qualify under the Limited 10% rule, for several different time periods. The entity numbers shown in the four groundfish tables have been changed by random selection from those presented in the original AFA analysis to maintain confidentiality. The entity numbers in the four crab tables have been randomly selected and are not related to the groundfish entity numbers, in order to protect the identify of the firms involved. The groundfish tables present information for pollock, which was not included in the previous analysis. Pollock is included to permit evaluation of the extent to which processors with varying percentages of pollock processing shares are engaged in processing of other groundfish species.

Table 6. Percentage of BSAI groundfish, excluding CDQ, for the years 1995-97
(Using Limited 10% Rule)

Percent of Total Processing						
Entity	Atka		Other	Pacific	Pollock	Rockfish
	Mackerel	Flatfish	Species	cod		
Entity 1	0.0%	0.6%	0.4%	0.9%	4.6%	0.6%
Entity 2	0.0%	0.3%	0.7%	2.2%	3.4%	1.2%
Entity 3	0.0%	0.1%	0.7%	1.1%	1.9%	0.2%
Entity 4	0.0%	4.5%	1.3%	0.8%	4.4%	0.9%
Entity 5	0.0%	0.3%	2.2%	2.4%	3.1%	0.2%
Entity 6	1.2%	5.4%	6.2%	12.3%	18.8%	12.3%
Entity 7	0.1%	3.1%	5.0%	7.4%	12.5%	2.8%
Entity 8	0.0%	0.6%	0.3%	1.1%	1.8%	0.2%
Entity 9	1.8%	0.0%	0.6%	0.1%	2.8%	0.1%
Entity 10	0.0%	6.1%	0.8%	0.4%	1.7%	1.2%
Entity 11	0.0%	3.9%	2.8%	3.8%	9.1%	1.4%
Entity 12	10.9%	14.2%	7.0%	8.8%	29.2%	6.9%
Entity 13	0.0%	0.2%	1.0%	3.0%	3.1%	0.5%
Total	13.9%	39.3%	28.9%	44.5%	96.4%	28.4%

Source: Adapted from National Marine Fisheries Service blend and permit data.

Table 7. Percentage of BSAI groundfish, excluding CDQ, for the years 1996-97
(Using Limited 10% Rule)

Percent of Total Processing						
Entity	Atka		Other	Pacific	Pollock	Rockfish
	Mackerel	Flatfish	Species	cod		
Entity 1	0.0%	0.3%	0.5%	1.2%	4.9%	0.8%
Entity 2	0.0%	0.2%	0.9%	2.3%	3.6%	1.1%
Entity 3	0.0%	0.1%	0.6%	1.4%	2.0%	0.2%
Entity 4	0.0%	4.5%	0.6%	0.3%	4.5%	1.2%
Entity 5	0.0%	0.3%	2.1%	2.6%	3.1%	0.3%
Entity 6	0.7%	4.8%	6.8%	13.5%	19.4%	10.7%
Entity 7	0.0%	2.5%	4.6%	6.4%	12.2%	1.6%
Entity 8	0.0%	0.1%	0.2%	1.4%	1.9%	0.2%
Entity 9	2.1%	0.0%	0.9%	0.1%	2.9%	0.1%
Entity 10	0.0%	6.3%	0.7%	0.4%	1.7%	1.5%
Entity 11	0.0%	4.1%	3.0%	3.8%	9.0%	1.5%
Entity 12	10.2%	13.6%	6.7%	7.3%	28.0%	6.3%
Entity 13	0.0%	0.2%	1.0%	3.2%	3.2%	0.5%
Total	13.2%	37.1%	28.6%	44.0%	96.4%	26.0%

Source: Adapted from National Marine Fisheries Service blend and permit data.

Table 12. Percentage of Crab Processing by AFA Entities for the years 1998-99
(Using Limited 10% Rule)

Percent of Total Processing					
Entity	Brown				
	Red King	Blue King	King	Bairdi	Opilio
Entity 1	12.2%	7.0%	4.0%		10.1%
Entity 2	0.0%	0.0%	0.0%		0.0%
Entity 3	16.3%	3.5%	33.7%		12.7%
Entity 4	3.2%	0.0%	8.2%		1.1%
Entity 5	16.0%	23.6%	0.0%		14.2%
Entity 6	20.4%	32.9%	0.0%		23.7%
Entity 7	3.0%	5.5%	0.0%		5.6%
Total	71.2%	72.5%	46.0%		67.4%

Source: Adapted from ADF&G fishticket data

Notes: Excludes CDQ and deadloss. Data for 1999 are through September 11, 1999.

Table 13. Percentage of Crab Processing by AFA Entities for the years 1995-99
(Using Limited 10% Rule)

Percent of Total Processing					
Entity	Brown				
	Red King	Blue King	King	Bairdi	Opilio
Entity 1	13.5%	11.0%	9.4%	14.3%	9.8%
Entity 2	0.0%	0.0%	0.0%	0.0%	0.0%
Entity 3	16.2%	10.2%	43.7%	13.6%	11.0%
Entity 4	1.4%	0.0%	1.6%	0.0%	1.0%
Entity 5	16.3%	21.7%	0.0%	14.1%	14.0%
Entity 6	21.1%	29.7%	0.9%	19.1%	24.0%
Entity 7	2.1%	1.1%	0.0%	4.1%	5.9%
Total	70.7%	73.8%	55.5%	65.1%	65.8%

Source: Adapted from ADF&G fishticket data

Notes: Excludes CDQ and deadloss. Data for 1999 are through September 11, 1999.

Background and Issues Paper for AFA Processor Sideboards

for August 9-10, 1999 Committee meeting

Introduction and Background

The American Fisheries Act (AFA) was passed in the fall of 1998. Among the provisions of the AFA were required measures by the North Pacific Council (Council) regarding the harvesting and processing of non-pollock species by AFA processors. These 'sideboard' limits were approved for harvesting by AFA vessels by the Council in June 1999. Action on processing sideboards was postponed pending input from this Committee. With regard to processing the AFA contains some very specific guidance and some very general guidance, with some couched as AFA sideboard limits and some couched as more general excessive share caps. In summary, the following provisions appear in the AFA:

1. The Council cannot alter the list of eligible processors, unless the TAC increases or an eligible plant is lost.
2. By July 1999 the Council must recommend measures to "protect processors not eligible to participate in the (BSAI) directed pollock fishery from adverse effects of the AFA or fishery cooperatives...". To address this mandate the Council is considering limiting AFA processors to their historical activity in non-BSAI pollock (the various alternatives are described in Chapter 8 of the analysis). Note that this direction is included under the section of the AFA specifically addressing Catcher Vessel and Shoreside Processor Restrictions, although the analysis prepared includes catcher/processor and mothership sectors.
3. The Council must have in place by January 2000 measures to prevent AFA motherships and shoreside processors (who receive co-op pollock) from processing, in the aggregate, a greater percentage of the total catch of BSAI crab than they processed in 1995-1997 (on average). This section uses the '10% rule', whereby "any entity in which 10% or more of the interest is owned or controlled by another individual or entity shall be considered to be the same entity...". This direction is also contained under the section of the AFA specifically addressing Catcher Vessel and Shoreside Processor Restrictions, although it also specifically includes mothership sector operations within the overall crab limits. NMFS will be implementing crab processing sideboards in year 2000 according to this specific direction in the statute.
4. The Council must submit measures to establish excessive share caps for harvesting and processing of all groundfish and crab in the BSAI, though under no time certain. This section does not contain reference to the 10% entity rule. This direction is also contained under the section of the AFA specifically addressing Catcher Vessel and Shoreside Processor Restrictions. Excessive share caps for BSAI pollock processing are also mandated under a separate section which pertains to all AFA processors (and stipulates a 17.5% cap, using the 10% entity rule).
5. The Council can develop any other measures it deems necessary (at any time) to protect other fisheries and participants under its jurisdiction from adverse impacts caused by the AFA or co-ops in the directed pollock fishery.

While the specific focus of this Committee is to provide input to the Council on processing sideboard limits, there are similar (and somewhat overlapping) issues associated with the development of excessive share limits,

which the Council has scheduled for review later this year. The following is a brief summary of the issues, which are detailed in the analysis reviewed by the Council this past June.

Executive Summary from the AFA Sideboard Analysis

Chapter 8 examines the impacts of imposing limits on processing of groundfish in the GOA, crab in the BSAI, and non-pollock groundfish in the BSAI. The limits would affect processors eligible to participate in pollock cooperatives authorized by the American Fisheries Act (AFA). The analysis presented in Chapter 8 examines the language in the AFA, analyzes the current structure of the industry, and develops 10 specific options for implementing processing limits. The analysis then calculates estimates of the limits based on the structure of the industry and the different options as specified. The analysis ends by drawing conclusions regarding the effectiveness of the options in fulfilling the mandates of the AFA.

The AFA stipulates that the Council shall submit measures by July of 1999 to “protect processors not eligible to participate in the directed pollock fishery from adverse effects as a result of this Act or fishery cooperatives in the directed pollock fishery.” The AFA provides specific guidelines for crab processing limits and provides the basis of the 10% Ownership Rule (below) which defines AFA entities.

If a company has a 10 percent or more ownership stake in an AFA-eligible processing facility, then all other processing facilities in which that company has 10 percent ownership will also be considered part of the AFA entity. For purposes of the analysis, the lease of a facility will be considered ownership of that facility.

The analysis of ownership develops organization charts for the 15 entities that were found to encompass all of the processing facilities that, according to the AFA, will be eligible to process pollock in directed fisheries. The analysis used a literal interpretation of the 10% Ownership Rule to develop the entities. Organization charts for several entities that are not associated with AFA facilities are also provided, including charts for four of the six CDQ organizations. Currently, two of the CDQ organizations, Bristol Bay Economic Development Corporation and Norton Sound Economic Development Corporation, have ownership interests in AFA facilities and are included in the 15 AFA entities. The table below summarizes the findings of the organizational analysis of AFA facilities, companies, and entities.

Summary of Eligible Facilities, Companies, and Entities under the AFA

	Entities	Companies	Inshore Facilities	Catcher Processors	Motherships	Total Facilities
AFA Facilities	15	18	9	21	3	33
Facilities in AFA Companies	15	20	20	32	10	62
Facilities in AFA Entities	15	35	29	44	10	83

Notes:

- 1/ The row labeled AFA Facilities includes all of the processing facilities are eligible under the AFA to process BSAI pollock from directed fisheries.
- 2/ The row labeled "Facilities in AFA Companies" includes all facilities owned by companies that own at least one AFA facility.
- 3/ The row labeled "Facilities in AFA Entities" includes all facilities associated with entities that own at least one AFA-eligible facility. The row includes several facilities that may be, or may not be, included within AFA entities, depending on the implementation of the 10% Ownership Rule.
- 4/ The table does not include the nine catcher processors from §209 of the AFA.
- 5/ The table includes the entity that comprises the only catcher processor eligible from §208(e)(21) of the AFA and the only shore plant eligible from §208(f)(1)(B) of the AFA.

Processing limits could be applied in a number of different ways. The analysis identifies three levels at which processing limits could be applied:

1. A single overall limit for each species
2. Sector level limits for each species
3. Individual limits for each species

Within each of these three levels there are at least three layers of the AFA eligibility:

1. Plants and vessels that are AFA-eligible
2. Companies that own AFA-eligible plants and vessels
3. Entities that combine AFA companies under the 10% Ownership Rule

The analysis specifically examines processing limits in terms of each of the three layers of AFA eligibility for each of the three levels at which processing limits and an additional option for individual company limits apply only to AFA-eligible facilities. The 10 options analyzed in Chapter 8 are specified below.

Option 1: Overall Processing Limits Applied to All AFA Facilities

Option 2: Overall Processing Limits Applied to All Facilities in AFA Companies

Option 3: Overall Processing Limits Applied to All Facilities in AFA Entities

Option 4: Sector-Level Processing Limits Applied to All AFA Facilities

Option 5: Sector-Level Processing Limits Applied to All Facilities in AFA Companies

Option 6: Sector-Level Processing Limits Applied to All Facilities in AFA Entities

Option 7: Individual Processing Limits Applied to Each AFA Facility

Option 8: Individual Processing Limits Applied to All AFA Companies

Option 9: Individual Processing Limits Applied to the AFA Facilities within Each AFA Company

Option 10: Individual Processing Limits Applied to All AFA Entities

The table below shows the TAC percentages that would be allowed under the processing limit options. The table is based on processing histories from 1995 through 1997.

Summary of Processing Limit Options Based on Processing Histories from 1995 through 1997

Percent of Total Processing						
Bering Sea and Aleutian Islands Groundfish						
	Atka Mackerel	Flatfish	Other Species	Pacific Cod	Rockfish	
Limits on AFA Facilities only	13.04	33.73	23.48	38.75	18.74	
Limits on AFA Companies	13.93	36.82	26.09	42.19	25.99	
Limits on AFA Entities	15.01	54.26	39.07	51.09	43.53	
Gulf of Alaska Groundfish						
	Atka Mackerel	Flatfish	Other Species	Pacific Cod	Pollock	Rockfish
Limits on AFA Facilities only	9.94	6.66	4.55	35.55	46.73	8.11
Limits on AFA Companies	16.86	21.87	8.48	44.31	58.27	25.03
Limits on AFA Entities	19.48	32.37	20.93	51.27	67.10	37.20
Bering Sea and Aleutian Islands Crab						
	Bairdi	Blue King	Brown King	Opilio	Red King	
Limits on AFA Facilities only	61.09	16.61	55.08	19.7	57.43	
Limits on AFA Companies	65.15	74.05	59.93	61.67	69.37	
Limits on AFA Entities	66.90	74.56	59.93	63.31	70.20	

Notes:

1. Total processing limits for each species do not change regardless of whether limits are applied as overall limits, sector-level limits, or individual limits. If the number of affected facilities is expanded to include all processing within AFA companies, or to include all processing within AFA entities, then the limits increase accordingly.
2. All limits include the processing history of the nine catcher processors listed in §209 of the AFA.
3. Entities limits include all documented linkages as well as facilities that would possibly be linked to AFA entities, depending on the application of the 10 percent rule and further investigation.
4. The limits shown in the table do not include the entity that comprises the only catcher processor eligible from §208(e)(21) of the AFA and the only shore plant eligible from §208(f)(1)(B) of the AFA.

Comparison of Overall Limits, Sector Limits and Individual Limits

As indicated above, the total amount of processing included under the limits does not change if they are applied as overall limits, sector-level limits or as individual limits. Therefore from the perspective of non-AFA processors, there do not appear to be significant differences if the processing limits are implemented as overall limits, sector limits, or individual limits.

If overall or sector-level limits are imposed, AFA processors are likely to experience an intensified race for crab and groundfish other than BSAI pollock. The intensified race for fish can be avoided if processing limits are imposed at the individual level. Although individual limits will not constitute an allocation and individual AFA processors will face continued competition from non-AFA processors, AFA processors will not need to compete with other AFA processors. Individual limits will also allow AFA processors more flexibility (than with overall or sector-level limits) to allocate their processing capacities and other resources, and allow them to realize more of the potential benefits of the AFA.

With overall or sector level processing limits, it is likely that NMFS will have to devise means to close "directed processing" while allowing AFA processors to continue to process bycatch amounts of limited species. If processing limits are imposed on individual processors, NMFS may be able to shift some of the monitoring burden onto the processors themselves and make enforcement a post-season process involving fines and sanctions for those processors that exceed their limits.

Comparison of Limits Applied to AFA Facilities, AFA Companies, and AFA Entities

Processing limits applied to AFA facilities will be restrictive, but not as restrictive as limits applied to companies or entities. If limits are applied only to AFA facilities owners would not be constrained from using AFA profits to increase their non-pollock processing shares at other facilities in which they may have an interest.

Processing limits applied to AFA companies rather than to AFA facilities will be more effective in limiting the ability of owners of AFA facilities to increase their shares of non-pollock processing. The effectiveness of processing limits on AFA companies depends largely on the ability to define AFA companies. Processing limits applied to AFA entities, as defined by the 10% Ownership Rule, would appear to be more effective than limits imposed on AFA companies. Under the 10% Ownership Rule, AFA owners that wish to make new capital investments in non-pollock processing would be limited to investments in salmon and herring fisheries, or to investments that lead to an ownership interest of less than 10 percent of the processors in which they are investing. In addition, because of the limits AFA processors would bring, existing owners may not welcome new investment associated with AFA profits.

Imposing processing limits on AFA entities will have some unintended and negative consequences. Processing limits imposed on AFA entities will create significantly more paperwork for NMFS and the processing industry than the other options. This additional burden will be time-consuming and expensive, and may be viewed by many as a significant intrusion of government into private affairs of industry. Imposing processing limits on entities will also create other unintended consequences by limiting the activities of processors that may not be able to experience any of the benefits of the AFA. These consequences are perhaps most easily understood from the perspective of non-pollock processing companies that have become equity partners with CDQ organizations that, in perhaps unrelated actions, have also invested in AFA facilities.

Conclusion

In conclusion, it appears that processing limits imposed on individuals offer as much protection to non-AFA processors as overall limits or sector-level limits, may not be any more costly to implement or enforce, and would allow AFA processors to realize more of the benefits of the AFA. Given the possibility of ambiguous results if processing limits are applied to AFA entities, the Council may wish to approve a less restrictive option in order to fulfill its mandate to protect non-AFA processors. Additional discussion of each of the major issues is contained below.

Individual Limits vs Aggregate Limits

This is a critical decision point from the perspective of the processors subject to the limit and from the perspective of management/monitoring considerations. In essence, the issue is whether the processors involved will share an aggregate limit across all processors (or all processors within a sector) as opposed to each processor (plant or company) having its own sideboard limit. A common sideboard limit may be advantageous for processors with smaller history in a particular fishery, while individual sideboard limits would benefit those with a larger history. A 'race' for the sideboard limits is one potential disadvantage of a shared limit. From the perspective of non-AFA processors (whom these limits are designed to protect), this decision is likely of

much less significance - the overall limit will be the same whether applied individually or in aggregate, although individual limits could imply operational advantages that would not exist if firms were in competition with one another for an aggregate limit.

While the Act specifies that the sideboard limits for crab processing will be aggregated across all processing facilities, using the 10% ownership rule, such an application may be less than ideal from the perspective of processors, fishermen, and fishery managers. From a processor perspective, having a common cap could allow for a few facilities or companies to 'co-opt' the overall processing allowance. Additionally, it may be difficult, without very close coordination among plants, for any particular facility to know when the collective cap has been reached and refuse further deliveries from catcher vessels. From a management perspective it will be extremely difficult to track the processing levels of each facility on a real-time basis, and notify the plants that further processing of a particular species is prohibited. It may be more feasible, and more functional for the processors, to break the processing sideboards down to an individual plant level, or at least to a company (or 'entity') level so that each plant or company would be able to adhere to its own separate sideboard processing limit.

The analysis being prepared by Council staff is looking at the various ways to calculate and implement these sideboards, including the critical issue of plant vs company vs aggregate application. A further complication for the Council and staff is the issue of ownership vis-a-vis the 10% rule stipulated in the Act. If the sideboard limits are applied at an aggregate level, across all AFA-qualified companies and plants, the issue is less critical, but nevertheless relevant. If applied at a plant, or particularly at a company or entity level, the 10% ownership rule becomes very critical as the processing history for all ownership related facilities has to be included in calculation of the sideboard, and then has to be applied to all facilities in aggregate which belong to a particular company or entity.

To Whom Do Limits Apply ? - Facility vs Company vs Entity

If applied individually, who is subject to the limit becomes the next critical decision point. Foremost among the decisions is whether the limit would apply to AFA eligible plants specifically, or whether all plants owned by AFA companies would also be subject to the limit. From the perspective of non-AFA processors it would be advantageous to have the limit apply to all facilities owned by AFA eligible companies. This would mitigate the perceived operational advantages to be gained by AFA processors, whereby they could increase their non-pollock activities in other facilities which are not primarily pollock facilities. As shown in the table above, this decision also affects what the total limit will be. Using opilio as an example, if limits are only applied to AFA facilities, those facilities would be limited to processing about 19.7% of the total, though other, non-AFA facilities owned by these processors would not be restricted. On the other hand, if all facilities are included the limit would be 61.6% of the total opilio, but that would now constitute an upper bound.

Related to this issue is the decision of whether and how to link companies and facilities via the 10% ownership rule. For some species application of this rule will broaden the universe of facilities whose processing history goes into the cap (and thereby increase the cap), while for other species the cap does not change, or does so only slightly. However, even in the latter case, it is an important decision if limits are going to be applied individually as opposed to in aggregate; i.e., it will effect who falls under a particular sideboard limit. The analysis notes some of the likely unintended consequences of applying this ownership linkage rule, such as the inclusion of operations that effectively have no participation in the pollock fisheries.

Another issue is when to apply the sideboard limits; i.e., whether such sideboards would apply only when the processor has contracted for pollock deliveries within a co-op structure. In the case of harvest sideboards the Council's decision was that sideboards would apply to all AFA-eligible vessels, whether they join a co-op or not. Part of the rationale was that, if sideboards applied only when fishing under a co-op, such sideboards

would be ineffective in limiting the overall activities of those vessels in other fisheries over the entire fishing year.

GOA vs BSAI Issues

Sideboards are intended to limit the processing activity by AFA processors of non-BSAI pollock species - that includes GOA pollock, GOA groundfish, BSAI groundfish, and BSAI crab. The analysis to date envisions separate limits for each species and area. For example, an AFA processor would have a separate limit for Pacific cod harvested in the GOA and a separate limit for Pacific cod harvested from the BSAI, based on the history of processing of each.

Another major issue has to do with the fact that some AFA companies have plants located in both the GOA and the BSAI. If the limits apply only to AFA facilities (and not to all facilities owned by an AFA company), this issue is largely moot. However, if it is applied to all facilities, then the processing history of all facilities would be included, and all facilities owned by that company would have to cease processing of a species upon attainment of the cap, regardless of geographic location.

10% ownership rule

Ownership issues, particularly application of the 10% rule contained in the Act, pose significant analytical and implementation challenges, as well as significant implications for the industry. From the analysts' perspective, defining the specific entities which result from application of the 10% rule is necessary in order to provide the Council with the necessary harvest and processing data to enable an informed decision on the various alternatives being considered. It is also critical to in-season or post-season monitoring and enforcement of those limits. Discerning these ownership linkages (and the term 'control' as opposed to direct ownership) is an extremely difficult and controversial task. From an implementation perspective, in-season monitoring of sideboard limits or excessive share caps will necessitate definitive knowledge of these linkages in order to effect those limits and attendant closures to harvesting or processing. From an industry perspective, the potential application of the 10% rule has serious operational implications and will define how and when their operations are limited, including whether a particular company or plant is operating under a common cap with other harvesters or processors, or whether it is master of its own domain. In the latter case, it will define which plants, vessels, or facilities are included in that domain.

Based on analyses to date, and on industry testimony to the Council, application of the 10% ownership linkage will likely have unintended consequences, and may not provide any great advantages or protections for non-AFA processors, relative to a company-level application of sideboards. Aside from the 10% rule, there are other questions which arise relative to ownership and control. For example, even if the 10% entity rule is not applied (and we base processing limits at a company level), there are likely cases of 'nested' corporations which have to be addressed. The recent acquisition of Tyson Seafoods by Trident Seafoods may be one example - the basic question is whether those would now be treated as one company or two, in terms of applying a company level sideboard limit. Changing ownership structures will also have to be accommodated, to the extent changes occur from year to year, or even mid-year.

The analysis provides an alternative application of the 10% rule, using a multiplicative approach as opposed to a linear approach. While many of the issues would remain under this approach, it may serve to mitigate some of the unintended consequences in terms of which facilities are subsumed within an entity via small investments, or via operations that do not directly have to do with processing (storage or other types of facilities, or processors of strictly non-pollock species).

Calculating the Limits - Base Years of Processing History

There are two basic alternatives currently being considered - (1) base the processing sideboard on the processing activity which occurred in 1995 through 1997, or (2) base it only on activity in 1996 and 1997. In terms of the total percentage cap, the differences between these two options are minimal, with the exception of a couple of species (cod and king crab for example) where there is a difference of up to 5 percentage points. Whether or not all facilities owned by AFA companies are included makes a much bigger difference, and once that decision is made we can better evaluate the differences between the two alternatives for calculating the limit. Obviously, the impacts of this decision will vary across processors, depending on the specific processing history (for each species) by each processor involved between 1995 and 1997.

Related to this issue is whether the limit, once established, would apply to the entire TAC for a particular species, or just the non-CDQ portion; i.e., would processing of CDQ fish be considered outside the cap?

Implementation and Monitoring of Limits

The level at which sideboards are applied, and the specific facilities subject to the sideboards, will have implications for implementation and monitoring for NMFS. Application of an aggregate (shared) limit across all processors, or even across processors within each sector, will likely require NMFS to develop a 'directed processing' closure, much like directed fishing closures are done currently. It will require tracking of overall processing so that we know when the cap is reached, and can then notify all relevant processors that they can no longer process that species. This approach will likely create complications for harvesters and processors, in terms of delivery schedules and associated uncertainties.

If the sideboard limits are applied individually (to plants or companies or entities), it is likely that NMFS would shift the burden of monitoring to the processors themselves, and make enforcement of the limits a post-season process. This approach appears to offer the same protection to non-AFA processors, is easier to monitor and enforce, and would eliminate the logistical uncertainties for each processor or company. This ignores the allocational effects associated with these issues, and it does not address the issue of whether all facilities would fall under the limit as opposed to only AFA facilities.

Relationship to Excessive Share Caps

In addition to processor sideboard measures, the AFA mandates the Council to establish excessive share caps for the harvest and processing of all BSAI groundfish and crab, by both AFA and non-AFA operations. At its February 1999 meeting the Council reviewed a discussion paper of these issues, bifurcated development of excessive share caps from the sideboard issues, and developed alternatives for an analysis scheduled for initial review in December. Based on the Council's alternatives we would be looking at processing caps for BSAI pollock over a range of percentages up to 17.5%. For other groundfish and crab we would be looking at percentages ranging up to 40%, or simply using the average processing (or harvesting) that occurred over 1995, 1996, and 1997. Application of the 10% ownership rule would be used throughout this analysis, making resolution of ownership linkages paramount to development of this amendment. While sideboard limits may well be applied at an aggregate level (across both companies and sectors), excessive share caps by definition would need to be applied at a company or entity level in order to have meaningful effect.

Development of this amendment package overlaps development of the processor sideboards in terms of both issues and timing. These issues will be discussed by this Committee and the Council is scheduled to take final action on the processor sideboards in October, based on recommendations from the Committee and any additional analysis that can be compiled by October. Those recommendations, and the Council's actions in October, will likely affect the scope and direction of the excessive share package, and could result in Council

re-direction concerning appropriate alternatives. Critical to the analysis would be resolution in October of whether and how we apply the 10% ownership rule. Therefore, our current plan for development of the excessive share package is as follows:

(1) Include in the Committee's report to the Council any recommendations on the scope of analyses for excessive shares;

(2) during September, compile initial data reflecting the current status of harvesting and processing shares by vessels and processors of BSAI groundfish and crab, describe how the current alternatives would shake out in terms of percentages, and provide an 'issues paper' to the Council. This step would likely be done in consultation with Northern Economics, Inc., who compiled the similar data and analysis for the processor sideboard alternatives. This step is intended to provide the industry and Council the opportunity to finalize alternatives for the full analysis to follow.

(3) A broader analysis would be initiated following the October Council meeting, using an outside contractor familiar with issues including product markets, pricing, and industrial organization. This information would be presented to the Council in December. The overall package would be finalized by Council/NMFS staff after the December meeting, for review by the Council in February 2000, and a final decision in April 2000. Implementation could be in 2001.

Because many of the relevant issues will be discussed by the Committee, and by the Council in October, these timelines will allow us to incorporate those discussions for a better end product for industry and Council review.

Confidentiality Constraints

This has turned out to be a particularly vexing issue in terms of our ability to present information to the Council and the public which will enable them to make a fully informed decision with regard to many of the measures we are developing in response to the Act. While Council and NMFS staff have access to these data for analyses, there are confidentiality regulations, at both the State and Federal level, which preclude us from releasing individual vessel catch histories or company level catch and processing histories to the public (and even to the Council). The detailed information in Chapter 8 of the analysis is broken out to the company and plant level, though that information is coded to hide the identities. The Act does specify the release of individual vessel and company information in terms of catch and bycatch of pollock and other species caught while fishing under the co-ops. The Act also allows the Council to develop regulations which allow the release of heretofore confidential data for the purpose of implementing bycatch reduction measures under the MSA. The Act also directs the Council to develop the necessary infrastructure and allocations to implement the co-ops envisioned by the Act, which requires that individual vessel catch histories would be compiled for purposes of carrying that catch history into the pollock co-ops and sideboards limits. Finally, the Act directs the Council to develop excessive share caps, which will require disclosure of existing share levels by company in order for the Council to make an informed decision as to the appropriate level of such caps for the future.

While the Act implies release of some of the above information, it does not explicitly provide regulatory authority to do so, which is something the Council and NMFS will need to develop. Further, while the release of Federal data will certainly assist in this process, much of the data (specifically for catcher vessel deliveries onshore) is contained in the State of Alaska fish ticket data base, which does not appear to be subject to the provisions of the Act and would require regulatory change by the State legislature. Nevertheless we are compiling the relevant information, though some of it will have to be aggregated in the analysis for public review, or at a minimum coded such that the specific data is not directly attributable to individual vessels and companies.

Crab sideboards

Crab appears to be the species of most interest on the part of the processing industry at this time. NMFS is intending to implement the crab processing sideboards in January 2000 based on the specific language in the AFA. The limit would apply to all facilities owned by AFA 'entities' using the 10% linkage rule, and would apply in aggregate across the shoreside and mothership sectors. Council action in October could change the way in which those sideboards are implemented, and certainly will determine how groundfish sideboards will be structured. Based on testimony to the Council, application of these limits to all facilities could result in loss of markets for crab fishermen in some areas, particularly in areas outside of the locations of the specific AFA facilities (St. Matthew and the Pribilofs for example). Depending on how the sideboard is applied, it is possible that harvesters would be precluded from delivering to the closest processor and would have to travel (potentially great distances) to a non-capped processor.

Underlying this issue is processing capacity overall, and processing capacity at each location where crab is delivered. Once a sideboard limit is established, will there be sufficient diversity of processing capacity to accommodate fishermen's deliveries? For reference, Attachment 1 to this paper is a summary of the geographic distributions of opilio landings in 1999, as compiled by ADF&G. Attachment 2 contains information (submitted to Council staff by the Fair Fisheries Coalition) describing the activities of the crab catcher/processors and shore plants relative to participation in opilio processing from 1995 through 1999. This information also references ownership linkages and AFA status. This has not been cross-checked by staff for accuracy and we are not presenting it as definitive information in any way. However, it may be useful to the Committee's discussions and was included for your reference.

A final issue which has been raised is that of custom processing, and whether and how that is included under a processing sideboard limit. The analysis in Chapter 8, at least relative to crab, is based on fish ticket delivery information which does not account for custom processing. It is possible that custom processing presents a loophole of sorts, whereby the processing limit could be exceeded. The level of such processing is unknown to the analysts currently, though participants on this Committee may be able to shed some light on this issue.

GEOGRAPHIC DISTRIBUTION OF LANDINGS, 1999 BERING SEA SNOW CRAB FISHERY

LOCALITY	16-Jan		23-Jan		30-Jan		6-Feb		13-Feb		20-Feb	
	Pounds	% of Total	Pounds	% of Total	Pounds	% of Total	Pounds	% of Total	Pounds	% of Total	Pounds	% of Total
C/P	202,075	100%	2,009,411	25%	1,399,653	6%	1,083,663	5%	999,434	5%	1,287,424	6%
F/P	0	0%	2,170,995	27%	10,145,769	42%	8,602,468	42%	9,185,445	43%	9,308,778	41%
DUTCH HARBOR	0	0%	1,733,348	21%	5,914,787	24%	4,424,986	22%	4,965,275	23%	5,127,489	22%
SAINT PAUL	0	0%	1,842,206	23%	5,234,583	22%	4,916,264	24%	4,984,950	24%	5,475,930	24%
OTHER SHORE BASED	0	0%	353,262	4%	1,465,498	6%	1,264,717	6%	1,013,661	5%	1,550,008	7%
202,075	0.1%	8,109,222	4%	24,160,290	13%	20,292,098	11%	21,148,765	12%	22,949,629	12%	
LOCALITY												
LOCALITY	27-Feb		6-Mar		13-Mar		20-Mar		27-Mar		Total	
	Pounds	% of Total	Pounds	% of Total	Pounds	% of Total	Pounds	% of Total	Pounds	% of Total	Pounds	% of Total
C/P	974,211	5%	802,060	4%	560,341	3%	474,478	4%	28,654	0%	9,821,404	5%
F/P	8,956,222	46%	8,934,911	43%	8,696,854	46%	5,878,649	49%	5,374,916	34%	77,455,007	42%
DUTCH HARBOR	4,088,964	21%	5,433,096	26%	4,101,739	22%	1,783,129	15%	5,127,697	33%	42,700,510	23%
SAINT PAUL	4,136,811	21%	4,550,498	22%	4,754,276	25%	2,957,386	25%	3,226,492	21%	42,079,396	23%
OTHER SHORE BASED	1,325,399	7%	1,235,679	6%	834,500	4%	818,925	7%	1,944,626	12%	11,806,275	6%
19,481,607	11%	20,956,244	11%	18,947,710	10%	11,912,567	6%	15,702,385	9%	183,862,592	100%	

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Attachment 2

Information Submitted by Fair Fisheries Coalition

Page 1

1) OPILIO CRAB FISHERY

OPEN ACCESS

<u>YEAR</u>	<u>CP</u>	<u>OTHER</u>	<u>TOTAL</u>	<u>CDO</u>	<u>TOTAL</u>
1995	8,623,460	66,376,540	75,000,000	-	75,000,000
1996	11,049,213	54,660,787	65,710,000	-	65,710,000
1997	13,119,735	104,180,265	117,300,000	-	117,300,000
1998	17,100,704	217,352,319	234,453,023	8,846,977	243,300,000
1999	10,205,956	173,606,819	183,812,775	9,669,411	193,482,186

2) OPILIO CRAB CATCHER PROCESSORS BY YEAR

<u>YEAR</u>	<u>OWNER</u>	<u>1999</u>		<u>AFA</u>	
		<u>STATUS</u>	<u>OWNER</u>		
1995	Bountiful	Trident	Active	Trident	y
	Baranof	Unisea?	Active	Unisea?	?
	Olympic	Boggs?	Russia	?	n
	Karla Faye	Boggs?	Russia	?	n
	Deep Sea Harvester	Boggs	Russia	?	n
	Courageous	Unisea?	Active	Unisea?	?
	Pro Surveyor	Duffy	Active	Duffy	n
	American Champion	American Seafoods	Seismic	?	n
	Nrthern Enterprise	Tyson	Russia	?	n
	Pacific Wind(Pac Lady)	Tyson	Cod LL	Williams	n
	Westward Wind	Tyson	Active	YAK	?
	Western Enterprise	Tyson	Russia	?	n
	Gulf Wind(Liberator)	Tyson	Grd. Fish	Petersen	n
	Alaskan Enterprise	Tyson	Active	Boggs	n
	Kiska Enter.(Blue Dutch)	Tyson	Active	Burns	n
	Glacier Enterprise	Tyson	Idle	Tyson	y
	Southern Wind	Tyson	Active(CV)	NorQuest	n
	Pavlof	Regal (Sjong)	Active	Regal	n
	Royal Enterprise	Tyson	Active	Tyson	y
1996	Bountiful	Trident	Active	Trident	y
	Pavlof	Regal (Sjong)	Active	Regal	n
	Baranof	Unisea?	Active	Unisea?	?

Deep Sea Harvester	Boggs	Russia	?	n
Courageous	Unisea?	Active	Unisea?	?
Pro Surveyor	Duffy	Active	Duffy	n
Nrthern Enterprise	Tyson	Russia	?	n
Pacific Wind(Pac Lady)	Tyson	Cod LL	Williams	n
Westward Wind	Tyson	Active	YAK	?
Gulf Wind(Liberator)	Tyson	Grd. Fish	Petersen	n
Alaskan Enterprise	Tyson	Active	Boggs	n
Kiska Enter(Blue Dutch)	Tyson	Active	Burns	n
Glacier Enterprise	Tyson	Idle	Tyson	y
Southern Wind	Tyson	Active(CV)	NorQuest	n
Royal Enterprise	Tyson	Active	Tyson	y

1997

Bountiful	Trident	Active	Trident	y
Pavlof	Regal (Sjong)	Active	Regal	n
Baranof	Unisea?	Active	Unisea?	?
Courageous	Unisea?	Active	Unisea?	?
Pro Surveyor	Duffy	Active	Duffy	n
Westward Wind	YAK	Active	YAK	?
Alaskan Enterprise	Tyson	Active	Boggs	n
Kiska Enter(Blue Dutch)	Tyson	Active	Burns	n
Royal Enterprise	Tyson	Active	Tyson	Y
Seawind	Moore	Russia?	Cosgrove	n
Pacific Lady	Jacobson	Cod LL	Williams	n
Deep Sea Harvester	Boggs	Russia	?	n

1998

Bountiful	Trident	Active	Trident	y
Pavlof	Regal (Sjong)	Active	Regal	n
Baranof	Unisea?	Active	Unisea?	?
Pro Surveyor	Duffy	Active	Duffy	n
Kiska Enter(Blue Dutch)	Burns	Active	Burns	n
Royal Enterprise	Tyson	Active	Tyson	y
Mr. B	Miller	Active	Miller	n
Courageous	Unisea?	Active	Unisea?	?
Seawind	Moore	Russia?	Cosgrove	n
Pacific Lady	Jacobson	Cod LL	Williams	n
Alaskan Enterprise	Boggs	Active	Boggs	n
Westward Wind	YAK	Active	YAK	?

1999

Bountiful	Trident	Active	Trident	y
Pavlof	Regal (Sjong)	Active	Regal	n
Baranof	Unisea?	Active	Unisea?	?
Westward Wind	YAK	Active	YAK	?
Royal Enterprise	Tyson/Trident	Active	Ty/Trident	y
Alaskan Enterprise	Boggs	Active	Boggs	n
Courageous	Unisea?	Active	Unisea?	?
Pro Surveyor	Duffy	Active	Duffy	n
Mr. B	Miller	Active	Miller	n
Blue Dutch(Kiska Ent.)	Burns	Active	Burns	n

3) NON AFA OPILIO PROCESSORS (1995-99)

	<u>95</u>	<u>96</u>	<u>97</u>	<u>98</u>	<u>99</u>
SNOPAC ("Snopac")	y	y	y	y	y
ROYAL ALEUTIAN (Dutch Harbor)	y	y	y	y	y
ICICLE ("Arctic, Bering, Coastal Stars")	y	y	y	y	y
NORQUEST ("Aleutian Falcon")	y	y	y	y	y
POLMAR ("Northland")	y	y	y	n	n
DRAGNET ("Alaskan F")	y	n	n	n	n
OCEAN BEAUTY ("Ocean Pride")	y	y	n	n	n
EASTPOINT (Dutch Harbor)	y	n	n	n	n
EASTPOINT ("Mr. B")	y	n	n	n	n
UNIPAK (St. Paul)	y	n	n	n	n
MISC LIVE BUYERS ????????	?	?	?	?	?
Catcher Processors Above	-	-	-	-	-

4) GOA OPILIO PROCESSORS (1995-99)

Crab Delivered to Kodiak
NON AFA

Cook Inlet Processors	?	?	?	?	?
Ocean Beauty	?	?	?	?	?
Alaska Pacific Sflds	?	?	?	?	?
International Sflds	?	?	?	?	?
Alaska Fresh Sflds	?	?	?	?	?
Eastpoint Sflds	?	?	?	?	?
AFA					
Western Alaska	?	?	?	?	?
Tyson Sflds	?	?	?	?	?

5) AFA OPILIO PROCESSORS (1995-99)

	<u>95</u>	<u>96</u>	<u>97</u>	<u>98</u>	<u>99</u>
TRIDENT					
AKUTAN	y	y	y	y	y
St. Paul	n	y	y	y	y
SAND PT.	y	y	y	y	y
"Independence"	y	y	y	y	y
"Alaska Packer"	y	y	y	y	y
"Sea Alaska"	y	y	y	y	y
"Tempest"	y	y	y	n	n

UNISEA					
Dutch Harbor	y	y	y	y	y
St. Paul	y	y	y	y	y
"Galaxy"	y	y	n	n	n
"Omni Sea"	y	y	y	y	y
WESTWARD					
Dutch Harbor	y	y	y	y	y
ALYESKA					
Dutch Harbor	y	y	y	y	y
VICTOR SEAFOODS					
"Northern Victor"	n	n	n	y	y
TYSON					
"Arctic Enterprise"	n	n	n	n	n
PETER PAN					
King Cove	y	y	y	y	y
"Blue Wave"	y	y	y	y	y
"Stellar Sea"	y	y	y	y	y
YARDARM KNOT					
"Yardarm Knot" ??????	y	y	y	y	y
MISC LIVE BUYERS ??????					
	?	?	?	?	?
Catcher Processors Above					
	-	-	-	-	-

Comments of the Fair Fisheries Coalition on the AP Recommendations

Agenda Item C-2(c) – Processor Sideboards

Crab

The Fair Fisheries Coalition **supports** the AP's recommendation on crab processing sideboards. The recommendation is completely consistent with the statutory provisions found in section 211(c)(2)(A) of the AFA.

A. The AFA requires use of an aggregate cap. The NMFS intends to implement that aggregate cap in 2000 by applying individual historic caps to each AFA entity in order to prevent those entities from exceeding *in the aggregate* the historic percentage of the crab catch taken by all AFA entities. This is consistent with the statute, though the Coalition urges NMFS to modify their approach in 2001 to allow AFA entities to compete against each other as well as against the non-AFA entities.

B. The AP *did not* recommend use of a "daily throughput" cap or a "weekly throughput" cap as some in industry advocated. This type of cap would not provide any protection for non-AFA processors, and such a recommendation would not meet the legal thresholds required for the Council to "supercede" a provision of the AFA.

C. The "limited" 10 percent rule is not a modification of the AFA. The statutory requirement in section 211(c)(2)(A) and in section 210(e)(3) on pollock excessive share caps simply says that a "10 percent" rule shall be used. Exactly how that 10 percent rule shall be applied is subject to interpretation by the Council and NMFS. The "limited" 10 percent rule is still a "10 percent rule" and thus a permissible interpretation of the statute.

Groundfish

The Fair Fisheries Coalition **supports** the AP's recommendation on groundfish processing sideboards. The recommendation complies with the requirements of section 211(c)(1)(B) as a measure to protect non-AFA processors from the adverse impacts of the AFA and fishery cooperatives in the directed pollock fishery.

A. The application of the sideboards regardless of whether or not an AFA entity receives pollock from a coop is consistent with the AFA. Section 211(c)(1)(B) directs the Council to protect non-AFA processors from "adverse effects as a result of [the AFA]" as well as from adverse effects caused by fishery coops in the pollock fishery.

B. This recommendation is not a modification of the AFA, so it only needs to meet the requirements of the Magnuson-Stevens Act and section 211(c)(1) of the AFA. It adds to, rather than supersedes, section 211 of the AFA. Section 213(c) does not apply.

Agenda Item C-2(d) – Excessive Share Caps

The Fair Fisheries Coalition **supports with modifications** the AP's recommendation on excessive share caps for pollock. Pollock excessive share caps are necessary to ensure competition among the closed class of Bering Sea pollock processors.

A. Staff should be directed to complete an analysis for initial review at the December 1999 meeting, with final action scheduled for the February 2000 meeting.

B. Because the class is closed and all possible entities are already identified in statute, staff should be directed to focus the analysis on the impact of the proposed range of 10 – 20 percent on competitive markets for independent catcher vessels, as directed by section 210(e)(2) of the AFA. The analysis should use the limited 10 percent rule, and should be applied at the entity level.

C. CDQ fish should be excluded from the analysis because section 210(e) excludes CDQ fish from the cap.

The Fair Fisheries Coalition **ask that the Council add an analysis of a crab excessive share processing cap.** The Council should direct staff to prepare an initial report for the June, 2000 meeting, with final action possible at the October, 2000 meeting. The analysis should consider application of the cap to both AFA and non-AFA crab processing entities using the limited 10 percent rule. The analysis should seek to identify a range of options for caps that take into consideration historic trends in crab processing market shares, any barriers to entry into crab processing, and the impact of catcher vessel ownership by processors.

Agenda Item C-2(e) – Inshore Pollock Cooperative Structure

The Fair Fisheries Coalition **supports** the AP's recommendations on the "industry compromise" to the Dooley-Hall proposal. These recommendations are valid *measures to supersede* provisions of section 210(b) necessary to mitigate adverse impacts on owners of fewer than 3 pollock catcher vessels that are authorized by section 213(c)(1).

The Fair Fisheries Coalition **opposes** any change to the requirements in section 210 that the Secretary may only set aside fish for an inshore cooperative established under the Fishermen's Cooperative Marketing Act of 1934. Any such change would remove a valuable protection specifically provided by Congress in the AFA to independent catcher vessels, and would require that the Council provide a similar level of protection in adopting any alternative. An "allocation" only cooperative is not a similar level of protection, and is subject to the same anti-trust difficulties that processor owned vessels in all other forms of cooperatives face. The Council does not have before it any record on which to base a determination that the 1934 Act requirement poses an "adverse effect on fisheries or on owners of fewer than three vessels," nor can it meet the required legal threshold of establishing an alternative, "similar" level of protection.



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September 1999

Mr. Rick Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, Alaska 99501-2252
Dear Chairman Lauber and Council Members,

I am a Bering Sea crab fisherman and unfortunately am unable to attend the October Council meeting due to the conflict of the Bristol Bay red crab fishery with your meeting schedule. However, I am very interested in the issue of crab processor sideboards.

My crab market is with a non AFA processor. I am very concerned about the negative impacts of the American Fisheries Act on crab fishermen and non AFA processors. My market is extremely important to me.

I strongly urge you to adopt safeguards as outlined in statute that will give meaningful protections to crab fishermen and non AFA processors from the adverse impact of the AFA. This means AFA processors must be capped at their historical levels (1995 - 1997) and excessive share caps must be adopted for harvesting and processing.

There is no reason to allow AFA pollock processors to gain any advantage over non AFA crab participants. I respectfully ask you to give full protection to non AFA players in the crab fisheries.

Sincerely,

Cascade Boat Co., L.L.C.

16771 N.E. 80th Street, Suite 207, Redmond, Washington 98052

Office (425) 885-6664, Fax (425) 885-6345



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 N.P.F.M.C

September 1999

Mr. Richard Lauber, Chairman
 North Pacific Fishery Management Council
 605 West 4th Avenue
 Anchorage, Alaska 99501-2252

Dear Chairman Lauber and Council Members,

As a participant in the Bering Sea crab fisheries, I am very concerned about the ramifications of the American Fisheries Act (AFA) on the crab industry.

I strongly urge you to comply with the statutory language contained in the AFA regarding the adoption of safeguards to protect the crab industry (both harvesters and processors) from the spillover effects of the AFA. This includes capping onshore processors at their historic levels and adopting excessive share caps on harvesting and processing.

It is imperative that safeguards are adopted that provide meaningful protection for crabbers and the non AFA crab processors. As a crab fisherman, my market is very important to me and I do not want to see non AFA processors jeopardized in any way as a result of the AFA.

Thank you for your consideration.

Sincerely,

Ronald R. Siegel

**Kustatan Inc.**

P.O. Box 2065
Homer, Alaska 99603

(907) 235-7586
Fax 235-7588

October 4, 1999

Mr. Rick Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, Alaska 98501-2252

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OCT - 5 1999

N.P.F.M.C

Dear Chairman Lauber and Council Members,

I am a Bering Sea crab fisherman and lifetime Alaskan resident. Unfortunately, due to the scheduling conflict of your October Council meeting and the Bristol Bay red crab fishery opening on October 15th, I and many like me will be unable to attend. I am very concerned about the negative impacts of the American Fisheries Act on crab fishermen and non AFA processors. I have a crab market with a non AFA processor and as with all commercial fisherman, my market has always been extremely important to me.

I strongly urge you to adopt safeguards as outlined in statute that will give meaningful protections to crab fishermen and non AFA processors from the adverse impact of the AFA. In doing so, the AFA processors must be capped at their historic levels during the years of 1995 through 1997. Also, excessive share caps must be implemented in regards to harvesting and processing.

There is nothing that will justify allowing the AFA pollock processors to gain any advantage over the non AFA crab participants. I hope my concerns will be considered in your final decision and I respectfully ask you to give full protection to all non AFA players involved in the various crab fisheries.

Sincerely,

Charles Rehder
FV Kustatan

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OCT - 5 1999

N.P.F.M.C

North Pacific Fishery Management Council
605 West 4th Avenue, Suite 306
Anchorage, Ak. 99501-2253

Re: Agenda Items C-1, C-2, and C-6

Dear Council Members,

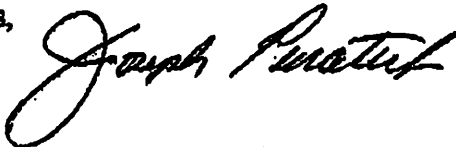
We own a 58 foot vessel that trawls for P-cod and pollock in the Gulf, pot fishes for P-cod in the state fishery, and seines for salmon in the Gulf. Like the rest of the small boat fleet in the Gulf, we are suddenly coming to realize what the AFA process has in store for us. The impact of the AFA on the Gulf groundfisheries for the coming year will be disastrous.

The year 2000 Opilio crab season will be very short and a large number of Bering Sea crabbers are LLP qualified to fish in the Gulf. The upcoming Council decision concerning the BSAI P-cod fixed gear split could leave the Gulf of Alaska as the only available open access fishery to displaced crabbers that are excluded from the Bering Sea P-cod fishery. The 1700 mt pollock AFA sideboard exemption will allow as many as 45 AFA qualified vessels to fish on Gulf stocks. Those of us who fish in the Gulf now will be facing a large number of BSAI vessels in the Gulf come the new year.

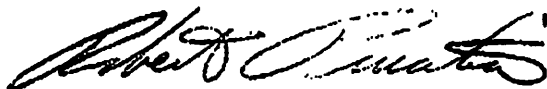
The independent small boat owner/operators have not yet effectively weighed in on the AFA due to its incredible complexity and the speed at which it has come upon us. Also, as small boat operators, the politics of fishing has been a lower priority than the actual working of our vessels. We now realize that the AFA process is a potential threat to our survival.

We recognize the need to rationalize the groundfish industry in Alaska. But by limiting participation in the Bering Sea fisheries while leaving the Gulf open access, our livelihood as well as that of most small boat Gulf fishermen will be at substantial risk. The small boat fleet has a large and legitimate presence in the Gulf, and we are working to ensure that are rights are respected and preserved.

Regards,



Joseph Puratich, F/V Marauder



Robert Puratich, F/V Marauder

NPFMC
605 W. 4th Ave. Suite 306
Anchorage, AK 99501

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OCT - 5 1999

N.P.F.M.C

I am the owner operator of a 58 ft. combination vessel. We have an extensive history in the GOA p-cod and pollock trawl fishery, the blackcod longline fishery, and salmon seine fishery in Kodiak and SE. I annually derive 25 to 30 % of my gross income from the GOA trawl fishery. This fishery is extremely important to the long term health of my business and the AFA is a serious threat to my economic viability.

I recognize that it is late in the game but many of us in the small boat fleet are now realizing that we are essentially being viewed as discard by the larger players in the ground fish industry. The AFA mandated that the Council prevent the BSAI catcher vessels eligible under AFA from exceeding their traditional harvest levels in other fisheries. This protection was to come from sideboards put in place by the Council last June. Unfortunately, the exemptions that were also passed last June reopen the door for up to half of the AFA eligible vessels to participate without limit in the GOA. Essentially, if the exemptions are allowed to stand, the council will have reallocated a significant portion of the GOA cod and pollock fisheries away from the small boat fleet that has come to rely on them significantly over the past decade.

Until we have either more effective protection in place for the small boat fleet, or preferably, an allocation similar to the BSAI p-cod fix being considered by the Council now, I would urge the Council to delay implementing the coops in the Bering Sea. The small boat fleet is too important and too large of a component of the GOA fishing community to be an oversight in this process. Our future is at risk here and I urge the Council not to relegate us to the discard heap so you can hastily implement coops in 2000.

I am a member of PSVOA and am working with Rob Zuanich, Joe Childers, and Terri Willette on this issue. Please give us a chance to be heard on this issue and to be part of the long term picture in the GOA ground fish industry.

Sincerely

Mark T. Anderson

Mark T. Anderson
FV St. Patrick
8484 NE County Pk. Rd.
Bainbridge Island, WA 98110

KRIS POULSEN & ASSOCIATES

COMMERCIAL FISHING VESSELS • M/V BERING SEA • M/V ARCTIC SEA • M/V NORTH SEA

1143 N.W. 45TH STREET • SEATTLE, WASHINGTON 98107 • OFFICE: 206-783-6708 • FAX: 206-784-2502

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OCT - 5 1999
N.P.F.M.C

October 4, 1999

Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, AK 99501-2252

Re: American Fisheries Act

Dear Chairman and Council Members,

I have been involved in the Bering Sea crab industry for over 30 years. I am seriously concerned with the ramifications of the AFA on the crab industry.

My crab market is with a non-AFA processor. I am deeply concerned about the negative impacts of AFA on crab fisherman and non-AFA processors. My market is extremely important not only to my vessel, but to the fleet in general. Non-AFA processors play a critical role in establishing ex-vessel crab prices.

It is imperative that the Council adopt safeguards as outlined in AFA to protect non-AFA processors from the adverse impact of the AFA. I do not want to see my non-AFA processor jeopardized in any way as a result of the AFA. This means AFA processors must be capped at their historical levels, as defined in the AFA, and excessive share caps must be adopted for harvesting and processing.

The AFA pollock processors now have a tremendous economic advantage over non-AFA processors. I respectfully request that the Council give broad protection to non-AFA processors in the crab fisheries.

Sincerely,



Kris Poulsen
F/V Arctic Sea, F/V North Sea, F/V Bering Sea

Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Ave. Suite 306
Anchorage, AK 99501
October 4, 1999

RECEIVED

OCT - 5 1999

RE: American Fisheries Act / Gulf Sideboards

N.P.F.M.C

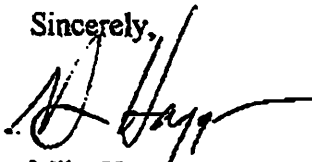
Dear Chairman Lauber and Council Members:

I am concerned that the 1700 mt exemption loophole contained in the Sideboards will cause unjust hardship upon myself and other GOA Alaskan trawlers. This loophole will effectively nearly double the already overcapitalized GOA pollock fleet. The intent of the American Fisheries Act as I understand, was to solve the inshore/offshore pollock allocation issue. If the Council implements the co-ops without further restriction, these Bering Sea vessels will be allowed to lease their co-op quota and fish unlimited in the GOA, and I consider this grossly unfair, unjust, and to be the cause of future economic hardship to those who historically have only fished in the GOA.

It is my opinion that the GOA is not adequately protected as was the original intent of the AFA. The most adversely affected parties will be the smaller GOA trawlers, most of which cannot go to the Bering Sea. As change comes and more restrictions are put into place, the decisions must be fair and just. There are not other fisheries to move into and the Council has to take this into consideration or the smaller owners and operators who are mainly Alaskan residents of the coastal communities, will be eventually put out of business. This in turn will have an adverse affect on the coastal communities themselves.

Please give thoughtful consideration to this Sideboards loophole and to future proposals.

Sincerely,



Mike Haggren
PO Box 3151
Kodiak, AK 99615



SELDOVIA

SHELLFISHING COMPANY

P.O. BOX 127 SELDOVIA, ALASKA 99663 (907) 234-7684

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OCT - 5 1999

N.P.F.M.C

October 1, 1999

Mr. Rick Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, Alaska 99501

Dear Mr. Lauber and Council members:

I am a Bering Sea crab fisherman. I don't pretend to know all of the ins and outs of the American Fisheries Act but I do know that some pollock folks got a very good deal.

As a crab fisherman, I am worried about the impacts of the Act on me and my processor (who happens to be a non-AFA company). My market and my livelihood are extremely important to me.

Please take action to protect those of us who did not benefit from this "pollock deal". I believe the Act outlines specific protections for crab....Please follow them.

Sincerely,

A handwritten signature in cursive script that reads "Gordon E. Giles". The signature is written in dark ink and is positioned above the printed name.

Gordon E. Giles
F/V Alliance

RECEIVED

OCT - 5 1999

Dear Council Members:

October 5 1999

N.P.F.M.C

I am the owner of a 58' combination seiner and trawler operating in the GOA cod and pollock fisheries since 1989.

Under the AFA, the Council has a statutory mandate to prevent BSAI catcher vessels eligible under AFA from exceeding their traditional harvest levels in other fisheries.

At your June meeting in Kodiak you adopted a number of "sideboards" which you then believed would protect me and other GOA fishermen from new and unintended fishing pressure resulting from the AFA. Unfortunately, any protection afforded by these sideboards was made wholly ineffective by your exemption allowing AFA-eligible vessels to fish in the GOA if they made even only one landing in the GOA between 1995-1997 and had annual aggregate landings of less than 1700 metric tons ("mt") of BSAI pollock.

This exemption transformed the GOA sideboards from protecting historic Gulf participants to a further windfall for almost half of the AFA eligible vessels.

There are approximately 95 vessels like mine, which are eligible to fish with trawl gear in the GOA or WGOA. There is approximately the same number of AFA-eligible vessels for the inshore sector. We have estimated that between 40-45 of these vessels are also eligible to fish in the GOA. Although some of these vessels have historically relied on the Gulf fisheries—many have not. In fact, 19 of the exempted vessels have only 1-9 landings during the 1995-1997 period. Why should these vessels get the benefit of AFA and now enter the Gulf with impunity. This is not what the AFA intended nor do I believe the Council wanted such a result.

We reemphasize that the sideboards should not damage AFA eligible vessels with a historic reliance in the Gulf. But, you must provide us protection as well. For these reasons, we propose a compromise:

Vessels with annual aggregate landings of less than 500 mt appear to have a dependence on Gulf fisheries—and should retain their exemption provided they harvest (and not lease) their BSAI pollock quota. However, vessels with greater than 500 mt have little reliance on Gulf fisheries and must be restricted for the sideboards to have any meaning.

If the current exemption stands, The GOA fisheries will take on "derby" like proportions and will effectively eliminate my ability to compete. Without meaningful sideboards, small boat operators will lose any chance for legitimate participation in the Gulf while the harvest is transferred into the hands of fewer and larger catcher vessels.

If you will not protect us now from the unintended consequences of the AFA, then when? Make the sideboards effective and legally supportable. Otherwise, we urge you to 1) delay the implementation of the in-shore co-ops and 2) instruct the staff to initiate an analysis to effectuate gear allocations in the Gulf based on 1995-1997 catches.



Sincerely
Charles Piecuch
F/V Cape Caution

RECEIVED
OCT - 5 1999
N.P.F.M.C

Dear Council Members,

I am the operator of a 58' combination trawler who works in the western Gulf of Alaska cod and pollock fisheries and have been doing so for the past nine years.

May I bring it to the attention of the council that if the current "sideboards" adopted in June for AFA are not effective in keeping the AFA eligible vessels from exceeding their traditional harvest levels of cod and pollock in the western Gulf of Alaska, my current occupation will become nonexistent. Having fished in the Gulf for about a decade it is easy to see the effect that changes in the size of the fleet have made on the duration of the fishery and the catch record per vessel; it takes very few vessels to make a change.

In recent years the regulating factor in the western gulf has been market capacity. There are only two shore based processors both of which have been fairly unwilling to take on any new catcher boats since they are both running at full production with the current fleet. Most of the boats that work in this area are smaller vessels such as the one I operate. Given the winter weather patterns it is unreasonable for a small catcher vessel to fish in the western gulf and then run the fish to Kodiak or Dutch Harbor therefore the size of the fleet has remained somewhat steady until the peak of the season when larger ships move around from the Bering Sea and are able to take the fish elsewhere to be processed.

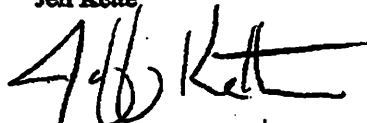
If even a few AFA eligible vessels are allowed to leak through the "sideboards" into the western gulf and exceed their historical catch levels there a large number of people such as myself who stand to lose a lot as a result of AFA, the gulf would essentially turn into a derby fishery with small boats picking up the scraps. I wholly support the effort to regulate and maintain a healthy fishery, but the effort must be effective in all areas not just the Bering Sea.

I would like to urge you to either delay the implementation of inshore co-ops so that they may be revised to cover all areas or set up "sideboards" which are effective and will have the desired effect of protecting other fisheries.

Thank you for your consideration.

Sincerely,

Jeff Kette


F/V Solstice

Date 10-05-99

RECEIVED
OCT - 5 1999
N.P.F.M.C

Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, AK 99501-2252

Re: American Fisheries Act

Dear Chairman and Council Members,

I am a Bering Sea crab vessel owner and unfortunately am unable to attend the October Council meeting due to the conflict of the Bristol Bay Red King Crab fishery. However, I am seriously concerned with the ramifications of the AFA on the crab industry.

My crab market is with a non-AFA processor. I am deeply concerned about the negative impacts of AFA on crab fisherman and non-AFA processors. My market is extremely important not only to my vessel, but to the fleet in general. Non-AFA processors play a critical role in establishing ex-vessel crab prices.

It is imperative that the Council adopt safeguards as outlined in AFA to protect non-AFA processors from the adverse impact of the AFA. I do not want to see my non-AFA processor jeopardized in any way as a result of the AFA. This means AFA processors must be capped at their historical levels, as defined in the AFA, and excessive share caps must be adopted for harvesting and processing.

The AFA pollock processors now have a tremendous economic advantage over non-AFA processors. I respectfully request that the Council give broad protection to non-AFA processors in the crab fisheries.

Sincerely, Bill Widing



Representing the F/V Aleutian Beauty, Amatuli

Date 10-05-99

Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, AK 99501-2252

RECEIVED
OCT - 5 1999
N.P.F.M.C

Re: American Fisheries Act

Dear Chairman and Council Members,

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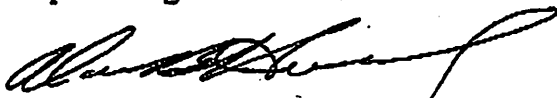
My crab market is with a non-AFA processor. I am deeply concerned about the negative impacts of AFA on crab fisherman and non-AFA processors. My market is extremely important not only to my vessel, but to the fleet in general. Non-AFA processors play a critical role in establishing ex-vessel crab prices.

It is imperative that the Council adopt safeguards as outlined in AFA to protect non-AFA processors from the adverse impact of the AFA. I do not want to see my non-AFA processor jeopardized in any way as a result of the AFA. This means AFA processors must be capped at their historical levels, as defined in the AFA, and excessive share caps must be adopted for harvesting and processing.

The AFA pollock processors now have a tremendous economic advantage over non-AFA processors. I respectfully request that the Council give broad protection to non-AFA processors in the crab fisheries.

Sincerely, Alan Henkel

Representing the F/V Erla-N



September 1999

Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, Alaska 99501-2252

RECEIVED

OCT - 5 1999

N.P.F.M.C

Dear Chairman Lauber and Council Members,


As a participant in the Bering Sea crab fisheries, I am very concerned about the ramifications of the American Fisheries Act (AFA) on the crab industry.

I strongly urge you to comply with the statutory language contained in the AFA regarding the adoption of safeguards to protect the crab industry (both harvesters and processors) from the spillover effects of the AFA. This includes capping onshore processors at their historic levels and adopting excessive share caps on harvesting and processing.

It is imperative that safeguards are adopted that provide meaningful protection for crabbers and the non AFA crab processors. As a crab fisherman, my market is very important to me and I do not want to see non AFA processors jeopardized in any way as a result of the AFA.

Thank you for your consideration.

Sincerely,


F/c Jennifer A

*Jim or Sue Weaker
Susitna Maritima Inc.
Box 54
Homer, AK 99603*

September 1999

Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, Alaska 99501-2252

RECEIVED
OCT - 5 1999
N.P.F.M.C

Dear Chairman Lauber and Council Members,

As a participant in the Bering Sea crab fisheries, I am very concerned about the ramifications of the American Fisheries Act (AFA) on the crab industry.

I strongly urge you to comply with the statutory language contained in the AFA regarding the adoption of safeguards to protect the crab industry (both harvesters and processors) from the spillover effects of the AFA. This includes capping onshore processors at their historic levels and adopting excessive share caps on harvesting and processing.

It is imperative that safeguards are adopted that provide meaningful protection for crabbers and the non AFA crab processors. As a crab fisherman, my market is very important to me and I do not want to see non AFA processors jeopardized in any way as a result of the AFA.

Thank you for your consideration.

Sincerely,

Susan Weaker

10/04/99 MON 15:54 FAX
Jim or Susan Weaver
Susitna Maritime Inc.
Box 54
Homer, AK 99603

RECEIVED
OCT - 5 1999
N.P.F.M.C

September 1999

Mr. Rick Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, Alaska 99501-2252
Dear Chairman Lauber and Council Members,

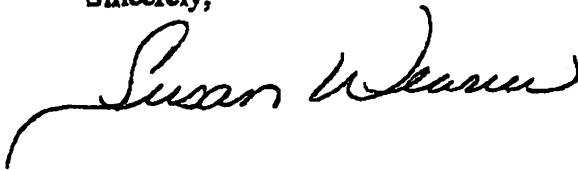
I am a Bering Sea crab fisherman and unfortunately am unable to attend the October Council meeting due to the conflict of the Bristol Bay red crab fishery with your meeting schedule. However, I am very interested in the issue of crab processor sideboards.

My crab market is with a non AFA processor. I am very concerned about the negative impacts of the American Fisheries Act on crab fishermen and non AFA processors. My market is extremely important to me.

I strongly urge you to adopt safeguards as outlined in statute that will give meaningful protections to crab fishermen and non AFA processors from the adverse impact of the AFA. This means AFA processors must be capped at their historical levels (1995 - 1997) and excessive share caps must be adopted for harvesting and processing.

There is no reason to allow AFA pollock processors to gain any advantage over non AFA crab participants. I respectfully ask you to give full protection to non AFA players in the crab fisheries.

Sincerely,



September 1999

Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, Alaska 99501-2252

RECEIVED

OCT - 5 1999

N.P.F.M.C

Dear Chairman Lauber and Council Members,

As a participant in the Bering Sea crab fisheries, I am very concerned about the ramifications of the American Fisheries Act (AFA) on the crab industry.

I strongly urge you to comply with the statutory language contained in the AFA regarding the adoption of safeguards to protect the crab industry (both harvesters and processors) from the spillover effects of the AFA. This includes capping onshore processors at their historic levels and adopting excessive share caps on harvesting and processing.

It is imperative that safeguards are adopted that provide meaningful protection for crabbers and the non AFA crab processors. As a crab fisherman, my market is very important to me and I do not want to see non AFA processors jeopardized in any way as a result of the AFA.

Thank you for your consideration.

Sincerely,

Mike Zolva
F/V FARRAR SEA

Farrar Sea Fisheries, Inc.
p.o. box 357

Homer, AK 99603

(907) 235-8356

RECEIVED

OCT - 5 1999

September 1999

Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, Alaska 99501-2252

N.P.F.M.C

Dear Chairman Lauber and Council Members,

As a participant in the Bering Sea crab fisheries, I am very concerned about the ramifications of the American Fisheries Act (AFA) on the crab industry.

I strongly urge you to comply with the statutory language contained in the AFA regarding the adoption of safeguards to protect the crab industry (both harvesters and processors) from the spillover effects of the AFA. This includes capping onshore processors at their historic levels and adopting excessive share caps on harvesting and processing.

It is imperative that safeguards are adopted that provide meaningful protection for crabbers and the non AFA crab processors. As a crab fisherman, my market is very important to me and I do not want to see non AFA processors jeopardized in any way as a result of the AFA.

Thank you for your consideration.

Sincerely,

Mimi Tolva

*Farrar Sea Fisheries, Inc.
p.o. box 357
Homer, AK. 99603*

Date 9-28-99

RECEIVED

OCT - 5 1999

N.P.F.M.C

Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, AK 99501-2252

Re: American Fisheries Act

Dear Chairman and Council Members,

I am Lou Dochterman and unfortunately am unable to attend the October Council meeting due to the conflict of the (Bristol Bay red king crab) fishery. However, I am seriously concerned with the ramifications of the AFA on the crab industry.

My crab market is with a non-AFA processor. I am deeply concerned about the negative impacts of AFA on crab fisherman and non-AFA processors. My market is extremely important not only to my vessel, but to the fleet in general. Non-AFA processors play a critical role in establishing ex-vessel crab prices.

It is imperative that the Council adopt safeguards as outlined in AFA to protect non-AFA processors from the adverse impact of the AFA. I do not want to see my non-AFA processor jeopardized in any way as a result of the AFA. This means AFA processors must be capped at their historical levels, as defined in the AFA, and excessive share caps must be adopted for harvesting and processing.

The AFA pollock processors now have a tremendous economic advantage over non-AFA processors. I respectfully request that the Council give broad protection to non-AFA processors in the crab fisheries.

Sincerely,



Representing the F/V (Stormbird)

Date 10-2-99

RECEIVED

OCT - 5 1999

N.P.F.M.C

Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, AK 99501-2252

Re: American Fisheries Act

Dear Chairman and Council Members,

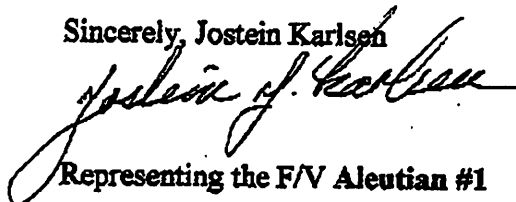
I am a Bering Sea crab vessel owner and unfortunately am unable to attend the October Council meeting due to the conflict of the Brown King Crab fishery. However, I am seriously concerned with the ramifications of the AFA on the crab industry.

My crab market is with a non-AFA processor. I am deeply concerned about the negative impacts of AFA on crab fisherman and non-AFA processors. My market is extremely important not only to my vessel, but to the fleet in general. Non-AFA processors play a critical role in establishing ex-vessel crab prices.

It is imperative that the Council adopt safeguards as outlined in AFA to protect non-AFA processors from the adverse impact of the AFA. I do not want to see my non-AFA processor jeopardized in any way as a result of the AFA. This means AFA processors must be capped at their historical levels, as defined in the AFA, and excessive share caps must be adopted for harvesting and processing.

The AFA pollock processors now have a tremendous economic advantage over non-AFA processors. I respectfully request that the Council give broad protection to non-AFA processors in the crab fisheries.

Sincerely, Jostein Karlsen



Representing the F/V Aleutian #1

RECEIVED

OCT - 5 1999

N.P.F.M.C

Date 9-29-99

Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, AK 99501-2252

Re: American Fisheries Act

Dear Chairman and Council Members,

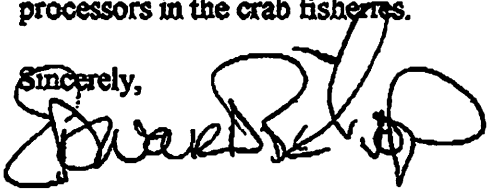
I am Ed Bishop) and unfortunately am unable to attend the October Council meeting due to the conflict of the Bristol Bay red king crab fishery. However, I am seriously concerned with the ramifications of the AFA on the crab industry.

My crab market is with a non-AFA processor. I am deeply concerned about the negative impacts of AFA on crab fisherman and non-AFA processors. My market is extremely important not only to my vessel, but to the fleet in general. Non-AFA processors play a critical role in establishing ex-vessel crab prices.

It is imperative that the Council adopt safeguards as outlined in AFA to protect non-AFA processors from the adverse impact of the AFA. I do not want to see my non-AFA processor jeopardized in any way as a result of the AFA. This means AFA processors must be capped at their historical levels, as defined in the AFA, and excessive share caps must be adopted for harvesting and processing.

The AFA pollock processors now have a tremendous economic advantage over non-AFA processors. I respectfully request that the Council give broad protection to non-AFA processors in the crab fisheries.

Sincerely,



Representing the F/V Shellfish
Edward Bishop (Captain)
9868 Reed
Hayden, Id
88835

Date 10-5-99

Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, AK 99501-2252

RECEIVED

OCT - 5 1999

NPFMC

Re: American Fisheries Act

Dear Chairman and Council Members,

I am a Bering Sea crab vessel owner and unfortunately am unable to attend the October Council meeting due to the conflict of the Britol Bay Red King Crab fishery. However, I am seriously concerned with the ramifications of the AFA on the crab industry.

My crab market is with a non-AFA processor. I am deeply concerned about the negative impacts of AFA on crab fisherman and non-AFA processors. My market is extremely important not only to my vessel, but to the fleet in general. Non-AFA processors play a critical role in establishing ex-vessel crab prices.

It is imperative that the Council adopt safeguards as outlined in AFA to protect non-AFA processors from the adverse impact of the AFA. I do not want to see my non-AFA processor jeopardized in any way as a result of the AFA. This means AFA processors must be capped at their historical levels, as defined in the AFA, and excessive share caps must be adopted for harvesting and processing.

The AFA pollock processors now have a tremendous economic advantage over non-AFA processors. I respectfully request that the Council give broad protection to non-AFA processors in the crab fisheries.

Sincerely, Eric Nyhammer

Representing the F/V Rollo



Date 10-5-99

RECEIVED

OCT - 5 1999

N.P.F.M.C

Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, AK 99501-2252

Re: American Fisheries Act

Dear Chairman and Council Members,

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The AFA pollock processors now have a tremendous economic advantage over non-AFA processors. I respectfully request that the Council give broad protection to non-AFA processors in the crab fisheries.

Sincerely, Bruce Lanford



Representing the F/V Westling

Date 10-5-99

RECEIVED

OCT - 5 1999

N.P.F.M.C

Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, AK 99501-2252

Re: American Fisheries Act

Dear Chairman and Council Members,

I am a Bering Sea crab vessel owner and unfortunately am unable to attend the October Council meeting due to the conflict of the Bristol Bay Red King Crab fishery. However, I am seriously concerned with the ramifications of the AFA on the crab industry.

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The AFA pollock processors now have a tremendous economic advantage over non-AFA processors. I respectfully request that the Council give broad protection to non-AFA processors in the crab fisheries.

Sincerely, Shane Moore



Representing the F/V Rogue

**CONSTELLATION FISHERIES, INC.
F/V CONSTELLATION**

September 27, 1999

Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, AK 99501-2252

RECEIVED

SEP 30 1999

N.P.F.M.C

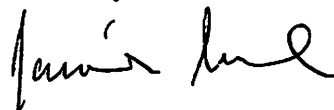
Dear Chairman Lauber and Council Members

I own the F/V Constellation, a 127-foot Bering Sea Crabber, and have been fishing in the Bering Sea for over 20 years. I am unable to attend the council meetings due to the conflict with the King Crab fishery in Bristol Bay.

It is critical that the crab industry (both processors and fishermen) is protected from the spillover effects of the American Fisheries Act. This includes capping onshore processors at their historic levels and adopting excessive share caps on both processing and fishing.

There is no reason to allow AFA Pollock processors advantage over non-AFA crab participants. I strongly urge you to give full protection to non-AFA players in the crab business.

Sincerely,



Mira Mach

Cc: Governor Locke
Senator Gorton

**1108 N.W. BALLARD WAY - SEATTLE, WA 98107
PHONE: (206) 781-2141 / FAX: (206) 782-1885**

MBM FISHERIES, INC.
F/V CENTAURUS

RECEIVED

SEP 30 1999

N.P.F.M.C

September 27, 1999

Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, AK 99501-2252

Dear Chairman Lauber and Council Members:

I own the F/V Centaurus, a 150-foot Bering Sea Crabber, and have fished crab in the Bering Sea for over 20 years. Like many other independent crab fishermen I will not be able to attend the council meetings in October because of the conflict with the Bristol Bay King Crab Season.

I am very concerned about the ramifications of the American Fisheries Act (AFA) on the crab industry. My crab market is with a non-AFA processor and I am deeply concerned with the negative impacts of the AFA on the processor that I sell my crab to. My crab market is very important to me.

I strongly urge you to adopt safeguards that provide meaningful protection for independent crab fishermen and non-AFA processors. As an industry we cannot afford to see the non-AFA processor's future negatively impacted in any way as a result of the AFA.

Sincerely,



Mira Mach

Cc: Governor Locke
Senator Gorton

1108 N.W. BALLARD WAY - SEATTLE, WA 98107
PHONE: (206) 781-2141 / FAX: (206) 782-1885

Date 9-29-99

RECEIVED

OCT - 1 1999

N.P.F.M.C

Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, AK 99501-2252

Re: American Fisheries Act

Dear Chairman and Council Members,

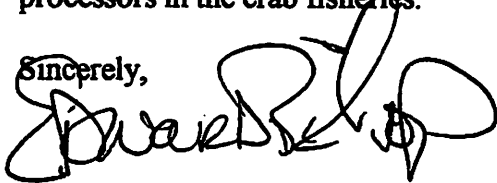
I am Ed Bishop) and unfortunately am unable to attend the October Council meeting due to the conflict of the Bristol Bay red king crab fishery. However, I am seriously concerned with the ramifications of the AFA on the crab industry.

My crab market is with a non-AFA processor. I am deeply concerned about the negative impacts of AFA on crab fisherman and non-AFA processors. My market is extremely important not only to my vessel, but to the fleet in general. Non-AFA processors play a critical role in establishing ex-vessel crab prices.

It is imperative that the Council adopt safeguards as outlined in AFA to protect non-AFA processors from the adverse impact of the AFA. I do not want to see my non-AFA processor jeopardized in any way as a result of the AFA. This means AFA processors must be capped at their historical levels, as defined in the AFA, and excessive share caps must be adopted for harvesting and processing.

The AFA pollock processors now have a tremendous economic advantage over non-AFA processors. I respectfully request that the Council give broad protection to non-AFA processors in the crab fisheries.

Sincerely,



Representing the F/V Shellfish
Edward Bishop (Captain)
9868 Reed
Hayden, Id
83835

September 27, 1999

Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, Alaska 99501-2252

RECEIVED
OCT - 4 1999
N.P.F.M.C

Dear Chairman Lauber and Council Members,

As a participant in the Bering Sea crab fisheries, I am very concerned about the ramifications of the American Fisheries Act (AFA) on the crab industry.

I strongly urge you to comply with the statutory language contained in the AFA regarding the adoption of safeguards to protect the crab industry (both harvesters and processors) from the spill over effects of the AFA. This includes capping onshore processors at their historic levels and adopting excessive share caps on harvesting and processing.

It is imperative that safeguards are adopted that provide meaningful protection for crabbers and the non AFA crab processors. As a crab fisherman, my market is very important to me and I do not want to see non AFA processors jeopardized in any way as a result of the AFA.

Thank you for your consideration.

Sincerely,



Captain Richard J. Morton, President
Drakar Inc.
P.O. Box 1418, Mukilteo WA. 98275-1418
(425) 290-8608

RECEIVED

OCT - 1 1999

N.P.F.M.C

September 1999

Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, Alaska 99501-2252

Dear Chairman Lauber and Council Members,

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I strongly urge you to comply with the statutory language contained in the AFA regarding the adoption of safeguards to protect the crab industry (both harvesters and processors) from the spillover effects of the AFA. This includes capping onshore processors at their historic levels and adopting excessive share caps on harvesting and processing.

It is imperative that safeguards are adopted that provide meaningful protection for crabbers and the non AFA crab processors. As a crab fisherman, my market is very important to me and I do not want to see non AFA processors jeopardized in any way as a result of the AFA.

Thank you for your consideration.

Sincerely,

W.C. Williams

F/v Magnum

September 1999

Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, Alaska 99501-2252

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It is imperative that safeguards are adopted that provide meaningful protection for crabbers and the non AFA crab processors. As a crab fisherman, my market is very important to me and I do not want to see non AFA processors jeopardized in any way as a result of the AFA.

Thank you for your consideration.

Sincerely,

William C. Williams

Phyllis Anita J.

September 1999

Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, Alaska 99501-2252

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It is imperative that safeguards are adopted that provide meaningful protection for crabbers and the non AFA crab processors. As a crab fisherman, my market is very important to me and I do not want to see non AFA processors jeopardized in any way as a result of the AFA.

Thank you for your consideration.

Sincerely,

William C. Williams
F/V SWIFT RIDER

BAYSHORE MANAGEMENT, INC.
720- 11th Street, B-1
Bellingham, WA 98225
(360) 734-3669
Fax (360) 734-6985

September 1999

Mr. Rick Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, Alaska 99501-2252
Dear Chairman Lauber and Council Members,

I am a Bering Sea crab fisherman and unfortunately am unable to attend the October Council meeting due to the conflict of the Bristol Bay red crab fishery with your meeting schedule. However, I am very interested in the issue of crab processor sideboards.

My crab market is with a non AFA processor. I am very concerned about the negative impacts of the American Fisheries Act on crab fishermen and non AFA processors. My market is extremely important to me.

I strongly urge you to adopt safeguards as outlined in statute that will give meaningful protections to crab fishermen and non AFA processors from the adverse impact of the AFA. This means AFA processors must be capped at their historical levels (1995 - 1997) and excessive share caps must be adopted for harvesting and processing.

There is no reason to allow AFA pollock processors to gain any advantage over non AFA crab participants. I respectfully ask you to give full protection to non AFA players in the crab fisheries.

Sincerely,

William E. Williams

R/E Anita J.

September 1999

Mr. Rick Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, Alaska 99501-2252

Dear Chairman Lauber and Council Members,

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There is no reason to allow AFA pollock processors to gain any advantage over non AFA crab participants. I respectfully ask you to give full protection to non AFA players in the crab fisheries.

Sincerely,

Bill Williams
For SWEN Riben

September 1999

Mr. Rick Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, Alaska 99501-2252

Dear Chairman Lauber and Council Members,

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There is no reason to allow AFA pollock processors to gain any advantage over non AFA crab participants. I respectfully ask you to give full protection to non AFA players in the crab fisheries.

Sincerely,

W.C. Williams

F/C Magnum

RECEIVED

OCT - 4 1999

N.P.F.M.C

October 1, 1999

Mr. Rick Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, Alaska 99501-2252

Dear Chairman Lauber and Council Members;

I am a Bering Sea crab fisherman and unfortunately am unable to attend the October Council meeting due to the conflict of the Bristol Bay red crab fishery with your meeting schedule. However, I am very interested in the issue of crab processor sideboards.

My crab market is with a non AFA processor. I am very concerned about the negative impacts of the American Fisheries Act on crab fishermen and non AFA processors. My market is extremely important to me.

I strongly urge you to adopt safeguards as outlined in statute that will give meaningful protections to crab fishermen and non AFA processors from the adverse impact of the AFA. This means AFA processors must be capped at their historical levels (1995-1997) and excessive share caps must be adopted for harvesting and processing.

There is no reason to allow AFA pollock processors to gain any advantage over non AFA crab participants. I respectfully ask you to give full protection to non AFA players in the crab fisheries.

Sincerely,

Ron Warren
by M. L. Warren

Ron Warren
F/V Polestar
P.O. Box 9042
Kailua-Kona, HI. 96745

RECEIVED

OCT - 4 1999

N.P.F.M.C

October 1, 1999

Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, AK. 99501-2252

Dear Chairman Lauber and Council Members,

As a participant in the Bering Sea crab fisheries, I am very concerned about the ramifications of the American Fisheries Act (AFA) on the crab industry.

I strongly urge you to comply with the statutory language contained in the AFA regarding the adoption of safeguards to protect the crab industry (both harvesters and processors) from the spillover effects of the AFA. This includes capping onshore processors at their historic levels and adopting excessive share caps on harvesting and processing.

It is imperative that safeguards are adopted that provide meaningful protection for crabbers and the non AFA crab processors. As a crab fisherman, my market is very important to me and I do not want to see non AFA processors jeopardized in any way as a result of the AFA.

Thank you for your consideration.

Sincerely,

Ron Warren
by M.K. Warren

Ron Warren
Samish Maritime, Inc.
F/V Windward & F/V Raven
P.O. Box 9042
Kailua-Kona, HI. 96745

RECEIVED

OCT - 4 1999

N.P.F.M.C

September 1999

Mr. Rick Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, Alaska 99501-2252

Dear Chairman Lauber and Council Members,

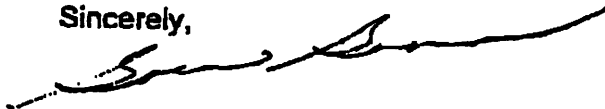
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My crab market is with a non AFA processor. I am very concerned about the negative impacts of the American Fisheries Act on crab fishermen and non AFA processors. My market is extremely important to me.

I strongly urge you to adopt safeguards as outlined in statute that will give meaningful protections to crab fishermen and non AFA processors from the adverse impact of the AFA. This means AFA processors must be capped at their historical levels (1995 - 1997) and excessive share caps must be adopted for harvesting and processing.

There is no reason to allow AFA pollock processors to gain any advantage over non AFA crab participants. I respectfully ask you to give full protection to non AFA players in the crab fisheries.

Sincerely,



Soren Sorensen
Soto, Ltd.
F/V North Command

RECEIVED
OCT - 4 1999
N.P.F.M.C

September 1999

Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, Alaska 99501-2252

Dear Chairman Lauber and Council Members,

As a participant in the Bering Sea crab fisheries, I am very concerned about the ramifications of the American Fisheries Act (AFA) on the crab industry.

I strongly urge you to comply with the statutory language contained in the AFA regarding the adoption of safeguards to protect the crab industry (both harvesters and processors) from the spillover effects of the AFA. This includes capping onshore processors at their historic levels and adopting excessive share caps on harvesting and processing.

It is imperative that safeguards are adopted that provide meaningful protection for crabbers and the non AFA crab processors. As a crab fisherman, my market is very important to me and I do not want to see non AFA processors jeopardized in any way as a result of the AFA.

Thank you for your consideration.

Sincerely,



Soren Sorensen
Soto, Ltd
F/V North Command

Date 9-28-99

Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
605 West 4th Avenue
Anchorage, AK 99501-2252

RECEIVED
OCT - 1 1999
N.P.F.M.C.

Re: American Fisheries Act

Dear Chairman and Council Members,

I am **Lou Dochterman** and unfortunately am unable to attend the October Council meeting due to the conflict of the (**Bristol Bay red king crab**)fishery. However, I am seriously concerned with the ramifications of the AFA on the crab industry.

My crab market is with a non-AFA processor. I am deeply concerned about the negative impacts of AFA on crab fisherman and non-AFA processors. My market is extremely important not only to my vessel, but to the fleet in general. Non-AFA processors play a critical role in establishing ex-vessel crab prices.

It is imperative that the Council adopt safeguards as outlined in AFA to protect non-AFA processors from the adverse impact of the AFA. I do not want to see my non-AFA processor jeopardized in any way as a result of the AFA. This means AFA processors must be capped at their historical levels, as defined in the AFA, and excessive share caps must be adopted for harvesting and processing.

The AFA pollock processors now have a tremendous economic advantage over non-AFA processors. I respectfully request that the Council give broad protection to non-AFA processors in the crab fisheries.

Sincerely,



Representing the F/V (Stormbird)