

MEMORANDUM

TO: Council, SSC and AP Members
FROM: Clarence G. Pautzke
Executive Director
DATE: September 16, 1993
SUBJECT: Sablefish and Halibut IFQs



ESTIMATED TIME 4 HOURS

ACTION REQUIRED

- (a) Final review of block proposals.
- (b) Review IFQ final rule, if published, and implementation plan.

BACKGROUND

(a) Final review of Block Proposals

In June, the Council released for public review the EA/RIR/IRFA for the "Sitka Block" and the "Full/Partial Block" amendments to the sablefish and halibut IFQ program. The EA/RIR/IRFA, which was developed by economists from the Alaska Commercial Fisheries Entry Commission, was made available to the public on July 26, 1993. The Executive Summary of the EA/RIR/IRFA is included here as item C-4(a). CFEC economists will present a brief summary of the proposals, and will be available during deliberations. If the Council approves either of the proposals, IFQ regulations could be changed before the program is implemented in 1995. Comments received by the public review deadline of August 30, 1993, are included under item C-4(b).

(b) Review IFQ Final Rule and Implementation Plan

The IFQ final rule has passed reviews at NMFS, NOAA, and the Department of Commerce in Washington, DC. As of this writing the Final Rule is in review at the Office of Management and Budget (OMB), and may be published before the end of September. Once a *Federal Register* notice is published there will be a 30-day APA delayed effectiveness (cooling off) period. After the cooling off period, barring court-ordered injunctions, the rule will become effective. The Council indicated they would like to formally review the final IFQ rule. This will be possible only after the rule is published. Once published, the staff will develop a comparative analysis of the sablefish and halibut IFQ program as passed by the Council and actual implementation in the final rule.

Fishing under the sablefish and halibut IFQ program is still anticipated to begin in 1995. NMFS has received some start-up funding for implementation. They are currently developing databases and applications forms, and have tentatively begun the process of hiring personnel specifically for IFQ implementation. An IFQ data committee consisting of agency personnel has met twice over the summer to discuss the implementation of IFQs. The Council has indicated in the past that it may be expedient to reconvene the industry implementation group to give their input to the

implementation process. A letter to Chairman Lauber from Krys Norosz, Chairman of the industry workgroup, is included as item C-4(c).

The Council may also wish to comment to the Regional Director on the need for informational visits by implementation personnel to fishing communities in Alaska, Washington, and Oregon. The implementation plan approved by the Council proposed that public meetings for this purpose be held in the following ports:

<u>Alaska:</u>	<u>Washington:</u>	<u>Oregon:</u>
Akutan Cordova Craig Dillingham Dutch Harbor/ Unalaska Homer Juneau Ketchikan King Cove Kodiak Pelican Petersburg Sand Point Seward Sitka St. Paul Yakutat	Bellingham Seattle	Astoria Newport

EXECUTIVE SUMMARY

1.0 ORIGIN OF THE PROPOSALS

This draft EA/RIR/IRFA contains preliminary analyses of two proposed amendments to the North Pacific Fishery Management Council's (Council) recommended Individual Fishing Quota (IFQ) Program for management of the fixed gear sablefish and halibut fisheries off Alaska. Part I of this document contains an analysis of "The Sitka Block Proposal." Part II contains an analysis of "The Full/Partial Block Proposal." Both proposals represent attempts to address widespread concerns about aspects of the Council's current Individual Fishing Quota (IFQ) plan.

In December of 1991 the Council recommended an IFQ program for management of the fixed gear sablefish and halibut fisheries off Alaska. For purposes of this action, the Council defined "fixed gear" to include all hook and line fishing gears (longlines, jigs, handlines, troll gear, and etc.) in the Gulf of Alaska and Bering Sea - Aleutian Islands (BSAI) Areas and pot gear for sablefish in the BSAI.

In April of 1992, after conducting a further analysis of the alternatives,¹ the Council rejected a motion to rescind its earlier vote and directed that the IFQ plan amendment package be forwarded to the Secretary of Commerce.

At that same April meeting, the Council asked staff to analyze two proposed amendments to their IFQ plan. These were the "Sitka Block Proposal" for both the sablefish and halibut fisheries and the "1,000 Pound Minimum IFQ Proposal" for the halibut fishery. At the Council's June 1992 meeting, the Council asked staff to analyze a third proposal. This proposal has been named "The Full/Partial Block Proposal."

Discussion draft reports were prepared for the three proposals and were presented to the Council and Advisory Panel at their September 1992 meeting. These reports were sent out for public review in October of 1992 and again presented to the Council at their January 1993 meeting.

At the January 1993 meeting, the Council adjusted the alternatives under each proposal and asked that Environmental Assessment and Regulatory Impact Review / Initial Regulatory Flexibility Analyses (EA/RIR/IRFA) be prepared for each of the block proposals. This report contains the draft EA/RIR/IRFA for both the Sitka Block and Full/Partial Block proposed amendments.

¹See Supplemental Analysis of The Individual Fishing Quota Management Alternative For Fixed Gear Sablefish and Halibut Fisheries - Gulf of Alaska and Bering Sea/Aleutian Islands (March 27, 1992). For brevity, this document will be referred to as The Supplemental Analysis herein.

2.0 OVERVIEW OF THE SITKA BLOCK PROPOSAL

The Sitka Block proposal was submitted by the Alaska Longline Fisherman's Association (ALFA). The Sitka Block proposal was developed to address widespread concerns that the Council's current IFQ plan for halibut and sablefish might result in a large consolidation of quota shares that would greatly reduce the current diversity of fishing operations in Alaska's rural coastal communities.

Sitka Block proponents think that if the current diversity of fishing operations is not maintained, the Council's IFQ program may prove to be disruptive to the social structure and economies of Alaska's rural coastal fishing communities. The Sitka Block amendment seeks to achieve some of the benefits of the Council's IFQ program, while further constraining the program in an effort to ensure that a relatively large and diverse group of fishing operations will continue to exist.

While part-time operations are allowed to purchase any amount of quota shares under the Council's current plan, Sitka Block proponents fear that the quota shares may be more valuable to more full-time operations. Thus they are concerned that smaller producers, part-time participants, and entry level participants may tend to disappear from these fisheries under the Council's current IFQ plan.

The Sitka Block proposed amendment would allocate quota shares (QS) in the same amounts as the Council's present plan. However, it would alter the Council's present plan by placing a person's initial allocation of QS into a "block(s)" and requiring permanent transfers of QS to be "tied" to the block. It would also add a new ownership capacity constraint by restricting the number of blocks that a person could hold.

The proposed Sitka Block constraints are intended to guarantee that there will be a wide range of block sizes permanently available in an area, each of which will be appropriate to different types of fishing operations. A large number of small blocks is also meant to guarantee the continued existence of an entry level fishery.

The basic elements of the proposal can be summarized as follows:

1. Initial QS allocations for each area would be made in blocks. QS in a block would remain "tied" to the block and could only be permanently sold or transferred as a block. There are the following two exceptions to this proposed rule:

- a. Halibut blocks in an area which have QS worth less than 1,000 pounds of IFQ in the implementation year may be combined as long as the resulting block does not exceed 1,000 pounds of IFQ.

b. Sablefish blocks in an area which have QS worth less than 3,000 pounds of IFQ in the implementation year may be combined as long as the resulting block does not exceed 3,000 pounds of IFQ.²

2. The "maximum block size" allowed in an area would be set at one-half the most restrictive QS constraint impacting the area. A person who receives an initial allocation of QS in an area in excess of the maximum block size will be issued QS in multiple blocks. For example, a person with QS in an area equal to 1.5 times the maximum block size will be issued one block equal to the maximum block size and one block equal to .5 times the maximum block size.

3. All permanent sales or transfers of blocks will be free and clear of all control, fiduciary trust, and/or future contract.

4. Discussions with the originators of the Sitka Block proposal indicated that they would want the quota shares (IFQ) leasing provisions to remain identical with the Council's current plan. Thus, while quota shares can only be permanently transferred as a block, the block can be divided, to a limited extent, for purposes of seasonal transfers of IFQs.

A number of alternative versions of the Sitka Block proposal were included in this analysis. The alternatives vary with respect to the number of catcher boat classes, the number of blocks a person can hold in an area, and the number of blocks that can be fished from a vessel.

These alternatives are explained and analyzed in Part I of this report. A brief summary discussion of some of the results of the Sitka Block analysis are included in Section 4.0 of this Summary.

²Blocks will contain QS and not IFQs. This "sweeping up" provision may have to be defined in terms of QS or in terms of the value of those QS in the implementation year. The IFQs associated with a block will vary each year depending upon the TAC in the area and the total number of QS outstanding.

3.0 OVERVIEW OF THE FULL/PARTIAL BLOCK PROPOSAL

The "Full/Partial Block Proposal", like the Sitka Block proposal, attempts to address some of the concerns which have been raised about the Council's current IFQ plan by small vessel operators, crewmen, and coastal fishing communities. Again, the concern seems to be that IFQs may be bought up by full-time operators and the fisheries will no longer be profitable for small-time operators, diversified operations, or new entrants.

The Full/Partial Block proposal was submitted by Council member Ron Hegge. Mr. Hegge felt that the Sitka Block proposal would address those concerns but that it also would create new opposition to the program among medium and large operators. Mr. Hegge offered the Full/Partial Block proposal as a possible compromise between the Council's current IFQ plan and the Sitka Block proposal.

The basics of the Full/Partial Block proposal, as revised at the January 1993 Council meeting, are as follows:

1. Persons would receive the same amount of QS that they would get under the Council's current plan. However, some new constraints would be added which would tie QS together for purposes of permanent transferability.
2. Persons would be issued QS in "blocks." In each area, the number of QS which represents 20,000 pounds of IFQ in the implementation year would be established as a "full block" for the area.³ QS representing amounts less than 20,000 pounds would be put into "partial blocks."
3. A person who has QS worth less than 20,000 pounds of IFQ in the implementation year would be issued one partial block containing those QS. A person who has QS worth more than 20,000 pounds of IFQ in the implementation year would be issued one or more full blocks and one partial block containing those QS.
4. The number of full blocks initially issued to a person would be determined by dividing the person's QS by the number of QS which represents 20,000 pounds in the implementation year. The whole number resulting from that division would be the number of full blocks. The remainder resulting from that division would be placed into a single partial block.
5. The QS initially allocated would remain permanently tied to these blocks. The amount of QS contained in a partial block would be variable. The amount of QS contained within a full block would be permanently fixed by area.

³Note that in subsequent years, the amount of quota shares in a full block could be more or less than 20,000 pounds of IFQ as TACs change.

6. A person could hold any amount of full blocks as long as that amount did not exceed any of the ownership constraints in the Council's current plan. A person who holds a full block(s) in an area can hold only one partial block in that area.
7. Under the original Full/Partial Block proposal, a person who holds no full blocks in an area could hold up to three partial blocks in that area. The analysis herein also contains alternatives where such persons can hold only two blocks per area.
8. The Council's current IFQ plan defines catcher boat size categories and prohibits transfer of quota shares across those categories. Under the original Full/Partial Block proposal these transfer restrictions would be removed. The distinction between catcher boats and freezer-longliners would be maintained. The analysis herein contains alternatives with and without catcher boat size categories.

Mr. Hegge felt that the Full/Partial Block proposal would address the concerns of small part-time operators and potential new entrants without unduly restricting the potential opportunities for profitable consolidations among medium and large operators.

The permanent existence of a large number of relatively small partial blocks of variable size in each area, coupled with the constraint on the number of partial blocks that a person could hold is intended to ensure the continued existence of a fleet of part-time operators. It is also intended to ensure that entry level amounts of quota shares will be available for new entrants.⁴

The existence of a number of equal-sized full blocks in an area, coupled with the removal of trade restrictions across catcher boat size categories, is intended to allow the creation of larger, more full-time operations.

At its January 1993 meeting the Council directed staff to prepare a EA/RIR/IRFA for the June 1993 Council meeting in Kodiak. At that time the Council requested the incorporation of a "sweeping up" provision in the plan similar to one contained in the Sitka Block plan. The Council also directed the staff to narrow its focus to a plan with a 20,000 pound full block size.⁵

⁴Under the Council's current IFQ plan, diversified operations, new entrants, or small part-time operators could purchase any amount of quota shares on the market. Both the Sitka Block proposal and the Full/Partial Block proposal implicitly assume that full-time operations will be the most profitable under the Council's current IFQ plan and such operations will be willing to pay the most for quota shares. Consequently, the proposals also assume that part-time operations will tend to disappear if the Council's current IFQ plan is not altered.

⁵The original Full/Partial Block proposal called for full blocks with QS worth 10,000 pounds of IFQ in the implementation year. The Discussion Draft Report covered 10,000 pound and 30,000 pound full block cases.

In the halibut fishery, the sweeping up provision would allow for any number of small blocks to be aggregated into one partial block so long as the total QS in that final partial block would not exceed 1,000 pounds of IFQ in the implementation year. A similar provision in the sablefish fishery would allow small blocks to be combined into a single partial block as long as the resulting block does not contain QS worth more than 3,000 pounds of IFQ in the implementation year.

4.0 SUMMARY AND OVERVIEW OF THE RESULTS

The following sections briefly summarize some of the findings of the analyses of the Sitka Block proposal and the Full/Partial Block proposal. Section 4.1 presents estimates of "maximum potential consolidation" in the halibut fishery under each of the alternatives. Section 4.2 presents similar results for the sablefish fishery. Section 4.3 provides a brief discussion on economic and distributional aspects of these proposals.

A major objective of both the Sitka Block proposal and the Full/Partial Block proposal is to reduce the potential for consolidation relative to the Council's current IFQ plan. Proponents think that placing QS permanently into blocks, creating a large number of relatively small blocks, and restricting the number of blocks (or partial blocks) that a person can hold, will ensure the continued existence of a diverse fleet which includes smaller part-time operations.

Both the Sitka Block alternatives and the Full/Partial Block alternatives were analyzed to see if the plans reduced "maximum potential consolidation" relative to the Council's current IFQ plan. Maximum potential consolidation was intended to be an estimate of the minimum possible number of QS holders under each alternative. Maximum potential consolidation is not intended to be a forecast of the actual consolidation that will occur under each alternative. Actual consolidation is difficult to forecast. The authors suspect that actual consolidation will be less than maximum potential consolidation under all alternatives including the Council's current IFQ plan.

Which alternative will produce less actual consolidation of QS is unclear. Nevertheless, if actual consolidation is proportional to estimates of maximum potential consolidation, the analyses suggest that there will likely be more QS holders remaining in the fishery under these alternatives than there would be under the Council's current IFQ plan.

4.1 Maximum Potential Consolidation - Halibut Fishery

The authors used the ownership caps specified in the Council's plan to estimate maximum potential consolidation in the halibut fishery. The Council's current IFQ plan served as the status quo alternative in these analyses.

The Supplemental Analysis indicates that the ownership cap restrictions, to the extent that they are enforceable, will prevent the number of QS holders and the number of vessels in the halibut fishery from falling below the following levels:

1. Area 2C-3A halibut (together): 200 QS owners
2. Area 4A-4E halibut (together): 200 QS owners
3. Area 2C halibut: 100 QS owners
4. All areas combined: 200 QS owners

Both the Sitka Block proposal and the Full/Partial Block proposal, as described above add some additional constraints which would reduce the maximum potential consolidation relative to the Council's current IFQ plan. These results are shown in Table 4.1-1 and 4.1-2 below.

Table 4.1-1 presents estimates of maximum potential consolidation in the halibut fishery under six different Sitka Block alternatives. Alternatives 2H, 3H, and 4H represent alternatives where a person is allowed to own up to three blocks in an area. Alternatives 5H, 6H, and 7H represent alternatives where a person is allowed to own only two blocks in an area.

The six alternatives also differ with respect to the number of vessel categories. QS could not be traded across the vessel categories which applied under any Sitka Block halibut alternatives. The vessel categories used in each alternative are as follows:

1. Alternatives 2H and 5H distinguish between freezer-longliners and catcher boats. No distinctions are made among catcher boats.
2. Alternatives 3H and 6H distinguish between freezer-longliners and catcher boats. Catcher boats are further divided into two classes; one containing vessels less than or equal to 60 feet in length, and one containing vessels which are greater than 60 feet in length.
3. Alternatives 4H and 7H distinguish between freezer-longliners and catcher boats. Catcher boats are further divided into three classes; boats less than or equal to 35 feet, boats from 36 to 60 feet, and boats greater than 60 feet.

Table 4.1-1 shows estimates of the minimum possible number of quota share holders by IPHC area if maximum potential consolidation occurred. As can be seen, the estimated minimum number of block holders would be highest in Area 3A under all of the Sitka Block alternatives. This would also represent an estimate of the minimum number of block holders across all areas should maximum potential consolidation occur. These numbers suggest that the Sitka Block alternatives would reduce maximum potential consolidation relative to the Council's current plan.

The estimates in Table 4.1-1 also suggest that maximum potential consolidation in the halibut fishery would be less if persons could only hold two blocks per area rather than three blocks per area. In contrast, the presence or absence of catcher boat size categories does not appear to have a substantial impact on maximum potential consolidation.

Table 4.1-2 presents estimates of maximum potential consolidation in the halibut fishery under six different Full/Partial Block alternatives. As can be seen, these alternatives varied with respect to the maximum number of partial blocks which a person could hold in an area (for persons who don't hold full blocks). There were alternatives with

a two partial block maximum rule, and alternatives with a three partial block maximum rule. The alternatives also varied with respect to the presence or absence of catcher boat size category distinctions.

Table 4.1-2 shows estimates of the minimum possible number of quota share block holders by IPHC area if maximum potential consolidation occurred. As can be seen, the estimated minimum number of block holders would be highest in Area 3A under all of the Full/Partial Block alternatives. This would also represent an estimate of the minimum number of block holders across all areas should maximum potential consolidation occur.

These numbers suggest that the Full/Partial Block alternatives would reduce maximum potential consolidation in the halibut fishery relative to the Council's current plan. If actual consolidation is proportional to maximum potential consolidation, then the Full/Partial Block proposal (all alternatives) would reduce actual consolidation in the halibut fishery relative to the Council's current plan.

Table 4.1-2 also suggests that maximum potential consolidation in the halibut fishery would be less if persons could only hold two partial blocks per area than it would be if persons could hold three partial blocks per area. In contrast, the presence or absence of catcher boat size categories again does not appear to have a substantial impact on maximum potential consolidation.

The result that maximum potential consolidation is not substantially impacted by the presence or absence of catcher boat categories under either the Sitka Block or Full/Partial Block alternatives should be viewed with caution. Catcher boat categories may have a larger impact on actual consolidation than these results suggest. Even if actual consolidation is not substantially impacted by constraints on transfers across catcher boat size classes, the distribution of quota share holdings by catcher boat size class might be impacted by the presence or absence of such constraints.

TABLE 4.1-1. Sitka Block Proposal, Halibut. Summary of estimated minimum block holders by management area and alternative.

Area	Alternatives					
	----- 3 Block Rule -----			----- 2 Block Rule -----		
	2H Catcher Freezer	3H 2 Catchers Freezer	4H 3 Catchers Freezer	5H Catcher Freezer	6H 2 Catchers Freezer	7H 3 Catchers Freezer
2C	557	558	558	834	835	836
3A	776	777	778	1,163	1,163	1,164
3B	259	260	260	388	389	390
4A	124	124	125	185	186	187
4B	67	69	69	101	101	102
4C	33	34	34	49	49	49
4D	32	33	33	47	47	47
4E	17	19	19	25	27	27

TABLE 4.1-2. Full/Partial Block Proposal, Halibut. Summary of estimated minimum numbers of block holders by management area. Table shows total block holders, and in parenthesis the percent of total block holders who have full block packages.

Area	3 Partial Blocks			2 Partial Blocks		
	1 Catcher Freezer	2 Catchers Freezer	3 Catchers Freezer	1 Catcher Freezer	2 Catchers Freezer	3 Catchers Freezer
	Alt 3	Alt 5	Alt 7	Alt 2	Alt 4	Alt 6
Total Block Holders (% of Total w/ Full Blocks)						
2C	563 (2)	564 (2)	564 (2)	839 (1)	840 (1)	840 (1)
3A	812 (9)	813 (9)	815 (9)	1,183 (6)	1,184 (6)	1,186 (6)
3B	268 (7)	268 (7)	269 (7)	392 (5)	393 (5)	393 (5)
4A	115 (0)	116 (0)	116 (0)	164 (0)	164 (0)	165 (0)
4B	73 (51)	74 (50)	75 (49)	91 (41)	91 (41)	92 (40)
4C	32 (31)	33 (30)	33 (30)	42 (24)	43 (23)	43 (23)
4D	30 (37)	31 (35)	31 (35)	40 (28)	40 (28)	40 (28)
4E	17 (0)	19 (0)	19 (0)	25 (0)	27 (0)	27 (0)

4.2 Maximum Potential Consolidation - Sablefish Fishery

The authors used the ownership caps specified in the Council's IFQ plan to estimate maximum potential consolidation in the sablefish fishery. The status quo alternative used in these analyses was the Council's current IFQ plan.

The Supplemental Analysis indicates that the ownership cap restrictions, to the extent that they are enforceable, will prevent the number of quota share holders and the number of vessels in the sablefish fishery from falling below the following levels:

1. EEZ Wide Sablefish : 100 QS owners & 100 Boats
2. Gulf of Alaska Sablefish
East of 140° West : 100 QS owners & 100 Boats

Both the Sitka Block proposal and the Full/Partial Block proposal, as described above, add some additional constraints which would appear to reduce the maximum potential consolidation relative to the Council's current IFQ plan. These results are shown in Tables 4.2-1 and 4.2-2 below.

Table 4.2-1 presents estimates of maximum potential consolidation in the sablefish fishery under different Sitka Block alternatives. Alternatives 8S and 9S represent alternatives where a person is allowed to own up to three blocks in an area. Alternatives 10S and 11S represent alternatives where a person is allowed to own only two blocks in an area.

The four Sitka Block alternatives also differ with respect to the number of vessel categories. Under all Sitka Block sablefish alternatives, quota shares could not be traded across the vessel categories which applied. The vessel categories used in each sablefish alternative are as follows:

1. Alternatives 8S and 10S distinguish between freezer-longliners and catcher boats. No distinctions are made among catcher boats.
2. Alternatives 9S and 11S distinguish between freezer-longliners and catcher boats. Catcher boats are further divided into two classes; one containing vessels less than or equal to 60 feet in length, and one containing vessels which are greater than 60 feet in length.

Table 4.2-1 shows estimates of the minimum possible number of QS block holders by sablefish management area if maximum potential consolidation occurred. As can be seen, the estimated minimum number of block holders would be highest in the East Yakutat/Southeast Outside area under all of the Sitka Block alternatives.

The minimum number of block holders in this area would also represent an estimate of the minimum number of block holders across all areas should maximum potential

consolidation occur. These numbers suggest that the Sitka Block alternatives would reduce maximum potential consolidation in the sablefish fishery relative to the Council's current plan.

Table 4.2-1 also suggests that maximum potential consolidation in the sablefish fishery would be less if persons could only hold two blocks per area than it would be if persons could hold three blocks per area. In contrast, the presence or absence of catcher boat size categories does not appear to have a substantial impact on maximum potential consolidation.

Table 4.2-2 presents estimates of maximum potential consolidation in the sablefish fishery under four different Full/Partial Block alternatives. As can be seen, these alternatives varied with respect to the maximum number of partial blocks which a person could hold in an area (for persons who don't hold full blocks). There were alternatives with a two partial block maximum rule, and alternatives with a three partial block maximum rule. The alternatives also varied with respect to the presence or absence of catcher boat size category distinctions.

Table 4.2-2 shows estimates of the minimum possible number of quota share block holders by sablefish area if maximum potential consolidation occurred. As can be seen the estimated minimum number of block holders would be highest in the East Yakutat/Southeast Outside area under all of the Full/Partial Block alternatives. This would also represent an estimate of the minimum number of block holders across all areas should maximum potential consolidation occur. These numbers suggest that the Full/Partial Block alternatives would reduce maximum potential consolidation in the sablefish fishery relative to the Council's current plan.

Table 4.2-2 also suggests that maximum potential consolidation in the sablefish fishery would be less if persons could only hold two blocks per area than it would be if persons could hold three blocks per area. In contrast, the presence or absence of catcher boat size categories again does not appear to have a substantial impact on maximum potential consolidation.

If actual consolidation is proportional to maximum potential consolidation, then both block proposals (all alternatives) would reduce actual consolidation in the sablefish fishery relative to the Council's current plan. The result that maximum potential consolidation is not substantially impacted by the presence or absence of catcher boat categories should be viewed with caution. Catcher boat categories may have a larger impact on actual consolidation than these results suggest. Even if consolidation is not substantially impacted by constraints on transfers across catcher boat size classes the distribution of quota share holdings by vessel class might be impacted by the presence or absence of such constraints.

TABLE 4.2-1. Sitka Block Proposal, Sablefish. Summary of estimated minimum block holders by management area and alternative.

Area	Alternatives			
	----- 3 Block Rule -----		----- 2 Block Rule -----	
	8S Catcher Freezer	9S 2 Catchers Freezer	10S Catcher Freezer	11S 2 Catchers Freezer
Aleutians	42	43	63	64
Bering Sea	39	40	59	60
Central Gulf	148	149	221	222
Western Gulf	52	53	78	79
West Yakutat	102	103	153	155
East Yakutat	186	187	278	280

TABLE 4.2-2. Full/Partial Block Proposal, Sablefish. Summary of estimated minimum numbers of block holders by management area. Table shows total block holders, and in parenthesis the percent of total block holders who have full block packages.

Area	3 Partial Blocks		2 Partial Blocks	
	1 Catcher Freezer	2 Catchers Freezer	1 Catcher Freezer	2 Catchers Freezer
	Alt 3	Alt 5	Alt 2	Alt 4
Total Block Holders (% of Total w/ Full Blocks)				
Aleutians	46 (20)	46 (20)	64 (14)	64 (14)
Bering Sea	42 (12)	42 (12)	60 (8)	60 (8)
Central Gulf	162 (19)	165 (18)	227 (13)	230 (13)
Western Gulf	57 (16)	58 (17)	79 (11)	80 (13)
West Yakutat	106 (13)	107 (13)	152 (9)	153 (9)
East Yakutat	203 (32)	205 (31)	273 (23)	275 (23)

4.3 Other Results Of The Analyses

Parts I and II of this draft EA/RIR/IRFA identify a number of aspects of the Sitka Block and Full/Partial Block alternatives which might change some of the costs and benefits of the IFQ program relative to the Council's current plan. Both distributional and economic efficiency impacts are briefly discussed.

As shown above, both the Sitka Block and Full/Partial Block alternatives were examined with respect to maximum potential consolidation. The additional constraints in the alternatives appear to reduce the maximum potential consolidation of quota shares relative to the Council's current IFQ plan. If actual consolidation is reduced then there will be more boats and persons in the fishery which may make monitoring and enforcement of the program more difficult and/or more expensive.

Both the Sitka Block and the Full/Partial Block proposals could impact the net economic benefits generated by the Council's proposed IFQ program in other ways. To the extent that some profitable opportunities for consolidation of quota shares may be lost relative to the Council's current plan, the net economic benefits generated by the program may be reduced. In the original versions of both proposals, current restrictions on transferring quota shares across catcher boat size categories have been removed. Under these alternatives, it is possible that some profitable consolidations could be carried out which are not allowed under the Council's current plan.

The variable size blocks which would be created under the Sitka Block alternatives will increase the search and transactions costs of persons who want to purchase or sell additional quota shares. Each block would be unique and therefore it would be more difficult to find willing buyers or sellers with the amount of quota shares desired.

Because of the limit on the number of blocks a person can hold in an area, some persons might have to both buy and sell blocks of appropriate size in order to reach the new level of quota shares they want. This increase in fishermen's search and transactions costs may reduce net economic benefits under the Sitka Block alternatives relative to the Council's current IFQ program.

The partial blocks created under the Full/Partial Block proposal would have similar impacts on the search and transactions costs associated with transfers. Full blocks should have less of an impact because they are homogeneous by area and vessel category. Nevertheless, the lack of "divisibility" of a full block may still lead to some cost increases relative to the Council's current plan.

The Sitka Block and Full/Partial Block proposals may have impacts on administrative and enforcement costs as well as the IFQ management tasks that will need to be performed. If more vessels would remain in the fishery due to the amendment, the IFQ program might be more difficult to monitor and enforce. The need to monitor additional sets of constraints may also increase enforcement costs.

Some aspects of the proposal may reduce the administrative and enforcement costs or release some resources to do a better job on other IFQ management tasks. For example, the original Sitka Block and Full/Partial Block proposals would eliminate catcher boat vessel size categories. If this occurred, NMFS would no longer have to be concerned about the actual size of a vessel during the initial allocation process, and would not have to monitor landings and landing records to make sure that a person's quota shares were being used on a vessel of appropriate size.

The increased search and transactions costs associated with quota share transfers under the Sitka Block and Full/Partial Block proposals may lead to a reduction in the volume of transfers per person. If the proposal results in a reduction in the overall volume of transfers, NMFS may be able to redirect resources to work on other administrative or enforcement tasks, such as monitoring the larger number of operations or administering and enforcing the new block constraints.

The Sitka and Full/Partial Block proposals would affect all the persons who would initially be issued IFQ under the halibut and sablefish plans. This includes an estimated 5,484 halibut quota holders and 1,121 sablefish quota holders. Almost all of these operators are small businesses according to accepted NMFS definitions.⁶

Neither of the Block proposals would substantially alter the aggregate gross revenues received by the fleet, although if they lead to an increase in the number of separate operations they may reduce the fleet's average gross revenues. Neither of the proposals should significantly increase the fleet's administrative paperwork or recordkeeping requirements. Since almost all the operations within the fleet are small businesses within the meaning of the act, there will be no differential compliance cost impact between large and small business sectors.

An environmental assessment (EA) is required by the National Environmental Policy Act of 1969 (NEPA) to determine whether the action considered will result in significant impact on the human environment. Under NEPA an action has a significant impact if it jeopardizes the productive capability of the stocks, damages ocean and coastal habitats, adversely impacts public health or safety, adversely affects endangered species or marine mammals, or has cumulative effects on stocks. If an action is determined to be significant based on an analysis of relevant considerations, the EA and the resulting finding of no significant impact (FONSI) would be the final environmental documents required by NEPA.

The Sitka and the Full/Partial Block programs may lead to increases in the number of active operations compared to the Council's IFQ plan. However they should not increase harvests or reintroduce a derby-style fishery. Many aspects of the Council's current IFQ plan would be preserved.

⁶ Supplemental Analysis, page 7-7.

The Sitka Block and Full/Partial Block alternatives should not jeopardize the productive capability or have a cumulative effect on stocks, damage ocean and coastal habitats, adversely impact public health or safety, adversely affect endangered species, or adversely affect marine mammals.

AUG 19 1993

**KODIAK LONGLINE
VESSEL OWNERS' ASSOCIATION**326 CENTER AVENUE, P.O. BOX 135
KODIAK, ALASKA 99615
(907) 486-3781 FAX (907) 486-2470

HALIBUT • SABLEFISH • PACIFIC COD • CRAB
August 20, 1993

Mr. Rick Lauber, Chairman
North Pacific Fishery Management Council
P. O. Box 103136
Anchorage, Alaska 99510

RE: Halibut & Sablefish IFQ Block Proposals

SENT BY FAX: 271-2817

Dear Rick,

We briefly had an opportunity to review the analysis on the various options for block proposals for the sablefish and halibut IFQ plan.

We are opposed to either the primary or sub-options for block proposals and would request that the Council maintain the status quo.

We find it inconcievable that even before this very complex and potentially chaotic plan is implemented, there are proposed changes which will further restrict the ability of fishermen to participate in the fishery.

We strongly believe that the block proposals would make it more difficult for both buyers and sellers to conduct transactions. Sellers will be restricted by the size of blocks they will have available and the smaller blocks might actually be more expensive and attractive for those needing product for bycatch purposes. This would limit the small vessel owner from purchasing shares. Imagine the frustration of a vessel owner trying to match up his quota needs with a seller of the same amount. The possibilities of only a few quota share holders having the amount of quota needed is likely and the price for that particular block of quota might be very unreasonable.

It seems to us that the entire reason for these proposals is to inhibit the likelihood of consolidation of shares. This seems to us to be very restrictive and unrealistic. For starters, the whole reason for this plan was to begin paring down the fleet size. Everyone knows there are way too many boats in the fishery and this was one of the solutions. If you turn right around and begin

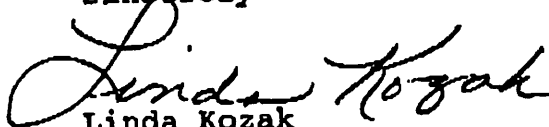
August 20, 1993
Page Two

putting on more restrictions which will inhibit the fishermen's ability to function under this already very restrictive plan, it could actually break the fleet.

We believe that as the analysis states, costs are likely to increase and this is another reason why the block proposals don't make a lot of sense.

We request that the Council look at proposals which will enhance the flexibility of the fleet, rather than place further restrictions on an already complex program.

Sincerely


Linda Kozak
Director

Dear Members of the Council,

I am writing to urge you to approve a sablefish and halibut IFQ Block Proposal. I consider the Block Proposal a necessary tuning of the current IFQ plan that will improve the overall program.

A Block Proposal will address concerns fishermen and coastal communities still have about the socioeconomic impacts of IFQs. While affording all the ecological, safety, and market advantages of an IFQ system, a Block Proposal will prevent excessive quota consolidation, hence will ensure the continued existence of a relatively large fleet and will provide an entry level fishery for deckhands and small, independent operators.

The Alaska legislature voted unanimously in favor recommending that the Council amend the halibut and sablefish IFQ plan to include a Block Proposal. Adopting a Block Proposal will increase support for the IFQ program throughout Alaska. This support is critical to the success of the IFQ program. I urge you to approve the IFQ Block Proposal.

Sincerely,

Robert P. Schell

F/V Alice Faye

I believe the Schell proposal more closely reflects the views of those who fish out of the coastal communities in Alaska. We need to keep some of the diversification in the fleet and allow for those persons - the majority of fishermen - who participate in several fisheries. This is the only way we can survive as small businesses. Sorry this is not more formal, but I am busy fishing until the 20th of Sept.

Bob Schell

Dear Members of the Council,

I am writing to urge you to approve a sablefish and halibut IFQ Block Proposal. I consider the Block Proposal a necessary tuning of the current IFQ plan that will improve the overall program.

A Block Proposal will address concerns fishermen and coastal communities still have about the socioeconomic impacts of IFQs. While affording all the ecological, safety, and market advantages of an IFQ system, a Block Proposal will prevent excessive quota consolidation, hence will ensure the continued existence of a relatively large fleet and will provide an entry level fishery for deckhands and small, independent operators.

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Sincerely,

Joseph Blawie
F/ Rose-Lynn

Dear Members of the Council,

RECEIVED
AT 30

I am writing to urge you to approve a sablefish and halibut IFQ Block Proposal. I consider the Block Proposal a necessary tuning of the current IFQ plan that will improve the overall program.

A Block Proposal will address concerns fishermen and coastal communities still have about the socioeconomic impacts of IFQs. While affording all the ecological, safety, and market advantages of an IFQ system, a Block Proposal will prevent excessive quota consolidation, hence will ensure the continued existence of a relatively large fleet and will provide an entry level fishery for deckhands and small, independent operators.

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Sincerely,

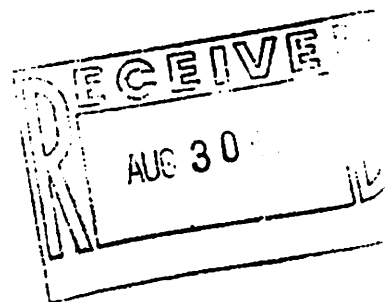
Dewey and Joann Torgeson
F/V Republic

Petersburg Vessel Owners Association

P.O. Box 232
Petersburg, Alaska 99833
Phone (907) 772-9323 Voice and Fax

August 23, 1993

Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
P.O. Box 103136
Anchorage, Alaska 99510



Dear Rick,

It is my understanding that the Final Rule that would implement Amendments 15 and 20 to the groundfish FMP for the Gulf of Alaska and Bering Sea/Aleutian Islands (IFQ program for halibut and sablefish) has still not been published.

However, Council staff has indicated that there may be some notable differences between the Final Rule and the concepts that were approved by the Council. If this is the case, will the Council review the Final Rule and suggest amendments that would make the Final Rule better reflect the Council's intent?

As the chairman of the Industry IFQ Implementation Team, I would like to suggest that the committee be reactivated to review the Final Rule and assist the National Marine Fisheries Service with implementation of the program. I believe NMFS staff would find the committee helpful regarding formulation of the final appeals process. In addition, depending on what occurs at the September Council meeting, industry assistance may possibly be needed with any block amendment that may be adopted.

Rick, it is vital that NMFS staff continue to interact with the industry and that the industry remains informed during this change in management programs. I believe industry will continue to be quite helpful and will assist in making for a smoother transition. Please take these comments into consideration.

Sincerely,

Kris Norosz
Kris Norosz

AGENDA C-4
September 1993

ERNEST F. HOLLINGS, SOUTH CAROLINA, CHAIRMAN

DANIEL K. INOUYE, HAWAII
WILL H. FORD, KENTUCKY
RON WYDEN, OREGON
BOB ROBERTS, NEBRASKA
ROCKEFELLER IV, WEST VIRGINIA
KERRY, MASSACHUSETTS
JOHN B. BREAUX, LOUISIANA
RICHARD H. BRYAN, NEVADA
CHARLES S. ROBB, VIRGINIA
BYRON L. DORGAN, NORTH DAKOTA
MARLAN MATHEWS, TENNESSEE

JOHN C. DANFORTH, MISSOURI
BOB PACKWOOD, OREGON
LARRY PRESSLER, SOUTH DAKOTA
TED STEVENS, ALASKA
JOHN MCCAIN, ARIZONA
CONRAD BURNS, MONTANA
BLADE GURTON, WASHINGTON
TRENT LOTT, MISSISSIPPI
KAY BAILEY HUTCHISON, TEXAS

KEVIN G. CURTIN, CHIEF COUNSEL AND STAFF DIRECTOR
JONATHAN CHAMBERS, REPUBLICAN STAFF DIRECTOR

United States Senate

COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION

WASHINGTON, DC 20510-8125

September 20, 1993

Richard B. Lauber
Chairman
North Pacific Fisheries Management Council
P.O. Box 103136
Anchorage, Alaska 99510

Dear Rick:

On December 21, 1992, I wrote to you urging the Council to consider modifications to the halibut/sablefish Individual Fishing Quota (IFQ) plan that would help prevent the consolidation of quota shares in order to protect the ability of small boat fishermen and those not receiving initial quota shares to participate in these fisheries.

It's my understanding that the Council will consider two proposed amendments to the halibut/sablefish IFQ plan during its meeting this week. Both the "Sitka Block" and "Full/Partial Block" proposals would decrease the potential for rapid consolidation of quota. I urge the Council to adopt the block proposal that will most effectively prevent this consolidation. I also urge the Council to retain the restrictions on the transferability of quota between vessel size categories currently in the plan.

Preventing consolidation is crucial to Alaska's coastal communities, to new entrants, and to future generations of Alaskans who might not otherwise have the opportunity to commercially fish for halibut and sablefish. The sudden elimination of thousands of seasonal jobs, particularly in the halibut fishery, could have a very serious economic impact on many Alaskans and on our coastal communities. I urge the Council to consider the importance -- particularly in the beginning of this new management program -- of acting conservatively to prevent the consolidation of quota shares. Once the quota is consolidated, it will be difficult, if not impossible to reverse.

With best wishes,

Cordially,


TED STEVENS

AGENDA C-4
SEPTEMBER 1993

FRANK H. MURKOWSKI
ALASKA

COMMITTEES:

- SELECT COMMITTEE ON INTELLIGENCE (VICE CHAIRMAN)
- ENERGY AND NATURAL RESOURCES
- FOREIGN RELATIONS
- VETERANS' AFFAIRS
- SELECT COMMITTEE ON INDIAN AFFAIRS

United States Senate

WASHINGTON, DC 20510-0202
(202) 224-6865

222 WEST 7TH AVENUE, BOX 1
ANCHORAGE, AK 99513-7670
(907) 271-3735

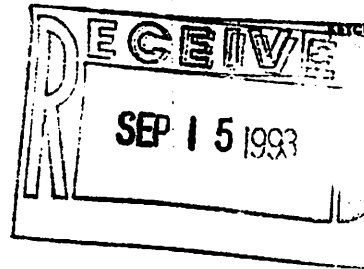
101 12TH AVENUE, BOX 7
FAIRBANKS, AK 99701-8278
(907) 452-3233

P.O. BOX 21847
JUNEAU, AK 99802-1847
(907) 586-7400

130 TRADING BAY ROAD, SUITE 350
KENAI, AK 99511-7718
(907) 283-8808

109 MAIN STREET
METCHEN, AK 99501-6488
(907) 225-8880

September 13, 1993



Richard B. Lauber, Chairman
North Pacific Fishery Management Council
P.O. Box 103136
Anchorage, AK 99501

Dear Rick:

In a few days the Council is scheduled to make a final decision on whether to support a "block" amendment to the halibut/sablefish IFQ plan.

Last October, I wrote to correct a mistaken suggestion that Congressional Delegation support for further study of IFQ impacts was a sign the Council should not expend effort on potential amendments before the basic issue was decided. I'm pleased the Council continued its work on these alternatives.

As you know, I have long believed the potential effects of IFQ's on the Alaska-based halibut and blackcod fishery are not well understood. Because too-rapid changes may damage the economies and structure of fishery-dependent communities, a cautious approach is much to be preferred.

IFQs as a concept continue to face significant opposition. To the extent that opponents' concerns can be eased through the adoption of some form of block amendment, I believe proponents should view such an amendment as well worth consideration.

Sincerely,

A handwritten signature in dark ink, appearing to read "Frank H. Murkowski". The signature is fluid and cursive, written over the typed name and title.

Frank H. Murkowski
United States Senate

Alaska State Legislature

REPRESENTATIVE
BEN GRUSSENDORF
HALIBUT POINT ROAD
SITKA, ALASKA 99583
(907) 747-8408

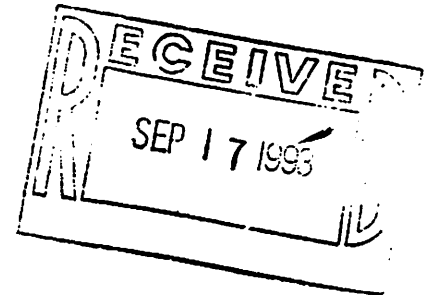
FINANCE COMMITTEE

DISTRICT 3
KUPREANOF
PETERSBURG
SITKA
WRANGELL



House of Representatives

September 17, 1993



Mr. Richard B. Lauber
Chairman
North Pacific Fishery Management Council
P.O. Box 103136
Anchorage, Alaska 99510-3136

Dear Mr. Lauber:

During the 109th Plenary Session of the North Pacific Fishery Management Council meeting in Anchorage September 21-26, the Council will be addressing the Individual Fishery Quota issue (draft agenda item C-4). I am attaching a copy of the resolution (HJR 41) passed unanimously by the Alaska Legislature this session regarding the IFQ block proposals.

Fears of too much consolidation of the quotas initiated this resolution. Flock proposals would limit the amount of consolidation that could occur. The resolution speaks to the concerns of Alaska coastal communities and Alaska fishers as well as concerns for the social and economic impacts to the state as a whole. We urge you to consider these concerns in your deliberations.

I appreciate the hard work that all interested parties have devoted to this one issue. While the meeting will be long and there are a number of other important issues to come before the Council, we urge your attention to Alaska's concerns for the impacts of the IFQs. Thank you for your time and consideration.

Sincerely,

Ben
Rep. Ben Grussendorf

8-LS1029A

HOUSE JOINT RESOLUTION NO. 41
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES WILLIAMS, Olberg, Moses, Davies

Introduced: 4/16/93

Referred: Resources

A RESOLUTION

1 Relating to consideration of individual fishery quota shares block proposals by the
2 North Pacific Fishery Management Council.

3 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 WHEREAS the North Pacific Fishery Management Council has recently approved an
5 individual fishery quota (IFQ) share program for the North Pacific and Bering Sea halibut and
6 sablefish fisheries; and

7 WHEREAS the IFQ program for the halibut and sablefish fisheries is intended to
8 provide long-term sustainable harvests of these resources; and

9 WHEREAS Alaska coastal communities depend on the ability to harvest marine
10 resources and must be beneficiaries of the IFQ program; and

11 WHEREAS residents of Alaska have expressed concern that the IFQ program
12 approved by the North Pacific Fishery Management Council allows consolidation of IFQ
13 shares and may reduce the size of the fishing fleet which could in turn reduce the benefits of
14 the IFQ program to Alaska fishermen, Alaska coastal communities, and the state as a whole;
15 and

16 WHEREAS the North Pacific Fishery Management Council has a responsibility to

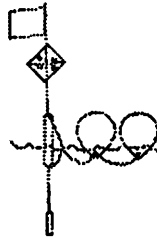
1 respond to the concerns that have arisen regarding consolidation of IFQ shares; and

2 **WHEREAS** several proposals regarding transfers of blocks of IFQ shares have been
3 developed and are before the North Pacific Fishery Management Council for its consideration;
4 and

5 **WHEREAS** these block proposals would limit the amount of consolidation that could
6 occur under the IFQ program, and thereby help to maintain the present diversity of the
7 longline fishing fleet, to provide an entry level fishery, and to ensure that the benefits of the
8 IFQ program accrue to Alaska fishermen, processors, and coastal communities;

9 **BE IT RESOLVED** that the Alaska State Legislature respectfully urges the North
10 Pacific Fishery Management Council to address the concerns expressed by Alaska residents
11 regarding consolidation of IFQ shares by amending the IFQ program for the halibut and
12 sablefish fisheries to include a block proposal system.

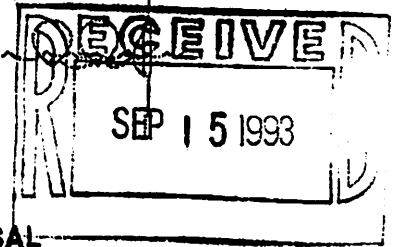
13 **COPIES** of this resolution shall be sent to the Honorable Bill Clinton, President of the
14 United States; the Honorable Ronald H. Brown, Secretary of the U.S. Department of
15 Commerce; the Honorable Leon E. Pannetta, Director of the Office of Management and
16 Budget; the Honorable Diana Josephson, Acting Administrator, National Oceanic and
17 Atmospheric Administration, U.S. Department of Commerce; the Honorable Nancy Foster,
18 Acting Assistant Administrator for Fisheries, National Oceanic and Atmospheric
19 Administration, U.S. Department of Commerce; the Honorable Richard Lauber, Chair of the
20 North Pacific Fishery Management Council; and to the Honorable Ted Stevens and the
21 Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S.
22 Representative, members of the Alaska delegation in Congress.



Alaska Longline Fishermen's Assoc.

P.O. Box 1229 Sitka, AK 99835 (907) 747-3400

September 15, 1993



TESTIMONY: AGENDA ITEM C-4 SABLEFISH AND HALIBUT IFQ BLOCK PROPOSAL

Dear Chairman Lauber,

As you are aware, the Alaska Longline Fishermen's Association (ALFA) actively participated in the long process of developing an IFQ program for the sablefish and halibut fisheries. ALFA members recognized the importance of resolving the waste and bycatch problems plaguing the longline fisheries and considered IFQs the best management solution. Members remained concerned, however, about the socioeconomic impacts of the program, and developed the Block Proposal as a means of mitigating those impacts. ALFA presented the Block Proposal to the Council in December, 1991. Since then the Proposal has been fleshed out and analyzed. At the September '93 meeting the Council has the opportunity to incorporate the Block Proposal into the sablefish and halibut IFQ plan. On behalf of ALFA's membership, I urge the Council to take this opportunity.

One of the early scoping papers for the IFQ program noted that the success of the program depended to a significant degree on support from the fishing industry. As the Council is well aware, the IFQ program has encountered significant opposition. Most of the opposition has been associated with concern about the socioeconomic impacts of quota share consolidation. Industry members and coastal community representatives fear that the degree of consolidation possible under the approved IFQ program will de-stabilize Alaska's coastal communities. The analysis conducted by the CFEC and the Council staff indicates that a Block system will significantly reduce the amount of quota share consolidation that can occur under the IFQ program. This will minimize impacts on communities, following the Council's Magnuson Act directive for limited entry programs, and respond to the widespread concern. By responding to the concern the Block Proposal will, in turn, increase support for the IFQ program in Alaska (as evidenced by HJR 41, which was approved unanimously in both the Alaska House and Senate). Increased support will ease implementation, ensuring the success of the IFQ program.

Other benefits associated with the Block Proposal include: maintaining a healthy diverse fleet, ensuring that small, affordable amounts of quota are available to new entrants, and providing a conservative beginning to the IFQ program to ease the transition period. Since quota blocks will be more easily tracked by enforcement officers than "unblocked" quota shares, monitoring effectiveness will also be improved. In sum, the Block Proposal offers many benefits with very few costs.

Selecting a Proposal

After careful consideration of the two Block Proposals analyzed for the Council, ALFA's membership came to the conclusion that either the Sitka Block or the Partial/Full (or modified) Block Proposal will improve the current IFQ plan. Members recognize that the modified Block Proposal presented by council member Ron Hegge addresses the potential problems associated with financing or selling the very large blocks created

under the Sitka Block Proposal. The modified Block may also provide fishermen with more flexibility than does the Sitka Block. Hence ALFA members support the **Partial/Full Block Proposal** with a full block size of 20,000 pounds (20,000 pounds ensures that adequate amounts of quota will be in both the full and the partial block "pool").

Ownership limits

When presenting the Sitka Block Proposal to the Council, ALFA recommended a three block per person limit on consolidation, believing that three blocks would support a viable, full time operation yet adequately control consolidation. Since the modified Block Proposal only protects from consolidation that portion of the quota in partial blocks and does not apply to the full blocks, ALFA requests that the Council limit IFQ holders to **two partial blocks** (the number of full blocks would remain restricted only by existing ownership caps, as proposed in Ron Hegge's original outline). The minimum number of quota share owners possible under the two partial blocks per person limit is roughly comparable to the number of vessels that participated in the sablefish and halibut fisheries in 1985, the year the sablefish fishery was fully utilized by the domestic fleet and the year which marks the beginning of the IFQ qualifying period.

As written, the Partial/Full Block Proposal limits an individual who owns a full block in an area to owning only one partial block in that area. ALFA supports this limit and offers one addition: **a person who owns a partial block in an area can not own more than one full block in that area.** This limit would ensure that the partial blocks are made available to new entrants or smaller operators as full block holders accumulate additional blocks.

Vessel size classes

The Block Proposal analysis states that the vessel size classes included in the Council's approved IFQ plan provide "absolute protection" between vessel categories. ALFA members maintain that the **vessel size categories should be retained.** Nothing less than absolute protection for the small vessels and coastal communities is acceptable. The existing diversity of the sablefish and halibut fleet is critical to the socioeconomic health of Alaska's fishing communities. The Council and the longline industry can only gain by starting the IFQ program as conservatively as possible.

In closing, ALFA urges the Council to amend the sablefish and halibut IFQ plan to include the Block Proposal. The Block Proposal will maintain the existing diversity of the sablefish and halibut fleet which will, in turn, protect the socioeconomic health of Alaska's longline industry and coastal communities. The Block Proposal will start the IFQ program off conservatively, allowing an opportunity for assessment and adjustment. By responding to widespread concern regarding the socioeconomic impacts of IFQs, the Block Proposal will increase support for the program in Alaska. Together these benefits will ease the transition from open access to IFQs and ensure successful implementation. The Council is embarking on an ambitious fisheries management experiment; every effort must be made to guarantee that the experiment succeeds.

Thank you for the opportunity to comment.

Sincerely,


James Swift, ALFA