

Adak Community Development Corporation

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June 10, 2021

Mr. Simon Kinneen, Chairman
David Witherell, Executive Director
North Pacific Fishery Management Council
1007 West Third Avenue, Suite 400 Anchorage, AK 99501

Re: Agenda Item C4, BSAI Pacific Cod Trawl CV LAPP

Dear Chairman Kinneen and Council Members,

The Council is aware of the latest economic crisis faced by the Adak community. This crisis was completely avoidable if the community had access to its historic share of the federal waters CV Trawl Pacific cod fishery, an issue that the Council has tried to address since at least 2009. The current CV Trawl LAPP package represents our last, best hope.

Almost all of the current western AI stakeholders have come to the collective conclusion that Element 6.2, with some clarifications, works best. This group of stakeholders include Aleut Enterprise, the City of Adak, the Adak Community Development Corporation and the Adak Business Association. Peter Pan Seafoods, which is currently engaged in extensive feasibility work in Adak, also supports Element 6.2.

More than ten years of Council analysis has documented the negative impacts and foregone opportunities that Adak has experienced as a result of excess harvesting and processing capacity created by the American Fisheries Act, the BSAI Crab Rationalization program, the Amendment 80 program and the lawsuit that vacated Amendment 113.

It is essential that the CV Trawl package is developed and implemented in a manner that restores the region's historic share of the fishery; and avoids locking in the negative impacts that other programs have created. Please support Element 6.2, with the clarifications outlined on the following page.



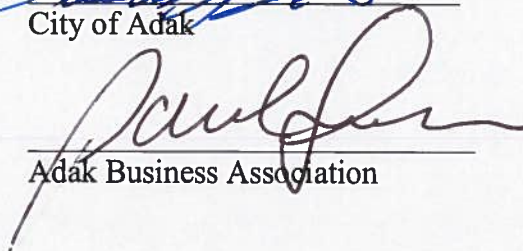
Aleut Enterprise, LLC



City of Adak



Adak Community Development Corp.



Adak Business Association



Peter Pan Seafood Company

Adak Community Development Corporation

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AI Stakeholder Mark-up

Element 6.2 - Aleutian Islands Processor Provisions

Option 6.2: In any year when the community of Adak and/or Atka files a notice of intent to process, annual harvest quota shall be issued to the plant operator designated in that notice of intent. In the event, one community issues a notice, the lesser of the **AI DFA**, 5,000 mt or ~~(option 1: 5.5%, option 2: 10% (Preferred))~~ of the total BSAI trawl catcher vessel Pacific cod quota (prior to allocations based on harvesting or processing histories) shall be issued to the plant. In the event both communities issue a notice the allocation shall be divided equally between two plants. Adak or Atka may withdraw its intent to operate notice during the season if necessary. In that case, the unharvested portion of the allocation will be reissued to the other AI shoreplant if it is operating.

Strike Suboption 6.2.1

Annual Aleutian Islands community shore plant allocations shall be transferable to any cooperative(s) (and between cooperatives) for harvest by member vessels that are assigned an AI trawl CV LLP license eligible under this program. Quota shall be harvestable exclusively in the AI and landed in the AI management region.

Suboption 6.2.2: If the community of Adak and/or Atka files a notice of intent to process, annual harvest quota should be issued to an entity representing the community designated in the notice of intent.

Strike Suboption 6.2.3 and include the CQ allocation to the eight licenses with a transferrable AI endorsement under Element 2.

Element 2 - Allocation to LLP Licenses

2.2 "Harvester Allocations ... qualifying years"

Add Suboption 2.2.3.1 2004 to 2019 for the 8 licenses with a transferrable AI endorsement; and

Add Suboption 2.2.3.2 Drop Years - Allow the 8 licenses with a transferrable AI endorsement to drop the years when the Adak processing plant was closed during the A season.

"Additionally, the Council should clarify that the 2004 to 2009 landings by the 8 licenses with a transferrable AI endorsement from the AI parallel fishery constitute "legal landings" as defined at 679.2 Definitions.

(679.2 Definitions: "Legal landing means a landing in compliance with Federal and state commercial fishing regulations in effect at the time of landing.")

Clarifications:

- The sector's halibut PSC will be apportioned to cooperatives in proportion to their members' Pacific cod qualifying catch histories (and processing history or AIDQ, if applicable).
- AI shoreplant(s) are exempt from any facility use cap
- 6.2 Includes specification of an AI DFA, partitioned into Restricted and Unrestricted amounts. The Restricted amount shall be the sum of the AIDQ and the harvester CQ committed to the AI shoreplant cooperative(s).
- A vessel may join one AI and one BS coop.

AI Stakeholder Mark-up Rationale

Element 6.2 - Aleutian Islands Processor Provisions (Preferred)

There is no real allocation of cod quota to an AI shoreplant cooperative under 6.1. The allocation goes to Bering Sea coops with a requirement that they ‘reserve’ a percentage of it for delivery to AI shore plants. This sets the stage for conflicts over who will do the AI harvesting and when, that would need to involve complex multi-party intra- and inter-coop negotiations which are likely to add significant transaction costs.

6.1 puts the AI shoreplant in the position of having to negotiate and coordinate the scheduling of deliveries with each of the BS coops, and with the affiliated processors either directly or indirectly. All of which undermines the rationality of the program for AI shoreplant operators by making it more difficult to plan relative to other participants.

6.1 lacks the leverage that PHQ provides to other processors in both attracting or holding harvesters and in price negotiations,

6.2 is responsive to changes in management regimes that necessitate putting protections in place. The compressed timing of the fishery, and the structure of the trawl CV apportionment create incentives for the entire trawl CV apportionment to be harvested from the BS and delivered to plants closer to the BS fishing grounds. The AI fishery is then left for, primarily freezer longliners to harvest and process the catch at-sea. Together these factors, make it impossible for the trawl CVs that are dependent on the AI fishery and the AI shoreplants to effectively compete for a sufficient share of the sector’s allocation to conduct viable fishing operations.

The rationale for creating the 6.2 AIDQ allocation for the benefit of stakeholders in the trawl CV sector of AI Pacific cod fishery is the overall structure of the BSAI Pacific cod fishery and the Council’s desire to consider some protections for those AI stakeholders.

Strike Suboption 6.2.1

Suboption 6.2.1. as written is both unworkable and unnecessary. It lacks a definition of “operating” and a time criteria. (e.g.: If the plant has to suspend operation due to a Covid outbreak, does that trigger a re-issuance of the AIDQ to other coops? What if the AI shoreplant coop members had delivered CQ based on a promise of being able to deliver AIDQ? How timely would a reissuance process be in the event of a real emergency?) Because annual AIDQ would be transferable as long as landed in the AI, (and somewhat fungible with CQ) Suboption 6.2.1 is not needed.

Strike Suboption 6.2.3 and include the CQ allocation to the eight licenses with a transferrable AI endorsement under Element 2.

This is a harvester issue, not a processor or community issue. The more appropriate place to deal with the 8 <60’ CVs is under Element 2. Providing for the participation of the 8 <60’ CVs should be independent of whether the Council will choose 6.1 or 6.2. Without the proposed options in element 2, under 6.1 the 8 <60’ will be disenfranchised.

These 8 <60' vessels didn't have the option of fishing cod in the BS when the Adak plant was closed. It wasn't their fault that the closures limited participation in more recent years. The years preferred by UCB/MTC may be appropriate for their members, but they are not appropriate for the 8 <60' CVs. Using only years beginning in 2009 or later effectively wipes out their catch history.

If the Council does not move this issue to Element 2, or chooses to leave 6.2.3 in the analysis, our preferred suboption is option 3-10%. It is the most consistent with the data in table 2-83 which shows that the aggregate landings of the 8 <60' CVs accounted for somewhat over 3,080 mt (7%) of the 44,215 mt delivered to Adak from 2004 to 2009.)

Element 2 - Allocation to LLP Licenses

2.2 "Harvester Allocations ... qualifying years"

Add Suboption 2.2.3.1 2004 to 2019 for the 8 licenses with a transferrable AI endorsement; and

Add Suboption 2.2.3.2 Drop Years - Allow the 8 licenses with a transferrable AI endorsement to drop the years when the Adak processing plant was closed during the A season.

Clarifications:

- **The Council should clarify that the 2004 to 2009 landings by the 8 licenses with a transferrable AI endorsement from the AI parallel fishery constitute "legal landings" as defined at 679.2 Definitions.** These landings were consistent with the 679.2 Definitions of legal landings: "*Legal landing means a landing in compliance with Federal and state commercial fishing regulations in effect at the time of landing.*") in fact, these landings were the basis of the Council action to grant their AI endorsements.
- **The sector's halibut PSC will be apportioned to cooperatives in proportion to their members' Pacific cod qualifying catch histories (and processing history or AIDQ, if applicable).** This clarification simply inserts "or AIDQ" into the last sentence of Element 3, treating "AIDQ" as a surrogate for processing history.
- **Exempt AI shoreplant(s) from the facility use cap in Element 8.4** Staff has pointed out that there are options that would set a facility cap below the amount of cod intended to be provided for delivery to an AI shoreplant.
- **Add an option in Element 9 allowing a vessel to join one AI and one BS coop.** There are a number of vessels that have a split history between the AI and BS that may want to maintain that pattern in the future. Allowing them to participate in an AI and a BS coop may make managing coop transfers more efficient.
- **6.2 should include specification of an AI DFA, partitioned into Restricted and Unrestricted amounts as described on page 227 for 6.1. The Restricted amount would be the sum of the AIDQ and the harvester CQ committed to the AI shoreplant cooperative(s).**

The analysis has a good explanation of the need to partition the AI DFA into Restricted and Un-restricted components on page 227 under the section on 6.1. It is equally necessary under 6.2, though it is not repeated. It should be clarified that it applies to both option.

One of the primary reasons for rationalizing the CV cod trawl fishery is to provide all stakeholders with a more certain planning ability. Given that the CV trawl fishery works off of two separate TACs it is still possible under 6.2 that stakeholders (processors in AI communities, as well as harvesters who have committed to deliver to AI processors) in the AI can be preempted from the ability to harvest by other sectors.

As with 6.1 it is essential that an AI DFA be specified, as well as apportioning the AI DFA into an Un-restricted and Restricted Fishery components that would limit other sectors, including deliveries to CP motherships, from encroaching on the AIDQ allocation as well as other CQ committed by members of the AI shorebased coop(s). The Restricted Fishery limit would apply only to the AI TAC and should remain in place for the duration of the A&B season. This would not limit the ability members of BS CV trawl coops to fully harvest their CQ in the BS at the pace they chose. Without it, the AI stakeholders would lose the ability to plan, and thus would not be able to capture the benefits that their competitors receive from ending the race for cod.