

## Adak Community Development Corporation

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September 22, 2013

Eric Olson, Chairman NPFMC  
605 W. 4<sup>th</sup> Avenue, Suite 306  
Anchorage, Alaska 99501-2252

Re: D-1a -Discussion paper on AI Pacific cod processing

Dear Chairman Olson,

The purpose of this letter is to request the Council to take the next step and adopt a problem statement for Aleutian Islands community protection measures for the cod fishery and move toward taking regulatory action.

A good starting point is the problem statement that was developed for the December 2009 Initial Review Draft of the RIR/EA to Establish Aleutian Islands Pacific Cod Processing Sideboards

*"Problem Statement: The American Fisheries Act, BSAI crab rationalization program, and BSAI Amendment 80 program each provide benefits to processing vessels that were intended to protect investments in and dependence on the respective fishery resource. Each of these rationalization programs has afforded opportunities for consolidation, thus freeing some processing capacity to target the non-rationalized BSAI Pacific cod fishery at the expense of other industry and community investments."*

Since that analysis was prepared the situation has become more complex. In addition to being an un-rationalized fishery amidst a predominately rationalized industry, Adak has borne the brunt of new SSL restrictions and now faces the impacts the Aleutian Island cod split which will take effect in 2014.

We request that the following elements be considered in drafting a problem statement:

1- With the AI cod split, the Aleutians will have its own quota separate from the Bering Sea. However -

a) There are no sector apportionments within the AI quota, so CP harvests early in the year have the potential to pre-empt CV opportunity

b) The sector allocations remain at the BSAI aggregate level, so even if CP AI harvests don't pre-empt CV harvest, the CV fleet in the AI will be shut down when CVs fishing in the Bering Sea harvest to sector's aggregate BSAI allocation.

c) The timing of cod aggregating in the Aleutian lags about a month behind the Bering Sea, which means an Aleutian Island processor faces a one month shorter season.

2- CV cod is the primary fishery for Adak, no processing plant can survive in Adak without a firm base in the cod fishery. For every other sector, what they don't harvest out of the Aleutians they can make up in the Bering Sea with no loss to their aggregate amount of cod.

3- All the CP fisheries sectors for cod are rationalized, this allows them the flexibility to:

a) Prioritize fishing in the AI to take a higher percentage of the AI harvest than historical share.

b) Shift their focus from catching their own fish to acting as motherships (something the Amendment 80 CPs didn't do to any great degree prior to rationalization)

4- Shorebased sectors in the non-cod BSAI fisheries, have their primary fisheries rationalized:

a) Unalaska, Akutan and St. Paul have community/processor protection measures in the crab fishery, which has freed up floating crab processing capacity to shift opportunistically to the cod processing.

b) Unalaska and Akutan have the guaranteed stability provided by the AFA for pollock, which provides predictable processing employment at least 7 months of the year.

c) The AFA CV pollock fleet has increasingly shifted effort into its secondary cod target earlier in the year.

5- SSL protection measures that close most of the cod fishing grounds proximate to Adak have compounded the problem.

All of these factors, serve to compress the window of opportunity for a non-rationalized shorebased processing plant in the Aleutians that is primarily dependent upon cod to operate successfully.

As the discussion paper notes on page 20:

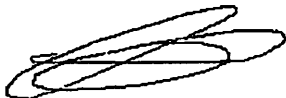
*With no other shore-based processor in the community, the Pacific cod processing activity at the Adak shoreplant accounted for a large proportion of effort and local employment in Adak. The A season Pacific cod fishery "overwhelms anything else that happens during the rest of the year, not just in terms of volume at the plant, but in terms of crew utilizing local businesses (the fuel, dock, store, and bar); without A season cod, the plant does not survive" (EDAW 2008).*

And without the plant the community does not survive. The community of Adak can't afford to lose another processing company. We need a solution that takes shorebased processors in the Aleutian Islands out of a race for fish with the rest of the rationalized Bering Sea industry.

The new processor in Adak has modest goals for daily processing volumes, but it needs the stability on knowing it has at least two months to achieve 5000 tons of production from the federal CV cod trawl - a pretty modest "ask" in the context of a 2,000,000 ton, 365 day, BSAI groundfish fishery.

Thank you for your consideration of our request.

Sincerely,



dave fraser  
ACDC

## **Groundfish Forum**

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September 24, 2013

Mr. Eric Olson, Chairman  
North Pacific Fishery Management Council  
605 W 4<sup>th</sup> Avenue, Suite 306  
Anchorage, AK 99501-2252

Re: Agenda Item D-1(a), Aleutian Islands Pacific Cod CV Allocation with a Regionalized Delivery Requirement

Dear Chairman Olson,

Groundfish Forum is comprised of five quota share (QS) holders in the Amendment 80 (non-AFA trawl catcher-processor) sector. Groundfish Forum vessels have a long history in, and dependence on, the Aleutian Islands Pacific cod fishery. We are writing you to comment on the proposed action to allocate Aleutian Islands Pacific cod to the catcher vessel sector with a requirement to deliver to shoreside processors in the Aleutian Islands.

The action would violate several National Standards in the Magnuson-Stevens Act. Further, it would harm catcher vessels, catcher processors, shoreside processors in other areas and maritime support businesses in the Aleutians while providing little or no additional benefit to communities. The action is particularly unwise given the existing conservation concerns in the Aleutian Islands and the unknown outcome of the Steller sea lion Biological Opinion and ensuing regulations.

### **Uncertainty in the Aleutian Islands cod fishery**

The Aleutian Islands cod fishery faces numerous uncertainties. In 2014 the Pacific cod TAC will be divided between the Aleutians and the Bering Sea for the first time, meaning that unharvested cod in the Aleutians might not be able to be taken in the Bering Sea. The pending Steller sea lion Biological Opinion and ensuing regulations may include sector allocations and restrictions on cod operations in the Aleutians with impacts that cannot be known at this time. The Alaska Board of Fish is considering an increase in the state water fishery set-aside, and there is a new operator at the processing plant in Adak. Atka has proposed developing a cod processing operation but at this point it does not exist. Further, cod stocks in the Aleutians appear to be declining and concerns about localized depletion have been raised. There is no way to predict how all of these pending issues will impact stakeholders. Adding restrictive harvest and delivery options to the mix is beyond irresponsible.

### **Questionable benefits**

When Adak has a functional shoreside processor, it generally receives a significant portion of the cod harvest (up to 80%) without the regionalized delivery requirements that are proposed. Until Atka can process cod, there is no positive impact to that community from delivery requirements. Further, as a CDQ community, Atka has access to CDQ cod to support its operations. The proposed action addresses a problem that does not exist.

### **Real harm**

The proposed action would cause real harm to existing stakeholders who depend on Aleutian Islands cod. Catcher processors (trawl, longline, and pot) would be unable (or severely limited in their ability) to access the resource at all due to quota constraints and SSL RPAs, and catcher vessels would face very limited (if any) markets for their harvest. Shoreside processing operations in Dutch Harbor and Akutan that have traditionally received Aleutian Islands cod could no longer do so. Shoreside support businesses that provide fuel, food and other services to catcher processors would lose a substantial part of their market, which would result in higher costs to other (community-based) customers. It is difficult to imagine how such costs could be justified.

### **Violation of National Standards**

The proposed action violates National Standards 1 (achieving optimum yield), 4 (prohibiting excessive shares and promoting conservation) and 5 (allocating for economic reasons only).

*National Standard 1* requires that fisheries be managed to achieve optimum yield. If access to the resource is limited to catcher vessels with a requirement to deliver to shoreside processors, there is a high likelihood that much of the resource will be unharvested. With Adak only capable of processing at most 451 metric per day, as stated in the discussion paper, deliveries will probably need to be coordinated, and with a single processor prices could be very unfavorable. CVs will have to decide whether it makes sense to go to the AI, or to just try to catch all their sector allocation in the Bering Sea before that area closes.

*National Standard 4* prohibits allocations of excessive shares of fishing privileges and requires that allocative actions be reasonably calculated to promote conservation.

Requiring shoreside deliveries to the one existing shoreside Pacific cod processor in the Aleutians results in excessive consolidation of processing privileges. Previously, the Council received guidance from the Department of Commerce on proposed Aleutian Islands cod processing sideboards, which raised similar concerns.<sup>1</sup> The DOC cited particular problems when the Council mandates delivery to a particular entity (as is proposed) and when the cod TAC is divided geographically (as will be the case from 2014 forward).

The current status of Aleutian Islands cod (discussed above) requires consideration of the biological impacts of the fishery, which will be the subject of the pending Steller sea lion Biological Opinion. Without knowing what restrictions NMFS will put on the cod fishery, or the

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<sup>1</sup> Letter from the Department of Commerce to Mr. Eric Olson dated January 28, 2009.

basis for those restrictions, it is still reasonable to assume that a geographically anchored fishery will be a concern. Whereas current fishing effort occurs in various locations, limiting the effort to CVs and forcing delivery to one or two shoreside plants restricts the fishery to areas near those plants. This changes the nature of the fishery and may result in additional conservation concerns.

The lack of any conservation rationale behind the regionalized delivery requirement triggers *National Standard 5's* prohibition on economic focused allocations. If the Council wants to direct more revenues toward Adak and Atka, it should be through conservation and fisheries management opportunities that foster competition between processor and harvesters and provides a net benefit to the nation. An economic allocation that sidesteps these requirements to excessively benefit one or two processors does not further the purposes of the MSA.

Forcing CV deliveries in the AI to go to Atka and Adak creates a defacto processing allocation, which is prohibited under the MSA and carries significant anti-trust implications that will require a Department of Justice consultation. The MSA support for a standalone regionalized landing requirement solely for the purposes of benefiting a fishing community and disconnected from the authority of a Limited Access Privilege Program (LAPP) is dubious.

In summary, the proposed action to restrict the Aleutian Islands cod fishery to catcher vessels with a mandate to deliver to shoreside processors not only harms existing stakeholders, it violates numerous national standards and provides no guarantee that these operations, if developed, will be successful. It further confounds attempts to address conservation concerns for the cod stocks and for Steller sea lions. Unknown factors including the change in the State Water cod fishery, the result of the Steller sea lion Biological Opinion, a new operator at the troubled Adak plant, the proposed but currently nonexistent P-cod shoreside processing capacity at Atka and the effect of splitting the cod TAC between the Bering Sea and Aleutian Islands make it impossible to determine the impacts of this action.

We recommend that the Council take no further action on this proposal.

Thank you for the opportunity to comment.



Lori Swanson  
Executive Director