


MEMORANDUM

TO: Council, SSC and AP Members

FROM: Chris Oliver 
Executive Director

DATE: May 22, 2002

SUBJECT: BSAI FMP Amendment 68--Pacific Cod Pot Gear Split

ESTIMATED TIME 4 HOURS (for all D-1 items)
--

ACTION REQUIRED

Final action on BSAI Amendment 68.

BACKGROUND

The current Pacific cod total allowable catch (TAC) in the BSAI is apportioned 51% to fixed gear, 47% to trawl gear, and 2% to jig gear (BSAI FMP Amendment 46). In October 1999, the Council adopted Amendment 64 to the BSAI FMP, which further split the fixed (hook-and-line and pot) gear Pacific cod allocation as follows: 80% to freezer longliners; 0.3% to longline catcher vessels; 1.4% to pot or longline catcher vessels less than 60 feet LOA; and 18.3% to pot vessels. This action was intended to promote stability in the BSAI Pacific cod fixed gear fishery until comprehensive rationalization is completed. Amendment 64 was approved by the Secretary of Commerce on July 12, 2000, and was effective starting September 1, 2000. Thus, 2001 is the first full year of fishing under the fixed gear allocations.

Upon approval of Amendment 64, the Council acknowledged that a further split of the Pacific cod pot gear allocation between pot catcher/processors and catcher vessels may be necessary to preserve the recent harvest distribution attributed to those sectors, as was done for freezer longliners and longline catcher vessels. However, because the public had not been noticed that this action may take place under Amendment 64, the Council delayed action specific to the pot sector and initiated this follow-up amendment in October 1999.

Amendment 68 proposes to split the 18.3% BSAI Pacific cod pot gear allocation among pot catcher/processors and catcher vessels according to the historical catch distribution. The options for analysis consider catch from 1995-1999 and are similar to those previously considered under Amendment 64; the only exception is that 1999 catch data is now available and included. The analysis calculates the options both including and excluding catch that has been reallocated annually from other gear sectors. Overall, the proposed options would allocate between 4.4 - 4.6% of the total fixed gear share of the BSAI Pacific cod TAC to pot catcher processors and 13.7 - 13.9% to pot catcher vessels. (Using the 2002 TAC, this equates to about 4,129 - 4,317 mt to catcher processors and 12,857 - 13,045 mt to catcher vessels.)

Recall also that the Council adopted BSAI Amendment 67 in April 2000, which requires vessels ≥ 60 feet fishing BSAI Pacific cod with hook-and-line or pot gear to have a Pacific cod endorsement in addition to their LLP license. The final rule for this amendment was issued April 15, 2002, and the cod endorsements will be effective on January 1, 2003. This means that by the end of 2002, NMFS will reissue any LLP licenses with Bering Sea and/or Aleutian Islands area endorsements if the cod endorsement is either established by the NMFS Official LLP Record or claimed by the license holder. Amendment 67 provides specific participation and landings criteria to qualify for a cod endorsement; the analysis supporting the amendment indicates that the pot cod quota will be taken by substantially fewer pot catcher/processors and pot catcher vessels upon full implementation. In light of this major change to the number of participants in the fishery, the options under consideration are also discussed and calculated using only the catch histories

of those vessels that are both LLP qualified and estimated to qualify for a Pacific cod endorsement under the Council's preferred alternative.

The analysis was mailed to you on May 16 and is scheduled for final review at this June Council meeting. The options for establishing separate allocations for the BSAI Pacific cod pot gear sectors are provided in the executive summary, attached as item D-1(c)(1).

Executive Summary

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

In October 1999, the Council approved BSAI FMP Amendment 64, which split the fixed gear allocation of Pacific cod between the hook-and-line catcher processors, hook-and-line catcher vessels, and pot sectors in the BSAI. The Council allocated 80 percent of the fixed gear share of the Pacific cod TAC to hook-and-line catcher processors, 0.3 percent to hook-and-line catcher vessels, 1.4 percent to pot and hook-and-line catcher vessels < 60' length overall (LOA), and 18.3 percent to pot vessels. The amendment was approved by the U. S. Secretary of Commerce in July 2000, and implemented by final rule on August 24, 2000 (65 FR 51553). Amendment 64 became effective on September 1, 2000.

At the time the Council approved Amendment 64, it acknowledged that a further split among the pot sector may be necessary to ensure the historical harvest distribution among pot catcher processors and pot catcher vessels in the BSAI Pacific cod fishery. Concern was expressed that the pot sector needed the stability of a direct gear allocation, much like was done for the hook-and-line catcher processors and catcher vessels under Amendment 64. However, because the public had not been noticed that this action may be taken under Amendment 64, the Council decided to delay action specific to the pot sector and include the proposal in a follow-up amendment (BSAI FMP Amendment 68).

Further changes to the BSAI cod fishery occurred in April 2000 when the Council approved BSAI FMP Amendment 67. Amendment 67 requires that vessels fishing with hook-and-line and pot gear that are participating in the BSAI Pacific cod fishery must qualify for a Pacific cod endorsement, which would be part of the participant's License Limitation Program (LLP) license. Eligibility for a cod endorsement is based on past participation in the BSAI fixed gear fisheries during specific combinations of the years 1995-1999. Four different endorsements will be available, depending on the gear used to harvest cod (hook-and-line or pot) and whether the cod was processed on board the harvesting vessel (catcher vessel or catcher processor). Amendment 67 exempts catcher vessels less than 60 feet LOA from the requirement to have a cod endorsement to participate in the BSAI fixed gear cod fisheries. Amendment 67 effectively granted exclusive access to longtime participants in the BSAI fixed gear cod fishery, and thus reduced the number of allowable participants, including the number of eligible pot vessels. This amendment was approved by the Secretary on November 14, 2001, and the implementing regulations will be in place for the 2003 fishing season.

This analysis for Amendment 68 was initially reviewed by the Council in February 2001 and the document was made available for public review with recommended revisions by the Council. However, because of the potential implications of Amendment 67 and the uncertainty of implications related to management measures being developed to protect the Steller sea lion, the Council decided to delay final action on Amendment 68 pending resolution of these issues. With both Secretarial approval of Amendment 67 and completion of the Steller Sea Lion Protection Measures Final Supplemental Environmental Impact Statement in November 2001, the Council scheduled final action for Amendment 68 in June 2002.

Problem Statement

The Council adopted a problem statement for Amendment 68 in December 2000 and revised it at the February 2001 meeting (see below). The problem statement addresses the need for separate, direct allocations of BSAI Pacific cod to the pot catcher processor and pot catcher vessel fleets, to ensure the catch distribution that has historically occurred between the two sectors. Without direct allocations, the concern is that increased competition for the cod resource may cause the catcher vessel sector to encroach on the catcher processors' historic harvest level.

Problem Statement adopted by the Council for proposed Amendment 68 to the BSAI groundfish FMP.

The catcher processor and catcher vessel pot fisheries for Pacific cod in the Bering Sea/Aleutian Islands are fully utilized. Competition for this resource has increased for a variety of reasons, including increased market value of cod products and a declining ABC/TAC.

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

Alternatives for Consideration

Amendment 68, which proposes direct allocations of BSAI Pacific cod to pot catcher processors and pot catcher vessels, utilizes the same options as considered by the Council for the hook-and-line and pot gear BSAI Pacific cod split in Amendment 64. The percentages in the Council's preferred alternative for Amendment 64 closely represent harvests in this fishery over the period 1995-1998. Amendment 68 would further split the 18.3 percent allocated to pot vessels under Amendment 64 between pot catcher processors and pot catcher vessels, based on recent catch histories.

Two primary alternatives were examined in this analysis, based on the options provided in Amendment 64. The only change to the original alternatives is the addition of Options 5 and 6, which include 1999 catch histories. At the time the Council took action on Amendment 64, catch data for 1999 was not available and thus the Council's action was based only on historical data through 1998. Catch history for 1999 has since been made available and is included in the suite of options for Council consideration as the most recent participation data available prior to the implementation of Amendment 64. The alternatives examined in this analysis are as follows:

Alternative 1: No action. BSAI Pacific cod TAC for the pot sector (18.3% of the hook-and-line and pot gear share of the BSAI Pacific cod TAC) would not be further allocated among the pot catcher processor and pot catcher vessel sectors.

Alternative 2: Apportion the BSAI Pacific cod pot gear TAC (18.3% of the hook-and-line and pot gear share of the BSAI Pacific cod TAC) among pot catcher processors and pot catcher vessels. The split may be apportioned according to recent catch histories to be determined as a percentage of cumulative catches of the pot gear BSAI Pacific cod TAC by pot sector for:

- Option 1:** 1996, 1997
- Option 2:** 1997, 1998
- Option 3:** 1996, 1997, 1998
- Option 4:** 1995, 1996, 1997, 1998
- Option 5:** 1995, 1996, 1997, 1998, 1999
- Option 6:** 1996, 1997, 1998, 1999

- Suboption:** Any portion of the Pacific cod pot catcher processor or pot catcher vessel quota that is unused by a specified date will be reallocated as follows:
- a) Unused quota from either pot sector would be distributed to the other pot sector before it is rolled over to the other fixed gear sectors
 - b) Unused quota from the pot catcher vessel sector would be distributed to the hook-and-line catcher vessel sector before it is rolled over to the pot catcher processor sector.

The 2001 fishery is considered the baseline scenario under Alternative 1, as it is the most recent year for which preliminary data is available. The 2001 harvest data shows that 83% of the pot quota was harvested by pot catcher vessels and 17% by catcher processors (including reallocated quota). However, the no action alternative relates to the catch and revenue distributions that would occur if no further allocation of the pot gear share of the BSAI Pacific cod TAC was implemented, and is thus not accurately represented by a static point in time. Each pot sector will exhibit varying levels of effort which will fluctuate annually depending on a number of other factors, including the prices and effort in other (primarily crab) fisheries. In addition, the fixed gear allocations approved in Amendment 64 were not in place until mid-2000, and the Pacific cod endorsements under Amendment 67 will not be effective until January 1, 2003. Thus, these two significant changes were not in effect during the years under consideration (1995-1999). Given the difficulty associated with making predictions regarding effort in other fisheries and the numerous regulatory changes that have recently occurred in the fishery, the status quo was generally characterized in this document and the 2001 fishery was used as a baseline for comparison.

In general, the options considered by the Council under Alternative 2 would allocate between 24 and 25 percent of the pot vessel Pacific cod TAC to pot catcher processors, and between 75 and 76 percent to pot catcher vessels. These percentages represent the distribution of the pot harvests in this fishery during 1995-99. This split of the pot quota would result in allocations of 4.4 - 4.6% of the total hook-and-line and pot (fixed gear) BSAI cod TAC to pot catcher processors and 13.7 - 13.9% to pot catcher vessels. The analysis calculates the options both including and excluding catch that was reallocated (rolled over) from other gear sectors, so that the Council may evaluate the impacts of both methods. However, including roll-over catch in the calculations varies the historical split among pot sectors only slightly and does not change the resulting percentage allocations to each pot sector overall.

It is also important to note the implications of Amendment 67. The options developed to split the share of the pot cod TAC are based on harvest histories from 1995-1999, when Amendment 67 and the License Limitation Program were not yet in place. The pot cod catch histories that form the basis for the percentage split among the pot sectors are thus based on the catch of substantially more vessels than are currently eligible to fish BSAI pot cod under the current management regime and more vessels than will be eligible in the future upon implementation of Amendment 67. Approximately 203 catcher vessels (178 of which were $\geq 60'$) and 19 catcher processors contributed to the harvest history which determined the splits proposed in this amendment. However, since the implementation of the LLP and upon implementation of Amendment 67, about one-third of each pot sector is estimated to remain eligible to participate in the BSAI Pacific cod fishery (47 pot catcher vessels $\geq 60'$ and 6 pot catcher processors).¹

Information on Amendment 67 is provided for consideration with the understanding that these are only preliminary estimates of the numbers of vessels that will qualify for a Pacific cod endorsement in the future. Because of the time necessary to conduct appeals of interim licenses, the effect of the program on the number of vessels fishing BSAI cod with fixed gear will not be seen immediately and is to some degree uncertain.

The sectoral split among the subset of vessels that appear to be both LLP qualified and eligible for a Pacific cod endorsement is very similar to the split that results from using the catch of all pot vessels that participated in 1995-99. The potentially endorsed pot catcher processors harvested 23% - 25% of the total *endorsed* pot harvest among the options and pot catcher vessels harvested 75% - 77%. Thus, while the historical distribution among *all* participating vessels would result in an allocation of 4.4% - 4.6% of the total fixed gear TAC to pot catcher processors and 13.7% - 13.9% to pot catcher vessels, the historical distribution based on catch histories of only the subset of '*endorsed*' vessels would result in a slightly lower allocation to catcher processors (4.3% - 4.6%) and slightly higher allocation to catcher vessels (13.7 - 14.0%). The greatest difference among any of the options using these two methods to calculate the pot allocations is 0.2%, which equates to about 188 mt using the 2002 fixed gear TAC.

¹Recall that vessels $<60'$ are not required to have a cod endorsement under Amendment 67 (16 unique pot catcher vessels $<60'$ participated in the directed BSAI cod fishery during 1995-1999).

In sum, while the implication of Amendment 67 is significant with regard to the estimated *number* of vessels that would be eligible to fish BSAI Pacific cod in the future, it does not raise significant issues with regard to the cod *allocations* between pot sectors that result under the proposed options. In addition, while the cumulative effect of Amendments 67 and 68 on the pot cod fleet is important to consider, the overall allocative effect mirrors that of Amendments 64 and 67 on the hook-and-line sector. The difference remains in the timing of the actions; Amendment 64 first established separate TACs for the hook-and-line catcher vessels and catcher processors and, subsequently, Amendment 67 reduced the fleet of eligible participants by establishing criteria for a cod endorsement. In the case of the pot sector, Amendment 67 first reduced the fleet of eligible participants by establishing endorsement criteria, and Amendment 68 has been subsequently proposed to split the pot cod TAC among endorsed pot catcher vessels and catcher processors. Therefore, with the exception of the timing, the proposed action does not treat the pot cod fleet substantively different from the other fixed gear sectors fishing BSAI cod.

The analysis uses estimates of 1998 ex-vessel and first wholesale prices and the 2002 TAC to derive projections of gross revenues for the pot catcher vessel and catcher processor sectors under each of the options. Ex-vessel revenues for pot catcher vessels range from \$5.44 to \$5.52 million under proposed Options 1-6, whether or not the rollover harvest is included. Compared to the ex-vessel revenue (\$6.04 million) projected using the 2001 baseline harvest percentages, ex-vessel revenues decrease for the catcher vessel sector under the proposed options by 9 - 11%.

Similarly, estimates of first wholesale revenue were calculated for both the pot catcher vessel (shoreside deliveries) and catcher processor sectors based on the allocations that would result from Options 1-6. Pot catcher processor revenues from cod would range from \$4.81 to \$5.03 million, and revenues from pot catcher vessel deliveries would range from \$11.87 to \$12.04 million, at the first wholesale level. Compared to the 2001 harvest (baseline), first wholesale revenues for the pot sector as a whole increase under the proposed options, due to the increased harvest by catcher processors and the higher first wholesale price attributed to catcher processor catch. Compared to the baseline scenario (2001), projected first wholesale revenues from the pot sector as a whole increase by a range of \$0.30 - \$0.34 million.

Issues related to reallocation of unused quota

Because a sector of the BSAI Pacific cod fishery may not be able to harvest its entire allocation in a given year due to halibut bycatch constraints or, in the case of the jig fishery, insufficient effort in the fishery, the Council also provided direction under Amendment 64 on how unused quota should be reallocated (rolled over) to the fixed gear sector. Quota reallocated from the jig or trawl sectors is apportioned among the hook-and-line catcher processor and pot sectors according to the actual harvest of roll-overs from 1996-1998: 95 percent is reallocated to the hook-and-line catcher processor fleet and the remaining 5 percent is reallocated to the pot fleet. **Should the Council choose to split the 5 percent of reallocated quota among the pot sectors using the same method, approximately 24 percent of the quota reallocated to the pot fleet would be apportioned to pot catcher processors and 76 percent to catcher vessels.** Including 1999 data in the average does not change the overall distribution among pot sectors. Should the Council choose not to take any action to apportion reallocated quota among the pot sectors, it is assumed that both pot gear groups would compete for the 5 percent reallocation as defined under Amendment 64.

During initial review, the Council also included a suboption which would apply to any of the options under consideration in Alternative 2. The suboption addresses how unused quota in either pot sector would be distributed to other sectors late in the season. **Suboption a** would allocate any quota that is projected to go unharvested in either pot sector to the other pot sector before it is reallocated to any other gear sector. This suboption mirrors the approach taken in the hook-and-line sector. Amendment 64 states that any portion of the hook-and-line catcher vessel and the <60' pot and hook-and-line vessel allocation that is projected to remain unused shall be reallocated to the hook-and-line catcher processor fleet in September. **Suboption b** would allocate any quota that is projected to go unharvested in the pot catcher vessel sector to the hook-and-line catcher vessel sector before it is rolled over to the pot catcher processor sector.

Neither suboption is expected to affect whether fixed gear cod quota will go unharvested, as it is anticipated that the timing of the reallocations will continue to allow for the full harvest of the quota regardless of which sector receives the quota. The impact of Suboption b depends upon whether or not the hook-and-line catcher vessel fleet is capable of harvesting its entire allocation in a given year. The hook-and-line catcher vessel fleet has fully harvested its allocation since Amendment 64 established the fixed gear allocations in 2000, including some reallocated quota, and may have the capability to increase its efforts even though it is difficult to predict the number of unique vessels that will be fishing in the future under Amendment 67. Regardless of the preferred suboption, it may be most effective to view the suboptions as setting an order of preference of recipients of reallocated quota, and allow the Regional Administrator to make the inseason determination regarding which sector is capable of harvesting the quota and subsequently allocate the quota to that sector.

Summary

In sum, the decision points under Amendment 68 are as follows:

- **Alternative 1** - no action, or
- **Alternative 2** - establish separate, direct allocations to the pot catcher processor and pot catcher vessel sectors in the BSAI Pacific cod fishery
 - If Alternative 2 is preferred, select a method to determine the split among the pot sectors (**Options 1-6**)
 - Determine whether to also apportion reallocated quota the pot sector may receive annually from the trawl and jig sectors (5%) among pot catcher vessels and pot catcher processors
 - Determine how to reallocate quota unused by the pot sector on an annual basis (**Suboption**)

The alternatives and options for consideration in this amendment are expected to have no significant biological impacts. The intent of the proposed amendment is to provide each pot sector with a direct allocation approximating the historical catch distribution among the pot gear sectors of the BSAI Pacific cod fishery. By preserving the harvests of each pot gear sector, such as was approved by the Council for the hook-and-line fleet, the action would be expected to further stabilize the Pacific cod pot fishery's impacts on the human environment. Under the proposed options, which are based on harvests during 1995-1999, the pot catcher vessel sector harvested 75% - 76% of the pot share of the BSAI Pacific cod quota and the pot catcher processor sector harvested 24% - 25%. **These options would result in direct allocations of 13.7% - 13.9% and 4.4% - 4.6% of the total hook-and-line and pot gear allocation of BSAI Pacific cod TAC (93,850 mt in 2002) to pot catcher vessels and catcher processors, respectively.**

None of the alternatives or options change the harvest of BSAI Pacific cod by the pot sector as a whole (18.3% of the total hook-and-line and pot gear allocation of the BSAI Pacific cod TAC). Because there is little variation among the allocations resulting from the options, any slight shift in effort between the catcher vessel and catcher processor sectors as a result of the options would likely have little corresponding impact on incidental catch of "other species," as well as marine mammals such as Steller sea lions.

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

The Council voted to sunset Amendment 64 on December 31, 2003, meaning that the regulations implementing the allocations established for the hook-and-line and pot cod fishery, including the 18.3% allocated to pot vessels, will expire at that time. Upon expiration of Amendment 64, it is assumed that any further split of the pot gear share of the BSAI Pacific cod TAC among catcher vessels and catcher processors will become ineffective. Thus, while the Council may choose to apply a sunset date to Amendment 68, it is uncertain how soon this amendment would be approved by the Secretary and implemented in final regulation. Continuing the allocations of Pacific cod among the hook-and-line and pot gear sectors (or selecting new allocation percentages) in the BSAI after the sunset date will require Council and Secretarial approval of a new amendment. Given this timeframe, the Council may choose not to establish a sunset date for Amendment 68, in order to allow this action to conform to the duration of Amendment 64. If the Council does not sunset Amendment 68, it may always reconsider or modify the action taken through the normal Council process.

F/V Blue Fin
10825-159th St.S.E.
Snohomish, Wash. 98272

RECEIVED
MAY - 6 2002
N.P.F.M.C.

Att. North Pacific Management Council.

Date: 5-6-02

For review on June meetings in Dutch Harb

I and my brother own and operate the F/V Blue Fin. We have been processing salted codfish since 1994 and was able, (during earlier years of our buisness) to fish most of the year after crab season when most boats were not interested in fishing cod with pots. We made signifigant investments, (access of 500,000 dollars) in order to do our own processing. During the time we could do our own fishing we had a workable buisness, when crab quotas went down and more crab boats got involved in pot cod fishing, the quotas were taken so fast that there was no time to make a workable buisness.

Even though amendment 67 was passed and as I understand there is still a total of 52 vessels that qualify. 47 CV and 5 CP. A large % of the 47 CV barely made the 100,000 lbs qualification catch history. I have a btween 1,2 mil lbs and 1,9 mil. lbs catch history during the qualification years. Those boats with a small catch history in a sense is catching a free ride to the overall quota that was buildt by a few of us. Therefor a SPLIT BETWEEN CATCHER/PROCESSORS and CATCHER VESSELS is needed to protect our longterm catch history and subtatial investments.

Another reason is that boats under 60 feet in length has accessto this quota. We need to be protected of our investment and effort from this new development as well.

Furthermore NPMC has acknoledged themself that this split needs to be done in order to do what is right. in news letters that has been sendt out.

PLEASE SPLIT POT COD CATCHER/PROCESSORS and POT COD CATCHER VESSELS in this June meeting. All other fisheries has been split and this fishery should be too.

Kurt Vedoy----- F/V Blue Fin

E-mail add. sita@mymailstation.com

May 21, 2002

North Pacific Fishing Management Council
605 West 4th Avenue, Suite 306
Anchorage, Alaska 99501-2252

RECEIVED

MAY 21 2002

N.P.F.M.C

Re: **D-1 Proposed Amendment 68, Groundfish, Pot Gear Allocations in BSAI**

Dear Council Members,

Being a long time cod pot boat owner/operator, I am concerned about the issues of Amendment 68. If it is enacted it will divide the quota additionally between the CP's and catcher boats in the BSAI cod pot fishing.

The total number of vessels is not known yet for both groups so allocation at this time is premature.

I believe it would be more prudent for the council to wait until after the deadline of December 31, 2003 and then reconsider the issue.

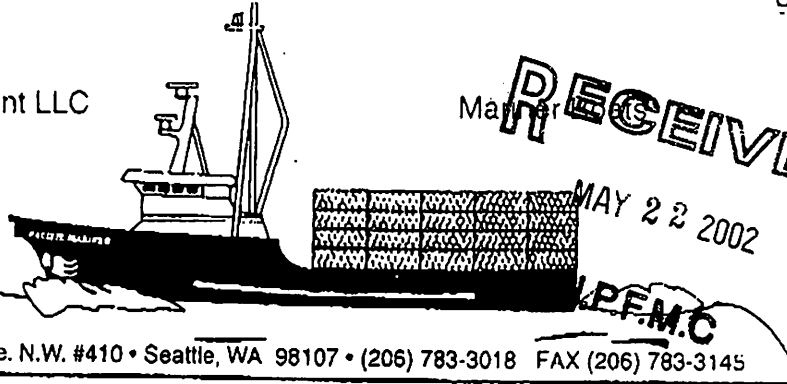
I believe the council's choice should be Alternative #1, no action on Amendment 68 at this time.

Sincerely,


Derwin H. Hostetler III
F/V Bering Star

Kaldestad Management LLC

RECEIVED
MAY 22 2002



5470 Shilshole Ave. N.W. #410 • Seattle, WA 98107 • (206) 783-3018 FAX (206) 783-3145

Date: May 20, 2002

To: North Pacific Fishery Management Council
605 West 4th Avenue, Suite 306
Anchorage, AK 99501-2252

Re: D-1. Groundfish, Proposed Amendment 68, Pot Gear Sector Allocations in BSAI

Dear Council Members,

As pot cod catcher vessel owners and operators, we are concerned about the impacts on the catcher vessel pot cod fishery if Amendment 68 is enacted to further split the quota between catcher vessels (CV's) and catcher processing vessels (CP's) in the BSAI pot cod fishery for the following reasons:

- (1) Amendment 67 has yet to be implemented and its effects on the pot fleet are unknown. Implementation is scheduled for 2003 and the final number of vessels, for both CV and CP fleets remaining after appeals are done is unknown.
- (2) The proposed Amendment 68 would allocate approximately 25 % of the pot cod quota to 6 post-Amendment 67 CP's, while the other approximately 75% would be allocated to 47 post-Amendment 67 CV's. This would put undue financial hardship on the catcher vessel fleet.
- (3) Several of the eligible pot cod CP's are not current participants in the pot cod fishery.
- (4) As stated in the analysis, Amendment 64 (allocating quota between fixed gear vessels, both pot and long-line) will sunset on December 31, 2003, which will render any split between pot CV's and CP's ineffective at that time. It would be more logical for the Council to revisit this issue then, if necessary.

The Council should choose Alternative 1: No Action for Amendment 68.

Kevin Kaldestad
Kevin Kaldestad
Mariner Boats

Gordon Kristjanson
Gordon Kristjanson
F/V Aleutian Mariner

Walt Christensen
Walt Christensen
F/V Arctic Mariner

Ron Loyd
Ron Loyd
F/V Pacific Mariner

Tom Suryan
Tom Suryan
F/V Bristol Mariner

Moore Dye
Moore Dye
F/V Northern Mariner

Blake Tucker
Blake Tucker
F/V Nordic Mariner

Ron Brill
Ron Brill
F/V Cascade Mariner

D-1c

DRAFT

D-1 (c) BSAI Amendment 68: Pacific Cod Pot Gear Split

The AP recommends the Council adopt Alternative 1: No action. *Motion passed 10/5.*

⁹⁸
A motion was made to adopt Alternative 2, Option 5: Apportion the BSAI Pacific cod pot gear TAC between pot CVs and pot CPs based on catch histories from 1995-1999. Suboption a: unused quota from either pot sector would be reallocated to the other pot sector before it is rolled over to other fixed gear sectors. If the quota remained unharvested, it would be reallocated to the longline CV sector (0.3 %). Additionally, the (5%) cod quota that is reallocated to the pot sector annually from the trawl and jig sectors would be reallocated to the pot sector as a whole. Motion failed 6/9.

6/11 DF
motion, JB 2nd
9:03 A

1. PSC caps for halibut and crab in the BSAI are subdivided into two pools. One pool is for vessels that wish to participate in a bycatch reduction program. The other pool is for vessels remaining in open access. The subdivision of PSC is calculated by summing the groundfish catch by target for each group, applying an appropriate bycatch rate to each target and assigning that amount of PSC bycatch to the BRC and the open access fishery.

2. Companies in the BRC will be required to limit each vessel to its share of the calculated amount of halibut and crab allowance. Evidence of binding private contracts and remedies for violations of contractual agreements must be provided to NMFS for the BRC to be approved. Participants in the BRC must demonstrate an adequate system for the estimation, monitoring, reporting and overall accounting of the PSC available to the BRC.

3. Bycatch reduction will be accomplished by:

- a. Bycatch rate reduction that results in a more efficient use of the PSC available to the BRC
- b. PSC available to the BRC will be reduced by 5% beginning in year two of the program
- c. A periodic review of PSC use and PSC available to the cooperative to allow consideration of further reductions of PSC allocated to the BRC. Further PSC reductions should be based on achieving a balance between the optimum yield objectives and the bycatch reduction objectives contained in the MSA.

4. THE BRC is for the non-pollock catcher processor sector.

5. The BRC will be as inclusive as possible for all non-pollock CP's in the BSAI (i.e. both AFA and non-AFA , TAC controlled fisheries and PSC controlled fisheries.)

6. Subdivision of current PSC caps between sectors (CV's CP's and/or AFA CP's and non AFA CP's may be necessary)

7. Allocation within the BRC such as qualifying years or amounts of PSC available to individual vessels will be decided by members of the BRC.

8. Monitoring requirements and costs will be distributed equitably among BRC members.

9. Monitoring requirements will be developed with one objective being minimizing these costs to BRC members

10. Protections for non-cooperative fisheries, if necessary, will be specified.

Motion passed 14/1

B. An alternative to create discard caps for the flatfish fisheries upon triggering a cap, 100% retention would be required.

2. Add a suboption to Alternative 4 which would allow separate exemptions by region, gear, CV-CP, AFA/non-AFA, and by an average of bycatch rates over a period of years.

Motion passed 14/1

D-1 (a) TAC Setting Process

The AP recommends the council release the draft TAC setting EA/RIR/IRFA with the following changes:

1. Expand discussion of current public process such as plan team meetings, Council meetings, etc., in the context of meeting public process and APA requirements.
2. Expand the analysis of Alternative 3 to include an option to establish a separate time line for sablefish fisheries to maintain consistency with the halibut fishery.

The AP concurs with the SSC problem statement as stated in their February 2001 minutes and requests the analysis be clarified to reflect this problem statement. *Motion passed 10/3*

Issue 6: Extent of Government oversight:

Alternative 4: (From HR 553) Revise NMFS regulations to clarify that government oversight extends only to the activities of the CDQ group that are funded by royalties from the CDQ allocations. *Motion passed 9/8.*

The minority is supportive of making adjustments to the maturing CDQ program where it is now appropriate. We believe that due in large part to conservative management and accountability to the communities, the success of the program can continue. However, Alternative 4 erodes that accountability and offers large opportunity for CDQ management changes that could bring the future of the program into question.

Signed: Jeff Steele, Ragnar Alstrom, Dave Boisseau, Hazel Nelson, Lance Farr, Al Burch, John Bruce, Michelle Ridgway.

Issue 7: Allowable investments by CDQ groups - fisheries related projects:

Alternative 3, with the following amended option 2, suboption 1 for limits on non-fisheries related projects, and suboption A to make goals and purposes primarily fisheries related: Allow investments in non-fisheries related economic development in-region projects up to 20% of the previous years' pollock royalties.

Issue 8: Other CDQ Administrative Issues:

Alternative 2: Simplify quota transfer and Alternative fish plan process.

Motion passed unanimously.

C-6 SSL Trailing Amendment

The AP recommends Alternative 1 - no action. The analysis states "Alternative 1 would not jeopardize the continued existence of the SSL or adversely modify critical habitat." The AP believes that if there are concerns with the status of the pollock stocks, those should be dealt with under the annual TAC setting process, as has been done in the past. *Motion passed 13/1*

Additionally, the AP recommends the Council adopt Alternative 5, Exempt pot fishing vessels from sea lion closures from 0-3 nm around Canton Island and Cape Barnabas. *Motion passed 14/0*

C-7 (a) Single Geographic Location Change

The AP recommends the Council adopt Alternative 2, allowing AFA inshore floating processors to move to a different location between reporting weeks. It is the understanding of the AP that Steller sea lion requirements apply, and that pollock processed is harvested under AFA regulations. Further, the intent is not to create an additional burden on the 2 floating inshore processors that is different than for other AFA participants. Additionally, the AP recommends the Council adopt Alternatives 2-5 regarding the inshore/offshore language proposals. *Motion passed 17/0*

C-7 (b) IR/IU

The AP recommends the problem statement for IR/IU be revised to reflect the conclusions of the analysis that 100% retention of rocksole and yellowfin sole is not practicable as it would result in severe economic losses while less than 100% retention is not enforceable; and that the document be released for initial review with the following changes to the alternatives:

1. Incorporate a qualitative description of the following trailing amendments into alternative 3 as trailing amendments,

A. A bycatch reduction coop (BRC) structured as follows:

ADVISORY PANEL MINUTES
June 3-8,2002
Unisea Central, Dutch Harbor, Alaska

Advisory Panel members in attendance:

Alstrom, Ragnar
Benson, Dave
Boisseau, Dave
Bruce, John (Chair)
Burch, Alvin
Cross, Craig
Ellis, Ben
Enlow, Tom
Falvey, Dan

Fraser, Dave
Kandianis, Teresa
Mayhew, Tracey
Nelson, Hazel
Norosz, Kris
Preston, Jim
Ridgway, Michelle
Steele, Jeff
Stephan, Jeff

C-4 CDQ

The AP recommends that the Council adopt the following alternatives and options for the eight issues contained in the analysis:

Issue 1: Determine the process through which CDQ allocations are made.

Alternative 2: Define the process in regulation, an expanded state hearing and comment process, but with no formal NMFS appeals process.

Issue 2: Periodic or long term CDQ allocations:

Alternative 2, Option 2, suboption 1: Set fixed 3 year allocations with possible mid-cycle adjustment for extraordinary circumstances.

Additionally, the AP recommends the regulations must be revised to reflect that suspension or termination of CDQ allocations would be an administrative determination by NMFS and that the CDQ groups involved would be allowed an opportunity to appeal NMFS's initial administrative determination on any changes in CDQ allocations. The AP also recommends removing the requirement to publish a notice in the Federal Register about suspension or termination of a CDQ allocation.

Issue 3: Role of Government Oversight:

Alternative 2: Amend the BSAI FMP to specify government oversight purposes as described in the analysis.

Issue 4: CDQ allocation process - Types of quotas:

Alternative 1: No action

Issue 5: CDQ allocation process - the evaluation criteria:

Alternative 2: Publish allocation criteria in the NMFS regulations with the following changes to the criteria:

7. In areas of fisheries harvesting and processing, past performance of the CDQ group, to the extent practicable, in promoting conservation-based fisheries by taking actions that will minimize bycatch, provide for full retention and increased utilization of the fishery resource, and minimize impact to essential fish habitats.
8. Apply proximity to the resource only to these species: halibut, Norton Sound red king crab, Pribilof red king crab, St. Matthew blue king crab.

DATE 6-11

TIME 9:21

AGENDA ITEM 5-1c

*****BALSIGER VOTES LAST ON EMERGENCY RULES**

ROLL CALL TALLY

	YES	NO
ANDERSON	✓	
AUSTIN		✓
DR. BALSIGER (or Salveson) EMERGENCY RULE?		✓
BUNDY		✓
DUFFY (or Krygier)	✓	
DR. FLUHARTY		✓
HYDER	✓	
MADSEN	✓	
PENNEY	<i>absent</i>	
SAMUELSEN	✓	
BENTON	✓	

MOTION sm: move to adopt Alt. 1, no act. passes 6-4.

PUBLIC TESTIMONY SIGN-UP SHEET FOR
AGENDA ITEM D-1(c) Amendment 68

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

	NAME	AFFILIATION
1.	Chick Sheetford	FFW ALASKAN LADY
2.	OLUF VEDOK	FW BLUE FIN
3.	Ken Tippett	Alaska Boat Co.
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D-1c

**K & D Fisheries,
Inc.**

18202 Bellflower Road
Bothell, Washington 98012
425 776 2552 phone
425 776 0471 fax

May 30, 2002
North Pacific Fishery Management Council
605 West 4th Avenue
Suite 306
Anchorage, Alaska 99501 – 2252

Re: Groundfish, Proposed Amendment 68, Pot Gear Sector Allocations in BSAI

Dear Council Members,

As owner / operator, representative, of 2 pot cod catcher vessels, I am concerned about the impact on the catcher vessel pot cod fishery if Amendment 68 is enacted to further split the quota between catcher vessels (CV's) and catcher processor vessels (CP's) in the BSIA pot cod fishery.

- (1) Amendment 67 has yet to be implemented and its effects on the pot fleet are unknown. Implementation is scheduled for 2003 and the final number of vessels for both fleets remaining after appeals are unknown.
- (2) The proposed Amendment 68 would allocate approximately 25% of the pot cod quota to 6 post-Amendment 67 CP's, while the other approximately 75% would be allocated to 47 post-Amendment 67 CV's. This would put undue financial hardships on the catcher vessel fleet.
- (3) Several of the eligible pot cod CP's are not current participants in the cod fishery.
- (4) As stated in the analysis, Amendment 64 (allocating quota between fixed gear vessels, both pot and longline) will sunset on December 31, 2003, which will render any split between CV's and CP's ineffective at that time. It would make more sense for the council to revisit this issue then, if necessary.

The Council should choose Alternative 1: No action for Amendment 68

Sincerely,

Spencer Bronson
f/v Husky
f/v Bulldog