

MEMORANDUM

TO: Council, AP and SSC Members

FROM: Clarence G. Pautzke
Executive Director



DATE: December 1, 1989

SUBJECT: Inshore-Offshore Allocation

ACTION REQUIRED

- (a) Receive Fishery Planning Committee report, take public comment, and conclude scoping process.
- (b) Approve draft problem statement and list of alternatives.
- (c) Review schedule and give direction on preparation of amendment analysis.

BACKGROUND

In September the Council sent to public review a draft problem statement and alternatives to address the inshore-offshore issue as it pertains to domestic harvesting and processing capacity in the groundfish fisheries off Alaska. Industry was requested to comment on the documents by November 3. The Council's Fishery Planning Committee met on November 15, reviewed the comments, debated but did not change the problem statement, and rearranged and added alternatives based on industry comments. Council members Joe Blum (Committee Chair), Larry Cotter, Ron Hegge, and John Peterson attended.

Item C-5(a) summarizes Committee discussion and recommendations on the inshore-offshore issue. Attached to the brief meeting summary are:

1. The statement of the problem and alternatives the Council approved for public comment in September. The revisions and additions suggested by the Fishery Planning Committee are incorporated and underlined.
2. A summary of the public comments received before the committee meeting on November 15. I have inserted the committee's comments on each proposal, in **bold**.

Item C-5(b) conveys the concerns of the State of Washington.

Item C-5(c) contains other materials that were provided to the Committee (and all Council members):

1. Problem statements offered by commenters.
2. Suggested definitions of vessel categories.
3. Public comments in full.

On November 21 the Council staff organized a meeting of prominent fishery economists to discuss the inshore-offshore issue, the Council's problem statement and alternatives, and to develop an agreed-upon approach to analyzing this complex issue. A list of attendees and a meeting summary are included in your supplemental folder. An oral report is also available.

Scoping

In September the Council was informed that a Supplemental Environmental Impact Statement would be required for an issue of this magnitude. NEPA requires a public 45-day scoping process before the SEIS is drafted. We filed the Federal Register notice on October 13, and scoping ends on December 8. Though scoping does not require hearings, the committee meeting in Seattle and this Council meeting serve as opportunities for the public to fully communicate their concerns to the Council. NOAA-GC has counselled that refinements at this Council meeting of the problem statement or alternatives do not need to go out for additional scoping but can go straight to analysis.

Next Step

The Council now needs to adopt a problem statement and alternatives for analysis. The schedule developed in September calls for the Council to provide staff, at this meeting, with direction needed to begin preparing an amendment and the accompanying analysis. Progress reports are due in January and April 1990. In June the Council will receive an amendment package for approval for public review during the summer. This schedule would allow for a final decision in September with implementation sometime in 1991. A tasking document that describes in more detail the participation of staff and others and the scope of the analysis is provided in your supplemental folder.

Meeting Summary of the Fishery Planning Committee
November 15, 1989
Alaska Fisheries Science Center, Seattle

The Council's Fishery Planning Committee met in Seattle on November 15, 1989 to review the draft problem statement, list of alternatives, and comments and proposals received through November 3 on the inshore-offshore issue. Joe Blum chaired the meeting which was attended by Larry Cotter, Ron Hegge, and John Peterson. Also present were Clarence Pautzke, Terry Smith, Lewis Queirolo, Jay Ginter, Jon Pollard, George Anderson, Rich White, Jess Webster, John Ioni, John Roos, Lee Alverson, Paul MacGregor, Bert Larkins, and Wally Pereyra.

Initial discussion focused on the problem statement. Chairman Blum suggested that it be shortened to end after the word "capabilities" in the second sentence. This revision removes any reference to inshore or offshore processing components, implying that the sole problem is overcapitalization of harvesting and processing. Committee discussion produced no consensus on which of the two versions was preferred. It is clear that at this early stage of the debate there is considerable disagreement on a question as fundamental as "What is the problem we're trying to solve?". Because of the strongly-held individual views on the problem statement, the Committee encourages vigorous debate at the December Council meeting.

The Committee then reviewed the eighteen comments/proposals received to ascertain whether any contained fundamentally different solutions than those listed in the draft alternatives. During this discussion they noted that several proposals suggested some kind of community development quota. These were placed under (newly-renumbered) 4D - options to disadvantaged communities.

Several comments suggested allocation by vessel length rather than the type of processing. This approach was added to the list of alternatives. The Committee wanted to emphasize to the Council that this new alternative places the emphasis on allocations by boat size, not between inshore and offshore components. They also added as an alternative a combination of measures offered by AFTA, recognizing that the Council is already considering some of the items such as a ban on roe-stripping. And, finally, the Committee reordered the alternatives to place traditional management tools as the second alternative. Committee responses to each industry comment and the Committee's revisions and additions to the alternatives are noted in attached C-5(a)-1 and 2.

Several proposers suggested as a solution to the overcapitalization problem an immediate moratorium on entry. The Committee noted that this type of action, which is in fact a limitation on access, is within the scope of the Council's ongoing examination of limited access in the sablefish, halibut, other groundfish and crab fisheries and, therefore, was not a topic of discussion in the current context. The Committee did want it noted to the Council that there is continuing and new interest in the issue of limiting access.

The Committee recognizes that the alternatives need to be clearly defined before going to analysis. The Committee recommends pursuing this after full Council discussion in December.

Inshore-Offshore Allocations

The Council decided to further consider the inshore-offshore allocation issue which first surfaced last April when a coalition of shorebased interests petitioned the Council for some form of shoreside processor preference to the groundfish resource. Based on committee work and extensive public comments in June and September, the Council adopted the following problem statement and proposed solutions (alternatives):

Problem Statement

Domestic harvesting and processing capacity currently exceeds available fish for all species in the Gulf of Alaska and most species in the Bering Sea. The seafood industry is composed of different geographic, social, and economic components which have differing needs and capabilities, particularly within the inshore and offshore components of the industry. These components may be defined as follows:

- 1) **Inshore:** Includes fishing vessels that deliver product for processing to inshore and offshore (stationary or minimally mobile) processing facilities, and small catcher/processors which are dependent upon frequent shoreside logistical support.
- 2) **Offshore:** Includes highly mobile fishing vessels which have onboard facilities to process their own catch, mothership processors which are sufficiently mobile to pursue species throughout its range, and those processors which do not depend upon frequent shoreside logistical support.

The finite availability of fishery resources, combined with current and projected levels of harvesting and processing capacity and the differing capabilities of the inshore and offshore components of the industry, has generated concern for the future ecological, social and economic health of the resource and the industry. These concerns include, but are not limited to, localized depletion of stocks or other behavioral impacts to stocks, shortened seasons, increased waste, harvests which exceed the TAC, and possible pre-emption of one industry component by another with the attendant social and economic disruption.

The Council must determine whether or not to address these concerns through the adoption of appropriate management measures while protecting the conservation needs of the fishery resources in the North Pacific.

Management Alternatives

1. Status quo with no change in regulations to address the problem.
2. [previously #4] Use traditional management tools including but not limited to: trip limits, periodic allocations, super-exclusive registration areas, and gear sizes.

3. [renumbered from #2] Allocate the Total Allowable Catch (TAC) between inshore and offshore components of the industry. This could be done with or without specific operational areas.
4. [renumbered from #3]
 - A. Prohibit factory/trawlers in the Gulf of Alaska. In the Bering Sea/Aleutian Islands, allocate a portion of the TAC between inshore and offshore components of the industry and define operational areas.
 - B. Prohibit catcher/processors in the Gulf of Alaska. ~~In the Bering Sea/Aleutian Islands, allocate a portion of the TAC between inshore and offshore components of the industry and define operational areas.~~
 - C. Prohibit factory/trawlers in the Gulf of Alaska except as specifically provided for by the Council. In the Bering Sea/Aleutian Islands, prohibit factory/trawlers from the area between 168° and 163° West longitude and south of 56° North latitude except as specifically provided for by the Council.
 - D. In addition to the above, at the discretion of the Council, provide for future management options for disadvantaged communities.
 - (i) Yukon-Kuskokwim Fisheries Task Force Proposal
 - (ii) Kokechik Fishermen's Association
 - (iii) Community Development Quotas
5. Allocate TAC on basis of vessel length (see examples #8,9).*
6. Use combination of following measures: ban pollock roe-stripping everywhere¹, delay opening of GOA pollock season until after roe season, split pollock into roe, non-roe seasonal quotas, and divide GOA pollock area into separate districts.

¹The Council is already considering such a ban.

*Emphasis on allocations to boat sizes, not to inshore/offshore components.

NOTE: Several proposals include moratorium on new catching and processing capacity. There is continuing and new interest on this issue.

Problem Statements Suggested in Public Comments

1. Washington Department of Fisheries

Real problem is the economic allocation and associated sociological impacts brought about because there are not enough fish to meet the current demand by those who have and are currently investing in harvesting and/or processing facilities, regardless of whether they are on or off shore.

2. Coastal Coalition

At-sea processing fleet needs to be controlled to prevent overfishing, localized depletions to the detriment of coastal economies, excessive bycatch of halibut, crab, salmon and herring, and pulse fishing at a rate which is unmanageable, and to prevent the mobilized processing fleet from preempting access to the resource.

3. Dakota Management

Mostly foreign owned, financed, and managed catcher-processors are putting American owned, crewed and financed joint venture trawlers out of business.

4. Emerald Seafoods and ProFish

Problem is the excess harvesting and processing capacity, both in operation and in the pipeline, that is exacerbating the process of rational management of North Pacific fisheries.

5. Alyeska Seafoods et al.

The factory trawler fleet can pulse-fish, creating localized depletions by taking all of the resource from a particular area and then moving on to other fishing grounds. Because shoreplants do not have the ability to move to other locations, the factory trawler fleet can eliminate the resource in a shoreplant's back yard, thereby destroying the viability of the shorebased processors and the communities and harvesting vessels which depend on them, without any particular immediate impact on the factory trawler's operation.

6. Rep. Cliff Davidson

Factory trawlers are a major threat to conservation of the stocks.

7. Aleutian Dragon Fisheries

Catcher/processors are over-exploiting a public resource while gaining a competitive advantage over traditional fishermen and shorebased or floating processors who must purchase their raw material from individual catcher vessels in a historical manner.

8. Alaska Factory Trawlers Association

Given the limited size of the pollock resource in the Gulf of Alaska, coupled with expanding harvesting and processing capacity, the pollock TAC in 1989 (and in the foreseeable future) is insufficient to support fishing operations for more than a limited portion of the year.

9. Yukon/Kuskokwim Fisheries Task Force

Bering Sea villages have been disadvantaged and prevented from entering the BSA groundfish fisheries because of their remoteness and lack of investment capital. They are experiencing social and economic crises. The local economies need to be diversified by providing village residents new opportunities to obtain stable, long-term fishing industry employment.

10. Nels Anderson - Port Heiden to Point Hope

West Coast Alaskans from Port Heiden to Point Hope have had little or no opportunity to make a living during the year except during very short salmon and herring seasons.

11. Kokechik Fishermen's Association

Bering Sea villages were excluded from salmon permits and need to be able to participate in Bering Sea groundfish fisheries.

Definitions Suggested in Public Comments1. Coastal Coalition

A factory trawler is a trawler that catches and processes groundfish, or is any vessel operating outside the baseline which receives fish from trawlers. A vessel would need permission to change between the factory trawler and shorebased categories.

2. Alyeska Seafoods, et al.

An inshore processing vessel is one that is defined by the State of Alaska Department of Revenue as a shorebased facility (i.e., not having moved for at least one year). All other processing vessels are to be considered "at-sea" and cannot process fish harvested in the inshore fishery area.

3. Aleutian Dragon Fisheries

Restrict vessels in GOA to less than 135' in length.

4. Midwater Trawlers Cooperative

Split TAC between vessels based on length - 150' in BSA and 125' in GOA.

5. Dave Fraser

Split TAC between vessels based on length with thresholds at 50' and 125'.

COASTAL COALITION

Cities and Industry — Promoting Good Management Through Conservation

1007 West Third Avenue, Suite 201 • Anchorage, Alaska 99501 • (907) 274-7555 FAX (907) 276-7569

November 3, 1989

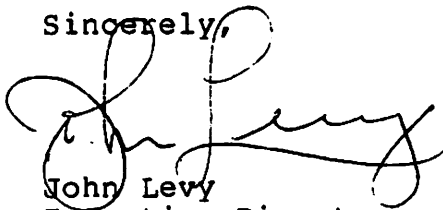
NOV - 3 1989

Don Collinsworth, Chairman
North Pacific Fisheries Management Council
PO Box 103136
Anchorage, AK 99501

Dear Chairman Collinsworth:

Please accept the following groundfish management proposal from the Coastal Coalition regarding the Bering Sea.

Sincerely,



John Levy
Executive Director

JL:emn

Encls.

COASTAL COALITION

Cities and Industry — Promoting Good Management Through Conservation

1007 West Third Avenue, Suite 201 • Anchorage, Alaska 99501 • (907) 274-7555 FAX (907) 276-7569

GROUND FISH MANAGEMENT PROPOSAL Bering Sea

1. Definition: Factory Trawler

For purposes of this regulation a factory trawler is defined as any trawl vessel which both catches and freezes or otherwise processes groundfish; or any vessel operating outside the baseline which received fish from other trawl vessels.

A vessel or operation, after receiving its designation as shorebased or factory trawler for purposes of this regulation, may not change its designation or mode of operation without approval from an official oversight board or committee complying with all Alaska and federal administrative procedures.

2. All factory trawlers shall be banned from fishing or processing in that area of the Bering Sea designated a "shorebased fishery area" and identified as follows by subdistrict:

A. Aleutian Islands Area. The area inside of 168 degrees through 163 degrees west longitude, and 56 degrees north latitude south to the Aleutian Islands chain.

B. Pribilof Islands Area. The area contained inside of 56 degrees through 58 degrees north latitude, and 168 through 172 degrees west longitude.

3. The Council and the Secretary may grant permission for factory trawlers to fish and process in the above designated shorebased fishery areas in response to a written request from an operator or group of operators of such vessels. The request shall include an explanation of the area to be fished, the level of observer coverage, and the amount of target species and bycatch species to be harvested and/or processed.

4. In deciding whether to allocate any or all of the fish requested in shorebased fishery areas by factory trawlers, the Council shall take into consideration, among others, the following factors:

a. The extent to which the bycatch levels being requested would deplete the total bycatch levels allocated in the Bering Sea;

b. The extent to which such factory trawler operations may result in a high catch per unit effort of bycatch and prohibited species.

- c. The potential for localized depletion of target bycatch, and prohibited species in the area or areas to be fished;
- d. The capability of federal or state resource agencies to effectively manage and monitor the harvests in conformity with any harvest limitations imposed by the Council and the Secretary;
- e. The percentage of the TAC for each target species already harvested in the Bering Sea;
- f. Any special consideration or conservation measures related to habitat preservation of other living marine species such as fur seals, blue King crab, Korean hair crab;
- g. The potential economic impacts of such fishing on any of the coastal communities supported by the targeted fishing;
- h. The potential for significant disruptions of fishing operations of domestic fishermen delivering to onshore fish processors.

5. For all vessels, start the pollock harvesting season on a date no earlier than April 1, and no later than June 1. If there is sufficient pollock quota remaining to provide for a fishery during the roe season (January 1 to March 15), the above described zones may be opened to all harvesting and processing vessels; provided however, that the Council and the Secretary adopt measures to strictly regulate the percentage of pollock TAC that can be harvested during any roe openings.

6. Require the full utilization of all pollock harvested in the above described areas. Heads, frames, and fish under 12 inches must be used for meal.

OBJECTIVES OF PROPOSAL:

To allow control of the at-sea processing fleet to prevent overfishing, localized depletions to the detriment of coastal economies, excessive bycatch of halibut, crab, salmon and herring, and pulse fishing at a rate which is unmanageable, and mobilized processing fleet preemption of access to the resource.

JUSTIFICATION FOR COUNCIL ACTION:

The Council is charged with management and conservation of the stocks within its jurisdiction. The Council is also charged with deciding any allocation issues brought before it.

FORSEEABLE IMPACTS OF PROPOSAL:

Control of pulse fishing, ability to spread effort over the entire range of a stock, optimal yield and economic benefit from each fishery, control of bycatch rates in relation to target species catch, regulating the harvest rate so that management can track catches in a timely manner and assuring equitable access to the resource by all users.

POSSIBLE ALTERNATIVE SOLUTIONS:

Blanket prohibition of factory trawlers in biologically sensitive areas, developing areas, or areas already fully utilized by other industry segments. Exclusive registration areas, or percentage allocation of TAC between fixed and mobile processors.

SUPPORTIVE DATA

Nearly 80% of the 1989 Gulf of Alaska pollock harvest was taken by factory trawlers in two weeks out of only two limited areas. The 1989 Gulf pollock quota was taken so rapidly that management was unable to track the catches and overfishing resulted.

Overcapitalization in fleet harvesting capacity, particularly in the factory trawler sector of the industry.

Lack of data on bycatch of halibut, crab, salmon, herring and black cod in the trawl fisheries threatens these stocks and other fisheries.

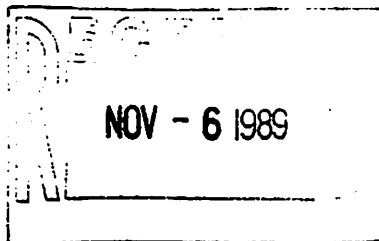
Even with observers, the Council currently has no regulations allowing it to control fishing patterns to minimize bycatch.

DAKOTA MANAGEMENT INC.
P.O. Box 206
Blaine, WA 98230

F/V ROSELLA, INC.

F/V CARAVELLE, INC.

2



October 31, 1989

Mr. Clarence G. Pautzke
Executive Director
North Pacific Fishery Management Council
P.O. Box 103136
Anchorage, Alaska 99510

TO: "MEMBERS OF NORTH PACIFIC COUNCIL"

RE: "INSHORE/OFFSHORE ALLOCATION"

Dear Mr. Pautzke:

In response to your request in the North Pacific Fishery Management Council Newsletter #4-89, for comments on the onshore/offshore allocation issue, I would like to express my support for the Mid-Water Trawlers proposed solution to this problem.

As owner/operator of 3 trawl vessels (75-90' in length) I believe a solution to your problem statement would easily be met by allocation of the resource based upon size classes of fishing vessels with priority to American owned and operated fishing vessels.

My Company's fishing boats and many others of a similar size were the pioneers of American bottomfishing in the Gulf of Alaska and the Bering Sea.

In a few short years these relatively small trawl vessels like ours completely Americanized the catching of fish in the Alaska EEZ. Contrary to the intent of the Magnusson Act we are now on the brink of going full circle, by returning control of the catching and processing, of most of the fish in the Alaskan FCZ, to the recently displaced foreign fishing companies.

We, smaller boat owners, who desire to remain small independent owner/operators are about to be put out of business.

The Mid-Water Trawlers Cooperative proposal provides a solution to the allocative problem that addresses everyones concerns and provides opportunities for all.

Sincerely,

E. Gary Westman

EGW:eas

cc: Mid-Water Trawlers

LATE COMMENT

NOV - 6 1989



Mr. Don Collinsworth, Chairman
North Pacific Fishery Management Council
P.O. Box 103136
Anchorage, AK 99510

Date: 11/1/89

LATE COMMENT

Dear Mr. Collinsworth,

As was solicited by the Council during the September 1989 meeting, this letter contains Emerald Seafood, Inc.'s comments on the "Inshore-Offshore Allocations" question.

PROBLEM STATEMENT

Stripped bare of the hyperbole and skewed editorializing of various self interest groups, the true "problem" facing managers and user groups in the North Pacific groundfish fishery is that domestic harvesting and processing capacity currently exceeds available fish for all species in the Gulf of Alaska and most species in the Bering Sea.

The Council must determine how to address this concern with conservation of the resource as its one and only public policy goal.

The Council must not concern itself with accompanying real or seemingly real socio-economic factors unless conservation of the resource is being compromised as a direct result of any socio-economic factors. To date there has been no conclusive evidence that this is happening.

FIRST INDICATION OF PROBLEM

This past spring the above "problem statement" was illustrated when the pollock TAC in the Gulf of Alaska was prematurely attained due to excess harvesting and processing capacity within the DAP sector. A quota was set, vessels moved in to the area to prosecute this quota, the quota was attained earlier than anticipated resulting in the fishery being closed down. All according to NMFS regulations and, with the absence of any roe-stripping prohibition, all entirely predictable if anyone had stopped to consider the economics of the fishery.

This in and of itself was not a "problem", although the premature attainment of a TAC makes it difficult for individual operations to carry out their individual operational strategies. This occurrence did, however, presage what could become a common scenario in the future if some kind of restraints are not imposed on the fishery by management.

MANAGEMENT IMPERATIVES

To prevent history from repeating itself both in the Gulf of Alaska and the Bering Sea, the Council must consider the following as management imperatives:

1) CONSTRUCTION MORATORIUM

If it is found that no legislative mechanism currently exists to provide for the implementation of an immediate and unequivocal cut-off date (moratorium) on the construction of any new harvesting or processing capacities in the North Pacific groundfish fishery, the NPFMC must take it upon themselves to provide for such a mechanism in the form of an amendment package for both the Bering Sea/Aleutian Islands and Gulf of Alaska Fishery Management Plans. This amendment package must be made available for immediate Secretarial review.

During the respite offered by such a moratorium, comprehensive stock must be taken of the existing harvesting and processing capacities. If it is found that harvesting and processing capacities exceed the current TAC for pollock in both these management areas, the moratorium should remain in effect, with the further stipulation that any new post-date entrants into the North Pacific groundfish fishery, either processor or harvester, would enter with no guarantee of receiving a fishing permit or a quota allocation if the NPFMC ultimately decided to manage the groundfish fishery under such a framework.

If the best scientific data available later indicates the pollock TAC can be increased and it appears that harvesting and processing capacity is not sufficient to prosecute this increased TAC, the Council can then consider to relax these constraints on harvesting and processing capacity.

2) ROE STRIPPING BAN

With a regulatory constraint on roe stripping in both the Gulf of Alaska and the Bering Sea, the rate at which pollock are harvested would be substantially decreased. It is our contention that when NMFS institutes some kind of regulatory constraint on stripping roe, inherent in the language should be a stipulation requiring a fifteen percent (15%) product recovery rate on all pollock fishery products, for both shoreplants and floaters alike.

With a moratorium and a roe stripping ban in place, the Council must then consider the following as management alternatives.

MANAGEMENT ALTERNATIVES

1) SEMIANNUAL APPORTIONMENT OF POLLOCK

The Council might consider splitting up the pollock TAC so that 60% were released in January through June and the remaining 40% released in July through the end of the year. This management strategy was field tested in the 1987 JV fishery to reduce pressure on spawning pollock stocks. It was successful in ensuring adequate quota for the tail end of the season to maintain target fisheries and to provide for bycatch needs.

Alternative ratios could be implemented (70/30, 50/50) but in order to guarantee the highest economic return to any given fishing operation, the percentage used should be stacked higher during the initial January through June period when the pollock are in their best condition for various product recoveries.

2) DELAYED OPENING FOR GULF OF ALASKA POLLOCK

To ensure that history does not repeat itself in the Gulf of Alaska next spring, regulations could be promulgated to begin the pollock fishing season during the late summer or early fall months. This would guarantee quota available for a fall fishery (a prime concern for Kodiak shoreplants) and ensure that quota exists for bycatch needs during the prosecution of other groundfish fisheries.

A late summer or early fall opening would also minimize pressure on the Shelikof/Western Gulf pollock spawning stocks which during this cyclical downturn in the population is probably advisable.

3) DIVISION OF GULF OF ALASKA POLLOCK MANAGEMENT AREAS

If the Gulf of Alaska quota had been apportioned equally between separate regulatory areas last spring, one segment of the industry would not have inadvertently impacted another segment of the industry by prematurely attaining the pollock TAC.

CONCLUSION

The above management alternatives should be considered only in conjunction with the aforementioned management imperatives: a moratorium on construction in both the harvesting and processing sectors and a comprehensive ban on roe stripping.

Any alternative ultimately chosen must have conservation of the resource as its one and only public policy goal. Emerald Seafoods has implicit faith that the Council will support

NPFMC PROPOSAL

PG. 4

an alternative to the current status quo which will provide such resource protection without compromising any one sector of the industry.

I have enclosed a copy of a recent Op-Ed page editorial from the Anchorage Daily News (ADN, 10/27/89) that reiterates our corporate position.

We would be happy to expand on these comments at the next NPFMC meeting or in any planning session you may be having in the future.

Sincerely,


EMERALD SEAFOODS, INC.

Eric Maispierre
Govt. Affairs

EM/ss

NOV - 3 1989

4

**Groundfish Plan Amendment Proposal
North Pacific Fishery Management Council**

1. Name of Proposers. Alyeska Seafoods, Icicle Seafoods, Trident Seafoods, UniSea, Inc., Westward Seafoods, Inc.
2. Address. 5303 Shilshole Avenue N.W.
Seattle, Washington 98107
3. Telephone. 206-783-3818
4. Fishery Management Plan. Groundfish fishery of the Bering Sea and Aleutian Islands area.
5. Brief Statement of the Proposal. The proposal would amend the pollock management in the Bering Sea/Aleutian Islands management area as follows:
 - a. Start the pollock harvesting season on a date no earlier than April 1st and no later than on June 1st. This delayed pollock season starting date will reduce the need for factory trawlers to fish near the shoreplants in the Dutch Harbor area.
 - b. Create an in-shore fishery area around Dutch Harbor in which only vessels who deliver to shorebased processors can operate. (The proposed in-shore fishery zone is the area inside of 168° through 163° West longitude, and 56° North latitude south to the Aleutian Islands chain.) This will prevent the factory trawler fleet from removing the fish from the shoreplant's back yard. For purposes of the in-shore fishery area, a processing vessel has to be considered by the State of Alaska Department of Revenue to be a shorebased facility (i.e. not having moved for at least one year) before it qualifies for deliveries from the vessels which harvest pollock in the in-shore zone. All other processing vessels are to be considered at-sea processors and can not process fish harvested in the in-shore fishery area.
 - c. Divide the Total Allowable Catch ("TAC") for pollock whereby 50% of the total Bering Sea/Aleutian Islands pollock TAC will be reserved for on-shore processors.
 - d. If there is sufficient pollock quota for at-sea processors remaining to provide for a fishery during the roe season (January 1st to March 15), the in-shore fishery zone may be opened to at-sea processor fishing effort as well as fishing by vessels making deliveries to shorebased processors.
6. Need and Justification for Council Action. The factory trawler fleet can "pulse fish;" creating localized depletions by taking all of the resource from a particular area and then moving on to other fishing grounds. Because shoreplants do not have the ability to move to other locations, the factory trawler fleet can eliminate the

resource in a shoreplant's back yard. thereby destroying the viability of the shorebased processors. and the communities and harvesting vessels which depend on them, without any particular immediate impact on the factory trawler's operation. The valuable pollock resource should be more fully utilized, which can be more easily accomplished on-shore. Fishing on spawning schools of pollock should be closely regulated to avoid any chance of damaging future pollock stocks. Coastal communities in Alaska rely, to a relatively large extent, upon the on-shore seafood industry.

7. Foreseeable Impacts of Proposal. This will create a equal division of the pollock resource between shorebased and at-sea processors.
8. Do Alternative Solutions Exist? There are various possible solutions to these problems. There could be a preference to the resource given to shorebased processors over at-sea processors.
9. Supportive Data & Other Information. To be provided as necessary during the amendment process.

Submitted on behalf of:

Alveska Seafoods, Inc.
Icicle Seafoods, Inc.
Trident Seafoods Corporation
UniSea, Inc.
Westward Seafoods, Inc.

ProFish International, Inc.

PROFISH

NOV - 3 1989

November 2, 1989

Dr. Don Collingsworth, Chairman
North Pacific Fishery Management Council
P.O. Box 103136
Anchorage, Alaska 99510

re: Inshore-Offshore Allocation

Dear Don:

This letter is offered in response to the Council's request for comments on the issue of shoreside processor preference to the groundfish resource to be discussed at the December Council meeting.

There still has not been any compelling conservation or management factor identified which is exclusively the domain of the inshore-offshore issue. For example, in the problem statement concern is expressed "for the future ecological, social and economic health of the resource and the industry" as a consequence of "the finite availability of fishing resources, combined with current and projected levels of harvesting and processing capacity". In this context it is inappropriate to limit consideration to just the issue of the inshore and offshore components of the industry. This concern can just as logically be voiced for industry components based on vessel size, history in the industry, gear type, and so on.

We find the definitions of "inshore" and "offshore" components rather unusual and illogical. This is particularly apparent with regards to the arbitrary manner in which motherships are divided into inshore motherships and offshore motherships based on some undefined criteria associated with their mobility and dependence on shoreside support.

For example, offshore mothership processors are characterized as being motherships "which are sufficiently mobile to pursue species throughout its range" while inshore motherships are those which are "dependent upon frequent shoreside logistical support". But how does one characterize a mothership which is dependant on frequent shoreside support yet moves from bay-to-bay through a species range? Offshore? Inshore? Or a mothership which remains minimally mobile in the offshore area and has infrequent need for shoreside support? Offshore? Inshore? The illogical construction of this definition is obvious.

Dr. Don Collingsworth, Chairman
November 3, 1989
Page 2

With regards to the classification of catcher/processors, what constitutes "small" or "frequent logistical support"? What makes a small catcher/processor dependent upon frequent logistical support different from a large catcher/processor dependent upon frequent logistical support? The definitions proposed would find them different and put one in the inshore grouping and the other offshore. Does this make sense based upon any conservation or management concern?

Finally, as regards to the distinction of shoreplants and motherships, the only major difference is that a mothership is a floating processing facility while a shoreplant is non-floating. Both classes of processors use independent catchers that catch and deliver round fish, either directly or indirectly, to a manufacturing facility for further processing.

We fail to see how the location where the fish is processed can have any relationship to the management concerns raised in the problem statement. The illogical construction of the inshore-offshore division in the problem statement is obvious.

The specific management alternatives proposed all include some provision that would preferentially allocate TAC depending upon where the fish is processed. Even if it were possible to establish a conservation and management argument to preferentially allocate fish to shoreside processing facilities, such a proposed action would run head-on into the legal quagmire associated with GATT. We fail to understand then, why the Council continues to pursue these courses of action when NOAA legal council advises they can't be done. In view of this fact and considering the myriad of management issues that need to be addressed by the Council, proposals that would preferentially allocate fish based on where it is landed should be dropped once and for all from further consideration.

The real generic problem that needs to be addressed is the specter of excess harvesting and processing capacity, both in operation and in the pipeline, that is exacerbating the process of rational management of our North Pacific fisheries. Under our quota management system, quotas for certain high valued species are already being attained before the end of the year requiring premature shut down of fishing seasons. A dramatic consequence of this situation

Dr. Don Collingsworth, Chairman
November 3, 1989
Page 3

was the closure of the Gulf pollock fishery this year. This situation is going to continue to worsen with negative financial consequences for all operators, both offshore and onshore. No segment of the industry is going to be, nor should be immune from the bankruptcies, lost jobs, and reduced business which will be the consequence of this growing overcapitalization in the fisheries under the Council's jurisdiction.

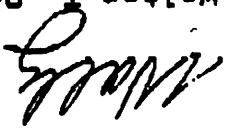
Preferentially allocating fish to shoreside processors or managing the fisheries in some traditional manner so as to achieve the same result is not going to solve the inshore-offshore issue. Instead such an allocation scheme would only accelerate the overcapitalization problem for the offshore component of our industry while delaying the eventual consequences to the shoreside processors. It seems to us that the only longterm solution to the inshore-offshore problem is to somehow get a handle on this excess harvesting and processing capacity.

It goes without saying that such a longterm solution will be contentious and difficult to forge. The longer we wait, the worse the situation is going to become. Therefore, as a first step in this process we would strongly recommend that the Council establish an immediate moratorium on further entry of additional harvesting, processing, and harvesting/processing vessels into all fisheries under the Council's jurisdiction, except that this moratorium would not pertain to:

- a) Any vessel less than 40 feet in length;
- b) Any vessel that had been contracted to be purchased, built or rebuilt on or before the moratorium date, and the contract or other reliable evidence acceptable to the Secretary of Commerce shows that the vessel was contracted to be purchased, built or rebuilt with the intent of operating the vessel in a fishery under the Council's jurisdiction, provided that such a vessel reports catch or process catch from that fishery on or before July 1, 1991.

WTF/dav

Walter T. Peryea
Chairman and
Chief Executive Officer



Sincerely,

We feel that the adoption of this proposal should be the first step in bringing about a longterm solution to the inshore-offshore controversy. Exempting vessels less than 40 feet from an entry moratorium would address the concerns of many small-boat fishermen from coastal communities who want to preserve their future opportunities to enter the groundfish fisheries. Since the moratorium would only limit new harvesting and offshore processing vessels, it would still allow the shoreline processing sectors to continue growing and thereby provide new markets for the phased-out JV fleet.

We appreciate consideration of our views on this controversial subject.

Dr. Don Collingsworth, Chairman
November 3, 1989
Page 4



STATE OF ALASKA

HOUSE OF REPRESENTATIVES

Box V, Juneau, Alaska 99811

(907) 465-2487 • 465-2498

NOV - 3 1989

REPRESENTATIVE CLIFF DAVIDSON • DISTRICT 27 • Box 746, Kodiak, Alaska 99615 • (907) 486-8250

November 1, 1989

Dr. Clarence G. Pautzke, Executive Director
North Pacific Fishery Management Council
P.O. Box 103136
Anchorage, Alaska 99510

Dear Dr. Pautzke,

For the record I would like to offer the following comments on the proposed inshore-offshore management alternatives:

The inshore-offshore issue is of paramount importance to the people of my District. At stake are the livelihoods of hundreds of Alaskans and the economic health of our coastal communities. U.S. fishermen along the entire west coast have benefitted from the capable and careful management of the NPFMC. The proper decision now will help ensure that North Pacific fisheries are viable and productive for the long term. A successful management regime mandates sound conservation practices.

I believe the crucial issue addressed by the inshore-offshore question is not allocation, but conservation. The goal of the Council and the goal of U.S. fishing policy should be to protect our fisheries resources for their long-term value, not their short-term profit. It is clear that changes need to be made in order to ensure we continue to meet that objective.

In discussions of inshore versus offshore processing, it becomes immediately obvious that there are fundamental differences in the outlook and goals of these two segments of the industry. For shore based operations with finite local fisheries resources, conservation holds the key to reliable financial success.

For factory/trawlers, with the ability to eliminate local resources and move on to new areas, conservation is not only not a necessity, it is an impediment to return on investment. The large processing capacity of factory/trawlers, and their ability to focus immense fishing pressure on specific fisheries stocks contributes to a situation in which management decisions cannot be sufficiently nimble to avoid the extinction of local populations.

I believe there is a role for factory/trawlers in Alaskan waters. But, given the difficulty in properly managing their operations, and their historical and inherent lack of concern for

conservation, factory/trawler vessels should be restricted to those areas that cannot easily and adequately be served by inshore processors.

The State of Alaska, virtually all fishing groups within Alaska and many lower 48 fishing groups are united in wanting the Council to promote conservation and protect fisheries resources for the long term. These groups unanimously support conservation of fisheries resources as the first consideration in any management program.

On the other hand, factory trawler representatives have opposed every major conservation proposal considered by the NPFMC. In order to make boat payments, these floating fish factories have shown an ability and a willingness to sweep our oceans clean of marketable fish. That should not and cannot continue.

The community of Kodiak, my constituents, have had to bear the brunt of this problem. A continuation of the current system will wreak havoc on this community. Therefore, it is my recommendation that the Council continue its strong conservation efforts. I recommend option 3(A) of the proposed inshore-offshore management alternatives. In this way, I believe that you can protect the fish stocks and, at the same time, preserve the economy of Alaska's coastal communities.

Thank you for this opportunity to comment on the proposed management alternatives. With best regards,

Cordially,

Cliff Davidson

Representative Cliff Davidson
District 27

138 11 07 12151 2 007 817 1091 405 4552 02

7.

ALEUTIAN DRAGON FISHERIES

Anchorage Bay - Chignik, AK 99564

NOV - 3 1989

November 3, 1989

Don W. Collinsworth, Chairman
North Pacific Fisheries Management Council

Mr. Chairman:

As you have requested comments from industry regarding the "Inshore-Offshore" issue, we would offer the following discussion.

It is our firm belief that any position the council may choose to take which is based on regulation of the processing sector of the industry would not be well grounded legally. Comments often made by your legal counsel, Mr. O'Connor, to the effect that the council has no jurisdiction to regulate processing are well founded and we concur with him completely on this matter. It would be ludicrous to assume that the council could restrict the construction of processing capacity, just as it would be for any regulatory agency to put a moratorium on the construction of steel mills or semi-conductor plants. Our constitution protects the inalienable right to either succeed or fail in free and fair markets. However, the council has been charged with the duty of protecting and conserving a public resource, and the constitutionally sound methods made available to it in order to accomplish that task are effectively confined to the regulation of fishing, the harvesting of the public resource.

The tools which the council may utilize in order to achieve its stated goals and objectives are diverse. They include shortening of seasons, limited entry, trip limits and gear restrictions, among others.

Shortening of seasons is an admittance of the view that the council did not act effectively earlier to contain the overexploitation of the resource, and we fervently hope that action now may render them necessary in only a limited and temporary way.

Limited entry was an idea whose time has come and gone. It is always very difficult to allocate a public resource to a few, even though it passes the constitutionality test.

Trip limits would force economic burdens on all harvesters, effectively penalizing the many for the excesses of a few, and may effectively force many fishermen out of work due to the economics.

Gear restrictions, however, is the tool that the council has legally used in the past in order to get where it needs to go.

We feel that it is patently obvious that the current and worsening overexploitation of the ground fish resource, from both sociological and conservation perspectives, is directly due to the advent of the catcher-processor vessel.

From the sociological perspective, we all witnessed last spring in the Gulf of Alaska what can happen when catcher-processors are free to harvest at will. Shorebased communities can be devastated, throwing thousands of plant laborers and fishermen out of work, with all the attendant economic/sociological problems coming to roost.

The conservation problem is inescapable. Huge heavy weather fishing vessels operating around the clock with an enormous catching ability take enormous percentages of quotas and then simply move on to other areas with available quotas or better fishing. They leave behind them schools of fish that have been decimated, causing lower CPUE's for the normal catcher vessels, and therefore higher PSC levels due to scratch fishing. What difference do PSC/Bycatch limits mean to a catcher-processor, when if the Gulf is closed due to the limits, they can move to another area easily and begin anew.

These catcher-processor vessels would be unable to harvest at these damaging levels if they did not have the ability to process their harvest on board. No one could even begin to justify the cost of building such a vessel solely to harvest, even though its size would allow it to fish more of the time than its competitors. Therefore, it is logical to assume that these vessels may make economic sense only if they can exploit a competitive advantage.


The underlying problem here is that catcher-processors are overexploiting a public resource while gaining a competitive advantage over both other members of the public, (specifically other traditional fishermen who cannot begin to compete against their CPUE), and shorebased or floating processors who must purchase their raw material from individual catcher vessels in a historical manner. Gentlemen, we are witnessing the reincarnation of the fish trap, and we believe society in this country has progressed beyond that.

It is our contention that the very existence of catcher-processors may be illegal under several Federal laws. One clear example is contained in the GOA Commercial Fishing Regulation book (50 CFR Part 672 5672.4), but we believe others exist pertaining to the utilization of a public resource in gaining a competitive advantage within an industry. This is currently under investigation.

Insofar as the Gulf of Alaska is concerned, it is painfully obvious that we are facing conservation issues now and into the future. The problem clearly lies with an overabundance of harvesting capability, and the largest component of that problem is the catcher-processor.

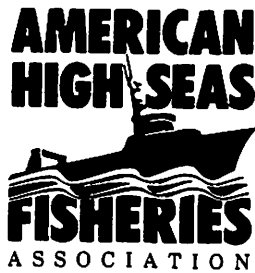
We urge you to utilize the best tool you have, Gear Restrictions. Either bar the catcher-processor as a gear type in the Gulf or restrict the size of vessels in the directed groundfish fisheries of the Gulf to less than 135 feet, (as measured by the USCG to aid in enforcement).

Either of these regulations are well within the council's powers to create, and may show, once and for all, that the council's prime consideration is conservation, while adhering to the national standards and promoting the widest and best possible use of the public resource.


Brad A. Resnick, President

8.

OCT 31 1989



October 31, 1989

Mr. Clarence G. Pautzke
 Executive Director
 North Pacific Fishery Management Council
 P.O. Box 103136
 Anchorage, AK 99510

RE: Inshore - Offshore Allocation

Dear Sir,

We make the following comments in response to the Council request 11 October, 1989.

We are 26 U.S. built, and owned vessels operated by traditional fishermen from the States of California, Oregon, Washington, and Alaska.

We support the thrust of the proposal advanced by Midwater Trawlers Cooperative dated October 27, 1989. We support an allocation system at the vessel harvesting level in which the OY is split on the basis of vessel size and weighted by historical catches.

In the allocation of fish we support recognition of true American ownership and construction over foreign content at the harvesting level.

We suggest analysis will show that traditional U.S. fishermen with vessels 125' LOA or less in the Gulf, especially, and 150' LOA or less in the BSAI have historically taken more than 50 percent of the OY in each area.

Associated with this proposed regime, and any other, we request an umbrella policy including: full accountability of all catches and therefore a comprehensive observer program; towards full utilization and therefore accountability of the disposition of all catches once made of species managed under the OY.

Thank you for the opportunity to make this submission.

Sincerely,

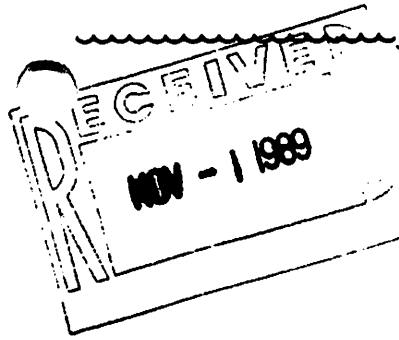
Douglas B. Gordon
 Executive Director

DBR:r
 Attachment: MTC Proposal

9. 1

Midwater Trawlers Cooperative

4055 21st Avenue West • Seattle, Washington 98199



October 27, 1989

MEMBER VESSELS

- AJ
- ANNIHILATOR
- BAY ISLANDER
- BLUE FOX
- CAPE KIWANDA
- CARAVELLE
- COHO
- ENDURANCE
- EXCALIBUR
- EXCALIBUR II
- GOLD RUSH
- GOLDEN PISCES
- HAZEL LORRAINE
- JEANETTE MARRIE
- LESLIE LEE
- LISA MELINDA
- MARATHON
- MISS LEONA
- MUIR MILACH
- NEW JANET ANN
- NEW LIFE
- PACIFIC CHALLENGER
- PACIFIC RAM
- PATIENCE
- PEGASUS
- PIONEER
- QUEEN VICTORIA
- RAVEN
- ROSELLA
- SILVER CHALICE
- SLEEP ROBBER
- SONNY BOY
- TOPAZ
- VEGA

Mr. Clarence G. Pautzke
 Executive Director
 North Pacific Fishery Management Council
 P.O. Box 103136
 Anchorage, Alaska 99510

Dear Clarence:

RE: Inshore/Offshore Allocation

In response to the NPFMC Newsletter #4-89, Midwater Trawlers Cooperative is pleased to submit an additional proposal which offers another solution to the onshore/offshore problem. This proposal would:

1. Allocate 50 percent of the BS/AI groundfish TACs to vessels measuring 150 ft LOA or less (for example).
2. Allocate 50 percent of the BS/AI groundfish TACs to vessels measuring more than 150 ft LOA (for example).
3. Allocate 50 percent of the GOA groundfish TACs to vessels measuring 125 ft LOA or less (for example).
4. Allocate 50 percent of the GOA groundfish TACs to vessels measuring more than 125 ft. LOA (for example).
5. For the above categories, place no further restrictions or priorities on where vessels deliver catches or where catches are processed.

In practice, MTC believes this proposal would minimize losses which might be suffered under other proposals. It is a workable compromise. Procedurally, the proposal would:

1. Be consistent with existing law. A change in the MFCMA would not be required, since regulations would dictate only how fish is "caught or harvested," not how fish is "landed or processed."
2. Provide protection to small and larger vessels, as well as to inshore and offshore processors, from each other by establishing two Olympic systems.
3. Provide flexibility for small vessels to deliver ashore or at sea, or to process aboard.
4. If factory trawler quotas are exhausted before year end, enable them to continue to operate by purchasing catches from small vessels, harvested from the small vessel quotas.
5. Reduce chances of adverse economic consequences to factory trawlers by affording them the possibility of purchasing fish from catcher vessels.
6. Could increase catcher vessel markets.
7. Assure supplies of fish to shore plants via catcher vessel/shore plant contracts under an umbrella of protection to small boats.
8. Could effectively utilize the historical catches of "small" vessels to credibly justify the proposed allocation scheme.

Without compromising the simplicity of the proposal, there are related concerns which MTC believes should be addressed. American-owned and operated catcher vessels with well established histories of catching groundfish in the EEZ off Alaska are not working due to lack of markets. Factory ships, of American flag but of foreign ownership, with little or no established catch history, are operating year round. Priorities based upon true American ownership should be established. Four Olympic systems based upon size of vessel, then ownership, could be desirable, and if legal should be considered as another option.

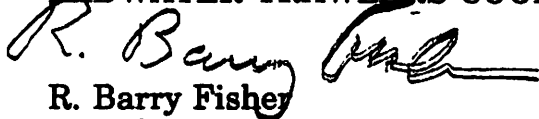
We offer the above proposal with emphasis on the concept. Details, such as vessel size breaks for the allocation system should be carefully evaluated within the proposal scoping process.

Mr. Clarence G. Pautzke
October 27, 1989
Page 3

We appreciate this opportunity to submit this proposal for Council and public review.

Sincerely,

MIDWATER TRAWLERS COOPERATIVE



R. Barry Fisher
President



Steven E. Hughes
Technical Advisor

NOV - 3 1989

Amy Beam
P.O. Box 1994
Little Rock
Commercial Fisheries

N P F M C

DEAR COUNCIL MEMBERS

MY COMMENTS ON INSHORE-OFFSHORE

①

I support the councils management alternatives

3 A, B, D
4

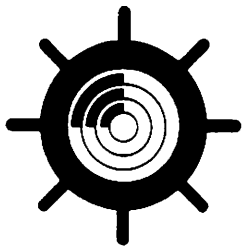
Page 7
H R 10/89
I believe we should slow down

the OVER-HARVEST and manage for
the COASTAL COMMUNITIES AS BEST WE
CAN.

- ② I AM TOTALLY AGAINST POE STRIPPING
WITHOUT FULL UTILIZATION OF THE FISH
AND GREAT CARE MUST BE USED
TO INSURE A FUTURE FISHERY, WE
NEED POLLOCK ... 50 YEARS FROM NOW
TOO.
- ③ I URGE THE COUNCIL TO TAKE
STEPS ON LIMITED ACCESS TO
SABLE FISH FIXED GEAR FISHERY
AT LEAST SOUTHEASTERN GULF IF -
NOT GULF - WIDE OR STATEWIDE
I. F. Q'S IS MY CHOICE
- ALSO HALIBUT -

MY THANKS TO CHARENCE PRUTZKE
FOR HIS APPEARANCE FISH EXPO
LIMITED ENTRY SEMINAR

Gregory Beam



NPFVOA

November 2, 1989

Mr. Clarence Pautzke
Executive Director
North Pacific Fishery Management Council
P.O. Box 103136
Anchorage, AK 99510

Dear Clarence:

The North Pacific Fishing Vessel Owners' Association (NPFVOA) appreciates the request for comments on inshore-offshore allocation options made by the Council in its October, 1989 newsletter. As you are well aware, the inshore-offshore issue is one of the most important and hotly-contested issues faced by the Council. This importance can be attested to by the circulation of several additional management alternatives since the release of the options specified in the October newsletter. Each of these deserves a careful review.

The NPFVOA is unique among those Associations interested in the inshore-offshore allocation issue. Unlike most other fishing industry associations, the NPFVOA membership includes a mixture of small and large trawlers delivering to shoreside and/or at-sea processors and vessels operating in the crab fisheries off of Alaska.

Many of our members are only now returning from active participation in the Bering Sea fisheries and have not had the occasion to fully review the many inshore-offshore management alternatives now circulating. The issue is of such importance that the Association considers it appropriate to provide each of its members the opportunity to fully consider and voice their opinion on this issue. To accomplish this aim, copies of proposed allocation alternatives developed by the Council, the NPFVOA, and other entities have been distributed to NPFVOA members and a general membership meeting on the issue is called for November 15, 1989. The NPFVOA position on the inshore-offshore issue developed at that meeting will be submitted to the Council as a part of the Council's scoping process which continues through December 8, 1989.

Unfortunately, the November 15, 1989 meeting occurs after the deadline for public comment on inshore-offshore alternatives (November 3, 1989) published in the Council's October newsletter. As member activities preclude an earlier meeting

and the importance of the inshore-offshore issue warrants consideration by the full membership, the NPFVOA trusts that its comments, submitted inside of the Council scoping process, will receive every consideration by the Council. Lack of NPFVOA comments by November 3 should in no way suggest an absence of NPFVOA interest or involvement with this critical issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Freeberg", with a long, sweeping horizontal line extending to the right.

Mark Freeberg
Fisheries Policy and Management Advisor

cc. Terry Smith



NOV 2 1989

12

ALASKA FACTORY TRAWLER ASSOCIATION
4039 21ST AVE. WEST, SUITE 400
SEATTLE, WASHINGTON 98199
(206) 285-5139
TELEFAX 206-285-1841
TELEX 5106012568, ALASKA TRAWL SEA

October 31, 1989

Dr. Don Collinsworth, Chairman
North Pacific Fishery Management Council
P.O. Box 103136
Anchorage, Alaska 99510

Dear Don,

This letter contains AFTA's comments on the "Inshore-Offshore Allocations" question, as solicited by the Council during its September 1989 meeting.

Our initial comment has to do with the description of the issue at hand: "Inshore-Offshore Allocations" (earlier referred to as "Shoreside Preference".) Although we are fully aware of the genesis of the issue, this title has the unfortunate effect, at the outset, of focusing attention on too narrow an issue, and one which is not necessarily related to the real problem facing us all -- excess processing capacity.

Our fundamental concern is that the "Problem Statement" has been crafted to justify a desired course of action -- allocation between onshore and offshore processors -- rather than to identify and articulate the basic, underlying problem and, then seek a rational solution to that problem.

In our view, the specific underlying problem is excessive harvesting and processing capacity in the Gulf of Alaska in relation to the available pollock resource within that region. This situation has been recently exacerbated by (1) the high value of pollock roe and attendant concentration of all sources of fishing and processing effort during the roe season, and (2) by the practice of roe stripping by all components of the pollock industry. Disproportionately high removals early in the season coupled with a reduced TAC have led to inadequate pollock remaining to support processing needs later in the year, and insufficient pollock to satisfy by-catch needs in other fisheries. In short, all fishermen wanted to take more of the pollock during the Spring when the fish are highest in value (NMFS statistics reported 46% of the Central Gulf pollock was

taken shoreside, and 54% was taken at-sea in 1989). No such problem has arisen in the Bering Sea where surplus fish are still available for foreign processing.

Part of the problem has been addressed by the recent introduction of the "single species" management tool into Gulf of Alaska fisheries management. The Single Species Rule allows fisheries managers to stretch quotas for individual species by monitoring directed fisheries and limiting the catch as the fishery progresses. Some pollock can now be reserved for later bycatch needs. Prudent use of this tool should resolve the problem encountered when premature attainment of the pollock TAC leaves no fish available for bycatch needs in other fisheries.

The "Problem Statement" adopted by the Council correctly mentions that the seafood industry is composed of several components with differing needs and capabilities. However, it then goes on with the gratuitous phrase, "particularly within the inshore and offshore components of the industry." One can just as logically sort out industry components on the basis of vessel size, investment, history and dependence upon the fishery of concern, alternative fishery opportunities, gear type, and perhaps other criteria. To focus only on the onshore-offshore components prejudices what should be a substantive part of the EIS/RIR process that will be accomplished in due course.

The narrative between the "Problem Statement" and "Management Alternative", identifies a list of "concerns" and then tasks the Council with determining "whether or not to address those concerns through adoption of appropriate management measures". It is difficult to reject out of hand the validity of any of these concerns; however, the context in which they are presented implies that those concerns are unique to the onshore/offshore processing controversy and in fact, have been caused by the development of offshore processing. This assumption is simply unfounded. One could just as logically -- and, in some cases, more credibly -- use this list of "concerns" to justify an array of management alternatives to restrict or prohibit onshore processing. More importantly, with the exception of "pre-emption of one industry segment by another", none of the listed concerns will be rectified by onshore/offshore allocation - even a 100 percent allocation to either. Those concerns are a manifestation of how quickly the TAC is taken, and not by whom the fish are processed.

In summary, AFTA continues to believe that the Council has the cart before the horse; that is, it has a solution for which it is seeking a problem.

In a more positive vein, AFTA submits the following Problem Statement and Management Alternatives and asks that they be incorporated into the Council's package for further evaluation and review.

PROBLEM STATEMENT

Given the limited size of the pollock resource in the Gulf of Alaska, coupled with expanding harvesting and processing capacity, the pollock TAC in 1989 (and in the foreseeable future) is insufficient to support fishing operations for more than a limited portion of the year.

PROPOSED MANAGEMENT ALTERNATIVES

- 1) **FIRST AND FOREMOST - AS REPEATEDLY URGED BY AFTA - IMPLEMENT A MORATORIUM ON NEW HARVESTING AND PROCESSING CAPACITY, AND INSTITUTE A BAN ON ROE STRIPPING.**

[AFTA strongly supports the immediate adoption of the measures listed under #1, but not necessarily those which follow. We do, however, believe these other measures either singly or in combination are legitimate candidates for consideration in seeking a solution to the real problem at hand.]

- 2) **DELAY OPENING THE GULF OF ALASKA POLLOCK SEASON UNTIL SOMETIME AFTER THE ROE SEASON.**

Placing the high-effort roe season at or near the end of the annual season, in conjunction with the single species management tool, will insure sufficient pollock for bycatch needs and for a directed Fall pollock fishery.

- 3) **SPLIT THE POLLOCK QUOTA INTO ROE SEASON AND NON-ROE SEASON SUB QUOTAS.**

This would promote a higher economic return of the resource by allocating some significant portion of the TAC to the high value roe season, while still providing for bycatch needs and for a directed Fall pollock fishery. Roe stripping would be prohibited during any fishery conducted during the pollock spawning period.

4) **DIVIDE THE GULF OF ALASKA POLLOCK INTO SEPARATE
MANAGEMENT DISTRICTS, EACH WITH ITS OWN SUB-QUOTA**

This will have the effect of spreading catching effort throughout the Gulf. As an example, pollock fishing activity in the western districts where at-sea catcher processors conduct substantial fisheries, will have no direct consequences in central districts where Kodiak shore plants are located. Conversely, heavy pollock fishing by shore-based vessels in the central region would not impact pollock needs in the western or eastern Gulf of Alaska.

Finally, the attached analysis of shorebased and at sea processing activities should dispel the notion that development of at-sea processing has in some way unfairly foreclosed the opportunity for growth within the shoreside processing sector, or otherwise jeopardized the vitality of local communities dependent on fishing related activities. The graphs also demonstrate the relative at-sea/on-shore dependence on groundfish. Growth has in fact occurred in both sectors, with each taking advantage of its own special attributes.

We hope these comments are useful to the Council as it continues to refine the management regime for this most valuable fishery resource.

Sincerely yours,



H.A. Larkins
Executive Director

Revenue Comparisons Central Gulf of Alaska

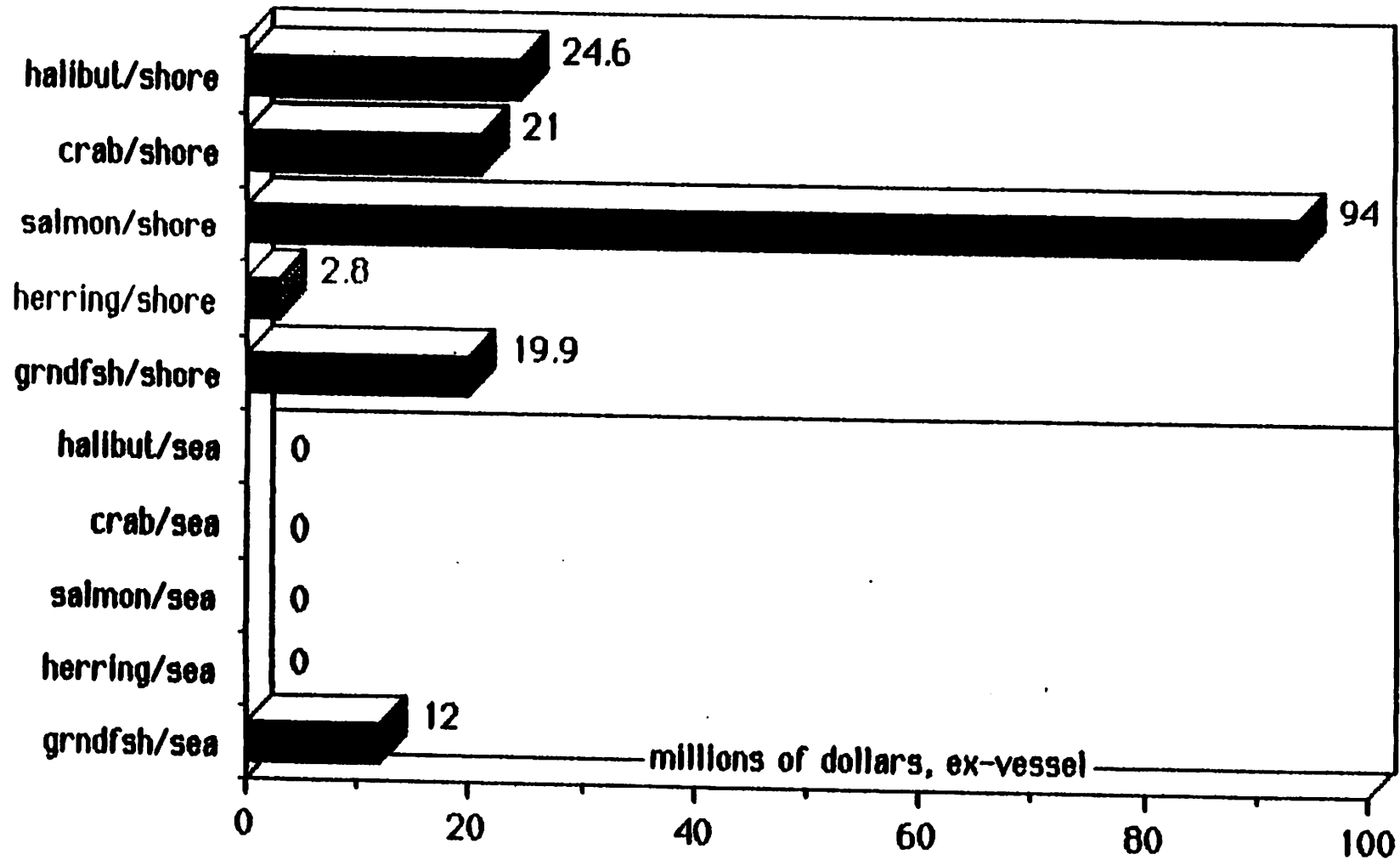
Species	Shoreside	At Sea
Halibut*	\$24,600,000	\$0
Crab*	\$21,000,000	\$0
Salmon*	\$94,000,000	\$0
Herring*	\$2,800,000	\$0
Groundfish**	\$19,900,000	\$12,000,000
Total	\$162,300,000	\$12,000,000

* 1988, ex-vessel revenues

** 1989, ex-vessel revenues (as estimated by AFTA, based on average price of \$0.13 per pound)

(Source: NMFS, Juneau)

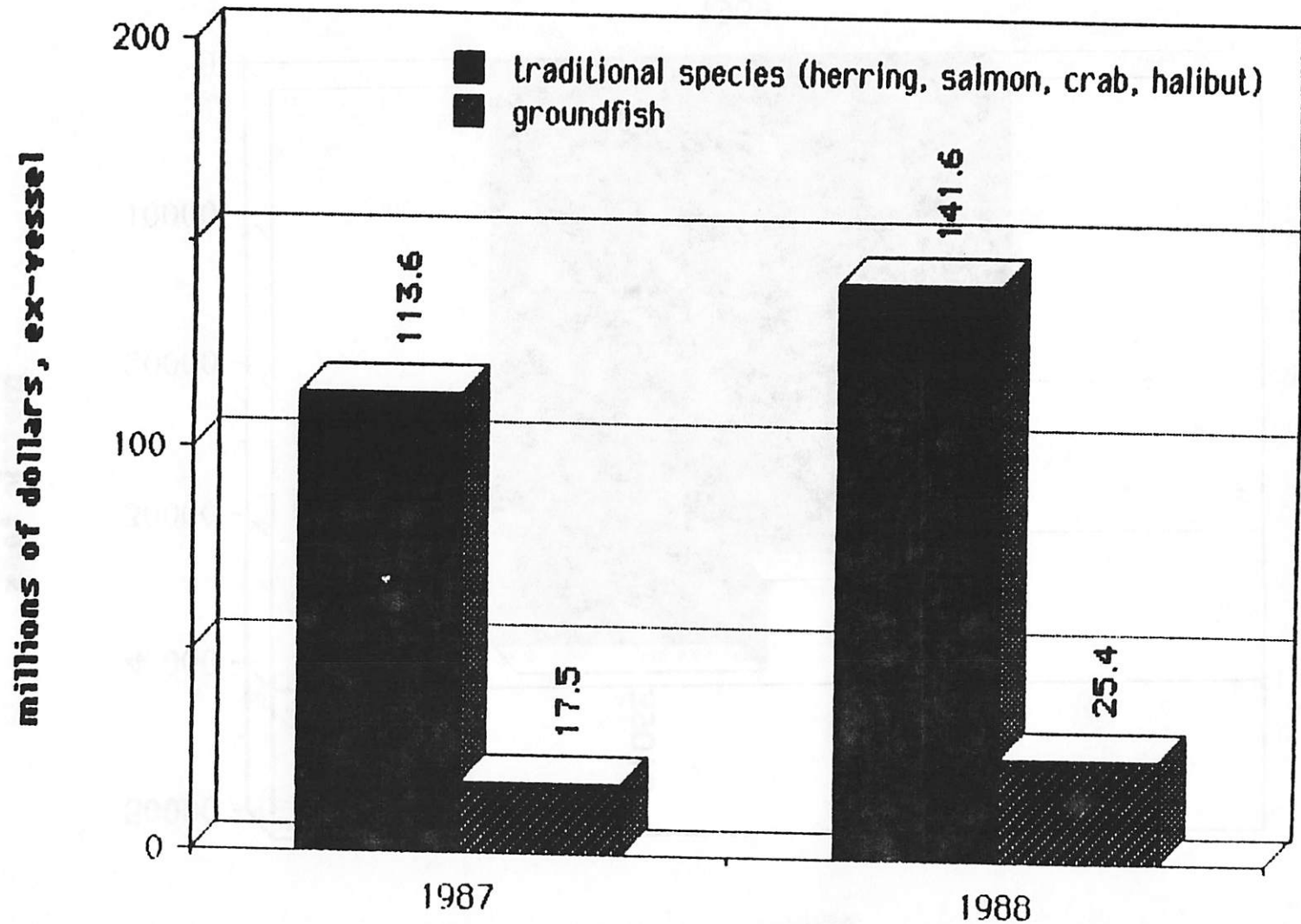
Revenue Comparisons, Central Gulf of Alaska



(Source: NMFS, Juneau)

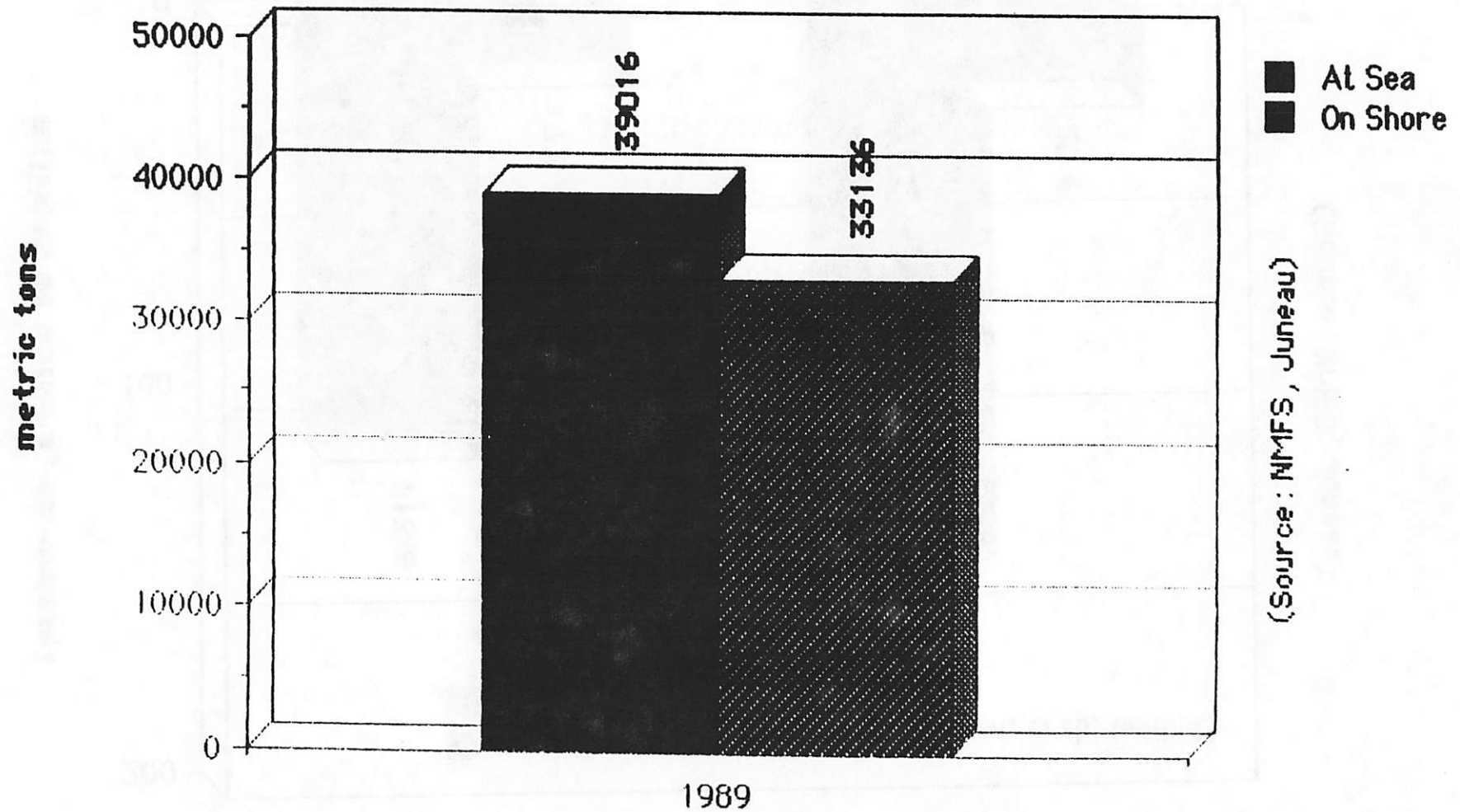
All revenues are from 1988, other than groundfish, which are from 1989.
(Groundfish revenues estimated by AFTA, based on average price of \$0.13 per pound.)

Kodiak: Relative Importance of Traditional Species and Groundfish



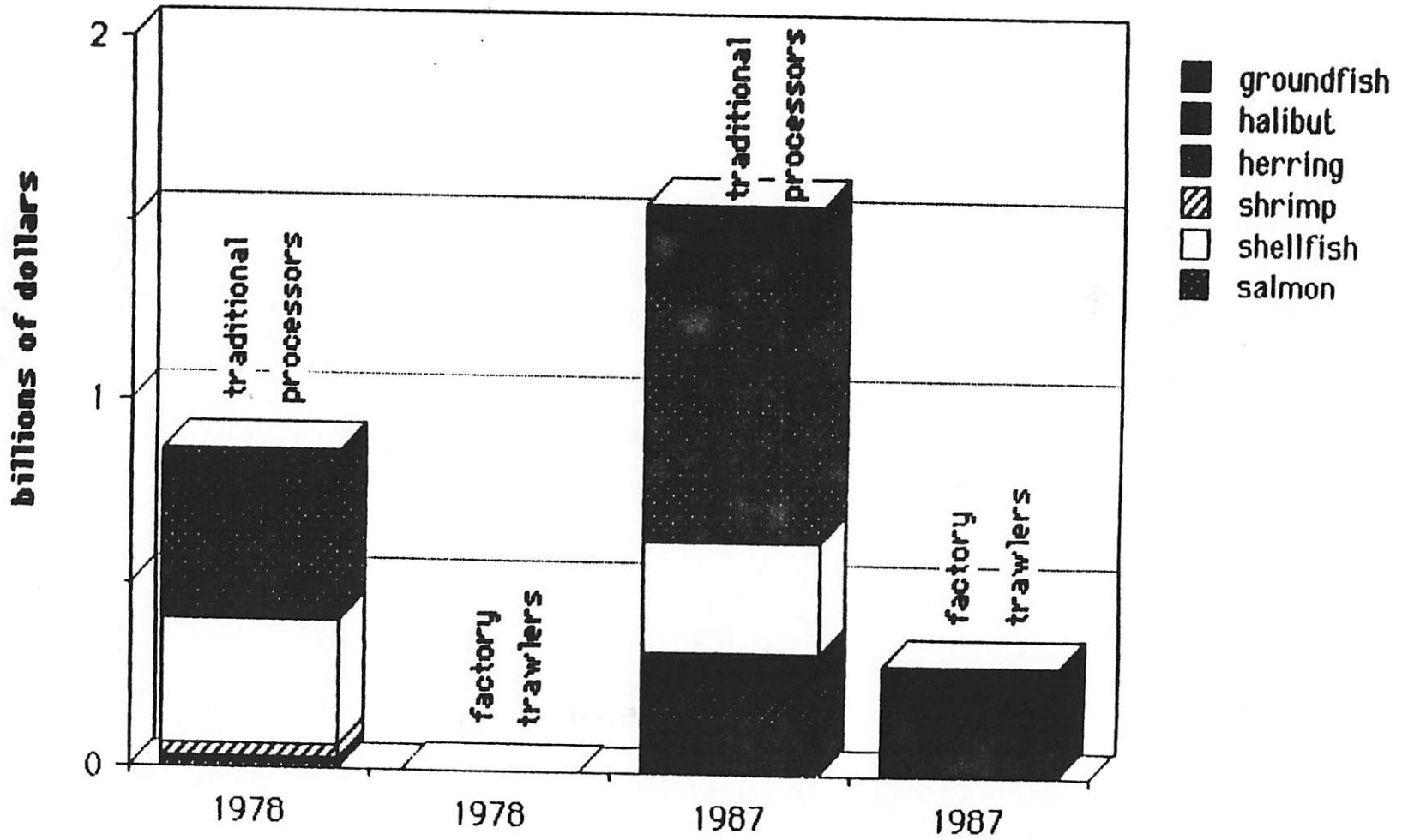
(Source: NMFS, Juneau)

Shore and Sea Pollock Processing in Gulf of Alaska



(Source: Alaska Seafood Industry Study - A Technical Report, 1989)

Comparison of Processor Revenues Bering Sea/Aleutian Islands/Gulf of Alaska



NOV 2 1984 13

YUKON/KUSKOKWIM FISHERIES TASK FORCE

P.O. Box 267
Bethel, Alaska 99559
(907) 543-3409

Response by the Yukon-Kuskokwim Fisheries Task Force to the Call for Further Information on Inshore-Offshore Allocation

Part I. Bering Sea Village Fisheries Development Program.

1. The North Pacific Fisheries Management Council [NPFMC] shall establish, and the Secretary shall implement a Bering Sea Village Fisheries Development Program [BSVFDP]. The program would set aside 10% of the annual groundfish harvest in the Bering Sea for designation to the BSVFDP. These villages have been determined to be disadvantaged. Their remoteness, and lack of investment capital have prevented their entrance into the on-going Bering Sea bottomfishery. These villages are populated principally by Alaskan Natives, and they are experiencing social and economic crisis. The NPFMC, utilizing the concept of Optimum Yield, is making this designation to diversify the local economies of these Bering Sea coastal villages by providing village residents new opportunities to obtain stable, longterm fishing industry employment, which they have heretofore been unable to participate in due to the lack of investment capital.

2. The program shall be instituted in the following manner:
 - A. The NPFMC shall amend the fishery management plan for the Bering Sea/Aleutian Islands groundfish fishery to, prior to the beginning of each fishing year, require the Secretary to withhold, for release during the year 10 percent of the total allowable catch (TAC) of each groundfish target species as a reserve for fishermen who participate in cooperative agreements described in paragraph 2 (f) (1) (2) and (3).

 - B. To manage the allocation, the eligible Native villages will form a Bering Sea Fisheries Development Foundation, a non-profit corporation under the laws of the State of Alaska.

 - C. The Board of Directors of the Bering Sea Fisheries Development Foundation shall consist of nine members appointed by the Secretary, each of whom is a resident of a community located on or immediately proximate to the coast of the Bering Sea or the coast of the Aleutian Islands west of Cape Sarichef that is knowledgeable with regard to the management, conservation, or subsistence or commercial harvest of the fishery resource of the geographical area surrounding one or more of the aforementioned villages.

YUKON/KUSKOKWIM FISHERIES TASK FORCE

NPFC1-11.89. Page 2

- D. The Governor shall submit a list of three qualified individuals to the Secretary for each available Board position. The Secretary shall select a total of nine individual from these lists. Once selected, a nine board member shall serve staggered terms of one, two, and three years.
- E. The Alaska Regional Director of the National Marine Fisheries Service, the Chairman of the North Pacific Fishery Management Council, the Alaska Commissioner of Fish and Game, and the Alaska Commissioner of Commerce and Economic Development, or their designees, shall be ex-officio members of the Bering Sea Fisheries Development Foundation.
- F. Once established by the Secretary, the Board may enter into contracts or cooperative agreements to assist in the development of new commercial fisheries, and the expansion of existing commercial fisheries for the benefit of residents of the Bering Sea villages. The Foundation shall develop fisheries economic development plans, including joint ventures, with fisherman, groups of fishermen or a partnership, joint venture or corporation and shall described the benefits to the village economy that can be expected to accrue if the Secretary releases portions of the reserve. Benefits may include:
 - (1) a grant to the Foundation that the Foundation has agreed to expend for purposes reasonable calculated to advance fishery development or other local economic development opportunities;
 - (2) employment and/or training for fishermen or other residents of the villages within this agreement;
 - (3) such other benefits as the parties to the agreement may negotiate that are reasonably calculated to advance fishery development or other local economic development opportunities.
- G. The Secretary may approve a cooperative agreement described in subparagraph F. (1)(2)(3) and release the portion of the reserve designated in the agreement if he determines that implementation of the agreement can reasonably be expected to advance fishery development or other local economic development opportunities in the village subjects to the agreement and that the value of the reserve to be released pursuant to the agreement is reasonably related to the value of local economy or economies that the village or villages that

YUKON/KUSKOKWIM FISHERIES TASK FORCE

NPFC1-11.89. Page 3

are the subject of the agreement can be expected to derive.

H. This agreement shall expire on December 31, 1999.

Part II: Disadvantaged Community Vessel

1. Having put in place the BSVFDP, the NPFMC shall then institute a Disadvantaged Community Vessel [DCV] permit. This permit shall be granted to those vessel that home port in a BSVFDP village that has made investment in a shore based processing facility, and are now capable of taking product.
2. Definition: Home Port Vessel
 - A. For purposes of this regulation, a DCV is defined as any vessel which cites in Federal and State documentation its home port as the disadvantaged community.
 - B. After receiving its designation as a DCV for purposes of this regulation, may not change its designation or mode of operation without approval from an official oversight board or committee complying with all Alaska and Federal administrative procedures.
3. All vessels that home port outside of the area of BSVFDP shall be banned from fishing or processing within 50nm of the port in which the shore-based enterprise is located. In the event that overlap of the 50nm radii between BSVFDP villages that have satisfied Section 1 of this part, and have been so designated by the NPFMC, eligible DCV may mutually harvest within the area of overlap.

Part III: Annual Allocation

1. In making its decision on allocation within the BSVFDP zone, the Council shall set TAC on target species based upon the potential for commercial harvest of fish located within the zone for that year. In deciding whether to allocate any or all of the fish requested by competing DAP fleets beyond the zone, the Council shall take into consideration, among others, the following factors:
 - A. the potential to which the bycatch level for non-target species beyond the BSVFDP zone being sought by competing DAP fleets could deplete the potential harvest of these same species that are target species within the BSVFDP zone.

YUKON/KUSKOKWIM FISHERIES TASK FORCE

NPFC1-11.89. Page 4

- B. the potential for localized depletion of prohibited species within the BSVFDP zone in the area or areas to be fished beyond the BSVFDP zone that are so vital to the economic success of the BSVFDP;
- C. the capability of federal or state resource agencies to effectively manage and monitor the harvests beyond the BSVFDP zone in conformity with any harvest limitations imposed by the Council and the Secretary;
- D. the availability of observer data on fish stocks in and adjacent to the proposed BSVFDP zone area to be fished.



PACIFIC SEAFOOD PROCESSORS ASSOCIATION
4019 - 21st Ave. West, Suite 201
Seattle, WA 98199
(206) 281-1667
FAX (206) 283-2387

14

NOV 2 1989

November 1, 1989

Mr. Don W. Collinsworth, Chairman
North Pacific Fishery Management Council
P.O. Box 103136
Anchorage, Alaska 99501

Dear Mr. Collinsworth:

The Pacific Seafood Processors Association (PSPA) is responding to the Council's request for public comment on the inshore/offshore groundfish allocation issue.

Although we are not prepared at this time to submit a formal detailed proposal which would be the equivalent of a plan amendment, we are submitting for the Council's consideration the public testimony given in September by PSPA. This testimony given on behalf of the Association specifies the Association's desire for a two part allocation system. The proposal consists of both an actual allocation to the inshore and offshore processing components (with 50% of the resource going to each sector), as well as time and area restrictions to make certain that vessels delivering to inshore plants have access to the resource near those plants (a radius of approximately 120 miles from the shorebased facility).

It would be our hope that the Council will consider our testimony and these comments and possibly use them as the basis for an amendment.

We also wish to emphasize the need for timely action on this important issue. The Council's current timetable, which calls for concluding by next September, is already longer than we would like to see, but it is still an acceptable time frame as long it does not slip further.

We appreciate the opportunity to comment on this matter.

Sincerely,

John F. Roos
Vice President

Enclosure

Testimony to the
North Pacific Fisheries Management Council

John F. Roos, Vice President
Pacific Seafood Processors Association

September 27, 1989

My name is John Roos. I am Vice President of the Pacific Seafood Processors Association. I am appearing today to offer the Association's comments regarding the onshore/offshore groundfish allocation issue, and to explain why the Association has taken a formal position in favor of Council action which will impose a system of groundfish allocations combined with time and area restrictions on factory trawler operations.

When groundfish development by U.S. companies began in the early 1980's, the supply of pollock appeared inexhaustible. Now, however, with the rapid and simultaneous expansion of both onshore and offshore processors, it is apparent that the North Pacific Council, or Congress, must take steps to insure fair allocations between both sectors in order to conserve the resource while maximizing economic and social benefits to the nation.

It was anticipated and argued by those who originally advocated Americanization (including this Association) that groundfish development would provide opportunities for both onshore and offshore (factory trawl and mothership) processors. While this has occurred, the continuing influx of new capital and new processing capacity has resulted in increasing pressure on target species and related bycatch species. Action must be taken now if we are to avoid possible long-term harm to these stocks.

In general, onshore processors have lower initial capital investments. They are able to operate profitably using less intensive fishing methods than the factory trawl fleet due to the fact that shore plants have large processing capacity and the ability to process a wide variety of species simultaneously. They are also able to fully utilize the harvests of vessels delivering to them and are able to use the entire fish by virtue of the fact that they have meal plants (something which only a few offshore processors have).

Shoreside processors provide employment and other support services for the local communities where they are located, thus playing an integral role in the local communities and are designed to operate on a year-round basis. They also have eased the transition to full Americanization for the joint venture fleet by offering new markets for many of the displaced vessels.

Many of the larger onshore processors are vertically integrated companies which are not only in the primary processing business, but which also have secondary processing facilities. It is critical for the continued operation of these secondary

processing facilities that the onshore processors in Alaska are able to provide them with the raw materials (surimi, fish blocks, etc.) they need in order to operate.

Onshore processors are only seeking an equal chance to produce and market groundfish products. They are not seeking the elimination of the offshore sector, but they are seeking controls on the offshore sector's ability to eliminate competition from onshore plants by intensively fishing the nearshore stocks and thereby shutting down the onshore plants early in the season.

We do not believe that the Council and Congress want a situation which will eventually result in harm to the fish stocks and the elimination of onshore groundfish processing. The economic and social impacts are too severe and, from a biological point of view, it would be irresponsible to let the groundfish fishery develop into a pulse fishery with a series of short openings. We have seen this happen in the halibut fishery, and though everyone agrees that the fishery is not being properly managed, we are unable to fix the problem.

Congress and the Regional Councils have always attempted to prevent any sector of U.S. fisheries from attaining monopoly control. Action is needed if the offshore sector is to be prevented from monopolizing the North Pacific groundfish harvest and world market.

There is no other nation in the world which has both onshore and offshore processing operations which does not have a policy of allocating between the two in some fashion. All other countries which have faced this problem have come to the conclusion that it is best to insure the continued viability of both types of processing, and not let one sector dominate the industry.

Together, onshore and offshore processors provide a tremendous boost to the economies of Alaska and states in the Northwest, in addition to helping the national economy and balance of trade. More secondary businesses and suppliers will benefit from continued diversity in the processing sector than will benefit from a concentration of groundfish processing in a single segment.

In summary, we are seeking Council action which will guarantee the long-term stability of the resource for the benefit of all user groups. We feel that the Council has not only the authority, but a mandate under the national standards of the Magnuson Act to make certain that no single component of the industry acquires an excessive share of the resource. Toward this end, we are seeking Council action in the groundfish fishery which will provide specific allocations for both sectors, as well as time and area restrictions, that will be fair to all users and which will serve to insure the health of the stocks.

Thank you for the opportunity to appear today.

October 17, 1989

Rec 10/20/89
15.

Don W. Collinsworth, Chairman
North Pacific Fishery Management Council
Box 103136
Anchorage, Alaska 99510

Dear Mr. Chairman:

→ Thank you for giving me a chance to express my views on the in-shore/off-shore allocation issue. It has always been clear to me that the 'Americanization' of the fishery in the Bering Sea would lead to very difficult allocation problems among domestic U.S. competitive users. The question that has to be answered by the Council is whether or not it is good public policy to allocate resources to benefit specific interests.

It is my contention that the Council MUST allocate fish resources in a manner that benefits all economic interests, both on-shore and off-shore. If the Council ignores the on-shore fish industry the future prospects of having any kind of industry on the West Coast of Alaska are doomed before they start.

As you know, the people who reside on the West Coast of Alaska from Port Heiden to Point Hope have little or no opportunity to make a living during the year except for a very short salmon or herring season. Most of the value of the salmon and herring fishery is added elsewhere so the real economic impact of those fisheries are lost to Alaska. The fishing resources that are close to the shore and our villages that could allow an on-shore fishery are taken up by large off-shore vessels that do not come on shore for any reason.

The Council has to consider future on-shore seafood industrial development to assist those coastal communities benefit economically from the management policies of the U.S. Unless the people of the West Coast are given super-exclusive registration and off-shore processors are mandated to utilize the West Coast Alaskan work force so that off-shore processors are forced to utilize fishermen from the coast and on-shore facilities for processing, off-shore processing will by-pass the West Coast and leave that area of our State with no economic future.

A management plan with the specific purpose of conserving the species and establishing an economic future for the West Coast of Alaska must be developed. The plan must be flexible and long-term so that it is clear that the people who reside on the West Coast over-looking the Bering Sea feel as though they have a vested interest in what happens to the fish resources, how they are harvested, where they are processed and who will be harvesting the fish and working in on-shore processing facilities.

As long as the people on the West Coast of Alaska do not know about the fishery and the opportunities available, they will never ask the Council to consider regulations to develop a program to utilize West Coast people in the off-shore catcher fleet and force the development of an on-shore fish processing industry.

There is no information program that tells people who reside on the West Coast how extensive the fishery is a short distance from their windows in the Bering Sea. No one tells the people how valuable the fish are and how much can be done to enhance the value of those fish resources on-shore. The information must be shared with the people in seminars in their villages and in their languages.

There is no way to transfer processing technology because no processing facilities exist on the West Coast of Alaska that process during the winter. It would be in the interest of the Council to examine closely what kinds of processing capability could be built on-shore, how many people would be needed to process the seafood, how much sea-food industrial parks would cost to be built, where the money would come from to build the sea-food industrial parks, and what kind of training programs are needed to prepare people for an on-shore processing fishing industry.

If we do not engage in a future-oriented plan of action, the present system of off-shore processing will swallow up all of the potential for developing an on-shore fishing industry in Western Alaska.

In summary, the Council needs to:

- 1) Inform the West Coast people of the value of the Bering Sea fishery
- 2) Tell the people in their own languages how much activity there is now in the Bering Sea in dollars
- 3) Enlighten the people about how many ships are engaged in processing activities in the Bering Sea
- 4) Show the people on the West Coast how close and what type of fishing activities are currently in progress
- 5) Communicate the current management policies of the Council in language that the lay person can understand and also in the language of the people who are speakers of languages other than English indigenous to the West Coast of Alaska

Page three of three

6) Establish a management plan that will force the fishery on-shore so that the people on the West Coast will realize economic benefits from a fishery that is on the door step of their villages

7) Force the off-shore catcher fleet to hire West Coast Alaskan people in the catcher vessels and on processors

Sincerely yours,



Nels A. Anderson, Jr.

cc: Governor Cowper
Senator Ted Stevens
Senator Frank Murkowski
Congressman Don Young
Tundra Times



CO—MAN SERVICES
BOX 234
DILLINGHAM, ALASKA 99576

OCT 20 1989

Received
10/20/89
16

10/19/89

Dear Sir (Council members)

In reply to management
alternatives in the groundfishery
my first choice would be
3 B, second would be 3 A
I feel the resource should
be equally divided. as
there is probably just as much
foreign dollars in Shoubae as
factory ships. we no longer
have an americanized fishery
and probably never will.

as for roe stripping, I'm going
to have to go along with Jim
Cambell's recommendation. also I'd like
to say, if you want to really
screw something up, give it to
a Lawyer

as for an I Q F system, I
feel the only fair to divide
up the resource would be to

give each vessel per length
the same ~~quota~~, combined
with a bycatch incentive. The
model being demonstrated with
the Flatfish would be a good
example for all gear types.

Respectfully
Brad Tucker
910 Homlock
Korhik AK
99615
486 7098

GROUND FISH FISHERY MANAGEMENT PLAN AMENDMENT PROPOSAL
North Pacific Fishery Management Council

17.

Name of Proposer: David Fraser

Date: Sept 27th

Address: P.O. Box 771
Pt Townsend Wash 98368

Telephone: 206 385 6248

Fishery Management Plan:
ZSAI + 60% Ground fish

Brief Statement of Proposal:

Subdivide TAC's between sub components of the harvestable fleet on the basis of one of 3 sub options
1. vessels over 125' and vessels between 50'-125' and vessels under 50'
2. between vessels which catch only, and catcher/processors
3. through an application of the IC/VINQ concept outlined in Dr Norris paper

Objectives of Proposal: (What is the problem?)

the council has not issued a problem statement but has issued a request for proposals addressing allocation so the objective is to get the historic catcher fleet in line if we are going to divide the pie

Need and Justification for Council Action: (Why can't the problem be resolved through other channels?) it doesn't appear politically do-able at this time to implement limited entry or IQs

Foreseeable Impacts of Proposal: (Who wins, who loses?)

whoever can muster 6 votes from the council wins, in general benefits will be redistributed back toward catchers historically dependant (could) on the ground fish fishery but under open access they will eventually be dissipated in debt service

Are There Alternative Solutions? If so, what are they and why do you consider your proposal the best way of solving the problem?

yes - IQs sold by the government on an annual basis is probably optimal, however it's not possible without an MFRMA amendment

ITQs, INTQs, LE are all alternative solutions if the council wishes to pursue them

Supportive Data & Other Information: What data are available and where can they be found?

The record developed by FOG + the Fisheries Management Planning Committee, the Norris VINQ proposal submitted under the Halibut cycle

Signature:

rest of market to catchers

NOV - 8 1989

GREAT WEST SEAFOODS

P.O. Box 2787
Kodiak, Alaska 99615
Phone: (907) 486-4025
Fax: (907) 486-3969

401 Parkplace, Suite 317
P.O. Box 817
Kirkland, WA 98083-0817
Phone: (206) 822-2228
Fax: (206) 827-1692

November 2, 1989

Dr. Donald Collingsworth
North Pacific Management Council
411 W. Fourth Ave., Suite 2D
P.O. Box 103136
Anchorage, AK 99510

Sent to wrong
address
by overnight mail

Re: Comments on at-sea processing vs. shoreside preference

Dear Dr. Collingsworth:

The F/V Margaret Lyn, was one of the first boats fishing for groundfish in all Alaska. We are a Kodiak based boat. We were to be NEFCO's main catcher boat at its Gibson cove plant in 1980. We have delivered to shorebased processor and at-sea processors since 1980. We want to continue to have the option to deliver to shore-based plants or to at-sea plants. We do not want to be restricted to shore-based plants, especially since most of them do not buy groundfish product all year around having other priorities, such as salmon in the summer and crab in the Fall.

The F/V Margaret Lyn and others caught the fish and delivered to which ever market was financially viable. Shore-based plants have a long history of being money losing operations with bankruptcies sprinkled therein. Nevertheless, we have supported shore-based plants for the last ten years and have fished for shorebased plants when they were operating. Indeed, we were one of the few boats to remain in Kodiak last year delivering to Eagle Fishery while the rest of the fleet was getting rich off Exxon charters.

Shoreside Preference.

The owners of the F/V Margaret Lyn have consistently been opposed to giving processors the right to the fish. Catchers should have the right to the fish, just as they do in limited entry programs developed by the Alaska Department of Fish and Game. Salmon are not based on shore-side versus at-sea processors. Salmon fishermen never would agree to that. They are well aware of what happened to salmon prices when the canneries controlled the market. By the

November 2, 1989

Page 2

State of Alaska allocating the quota to the catcher boats, they became free from cannery control. By adopting a processor right to control groundfish, the Council would be bringing back a return to cannery control of the catcher fleet. This is particularly troublesome when most of the bottom fish plants in Alaska are under foreign control.

Ocean Phoenix.

What is particularly disturbing about the shoreside preference is that the Council would be putting some of the very fishermen who have developed this industry at a serious disadvantage. Dave Harville and I were formerly partners who owned the F/V Margaret Lyn. He tried to stop the Anti Reflagging Act in order to preserve our ability to deliver pollock at sea. When the Anti Reflagging bill was passed, Dave sold his interest in the Margaret Lyn to our two long-time skippers, Don Johnson and James Codega. He wanted to have only small boats to deliver at shore. We, on the Margaret Lyn then made the decision to join a group of other small boat owners. The owners of the F/V Margaret Lyn decided to convert an old container ship into a mother ship so that we could continue to fish in the joint venture mode. These are American small boat owners trying to set up a catching and delivery system that is efficient and produces the highest quality fish fillets and surimi. This is a direct result of the Magnuson Act and the Anti Reflagging Act. Now your organization wants to treat us like second class citizens by excluding us from the fish or forcing us to go to shore where the quality of fish would go down and the ability to follow the schools would be restricted. The Bering Trader of Kemp Fisheries tried to use its floating process surimi at the shoreline of Alaska rather than at sea. It proved unprofitable and they had to file bankruptcy. Your proposal may make us follow suit after the Bering Trader. We think that the displaced joint venture catcher boat fleet should have the right to deliver at-sea so that they can be commercially viable.

Alternative Allocation: Small Boat - Large Boat Split.

If there is going to be a split, it should be based upon large boats versus small boats. We support a de-markation based upon the size of the catcher boats. As I stated in my prepared statement to the North Pacific Council, in July, a split along the lines of 125 feet or even 150 feet (as

November 2, 1989

Page 3

proposed by High Seas Fisheries) or under would be appropriate. This would provide jobs for the displaced joint venture fleet as well as protect the shorebased plants from factory trawlers.

Very truly yours,



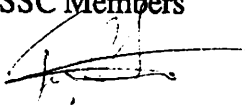
Robert T. Czeisler
General Manager

RTC/asw

cc: Don Johnson
James Codega

D:\CLIENTS\7139\COLLINGS.LTR

MEMORANDUM

TO: Council, AP, and SSC Members
FROM: Terrence P. Smith 
Economist
DATE: December 4, 1989
SUBJECT: Inshore-Offshore Allocation

ACTION REQUIRED

Receive report on Economist Focus Group meeting on the inshore-offshore issue.

BACKGROUND

A group of west coast fishery economists met in Seattle on November 21, 1989 to discuss the inshore-offshore allocation issue. Specifically, the group was to discuss the Council's problem statement, the given list of alternatives, and the analysis necessary for an economic assessment of the costs and benefits of adoption of any one of these alternatives.

Traditionally, Council and NMFS economists plan and conduct the economic analyses necessary for a plan amendment. Since the inshore-offshore issue is, in terms of economic scope and impact, so complex and so comprehensive, we thought it useful to ask others in the profession how they might approach this particular problem. Accordingly, most of the resource and fishery economists active in fisheries research on the west coast were invited to a one day meeting in Seattle to discuss this allocation issue. All invitees were mailed the same informational packet as received by the FPC for their November 15 meeting.

In attendance were:

Ingolfur Arnarson	Oregon State University
Rebecca Baldwin	AFSC
John Boyce	University of Alaska, Fairbanks
Keith Criddle	University of Alaska, Fairbanks
Jim Crutchfield	University of Washington
Ron Dearborn	Alaska Sea Grant
Ted Evans	AFTA
Steve Freese	NMFS-NWR
Susan Hanna	Oregon State University
Marcus Hartley	NPFMC
Jim Hastie	AFSC
Dan Huppert	University of Washington
Dick Johnston	Oregon State University
Jonathan Karpoff	University of Washington
Richard Kinoshita	AFSC
Biing-Hwan Lin	University of Idaho
Rich Marasco	AFSC

Clarence Pautzke	NPFMC
Lew Queirolo	NMFS-AKR
Hans Radtke	Consultant
John Roos	PSPA
Jim Seger	PFMC
Terry Smith	NPFMC
Bob Stokes	University of Washington
Gil Sylvia	Oregon State University
Joe Terry	AFSC
Dick Tremaine	NPFMC
Craig Weise	University of Alaska, Marine Advisory Program

Clarence Pautzke and Terry Smith began the meeting with a discussion of the history of the inshore-offshore issue: how it arose this year partly in response to allocational conflicts in the Gulf of Alaska during the pollock roe fishery; the call for proposals and comment; the Fisheries Planning Committee's involvement; and the specific problem and solutions (alternatives) articulated by that committee.

The group then split into three discussion groups. Each group was responsible for producing an oral report on the nature of the problem, alternatives for solving the problem, and guidelines for analysis of the alternatives.

The problem statement

Upon reconvening, it was clear that all three groups had reached a consensus that the nature of the problem was too many boats chasing too few fish, rather than an inshore-offshore allocation issue. The allocational conflict is a symptom of excess harvesting and processing capacity rather than an independent problem. The group also felt that the alternatives listed were in fact allocational rules rather than solutions to the problems. If measures of this nature were adopted they could solve the allocational conflict in the short term. However, as effort continued to enter the fishery it would be necessary to provide greater and greater allocational specificity.

For example, if allocation were to stationary and mobile processors it would ultimately be necessary to allocate to stationary processors in the Central Gulf, Western Gulf, Aleutians, Western Alaska, etc., and to allocate to mobile processors by category and vessel size. If, instead, allocational rules were related to vessel size, there would naturally develop more detailed allocational schemes to sets and subsets of vessels types and sizes. A related point is the fact that all such schemes are appropriate to the specific harvesting and processing capabilities that exist at that point in time. Over time, changes in capacities and technology will necessarily force reexamination and readjustment of the chosen allocational system.

The solution

The group also agreed on the general form of the solution: a permanent, stable, allocation program in which the individual operations determine their quota. Specific recommendations from one of the groups were:

1. An immediate moratorium on entry to the groundfish fisheries off Alaska.
2. Development of a permanent, stable allocation program for management of the fishery. By this the group meant either an IFQ system or some other form of market determined allocation
3. If open access is retained, that is, if 1 and 2 above are not adopted, an arbitration

mechanism or procedure for resolving allocational disputes should be institutionalized.

The analysis

The group discussed the analysis necessary to an SEIS/RIA and suggested that the following three general categories be included:

1. Description of the changes in the distribution of local employment (jobs).
2. Description of the changes in the distribution of local income.
3. Description of the changes in the distribution of net benefits.

Given that alternatives are pre-specified, economic analysis can not be used to determine the "best allocational" system. Therefor, the perspective of the analysis should be a relative one, that is, a comparison of one alternative against another, or a comparison of each alternative against the no-action alternative.

The group felt that there were no particularly difficult analytical issues from a theoretical perspective, but that the usual constraints of time and data limitations may limit the ability of the researchers to completely quantify the three items listed above.

CHUGACH ALASKA CORP.
TESTIMONY BEFORE NPFMC 12/7/89

Mr. chairman, members of the council.....my name is Michael Chittick, president of Chugach Alaska Corporation, one of the twelve regional Native corporations in Alaska, and I'm here today to make our voice heard on the in-shore/off-shore preference question.

As you may have heard this week, Chugach Alaska Corporation has formally entered into negotiations with Seahawk Pacific, Inc. part of the Emerald Seafoods group of companies, to acquire a significant share of Emerald's factory trawler operations in Alaska. I'm not prepared to discuss any specifics of the negotiations at this time. However, I would like to address an issue which will have an impact on those discussions -- namely shoreplant preference.

The ability of factory trawler processors to deliver a superior frozen-at-sea product to the American consumer has been clearly demonstrated over the past decade. During that time, they've managed to establish new standards of efficiency and productivity. A major reason for Chugach's investment in the Emerald group is to ensure a supply of high-quality, low-cost surimi for possible value-added manufacturing in Alaska. It is our belief that this superior quality product can best be supplied by at-sea processors.

To those who seek to arbitrarily limit their effectiveness -- or, worse, run them out of the fishery -- by imposing economically life-threatening restrictions on their operations are standing against

progress. They threaten the industry itself, while also limiting investment options for Alaskan companies like Chugach.

Have we become so focused on the needs of special interests that we've lost sight of the most important issue in this controversy: preserving an American resource -- and, by definition, an Alaskan resource -- for this and future generations?

Fishing has historically been of vital importance to the Native community. In our company, fishing operations contribute nearly three-fourths of our total revenues. Understandably, we are vehemently opposed to anything which places that fishery in peril.

Allowing government intervention to protect foreign corporate investments in Alaska is unconscionable. It runs counter to every principle put forth in the Magnuson Act. Because the venue for these hearings by law has been restricted to Alaska, it's perhaps natural that many view the shoreside preference battle as a fight between Alaska shore-based processors and the at-sea fleet, most of which hails from Seattle. It's an illusion. This fight is between American and foreign fishing companies, and as such, our allegiances are certainly clear. Extending preferential treatment to shoreplants -- and keep in mind we own three of them between Cordova and Kodiak -- is not a victory for Alaska. We have every confidence that the Alaska Congressional delegation will ensure an equitable solution is reached to the problems facing the industry, and that no special interest group receive protective preferences as legislation is shepherded through committee.

As an adjunct to our relationship with the Emerald Seafoods group, we plan to co-sponsor a bottomfisheries training program in-

state. Our aim is to strengthen Alaska's involvement in the fishery through increasing the percentage of Alaska hires. It's an example of the constructive changes we'd like to see the industry undergo.

Rather than joining the chorus of voices protesting U.S. factory trawler involvement in American waters, we prefer to advocate for true Alaskan participation in the groundfish industry.