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REPRESENTATIVE ALAN AUSTERMAN Alaska State Legislature

P.O. Box 2368, Kodiak, Alaska 99615 (907) 486-5930 • Session: State Capitol, Juneau, Alaska 99801 465-2487

SPONSOR STATEMENT HJR 55

HJR 55 speaks to the allocation of pollock and Pacific cod in the Gulf of Alaska and Bering Sea which will expire after this year. The North Pacific Fisheries Management Council is currently analyzing and reevaluating the current allocation proportions due to anticipated changes in harvest quotas and consequent economic impacts. The Council's actions will set the stage for economic gains or losses to coastal communities, the state through fishery business tax and landing tax revenues, and benefits in Alaskan employment and investment.

My resolution supports the current allocations of pollock and Pacific cod in the Gulf and an increase in percentage of the pollock resource from Bering Sea/Aleutian Islands exclusive economic zone for vessels that deliver to onshore processors and mother ship processing sectors of the industry. I believe a majority of the BSAI quota would provide the stability the inshore processing sector is seeking to help ensure viability for our communities.

The inshore sector businesses reside in our Alaska coastal communities. It is this sector which has fish businesses and offices and employees who are the fabric of city councils and little league teams. As an example, in 1995 the average number of individuals employed in the seafood industry on a monthly basis in Kodiak during 1995 was 2,138. Total wages and benefits paid to inshore processing employees during 1995 were \$50 million – that's 43% of the total employment opportunity in Kodiak.

While I appreciate recent employment outreach efforts on the part of the offshore sector, and their development of new competitive markets, I favor the inshore infrastructure as a more longterm partner in our communities. The State of Alaska needs to maximize benefits obtained from these offshore resources.

INSHORE/OFFSHORE ISSUE SHEET

I have sponsored HJR 55 which speaks in support of the current allocation of pollock and Pacific cod in the Gulf of Alaska and that a higher percentage, a majority, of pollock be allocated to the onshore sector in the Bering Sea. Currently of the Total Allowable Catch (TAC) in the Gulf of Alaska, 90% of the pollock is allocated to onshore and 10% is allocated to offshore processing. Of the TAC in the Bering Sea, 7.5% is taken off the top and given to the Community Development Quota (CDQ) program. Of the remaining TAC, only 35% of the pollock is allocated to inshore and 65% is allocated to the offshore processing. Plus 85% of the 7.5% CDQ is contractually harvested by the offshore processors. As you can see, more of the Bering Sea pollock is taken by the offshore pollock trawlers than the 65% in question. The controversy, highlighted by the media and the lobbyists, surrounds the proposed changes to the Bering Sea pollock allocation.

Our state legislature rarely participates in legislative issues of this financial magnitude, unless they are talking about our oil industry. It has been estimated that every percentage point change in the allocation of Bering Sea pollock is worth about \$5 million dollars annually. The foreign multinational corporations, particularly the one that reaps 43% of the offshore pollock quota, (American Seafoods - a Norwegian owned company) has purchased lots of media, several Alaskan lobbyists and new employees to improve their Alaskan image in the last year or so. These recent reactions by the Norwegians are in effort to keep millions of dollars from coming ashore and enhancing the economics of Alaska.

Let's talk about the foreign ownership involved in this reallocation. Norwegian-owned American Seafoods operates 16 factory trawlers in the Bering Sea which harvest 43% of the pollock quota. They have largely sponsored the ads you've seen in the newspapers and on TV telling us what great Alaskan partners they are. American Seafoods is owned by AkerRGI, the Norwegian multinational corporation, and is heavily invested in fish farms around the world, Norway Seafoods. Most of the offshore pollock factory trawler fleet has foreign ownership.

On the other hand, there is significant foreign ownership in Bering Sea onshore processors. Only four out of eight of the shoreplants are fully U.S. owned. The other four have parent companies affiliated with Japan. The distinction is that onshore processors buy their pollock from smaller shore based catcher vessels, 85 % of which have US ownership.

The other recipients of onshore pollock are the offshore motherships, floating processors which also purchase pollock from smaller catcher vessels. Recent analysis has shown that 63% of the ownership of the three true motherships is American. So well above half of the onshore sectors 35% goes to American interests. American companies process a significantly higher proportion of the 35% onshore pollock than the American interests receive from the 65% caught and processed by the offshore industry.

How the Japanese came to gain such a significant foothold in our onshore businesses is partly due to the evolution of this fishery. A small history lesson....

Up until 1976 there were major foreign fisheries activities within 3 miles of Alaska's coast. In 1976 the original Fishery Conservation and Management Act gave American fishermen first rights to access our fishery resources out to 200 miles. The intent was to Americanize the fishing fleet within the 200-mile limit although it took another ten years of joint ventures before American fishermen were able to displace the efforts of foreign fleets offshore. It worked well except for the loophole, which enables foreign-built processing vessels to enter our fisheries by simply switching their registry and operating under the US flag. The loophole is what has led to much of the over-capitalization and has already been addressed by this body in SJR 33.

In the 1980's, Congress and various Presidential Administrations assisted the domestic fishing industry with a policy called "Fish and Chips". This policy, primarily aimed at the Japanese, forced them to assist in the development of our domestic industry. Most of the pollock and cod are turned into surimi. The USA had very little knowledge about surimi at this time. The "Fish & Chips" policy required them to provide technical assistance and later purchase US harvested fishery products. The Japanese responded by investing onshore in order to keep access to the tons of fish upon which they had relied for so long. Essentially, the Japanese were encouraged to bring their technology to shore during that time period, and they did. The trade off for the technology was allowing the Japanese to purchase ownership in some onshore plants. We must also keep in mind that these large onshore processing plants became a major part of the economic infrastructure of the State of Alaska.

These inshore businesses have consistently paid fisheries business taxes, ASMI assessments, property tax and employment tax since inception. Their employees are the fabric of the many coastal communities. They employ thousands of Alaskans each year. These onshore processors are fixed assets on our coast, they do not float away. The factory trawler fleet is truly mobile known to operate its fleet off South America, Norway and Russia. We heard testimony in our fisheries committee indicating that smaller pollock catcher vessels who deliver onshore are far more likely to remain here throughout the year than their offshore counterparts, and, as a consequence, buy their fuel and groceries here and use our shipyards regularly.

Let's address the issue of taxes to the state. There has been the fisheries business tax or raw fish tax, which the in shore processors have paid since territorial days. Until 1994 there was no tax on the off shore processors. Representative Moses, the cosponsor of this legislation, introduced the Fishery Resource Landing Tax in 1993, effective January 1, 1994. Immediately, the off shore factory trawlers filed suit against the state in objection to paying tax to Alaska. The factory trawlers also fought against development of the CDQ program in the Bering Sea when it was first proposed. Coincidentally, about a year ago, the offshore processors realized they may want to work on their image with Alaska so they dropped the tax lawsuit, started hiring more Alaskans and began buying salmon from Bristol Bay fisherman.

Another point on taxes, it has been estimated by the NMFS and documented by the Council that factory trawlers have "leakage" of 17 %. That means 17 % of the pollock caught and processed offshore, a mere 115,500 metric tons, Alaska sees nothing for. Fish processed in the EEZ off Alaska's coast and never enter Alaskan waters are not subject to Alaskan state or local taxes.

In my mind, part of the justification for providing a bigger pollock allocation to the inshore sector is the "double dipping" fishing off of Russia by these same factory trawlers. The Bering Sea pollock biomass swims back and forth between US and Russian waters. When the TAC has been reached in the Bering Sea fisheries the pollock factory trawlers fish cross the US/Russia line and decrease the returning stocks available to harvest later in US waters. The losers are both the onshore processors and the small catcher-vessels that sell to motherships or onshore processors. Due to this double dipping and recent over-capitalization of factory trawlers, one mothership, the Ocean Phoenix, documents a 60 % reduction in product in the last 8 years.

I want to set the record straight on utilization of waste and bycatch. According to North Pacific Fisheries Management Council analysis there is nearly double the utilization achieved by the inshore sector than the offshore. The offshore fleet has a 19% utilization of pollock compared to the 35% utilization of the inshore fleet. When you compare this to the total catch of 1,100,000 metric tons of pollock, we can attribute the waste of 114,400 metric tons of pollock product as a cost of doing business with offshore factory trawlers.

On bycatch, the facts according to 1996 NMFS data says: The surimi factory trawlers bycatch or kill nearly four times more halibut, nearly 3 times more herring, ten times more red king crab, and nearly ten times more bairdi than the motherships and the onshore processors.

The onshore processors paid out \$327,500,000 for the fish they weighed and purchased from the local catcher vessels in 1997. As previously stated, only 7% of the inshore catcher vessels have Japanese interest. There is concern regarding the total amount of fish taken by the offshore fleet. The offshore processors fish and process 24 hours per day and they have only one observer onboard. When the observer is sleeping or eating, they are not monitoring the catch. Monitoring the catch on an offshore factory trawler is an estimation – offshore harvests are not weighed like they are for onshore processors, because the fish they catch are free, they don't have to pay for them. Compare this to the \$327 billion weighed and paid for by the inshore sector to the catcher vessels, 85 % of which are American-owned.

Twice, when the North Pacific Fisheries Management Council has deliberated the onshore/offshore issue, they found an increase was due the onshore sector, but the Secretary of Commerce modified the Council's actions and decreased the onshore sectors proportion of pollock. The last recommendation by the NPFMC was for 45% for onshore and 55% for offshore, but the Secretary of Commerce was successfully lobbied to changed it to the current 35/65. Let's face it, with the magnitude of dollars involved, expensive lobbyists are hired to influence the outcome of allocations.

Most of you will remember the Individual Fishery Quotas (IFQ) that the NPFMC placed on halibut and sablefish. The NPFMC has been considering for some time an Individual Transferable Quota (ITQ) for groundfish. This round of onshore/offshore is particularly intense due to the likelihood of ITQ's in the offshore fisheries. That means that participants in these fisheries at some point soon will be granted rights to fish in perpetuity in our 200-mile limit. Right now they do not own the fish they only have a right to fish for them. Early development of ITQ's is in the works, hence the increasing overcapitalization in the offshore sector. Like I said, the stakes are high. Before all of this fish is given away to offshore interests, we must get this fish allocated onshore so more Alaskan's will have the benefits, not foreign owned corporations.

Some people feel that the Alaska Legislature should not be involved in fishery allocation issues. When you consider fisheries inside the 3-mile limit, I concur that that is the Board of Fisheries' job. But when it comes to fishery issues outside the 3-mile limit and the allocation will be determined by the NPFMC, I strongly feel that the Alaska Legislature should be actively involved on issues affecting us as a state. We were remiss in not speaking out stronger on the issue of halibut and sablefish IFQ's. The NPFMC gave our halibut and sablefish away to a few lucky fishermen when they implemented the IFQ program. **I repeat the NPFMC gave away those fish.** The Alaskan Legislature definitely should involve itself on the distribution of our pollock resource.

HJR 55 supports a reallocation in which a majority of pollock would be provided to the onshore sector. Since the Council is planning on moving the motherships out of the offshore sector quota and creating a separate quota for them, this shift is not as dramatic as many perceive. If the Council finds that a reallocation is justified, the factory trawlers will not be eliminated, and therefore, their Alaskan village employment will not have to decrease. Let's be clear that the CDQ quota comes off the top and will not be affected.

I feel it's important for our legislature to weigh in on this decision. Bringing Alaska's resources onshore is smart for Alaska, it builds our infrastructure and tax base. You know, we always seek to maximize our resources by adding value here. We've acknowledged that policy with timber, oil and minerals, and we need to maintain that policy by having our fishery harvests come onshore.

Inshore/Offshore Background

- 1976 - Passage of the Magnuson Act with the intent to Americanize the harvest of resources in the US EEZ.
- 1986 - 100% of Bering Sea Pollock fishery is harvested by American catcher boats.
- 1989 - Factory trawlers harvest Gulf of AK quota in a few weeks, closing the Kodiak plants and causing hundreds of layoffs. The ships then return to the Bering Sea to continue fishing.
- 1991 - The NPFMC recommends kicking F/T's out of the Gulf pollock fishery, and also recommends an allocation of 45% onshore and 55% offshore.
- 1992 - Secy. Of Commerce accepts the Gulf plan but rejects Bering Sea split and decides on 35% onshore and 65% offshore. The basis of this decision has been proven flawed.
- 1998 - This 35/65 split has remained during a time of vast change in the fishery.

VIA FAX 907 465 4956

February 13, 1998

The Honorable Rep. Alan Austerman
Chairman, House Special Committee
On Fisheries
Room 434
State Capitol Building
Juneau, Alaska 99811

Dear Rep. Austerman,

I am writing on behalf of the North Pacific Seafood Coalition in support of House Joint Resolution 55, which promotes more of Alaska's pollock resources to the "inshore" sector. This sector includes shore plants, motherships, and catcher boats, all of which are represented by the Coalition.

Members of our coalition have invested hundreds of millions of dollars in Alaska over the past decade, and have made a commitment to Alaska's coastal communities. Our processing members all buy our fish from independent fishers, and we process products from essentially all of Alaska's fishery resources.

Many of our members have operated facilities in Alaska for decades, paid millions of dollars in state and local taxes, purchased services such as water, utilities, fuel and other supplies in the communities where we are located, and have provided an economic engine for much of coastal Alaska.

Our members have hired thousands of Alaskans, and continue to provide career opportunities for those interested in the seafood industry. Our year round employment base, community support, and facilities are often the key ingredient to the social and economic fabric of our states coastal communities and fishing industry.

Our industry represents the state's largest private sector employer, and second largest taxpayer. We very much appreciate your introduction of HJR 55, and we are pleased to offer you our support.

Please do not hesitate to call me if we can provide you with anything further.

Sincerely,

Glenn Reed
Executive Director

**ALYESKA
SEAFOODS, INC.**

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Street Address:
303 N.E. Northlake Way
Seattle, WA 98105
FAX: (206) 547-1808

February 13, 1998

The Honorable Alan Austerman
Chairman, House of Committee on Fisheries
Juneau, Alaska 99811

Via Fax: 907 465-4958

Dear Representative Austerman,

I am writing in support of HJR 55, in support of more pollock allocation to the "inshore" sector.

Alyeska Seafoods, Inc. is a shore-side processor located in the Unalaska/Dutch Harbor area of the Bering Sea, and is jointly owned by American and Japanese interests. In addition, the American owners have a sizable investment in fishing vessels which serve this shore-side facility.

We employ 200 full-time and up to 250 seasonal workers. Alyeska accepts fisherman catches from approximately 80 independent vessels, with a fisherman crew size of two to six. This fish purchase effort injects several million dollars into the Alaskan community through crew payments, vessel fuel and supplies. Most of our full-time employees and their families have become residents of the local community, many serving on various municipal, community and civic endeavors.

Including fish vessels which service our processing facility, we have an investment of close to 90 million dollars dedicated to the shore-side processing of pollock, crab, Pacific cod, halibut, and many types of groundfish. Alyeska has operated since 1986. Alyeska contributes over 1.5 million dollars in local and state taxes. Alyeska purchases products and services, and provides transportation from the community in excess of 2.5 million dollars annually. Payroll in excess of 6 million dollars was injected into the community in 1997. All of our products are shipped from our plant, providing jobs for longshore, and Alyeska also supports many civic, educational and charitable causes, both on a local and state-wide level.

In order for us to sustain this operation and have the "inshore" sector prosper, additional pollock will have to be allocated onshore. I hope the HJR 55 will have the enthusiastic support of the Alaska legislature.

Page 2
The Honorable Alan Austerman
February 13, 1998

Thank you for your efforts on our behalf.

Very truly yours,



Alce W. Brindle
President

AWB/cp

bcc: Glenn Reed



Resource Development Council for Alaska, Inc.

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Resource Development Council, for Alaska Inc. 1998-1999 Legislative and Administrative Priorities

General Issues

Access

- Advocate for increased access to public lands for resource development.
- Encourage no net reduction in private, state and federal lands currently available for resource development.
- Support improvements and additions to the state's land, marine, and air transportation infrastructure.

Fiscal Policy

- Encourage a responsible, long-range state fiscal plan.
- Promote value-added opportunities in all resource sectors throughout Alaska and provide for the research, development, and marketing of Alaska resources.
- Support fair equitable tax and royalties policies which stimulate resident job creation, capital investment, economic development in Alaska.
- Further efforts to privatize Alaska state government services.

Education

- Educate business leaders, government officials, school children, and the general public on resource issues in Alaska.
- Administer a forum for discussion and analysis of responsible resource development activities in Alaska.
- Provide factual information on land, environmental and resource issues to RDC members, the general public, the media, and government entities.

Specific Issues

Fisheries

- Support fisheries policies which improve access, markets, and revenues for Alaska fishermen and a healthy competitive environment for an Alaskan seafood processing industry.
- Advance shore-based processing and fisheries policies that ensure access and revenues for Alaska's "home fleet."
- Support reduced fisheries waste and better utilization of Alaska fishery resources.

Page 2 RDC 1998-99 Legislative and Administrative Priorities

- Promote improved product value, development of new product forms and resource management policies ensuring the long-term health of Alaska fishery resources.

Forestry

- Advocate for a reliable long-term federal and state timber supply.
- Support adequate funding and enforcement of the Alaska Forest Practices Act which includes private land.
- Encourage funding of forest management initiatives to address beetle infestation and the Reforestation Fund.

Mining

- Support legislative and/or administrative initiatives to encourage new exploration and development of the state's mineral deposits.
- Advocate for expansion of the airborne geophysical mapping program.

Oil & Gas

- Advance legislative and/or administrative initiatives to encourage new exploration and development of the state's oil and gas deposits, as well as enhanced production from existing fields.
- Advocate for the continued use of the area-wide leasing program.
- Encourage public policy decisions which may improve the commercial viability of developing Alaska's stranded natural gas resources.
- Promote full leasing of the National Petroleum Reserve-Alaska with no new Special Areas.
- Educate and advocate the opening of ANWR to oil and gas development.
- Further federal legislation which provides impact assistance to state and local government from OCS funds.

Tourism

- Support increased access to tourism opportunities and improved infrastructure throughout Alaska.
- Advocate for construction of additional helicopter landing sites, airports and rural airstrips, ports, docks, and roadways.

Transportation

- Promote access corridors, expansion of road, rail, port and air infrastructure and facilities, maintenance of existing infrastructure and strong safety standards.
- Focus federal and state transportation funds on community needs not wants.
- Work with Pacific Legal Foundation to ensure settlement of ANILCA Title XI through the federal regulatory process.
- Support actions to designate and settle historic RS 2477 rights-of-way across public lands in Alaska.

Regulation/Permitting

- Advocate for clear streamlined state and federal regulations and permitting processes based on sound science which allow for responsible development of Alaska's resources.
- Monitor and participate in the regulatory arena on water quality issues, community wastewater needs, mixing zones, watershed classification, NPDES, reclassification of water bodies, and wetlands.

NORTH PACIFIC SEAFOOD COALITION
 Alaska Statewide and Coastal Community Survey
 Dittman Research Corporation of Alaska
 September 2-13, 1997
 Statewide n = 300
 Coastal n = 150

Alaska Statewide and Coastal Community RESEARCH HIGHLIGHTS

- ◆ From a statewide and coastal community perspective, Alaskans see major problems in the pollock fishery...

"...too much waste in the pollock fishery?"
 (Described as using only part of the fish rather than all of it whenever possible.)

Statewide	Coastal
72% Problem	70% Problem

"...too much accidental by-catch in Alaska's pollock fishery?"
 (Described as fishing for one thing, and accidentally catching and killing something else.)

77% Problem	75% Problem
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- ◆ And by wide margins, off-shore factory trawlers are seen as the primary cause...

"...who is most guilty of waste, on-shore plants or factory processors?"

67% Trawler	79% Trawler
8% On-shore	2% On-shore

"...who is guilty of accidental by-catch, on-shore plants or factory processors?"

71% Trawlers	74% Trawlers
4% On-shore	4% On-shore

- ◆ On the other hand, on-shore processors are much more highly favorable -- not only because they do less damage to the resource, but because of their benefits for Alaska

"Which do you feel buys the most goods, services and products in Alaska -- processing plants located on-shore or factory trawlers at sea?"

84% On-shore	77% On-shore
9% Trawlers	14% Trawlers

"The Magnuson-Stevens Act passed last year by Congress had a goal to localize the benefits of Alaska's fishing industry as far as possible. Which do you feel provides the greatest benefits at the local level -- processing plants on-shore or factory trawlers at sea?"

91% On-shore	81% On-shore
5% Trawlers	13% Trawlers

- ◆ So it's not too surprising that only 12% support the current pollock allocation being granted to factory trawlers -- 77-81% want a change...

"Currently, off-shore factory trawlers are allocated 65% of the pollock harvest, while on-shore processors are allocated 35%. Which do you think would be best -- leave the allocation as-is with factory trawlers receiving 65%; change so that on-shore and factory trawlers each receive 50%; or reverse the allocation so that on-shore processors receive 65% and factory trawlers receive 35%?"

<u>Statewide</u>	<u>Coastal</u>
12% As-is:	12% As-is
38% Change to 50/50	35% Change to 50/50
39% Reverse	46% Reverse

- ◆ In fact, by huge margins, Alaskan's believe pollock allocations should be reviewed this year.

"...The North Pacific Fishery Management Council should or should not review the pollock allocation issue this year?"

95% Should	94% Should
4% Should not	5% Should not

- ◆ The main reasons given for increasing the pollock allocation to the in-shore fishing industry are generally considered to be "very convincing"...

Reasons for increasing the pollock allocation:

"...in-shore pollock industry generates millions in tax revenues for the state and coastal communities, while the factory industry pays no local sales taxes, and even filed a lawsuit in an effort to avoid paying state fish landing taxes until very recently..."

77% Very convincing	72% Very convincing
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"... not fair that in-shore processors who have invested hundreds of millions of dollars in processing plants in Alaskan communities are allocated only 35% of the harvest, while factory trawlers owned predominantly by foreign countries receive 65% of the catch without having to make any serious investments in Alaska..."

81% Very convincing	71% Very convincing
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"Because on-shore processors weigh all of their fish, it is much easier to regulate the in-shore fishing industry and accurately determine the total size of their pollock harvest to ensure compliance with state and federal fisheries laws..."

69% Very convincing	65% Very convincing
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- ◆ While the main reasons generally given for not reviewing the pollock allocation issue this year are broadly considered to be "not at all convincing"...

Reasons for not reviewing pollock allocation issues:

"...it would be a mistake to alter the current allocation system and risk destabilizing the industry..."

71% Not at all convincing	71% Not at all convincing
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"...the North Pacific Fishery Management Council will have little time to devote to important decisions in Alaska's other fisheries..."

76% Not at all convincing	70% Not at all convincing
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To: Special Committee on Fisheries All members
FR: Shirley Maguardt Box 920021 Dutch Harbor, AK 99692
RE: HJR 55

Mr. Chairman and Members,

HJR 55 is a resolution brought forward for your consideration, that ~~has~~ many more questions than answers. Please bear in mind that the North Pacific Fisheries Management Council is the Body charged with the regulation and conservation of the Pollock Fishery, and they have no answers yet to the numerous assumptions (their word) and questions that make up the whole question of A possible re-allocation of Pollock from one sector of Industry to another.

It is their job to gather the enormous amount of DATA and Information needed, and then apply it in the most responsible, scientific and truthful manner possible. They and their staff have not reached the stage where they can do that yet. How can you? And Further, why should you? IF the Pollock Fishery is the goose, then it certainly laid TWO golden eggs, not just one, and they are both valuable to the people and State of Alaska. That some groups have you as legislators seriously contemplating the gradual destruction of such a significant part of Alaska's future is outrageous. I have heard all the "buzz" words, read the Ads and heard the

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sound bites. What I have not heard, is a truthful discussion of benefits from the At-Sea Fleet by any one other than At-Sea Processors themselves. Please look to the NPFMC - NOAA - NMFS - and to the AK DGC for employment info, as well as a sound fishing program for all participants. Remember, when you hear:

- ① "Massive fishing vessels", their size is a direct result of their function, processing and hauling up to 80 employees.
- ② "Waste of Fish" The vessels in the At-Sea Fleet started the Increased Retention/Increased Utilization program this "A" season. What ever they catch, they keep. Period.
- ③ "Bycatch - Bycatch - Bycatch" Dr. Carrillo of the NPFMC Council Scientific and Statistical Committee reports, and I ^{quote} ~~quote~~, "Pollock fisheries are extraordinarily species specific" 90% of the Total Allowable Catch, or TAC, is Pollock. Also, the SSC. statement to Council that "Discard rates between the two sectors are practically the same". Very small numbers for both, not significant in any way. This info can be found in the meeting minutes of the Sept. 22-28, 1997 NPFMC meeting done by the S.S.C.

Please don't jump into taking a stand you cannot defend or explain. Let the NPFMC Council do their job. And give the people of the State of Alaska

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the confidence that you are legislating by reason and knowledge, not by pressures and half truths. Thank you for your time and effort, and please do not support this resolution.

Respectfully,

Shirley Marguardt
~~Shirley Marguardt~~

FAX

NORTH PACIFIC SHIP SUPPLY
MILE 4 CAPTAIN'S DAY ROAD
P.O. BOX 920245
DUTCH HARBOR, AK 99692-0245

Date 2-16-98
Number of pages including cover sheet

To: SPECIAL COMM. ON FISHERIES From: JERRY RAMOS

Attn: MEMBERS

Phone

Phone

1-907-581-1700 or 2700

Fax Phone

Fax Phone

1-907-581-1767

RE

HJR 55

REMARKS☐ Urgent☐ For your review☐ Reply ASAP☐ Please comment

ANY RE-ALLOCATION OF THE POLLOCK QUOTA
IN FAVOR ^{OF} ONE SECTOR OVER THE OTHER WITH-
OUT A FULL STUDY DETAILING THE OVERALL
ECONOMIC IMPACT ON OUR COMMUNITY, I
BELIEVE WOULD BE ILL ADVISED. THE CURRENT
ALLOCATION HAS ALLOWED THIS COMMUNITY
TO GROW WITH BOTH IN-SHORE AND OFFSHORE
SECTORS BENEFITTING FROM THE SUPPORT
SERVICES THAT HAVE BEEN ESTABLISHED.

ANY CHANGE HAVING A MAJOR DETRIMENTAL
EFFECT ON ONE SECTOR HURTS ALL OF
US.

PLEASE CONSIDER EVERY ASPECT OF THIS
ISSUE BEFORE MAKING ANY DECISION.

THANK YOU,

Jerry Ramos

OFFSHORE SYSTEMS INC. BEAR BRIDGE FEB 10 1992 10:51 AM P.01

TO: MEMBERS of the SPECIAL COMMITTEE on FISHERIES

FROM: Renee Petersen
P.O. Box 187
Unalaska, AK 99685

SUBJECT: HJR-48 and HJR-55

Please do not turn over the total allocation for the fisheries in the Bering Sea to the shoreside facilities alone. The allocation as it is today seems to give everyone a chance to share in the economic benefits from the fisheries industry. Having the diversity of both the shoreside and offshore fleets has promoted economic and social development in our community. If this balance changes, there will also be no sense of accountability due to the lack of competition.

Please listen to the voices of our community, and research further how these bills will affect our community and the industry.

MEMO

TO: MEMBERS OF THE SPECIAL COMMITTEE ON FISHERIES

FROM: ROBERT NUFER
P.O. BOX 920305
DUTCH HARBOR, AK. 99692

RE: HJR-55, HJR-48

COMMITTEE MEMBERS, PLEASE DO NOT PASS THIS
RESOLUTION. IT IS NOT IN THE BEST INTEREST OF OUR
COMMUNITY OR THE STATE OF ALASKA.

BOTH THE INSHORE AND OFFSHORE SECTORS OF THE
BERING SEA FISHERIES ARE VITAL FOR OUR ECONOMIC
HEALTH. BOTH CONTRIBUTE GREATLY WITH LANDING TAXES,
WAGES, AND SHORESIDE SUPPORT NEEDS.

I HAVE WORKED FOR BOTH SECTORS FOR NEARLY
TWENTY YEARS. MY FAMILY AND MANY LIKE MINE WOULD BE
ADVERSELY AFFECTED IF YOU PASS THIS RESOLUTION.

FAX MEMO

To: Members of the Special Committee on Fisheries

From: Tammy L. Fowler Pound
P.O. Box 920942
Dutch Harbor, AK 99692
907/581-1463

Subject: HJR-55, HJR-48

I respectfully request all Members of the Special Committee on Fisheries to reject HJR-55 and HJR-48.

The effect on our community and the State of Alaska will be a negative one, with the loss of jobs and small businesses, should these resolutions pass. Both sectors of the fishing industry, onshore and offshore, give Unalaska/Dutch Harbor a unique and stable economic base which has allowed individuals and companies to invest with confidence and our community to thrive.

Once again, I would like to say that this "fish fight" has everything to do with *money and control*, and nothing to do with what is best for our communities and state, or the people who live and work in both.

The cart has been put in front of the horse by the introduction of these resolutions without the research to make a sound judgment. I urge you to wait for the completion of an impact study commissioned by the North Pacific Fisheries Management Council, in order to make an informed decision.

Thank you for allowing my voice to be heard.

Respectfully,



Catch and Discards of Groundfish in the 1996 BSAI Pollock Target Fishery

	Catch metric tons	Species percent of catch	Discards metric tons	Species percent of discards	Discard rate
Non-surimi Catcher/Processors					
Pollock	213,756	96.0%	5,268	42.7%	2.5%
Pacific cod	4,076	1.8%	3,497	28.4%	85.8%
Turbot	6	<.1%	6	<.1%	100.0%
Rock sole	1,035	.5%	912	6.6%	78.5%
Yellowfin	1,205	.5%	906	7.3%	75.2%
Flathead	1,504	.7%	914	7.4%	60.8%
Arrowtooth	393	.2%	375	3.0%	94.8%
Flat other	184	.1%	115	.9%	62.7%
Rockfish	18	<.1%	16	.1%	84.7%
Atka mack	1	<.1%	1	<.1%	100.0%
Oth/unk	470	.2%	425	3.4%	90.3%
Groundfish total	222,649	100.0%	12,334	100.0%	5.5%

Non-surimi Inshore Processing					
Pollock	76,254	97.7%	845	38.8%	1.1%
Pacific cod	1,225	1.6%	841	38.6%	68.7%
Rock sole	64	.1%	61	2.8%	96.2%
Yellowfin	7	<.1%	4	.2%	59.3%
Flathead	67	.1%	58	2.7%	86.9%
Arrowtooth	98	.1%	97	4.5%	98.9%
Flat other	53	.1%	57	2.6%	99.0%
Rockfish	43	.1%	38	1.7%	77.7%
Atka mack	149	.2%	115	5.3%	77.6%
Oth/unk	63	.1%	63	2.9%	99.9%
Groundfish total	78,132	100.0%	2,180	100.0%	2.8%

'Non-surimi' designation denotes catch processed by processors which did not report making pollock surimi in the fishing year.

Surimi Catcher/Processors					
Pollock	432,308	97.9%	11,553	60.8%	2.7%
Pacific cod	4,384	1.0%	3,494	18.4%	79.7%
Turbot	31	<.1%	29	.2%	95.9%
Rock sole	790	.2%	590	3.1%	74.7%
Yellowfin	691	.2%	580	3.1%	83.9%
Flathead	883	.2%	757	4.0%	85.5%
Arrowtooth	651	.1%	594	3.1%	91.2%
Flat other	203	<.1%	75	.4%	36.2%
Rockfish	64	<.1%	52	.3%	80.3%
Atka mack	200	<.1%	200	1.1%	100.0%
Oth/unk	1,381	.3%	1,061	5.6%	76.8%
Groundfish total	441,394	100.0%	18,986	100.0%	4.3%

Surimi Mothership Processing

Pollock	121,959	97.8%	430	13.6%	.4%
Pacific cod	1,991	1.6%	1,966	62.0%	98.7%
Turbot	1	<.1%	1	<.1%	100.0%
Rock sole	77	.1%	77	2.4%	100.0%
Yellowfin	5	<.1%	5	.2%	100.0%
Flathead	226	.2%	226	7.1%	100.0%
Arrowtooth	268	.2%	268	8.4%	100.0%
Flat other	67	.1%	67	2.1%	100.0%
Rockfish	40	<.1%	39	1.2%	99.3%
Oth/unk	91	.1%	91	2.9%	100.0%
Groundfish					
total	124,724	100.0%	3,171	100.0%	2.5%

Surimi Inshore Processing

Pollock	319,307	98.1%	3,233	69.5%	1.0%
Pacific cod	3,569	1.1%	267	5.7%	7.5%
Sablefish	3	<.1%	<1	<.1%	6.7%
Turbot	19	<.1%	7	.1%	36.0%
Rock sole	82	<.1%	36	.8%	44.5%
Yellowfin	11	<.1%	3	.1%	29.5%
Flathead	530	.2%	312	6.7%	59.0%
Arrowtooth	445	.1%	290	6.2%	65.2%
Flat other	497	.2%	146	3.1%	29.5%
Rockfish	196	.1%	59	1.3%	30.1%
Atka mack	34	<.1%	22	.5%	63.0%
Oth/unk	669	.2%	273	5.9%	40.7%
Groundfish					
total	325,362	100.0%	4,649	100.0%	1.4%

'Surimi' designation denotes catch processed by processors which reported making any amount of pollock surimi in the fishing year.

The elimination of pollock discards may imply marginal changes to overall utilization rates discussed in the previous section. The utilization rates for 1996 were calculated by dividing the total tons of pollock products by the total pollock catch. That means discarded pollock were included in the denominator of the utilization rate calculation. However, with the implementation of IR/TU in 1998, those pollock cannot legally be discarded. Creating products out of those previously discarded fish will increase the utilization rates for all sectors of the industry, assuming that the retained portion of the harvest would be processed the same before and after implementation of IR/TU. While we do know the utilization rates will increase, the amount they will increase by sector is not known. That will depend on the products produced from fish, that prior to IR/TU, would have been discarded.

It is possible to calculate the maximum utilization rate that would have been realized if the discarded pollock in 1996 had been processed into round pollock. The table below shows that such an assumption could have potentially increased the catcher processor's utilization rate by up to 3%, inshore 1%, and true motherships 0.5%. We do not expect that all the discarded pollock would have been processed into round product under IR/TU. However, if IR/TU were in place in 1996, we would expect the utilization rate to have been between the actual and the maximum. While the rates below may be illustrative of the IR/TU implications, they result in only slight changes and the analyses will employ the actual (1996) rates.

Sector	Catch (mt)	Product (mt)	Discards (mt)	Actual Utilization	Maximum Utilization
Inshore (Surimi)	319,307	110,928	3,193	34.74%	35.74%
Inshore (Non-surimi)	76,032	20,513	839	26.98%	28.08%
True Mothership	121,959	28,436	488	23.32%	23.72%
Catcher Processor (Surimi)	432,308	84,436	11,672	19.53%	22.23%
Catcher Processor (Non-surimi)	213,756	36,304	5,344	16.98%	19.48%

PSC Bycatch Information

Bycatches of 'prohibited species' in the BSAI pollock target fisheries have the potential to impose both direct and indirect costs. Rates and species composition vary significantly by area, time, gear-type, and sector. They also would be expected to vary, over time, with the relative abundance of the individual PSC species, e.g., an exceptionally strong AYK chum salmon return could produce unusually high rates of bycatch of "other salmon" in BSAI pollock target trawl fisheries. Anticipating variability in rates is particularly difficult.

Utilizing NMFS catch and bycatch data (principally from 'blind' files), base-year PSC statistics for BSAI pollock target fisheries were examined. The following tables summarize these PSC bycatch performance data, by processing mode and sub-sector for 1996 (data from the 1991 and 1994 fisheries were presented in September to illustrate the trends and variability over time - that information will be included in the final EA/RIR document for review in April). The first table presents the total bycatch in 'metric tons' or 'numbers of animals' taken by a sector in directed pollock fisheries for the entire year. The second table converts these estimates into 'PSC bycatch rates', expressed in terms of 'tons of PSC-bycatch' per ton of groundfish catch, or 'numbers of PSC animals' per ton of groundfish catch.

Comparisons between the two tables suggests that, in some instances, relatively large absolute PSC numbers (either tons or animals) may actually be associated with relatively small 'rates' of bycatch, due to the absolute volumes of groundfish catch recorded by a given sector. This further suggests that these two aspects of PSC-bycatch performance be assessed in combination in order to evaluate relative sector (and/or sub-sector) impacts.

BSAI Pollock Target Fishery Prohibited Species Bycatch, by Processing Mode

[Metric tons or number]

	Halibut mort.	Herring	Red king crab	Other k.crab	Bairdi	Other Tanner	Chinook	Other salmon
	t	t	1,000s	1,000s	1,000s	1,000s	1,000s	1,000s
Catcher/Processor								
Non-surimi								
1996	125.6	49.5	4.9	.0	20.1	20.5	6.1	4.2
Surimi								
1996	129.9	720.6	1.0	.1	62.0	24.5	14.4	35.3
Motherships								
1996	20.5	30.7	.0	.0	.1	.2	8.8	18.6
Inshore								
Non-surimi								
1996	11.0	186.5	.0	.0	.8	3.3	4.3	4.8
Surimi								
1996	33.7	254.3	.1	.1	6.5	15.0	22.0	14.5

BSAI Pollock Target Fishery Prohibited Species Bycatch Rates, by Processing Mode

[Metric tons/ton or number/ton]

	Halibut mort.	Herring	Red king crab	Other k. crab	Bairdi	Other Tanner	Chinook	Other salmon
	t/t	t/t	No./t	No./t	No./t	No./t	No./t	No./t
Catcher/Processor								
<u>Non-surimi</u>								
1996	.001	.000	.022	.000	.090	.092	.027	.019
<u>Surimi</u>								
1996	.000	.002	.002	.000	.140	.056	.033	.080
Motherships								
1996	.000	.000	.000	.000	.001	.002	.071	.149
Inshore								
<u>Non-surimi</u>								
1996	.000	.002	.000	.000	.011	.042	.056	.061
<u>Surimi</u>								
1996	.000	.001	.000	.000	.020	.046	.068	.045

Assuming the 1996 bycatch rates shown above, we can provide projections of bycatch, broken down by each sector, for the range of alternatives under consideration. This information would be included in the final EA/RIR for review in April.

Appendix 2: Table 6

**Retained and Discarded Groundfish Harvest and Associated PSC Bycatch in
the Bering Sea/Aleutian Islands Catcher Processor Trawl
Mid-Water Pollock During 1993**

Groundfish Species	Harvest (mt)	Retained Catch (mt)	Discard Catch (mt)	Discard Rate (%)	Discard Rate Per mt Retained Gr'dfish	Assumed Assumed Mortality Rate	Discard Discard Mortality (pounds)
Atka Mackerel	13	0	13	98%	0.000	100%	27,769
Arrowtooth	457	44	414	90%	0.001	100%	911,697
Flounder	2,315	55	2,260	98%	0.003	100%	4,981,948
Turbot	27	0	27	100%	0.000	100%	60,025
Pacific Cod	6,050	452	5,597	93%	0.008	100%	12,340,200
Pollock	679,925	650,122	29,802	4%	0.044	100%	65,701,760
Pacific Ocean Perch	153	5	148	97%	0.000	100%	327,097
Rockfish	2	0	2	99%	0.000	100%	3,957
Rocksole	1,918	15	1,904	99%	0.003	100%	4,196,998
Sablefish	0	0	0	100%	0.000	100%	64
Yellowfin Sole	536	23	513	96%	0.001	100%	1,131,934
Other	1,961	18	1,943	99%	0.003	100%	4,282,718
Total Gr'dfish	693,358	650,735	42,623	6%	0.063		93,966,168

Prohibited Species	Amount of Bycatch	Discard Rate Per mt Retained Gr'dfish	Assumed Mortality Rate	Discard Mortality
Halibut (mt and pounds)	542 mt	0.001	80%	956,166 pounds
Herring (pounds)	84,151	0.129	100%	84,151 pounds
Bairdi (numbers)	344,940	0.531	100%	344,940 crab
Other Tanner (numbers)	191,752	0.295	100%	191,752 crab
Red King (numbers)	7,208	0.011	100%	7,208 crab
Other King (numbers)	387	0.001	100%	387 crab
Chinook Salmon (numbers)	20,521	0.032	100%	20,521 salmon
Other Salmon (numbers)	58,923	0.091	100%	58,923 salmon

Total Gr'dfish, Halibut & Herring Discards (in pounds)	95,006,485
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Total Crab and Salmon Discards (in numbers)	623,731
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Appendix 2: Table 13

**Retained and Discarded Groundfish Harvest and Associated PSC Bycatch in
the Bering Sea/Aleutian Islands Shoreside Catcher Vessel
Mid-Water Trawl Pollock Fishery During 1993**

Groundfish Species	Harvest (mt)	Retained Catch (mt)	Discard Catch (mt)	Discard Rate (%)	Discard Rate Per mt Retained Gr'dfish	Assumed Mortality Rate	Discard Mortality (pounds)
Atka Mackerel	22	0	22	98%	0.000	100%	47,763
Arrowtooth	69	19	49	72%	0.000	100%	108,464
Flounder	153	85	68	44%	0.000	100%	149,456
Turbot	34	0	34	99%	0.000	100%	74,275
Pacific Cod	1,623	980	643	40%	0.002	100%	1,417,805
Pollock	325,212	318,773	6,439	2%	0.020	100%	14,195,049
Pacific Ocean Perch	26	2	24	92%	0.000	100%	51,967
Rockfish	0	0	0	88%	0.000	100%	728
Rocksole	57	4	54	94%	0.000	100%	118,142
Sablefish	0	0	0	0%	0.000	100%	0
Yellowfin Sole	0	0	0	45%	0.000	100%	432
Other	224	77	147	66%	0.000	100%	323,931
Total Gr'dfish	327,420	319,941	7,479	2%	0.023		16,488,012

Prohibited Species	Amount of Bycatch	Discard Rate Per mt Retained Gr'dfish	Assumed Mortality Rate	Discard Mortality
Halibut (mt and pounds)	32 mt	0.000	80%	57,275 pounds
Herring (pounds)	281,560	0.883	100%	281,560 pounds
Bairdi (numbers)	12,229	0.038	100%	12,229 crab
Other Tanner (numbers)	3,919	0.012	100%	3,919 crab
Red King (numbers)	158	0.000	100%	158 crab
Other King (numbers)	0	0.000	100%	0 crab
Chinook Salmon (numbers)	5,317	0.017	100%	5,317 salmon
Other Salmon (numbers)	75,303	0.236	100%	75,303 salmon

Total Gr'dfish, Halibut & Herring Discards (in pounds)	16,826,847
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Total Crab and Salmon Discards (in numbers)	96,926
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Appendix 2: Table 17

**Retained and Discarded Groundfish Harvest and Associated PSC Bycatch in
the Bering Sea/Aleutian Islands Mothership Catcher Vessel
Mid-Water Trawl Pollock Fishery During 1993**

Groundfish Species	Harvest (mt)	Retained Catch (mt)	Discard Catch (mt)	Discard Rate (%)	Discard Rate Per mt Retained Gr'dfish	Assumed Mortality Rate	Discard Mortality (pounds)
Atka Mackerel	6	0	6	100%	0.000	100%	13,585
Arrowtooth	32	1	31	.97%	0.000	100%	69,399
Flounder	108	15	93	86%	0.000	100%	205,658
Turbot	3	0	3	100%	0.000	100%	6,393
Pacific Cod	783	160	623	80%	0.003	100%	1,373,594
Pollock	213,963	209,848	4,115	2%	0.020	100%	9,071,715
Pacific Ocean Perch	6	0	6	99%	0.000	100%	14,039
Rockfish	1	0	1	99%	0.000	100%	1,140
Rocksole	55	3	52	95%	0.000	100%	114,527
Sablefish	0	0	0	100%	0.000	100%	13
Yellowfin Sole	5	0	5	100%	0.000	100%	10,245
Other	91	3	88	97%	0.000	100%	194,529
Total Gr'dfish	215,053	210,029	5,024	2%	0.024		11,074,837

Prohibited Species	Amount of Bycatch	Discard Rate Per mt Retained Gr'dfish	Assumed Mortality Rate	Discard Mortality
Halibut (mt and pounds)	36 mt	0.000	80%	63,908 pounds
Herring (pounds)	148,630	0.708	100%	148,630 pounds
Bairdi (numbers)	10,749	0.051	100%	10,749 crab
Other Tanner (numbers)	3,704	0.018	100%	3,704 crab
Red King (numbers)	142	0.001	100%	142 crab
Other King (numbers)	8	0.000	100%	8 crab
Chinook Salmon (numbers)	8,936	0.043	100%	8,936 salmon
Other Salmon (numbers)	107,213	0.511	100%	107,213 salmon

Total Gr'dfish, Halibut & Herring Discards (in pounds)	11,287,374
Total Crab and Salmon Discards (in numbers)	130,752



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RESOLUTION 97-26

A RESOLUTION OF THE SOUTHWEST ALASKA MUNICIPAL CONFERENCE REQUESTING THAT THE NORTH PACIFIC FISHERY MANAGEMENT COUNCIL ANALYZE DATA AND INFORMATION REFLECTING THE CURRENT STATUS OF THE BERING SEA / ALEUTIAN ISLANDS POLLOCK FISHERY BEFORE ALLOCATING THE RESOURCE, SUPPORTING REAUTHORIZATION OF THE EXISTING POLLOCK CDQ PROGRAM, AND A ROLLOVER OF THE EXISTING ALLOCATIONS OF POLLOCK AND COD FOR THE GULF OF ALASKA

- WHEREAS,** the current inshore/offshore allocation is scheduled to expire at the end of 1998;
- WHEREAS,** the current formula for the BSAI of 65% dedicated to the offshore sector and 35% for the onshore sector and 100% of pollock and 90% of cod for the Gulf of Alaska has been in place since 1992;
- WHEREAS,** the current inshore/offshore allocation system has resulted in a strong and healthy CDQ program;
- WHEREAS,** the comprehensive data on the effects of the current allocation was not available at the time it was reauthorized by the Council and there is now five years of experience under the current formula;
- WHEREAS,** at the June meeting of the NPFMC the Council received reports from staff, the Scientific and Statistical Committee, Advisory Panel and testimony from the public on the inshore/offshore allocation of pollock in the Bering Sea which indicated a need for additional information and which reflected a range of opinions on what alternatives should be considered when reauthorizing the allocation for the BSAI area;
- WHEREAS,** another rollover without analysis, of the current allocation would ignore the changes to the fishery as a result of the existing allocation and evidence of the changing nature of the industry that harvests this highly valuable pollock resource;
- WHEREAS,** the Magnuson-Stevens Act was recently amended and is the new law for management of our nation's fisheries;
- WHEREAS,** included in the Magnuson-Stevens Act, Section 301, National Standards, are provisions that take into account the importance of fishery resources to fishing communities in order to provide for the sustained participation of such communities, and to the extent practicable, minimize adverse economic impacts on such communities;

WHEREAS, the pollock allocation for BSAI and the GOA is critical to the continued economic viability of coastal communities, especially the CDQ communities;

WHEREAS, the BSAI Pollock CDQ program has been a success, leading to the participation of the Bering Sea coastal communities in the fishing industry of the Bering Sea, creating employment opportunities, increased and stabilized revenues that will result in increased community stability and long-term viability;

WHEREAS, the shore based plants, fishing fleets that deliver in coastal communities, and at sea processors that land product in coastal communities, contribute millions of dollars annually to the State of Alaska and coastal communities through property taxes, local and state-shared fish tax, sales tax, employment opportunities, and other social benefits;

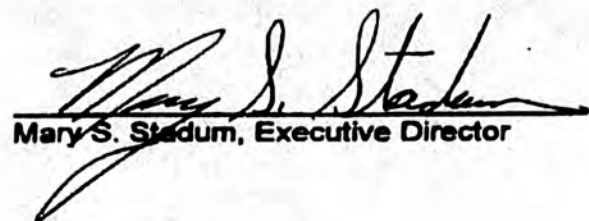
WHEREAS, the inshore/offshore pollock allocation system provides a stable source of jobs and other economic opportunities for Western Alaska fishermen and fishery-dependent communities in the Bering Sea pollock fishery;

NOW THEREFORE BE IT RESOLVED that the Southwest Alaska Municipal Conference requests that the North Pacific Fishery Management Council analyze data and information reflecting the current status of the Bering Sea / Aleutian Islands pollock fishery and the effects of any changes to the current allocation formula before allocating the resource, supports the reauthorization of the pollock CDQ program in the Bering Sea, and supports the reauthorization of the existing Gulf of Alaska allocation for pollock and cod, for the following reasons:

1. Compliance with the Magnuson-Stevens Act
2. To recognize changes in the BSAI pollock fishery since 1992
3. Importance of the allocation to the continued economic viability of coastal communities.

PASSED AND APPROVED BY THE SOUTHWEST ALASKA MUNICIPAL CONFERENCE
THIS 20th DAY OF SEPTEMBER, 1997.


Alice J. Ruby, President


Mary S. Stadum, Executive Director

SWAMC GENERAL MEMBERSHIP MEETING**September 20, 1997****Grand Aleutian Hotel, Unalaska****ROLL CALL**

SWAMC President Alice Ruby called the meeting to order at 1:30 p.m. In attendance were:

Members present included City of Akutan, Kodiak Island Borough, Akutan Traditional Council, City of False Pass, Trident Seafoods, BBNA, Capitol Associates, City of Unalaska, City of Dillingham, City of St. Paul, City of King Cove, APICDA, UniSea, Inc. City of Kodiak, Dillingham Chamber of Commerce, TDX Corporation, At-Sea Processors Association, City of Sand Point, North Pacific Seafood Coalition. *St George, Aleutians East Borough* ✓

Board members present: Alice Ruby, Wayne Stevens, Jerome Selby, Kara Sandvik, Carvel Zimin, Stephanie Madsen, Steve Hakala, Frank Kelly. Staff present: Mary Stadum, Marjorie Dunaway, Christi Bell, Deb Spence.

A quorum of municipal members (11) and the Board was established.

APPROVAL OF MINUTES

Jerome Selby moved to approve the minutes of the February 1, 1997 General Membership Meeting. Steve Hakala seconded. Motion passed.

STAFF REPORT

Mary said the FY 97 annual work plan is in the conference packets. Goal #1 addresses infrastructure needs; goal #2 relates to transportation improvements, and calls for a Southwest Alaska Transportation Plan which is now underway; goal #3 discusses fishery management, including the need for assistance in value-added processing and marketing; goal #4 relates to tourism, including training needs, the Day in Dillingham project (completed), infrastructure roundtables completed last year, a new Southwest theme, web site development, and production of a new brochure (underway); goal #5 calls for diversifying and strengthening the economy, and goal #6 relates to the organizational stability and efficiency of SWAMC.

The SWAMC Board of Directors met 10 times last year, including two retreats, and developed a strategic plan. Expenditures were within budget. The newsletter is published monthly. There are currently 143 SWAMC members, up from 132 in January. SWAMC has a new Legislative Committee. SWAMC was awarded two contracts, one for a tourism development project with the Aleutians East Borough, and one for a telecommunications planning and inventory project with the Alaska Science and Technology Foundation.

COMMITTEE REPORTS

Finance Committee—Jerome Selby, Chair

The audit for FY 96 was clean. The year ended with \$81,046 in the fund balance. The year ending 6/30/97 was within the budget approved by the Board—using \$3,510 of the fund balance (the Board had approved use of up to \$4,000). The Board approved a budget of \$252,000 for the current fiscal year (FY 98). Since then, an additional \$23,000 in revenue needs to be added as an amendment. There will also be \$23,000 in expenditures. It's planned to be a break even budget. The final FY 98 budget will be \$275,086. There is still approximately \$80,000 in the fund balance.

Personnel Committee—Alice Ruby, Chair

This committee has been relatively inactive, but is in the process of preparing a policy for Executive Director evaluation and a policy for employee exit interviews. The Committee will ask the Board for direction on committee appointment, makeup, and structure, and likely will propose bylaw amendments.

Legislative Committee—Frank Kelty, Chair

The Committee has met three times and prepared a list of 15 priorities for the upcoming Legislative session as well as a draft implementation plan. The priorities are: a raw fish tax credit; adequate funding for the ADFG budget; maintaining jurisdictional responsibility of the Board of Fisheries; supporting the return of unified fish and game management to the State of Alaska; funding for ASMI; funding for the ARDOR program; funding for public education, municipal assistance, revenue sharing, capital matching grants, and the RDA program; support amendments to Title 47; support legislation to allow municipalities to have a differential sales tax on alcohol; support for sharing 50% of any statewide wholesale tax on alcohol with municipalities; funding for PCE; funding for ports and harbors; stable levels of service from the AMHS; funding for rural tourism marketing; and funding for safe and adequate water and sewer systems.

The priority list and proposed implementation plan will be presented for approval at Winter Meeting.

Tourism Committee—Alice Ruby, Chair

Due to weather problems, the one-day workshop on Thursday was condensed. There was a good tourism workshop and committee meeting on Friday. The Committee created a working group to outline long-term objectives of the committee. The Committee will meet right before AVA in Anchorage and suggest a structure for the Working Group—governing officers, etc.

Fisheries Committee—Jerome Selby, Chair

Lt. Gov. Fran Ulmer discussed subsistence at the Committee meeting yesterday; the Committee is recommending a resolution. The Committee also heard an update on sea lion research from Dr. Andrew Trites. The afternoon workshops included a presentation on essential fish habitat from National Marine Fisheries Service, and a discussion of the inshore / offshore issue. The committee is proposing a resolution that supports the overall program and hopefully will be considered common ground. ADFG funding requests have been compiled by subarea and will be sent to the Legislature. Jerome moved to approve the draft ADFG budget request. Stephanie Madsen seconded. Motion passed.

Transportation Committee—Mark Hickey, Acting Chair

The consultants for the Southwest Alaska Transportation Plan were in attendance and conducted the first meeting of the Advisory Committee. The SWAMC Transportation Committee meeting was the initial public participation effort and included a discussion of the plan, and small group discussions on transportation needs. The plan is scheduled to be completed at the end of 1998. The consultants will be producing newsletters and Mark encouraged all committee members to pay attention to the plan. The Committee recommends passage of Resolution 97-18, with amendments made by the Tourism Committee.

Public Safety—Alice Ruby, Moderator

Representatives from the departments of Corrections, Public Safety, and Law were in attendance. The group discussed priorities.

Membership Committee—Kara Sandvik, Chair

SWAMC has 143 members, 23 of whom are municipalities or village councils. The membership budget for the year is \$40,000; about \$34,000 has been collected.

RESOLUTIONS

Resolution 97-14 A resolution urging the Governor and Legislature to ensure that the education funding formula meets the state's constitutional mandate to provide a basic education to all Alaskans. Stephanie Madsen moved to adopt Resolution 97-14. Frank Kelty seconded. There was no discussion. Motion passed.

Resolution 97-15 A resolution urging the Governor and the Legislature to create a long term funding mechanism for the Power Cost Equalization Program. Carvel Zimin moved to adopt Resolution 97-15. Wayne Stevens seconded. There was no discussion. Motion passed.

Resolution 97-16 A resolution urging full support for the Alaska Regional Development Organization (ARDOR) Program. Kara Sandvik moved to adopt Resolution 97-16. Frank Kelty seconded. Discussion: Stephanie explained that this program provides some of SWAMC's funding, and while the program was extended, the funding is in jeopardy. In response to a question, Mary said that the Nome ARDOR was reinstated this year and that SWAMC's FY 98 ARDOR grant was reduced because the available funding was split between more ARDORs. Motion passed.

Resolution 97-17 A resolution in support of full funding for the University of Alaska for fiscal year 1999. Jerome moved to adopt Resolution 97-17. Wayne Stevens seconded. Discussion: Jerome moved to amend Resolution 97-17 by changing the first "now therefore be it resolved" to read, "NOW THEREFORE BE IT RESOLVED by the Southwest Alaska Municipal Conference that fiscal year 1999 funding for the University of Alaska be at the level required to continue quality programs at the outlying branches in Southwest Alaska as well as the Anchorage and Fairbanks campuses"; and to add an additional clause, "BE IT FURTHER RESOLVED that increased funding be provided for research at the University of Alaska into fisheries and ocean science and economic development opportunities." Stephanie Madsen seconded the amendment. Discussion: Jerome commented that the Board of Regents approved the budget with no line items for the outlying campuses, fisheries and ocean sciences, etc. SWAMC needs to be on record asking them to reinstate educational opportunities in Southwest Alaska. Amendment passed. Main motion passed.

Resolution 97-18 A resolution urging full support of the Alaska Marine Highway System and the operation and service of the new M/V Kennicott. [as amended by Tourism Committee.] Gloria Link moved to adopt Resolution 97-18. Bill Jones seconded. There was no discussion. Motion passed.

Resolution 97-19 A resolution urging the Governor and the Legislature to invest in Alaska's future by adequately financing the repair and on-going maintenance of Alaska's state and local public facilities in cooperation with municipalities. Stephanie moved to adopt Resolution 97-19. Jerome seconded. There was no discussion. Motion passed.

Resolution 97-20 A resolution urging the Governor and Legislature to support the Rural Sanitation 2005 Action Plan. Jerome moved to adopt Resolution 97-20. Frank Kelty seconded. There was no discussion. Motion passed.

DRAFT Resolution 97-21 A resolution endorsing the national "Teeming with Wildlife" Initiative. [as amended by Tourism Committee.] Gloria Link moved to adopt Draft Resolution 97-21. Glenn Reed seconded.

Discussion: Steve Hakala commented that this resolution was discussed at Winter Meeting in Anchorage and recommended that the resolution either be tabled again or failed. The initiative would tax certain kinds of recreational equipment to provide funds for non-consumptive uses of wildlife, but he feels it conflicts with consumptive uses. Alice commented that the Tourism Committee supported the resolution with an amendment that SWAMC will monitor the preparation of legislation to implement the initiative. The Committee wanted to see funding, similar to what sport fishing interests have, to support wildlife programs. Other discussion centered on the potential benefits to Southwest Alaska; the issue of consumptive versus non-consumptive uses, with consumptive users paying taxes on equipment, licenses, etc. that go to ADFG for management but no similar funding mechanisms for non-consumptive programs; and access to wildlife areas. Jerome moved to table the motion to Winter Meeting, and provide a workshop for the membership on the issue. Alvin Pederson seconded. Motion tabled.

DRAFT Resolution 97-22 A resolution supporting implementation of the National Park Service Brooks River Development Concept Plan (DCP), Alternative 5, for relocation of Brooks Camp to the south side of Brooks River. Gloria moved to adopt Draft Resolution 97-22. Kara seconded.

Discussion: Carvel commented that the issue deserves a workshop or update, and he wanted to know the position of the descendants of Katmai. Alice said that a representative of the National Park Service (Karen Gustin, unit manager for Katmai) spoke at the Tourism Committee workshop. The Tourism Committee recommended passage of the resolution. Jerome said he would like to hear from Bristol Bay Borough and the King Salmon area. Steve moved to table the resolution. Glen Gardner seconded. Motion tabled.

DRAFT Resolution 97-23 A resolution in support of state funding for tourism marketing and development. Jerome moved to adopt Draft Resolution 97-23. Stephanie seconded. Discussion: Alice noted that the Tourism Committee requested this resolution be tabled, so that it can be considered by the Alaska Visitors Association at their October 1 - 3 convention. AVA will address a plan to fund tourism marketing. Steve moved to table Draft Resolution 97-23. Gloria seconded. Motion tabled.

Resolution 97-25 A resolution requesting a study into the cause(s) of the failed Bristol Bay sockeye salmon return in 1997. Carvel moved to adopt Resolution 97-25. Jerome seconded. There was no discussion. Motion passed.

Resolution 97-26 A resolution requesting that the North Pacific Fishery Management Council analyze the current data and information before allocating pollock for the Bering Sea / Aleutian Islands area, supports reauthorization of the existing pollock CDQ program, and a rollover of the existing allocations of pollock and cod for the Gulf of Alaska. Jerome moved to adopt Resolution 97-26. Frank seconded.

Discussion: Joe Sullivan moved to adopt the following amendments:

1. Amend the heading to read, "...analyze data and information reflecting the status of the Bering Sea/Aleutian Islands pollock fishery..."

2. Amend the third "whereas" to read, "the current inshore/offshore allocation and CDQ program as well as the pollock and cod allocation in the Gulf of Alaska have increased community stability;"
3. Delete the second to last "whereas" which begins, "the shore-based plants in Alaskan coastal communities are totally dependent..."
4. In "now therefore be it resolved" section, make the second line consistent with the header to read, "now therefore be it resolved that...the North Pacific Fishery Management Council analyze data and information reflecting the current status of the Bering Sea / Aleutian Islands pollock fishery and the effects of any change to the current allocation formula before allocating the resource, supports the reauthorization of the pollock CDQ program..."
5. Change #2 in the "now therefore be it resolved" section to read: "To recognize changes in the BSAI pollock fishery since 1992."
6. Add a #4 to the "now therefore be it resolved" section as follows: "To ensure there are no negative impacts on the CDQ program."
7. Add an additional "be it further resolved" clause to read: "that, except as stated herein, this resolution does not constitute endorsement of any Bering Sea / Aleutian Islands pollock allocation alternative."

Andy Golia seconded. Discussion: Joe explained that the amendments are intended to be consistent with what came out of the Fisheries Committee. The first change is editorial. The intent should be to consider all data, not just data as of the date of this resolution. The change to #2 in the "be it resolved" clause is also editorial.

Jerome moved to divide the question and consider each amendment separately. Bill Jones seconded. Motion passed.

Amendment #1 (change wording of title): Steve commented that allocation is the real issue and he's prepared to support the resolution without amendments. Shoreside plants in Sand Point are receiving many deliveries that they weren't getting in 1992. Jerome said the title change does not change the intent. Stephanie was concerned that the resolution be not just a call for an examination of data and the current fishery, but a comparison of the current fishery to 1992. Joe agreed to accept as a friendly amendment Stephanie's suggestion to add "current" so the title reads, "...requesting that the NPFMC analyze the current status of the BSAI pollock fishery..." Motion to approve amendment #1 passed.

Amendment #2 (amend third "whereas"): Stephanie suggested, and Joe accepted as a friendly amendment, changing "increase" to "maintain" so the clause would read: "the current inshore/offshore allocation and CDQ program as well as the pollock and cod allocation in the Gulf of Alaska have maintained community stability". Discussion: Steve Hakala commented that there have been negative effects in some non-CDQ communities. Terry Shaff recommended voting against this amendment because it is the lack of stability that the resolution is asking the Council to look at. Bill Jones commented that impacts to communities were not discussed at the Committee meeting and recommended leaving the clause as written. Glenn Reed also spoke against the amendment. Amendment failed.

Amendment #3 (in favor of deleting second to last "whereas"): Discussion: Jerome said the resolution might be more neutral without this clause; the Committee did not discuss community impacts. Stephanie, however, said this is the key issue that needs to be recognized. Joe commented that if this were a neutral resolution, he would want to see more information about the offshore sectors. Bill Jones commented that this clause does not add meaning to what SWAMC tells the Council; he would support deleting it. By a hand vote, amendment to delete the second to last "whereas" failed, 12 in favor and 17 against. Second to last "whereas" remains part of resolution.

Amendment #4 (to make "be it resolved" clause agree with heading): There was no discussion. Amendment passed.

Amendment #5 (to change #2 in "be it resolved" clause to read, "To recognize changes..."): There was no discussion. Amendment passed.

Amendment #6 (add #4 to "be it resolved" clause regarding no negative impacts to CDQ program): Discussion: Stephanie said she hesitates to add it because the resolution already supports the CDQ program. Steve Hakala commented that no matter what's done, someone will be impacted. This could be used against this resolution and he does not want to undermine the resolution. Joe commented that the importance of the CDQ program to Western Alaska was a key part of the Committee's discussion, and that the CDQ program is more important than any other sector of the industry. If there is not agreement on this issue, he requested a roll call vote. Glenn Reed said he has a problem with the amendment because readers might assume that anything that affects fishing opportunity could be taken as a negative effect to the CDQ program. This would undermine the intent of the program.

Jim McManus (Trident) says he manages a CDQ partner boat that delivers onshore. He cannot support the amendment. Andy Golia (BBNA) said he had problems with the resolution in the Committee meeting because of a concern about the impacts on the CDQ program. In Bristol Bay, 14 communities (8 of which are municipalities) are members of the CDQ group. They're concerned about losing jobs out of the region. Dillingham, Togiak, and the Bristol Bay Borough are supportive of the CDQ program and he didn't see a problem with the proposed language.

Terry Shaff (UniSea) spoke against the amendment for the reasons already stated. He said he was compelled to say for the record that UniSea fully supports the CDQ program, and all the organizations UniSea belongs to fully support the program. That has nothing to do with opposing this amendment.

Joe said his intent is to express the importance of the CDQ program and ensure no negative effects in connection with the analysis of the allocation.

Jerome moved to amend the amendment to read, "to ensure the continuation of the CDQ program." Kara seconded. Discussion: Jerome commented that everyone agrees that the CDQ is supported by everyone in attendance. That's important and appropriate to state, but "no negative impacts" is not the issue. Joe said the continuation of the program is already addressed in the resolution and that's significantly different from his amendment.

Stephanie said she's uncomfortable with the "no negative impacts" language. The declining TAC is a negative impact. The language is unrealistic; there will be negative impacts in the future. She supports the amendment to the amendment. Frank agreed. The City of Unalaska has gone on record in support of the CDQ program even though they're not a CDQ community. The problem is

that the CDQ groups want their investments and their 7.5% protected, and that's not going to happen. The City has seen a 700 metric ton drop, and a drop in the dollar value.

Joe requested the vote be by roll call. Steve said the purpose of the resolution is to look at the allocation again, and protection for the status quo should not be built in. Glenn Reed said he has the same comments as Terry Schaff and feels the proposed language is more than anyone can do for the program. He also expressed concern that a roll call vote could mean that those who vote against the amendment might be portrayed as being against the CDQ program.

By a hand vote, the amendment to the amendment failed 23 against, 0 in favor.

By a hand vote, amendment #6 failed by a vote of 23 against to 4 in favor. Joe protested the hand vote and wants the record to reflect which organizations voted for and which ones against. Alice called for a vote in favor of revoting. No one voted in favor of revoting; 24 voted against it. Vote stands.

Amendment #7 (that resolution does not constitute endorsement for allocation alternative):
Discussion: Jerome said he's opposed to the amendment and does not feel it adds anything to the resolution. Joe said he's concerned about this resolution being characterized as support for the onshore allocation. He wants a neutral position for BSAI pollock. The records of SWAMC discussions may not be with the resolution every time it's presented. Steve said the proposed amendment begs the question of what happens if the research suggests there's a need to look at a reallocation. Joe said that would be an entirely separate issue which could be addressed by SWAMC. Glenn spoke against the amendment. Steve said he agrees SWAMC should remain neutral, and based on the Committee meeting, the initial resolution, without amendments, was the proposal. He wants to leave it alone. Carvel said the issue is divisive, it's allocative, and not what SWAMC is all about. He will vote against the resolution unless this amendment is included.

By a hand vote 6 voted in favor of the amendment and 22 voted against the amendment. Amendment failed.

Stephanie called for the question on the main motion to adopt the resolution. Carvel objected to the question. He expressed concern that the resolution divides SWAMC by going against Bristol Bay and for this reason he would vote against it.

Andy commented that when he was on the SWAMC Board, SWAMC did not take a position on the inshore/offshore allocation issue because there was no consensus. He agreed with Carvel.

Steve said that somehow people have concluded that the resolution deals with allocation of the fishery when in fact it only requests an analysis by NMFS. The only relation to allocations is the potential to revisit the allocation after an analysis is done. He took exception to the comment that SWAMC is divided and forcing Bristol Bay into a position.

Stephanie said she was involved in SWAMC when the issue was discussed previously and SWAMC has always had a position, both in 1991 and in 1994. The one issue where SWAMC could not reach a consensus was on a 5th region of ADFG and that issue was dropped. By way of background, she explained that ASPA submitted this resolution only after the At-Sea Processors submitted a resolution in favor of a rollover of the allocation. There was already a resolution on the table to limit options. ASPA did not submit a resolution earlier because they were sensitive to the issue. This resolution was a response to an already-submitted allocative resolution.

Sharon Svamy-Livingston said the CVB has tried to stay out of the issue, but it is a common sense request to ask for a study of the Bering Sea. She doesn't see it as taking sides.

Frank commented that during Joe Sullivan's presentation yesterday, he never mentioned Magnuson-Stevens Act amendments. The amendments mandate that in order to do anything, the Council has to have the best information available.

Jerome said that 4 of the 7 proposed amendments have been approved and wondered why there was disagreement. Carvel said that if the second to last "whereas" were deleted (amendment #3), the resolution would be more neutral.

Jerome moved to reconsider the vote on amendment #3 (deleting the second to last "whereas"). Stephanie seconded. There was no discussion. The vote in favor of reconsidering the vote was 28 in favor, 0 against. Motion to reconsider amendment #3 passed.

Discussion on amendment #3: Stephanie said she's opposed to deleting this clause, but out of respect for other members, will go along with it. The vote on amendment #3, deleting the second to last "whereas", was 29 in favor, 0 opposed. Motion passed. Second to last "whereas" deleted.

Stephanie called for the question on the main motion to adopt the resolution as amended. By a hand vote, the resolution passed, 26 in favor and 2 opposed. Motion passed.

Summary of amendments:

1. Amend the heading—passed. Final heading reads, "A resolution requesting that the North Pacific Fishery Management Council analyze data and information reflecting the current status of the Bering Sea/Aleutian Islands pollock fishery before allocating the resource, supporting reauthorization of the existing pollock CDQ program, and a rollover of the existing allocations of pollock and cod for the Gulf of Alaska."
2. Amend the third "whereas"—failed.
3. Delete the second to last "whereas"—initially failed, but passed on a reconsideration vote. Clause deleted.
4. Amend "now therefore be it resolved" section to be consistent with heading—passed. Section now reads, "Now therefore be it resolved that the Southwest Alaska Municipal Conference requests that the North Pacific Fishery Management Council analyze data and information reflecting the current status of the Bering Sea/Aleutian Islands pollock fishery and the effects of any changes to the current allocation formula before allocating the resource, supports the reauthorization of the pollock CDQ program in the Bering Sea, and supports the reauthorization of the existing Gulf of Alaska allocation for pollock and cod, for the following reasons..."
5. Change #2 in "now therefore be it resolved" section—passed. Final wording: "To recognize changes in the BSAI pollock fishery since 1992".
6. Add a #4 to "now therefore be it resolved" section to read, "To ensure there are no negative impacts on the CDQ program." Amendment failed.

7. Add an additional "be it further resolved" clause to read, "Be it further resolved that, except as stated herein, this resolution does not constitute endorsement of any BSAI pollock allocation alternative." Amendment failed.

Resolution 97-21 (draft 97-27) A resolution urging the Governor and Alaska Legislature to resolve the subsistence issue and retain fish and game management in Alaska. Jerome moved to adopt Resolution 97-21. Wayne seconded. Discussion: Vince Tutlakoff, chair of the Aleut Corporation, said the Aleut Corporation has submitted their own proposal for resolving the subsistence issue. They opted for co-management and for no amendments to ANILCA. By a vote of hands, the motion passed, 18 in favor and 4 opposed.

Resolution 97-22 (draft 97-28) A resolution urging the Exxon Valdez Oil Spill Trustee Council to establish an Ecosystem Research Foundation with the Restoration Reserve. Jerome moved to adopt Resolution 97-22. Stephanie seconded. There was no discussion. Motion passed.

Resolution 97-24 (draft 97-29) A resolution urging use of Permanent Fund profits to support existing state programs. Jerome moved to adopt Resolution 97-24. Wayne seconded. Discussion: Jerome suggested removing the 4th "whereas" since it repeats the 5th. This was considered a friendly amendment. Motion passed.

VOICE OF THE MEMBERSHIP

Jerome suggested that the regular Voice of the Membership be postponed, but that time be allowed for those who do have comments.

Gloria Link reported that the Day in Dillingham project, a joint project between the Dillingham Tourism Committee and SWAMC, is completed. She has brochures.

Dr. Bob Johnson complimented the Board on doing a good job of dealing with sensitive issues.

Bill Jones expressed concern that much of what was discussed today regarding the inshore/offshore issue was not debated in the Fisheries Committee meeting yesterday. The same thing happened with the subsistence issue and the Aleut Corporation. He recommended that debate should occur in committees and divisive issues should not be allowed before the general membership.

Dave Monroe asked if committee meetings are open. As long as someone is registered for the conference and paid up, they may attend committee meetings. Dave suggested that if people are opinionated about issues, they should be active in committees and resolve issues there, rather than before the general membership.

Rep. Carl Moses complimented Alice on handling the meeting very democratically. He said that if SWAMC tries to avoid all divisive issues, the organization won't be effective. He recommended taking a vote and letting bygones be bygones.

Sharon Svamy-Livingston thanked everyone for coming to Unalaska.

Bev Reid reiterated what Rep. Moses said and said she appreciates the work of the President and committee chairs.

ADJOURNMENT

The General Membership Meeting adjourned at 4:00 p.m.

Tax Issues

Tax Payments and Net Benefits Calculations

Transfer payments are expenditures made for a purpose other than procuring goods and services. Example of transfer payments are unemployment compensation, social security benefits, welfare payments, gifts to charities, and taxes. Economic theory indicated that transfer payments should not be included in net benefits calculations. Therefore, while the issue of taxes may be of interest, because of their distributional impacts, they should not be part of any net national benefits discussion.

Some portion of the annual total offshore production is transshipped or directly landed outside Alaska and is, therefore, not subject to 'local' or 'State' landings taxes (although it may be taxed elsewhere). Taxes 'foregone' on these quantities of output have been characterized as 'leakages' by the Council, and an assessment of the probable magnitude of such leakages have been requested, within the I/O3 context.

In order to be fully responsive to the Council's request, it will be necessary to compare 'tons-taxed' to 'total-tons' produced, on an annual basis, and assume that any difference observed represents the amount of catch which was landed 'outside' Alaska taxing jurisdictions. This ratio could be used to 'extrapolate' potential tax leakages attributable to offshore catches landed outside Alaska, for a given TAC -apportionment.

The weaknesses with this approach are several, however. First, comparing total catch amounts from different data sources, as previously noted, can introduce 'apparent' differences, when none actually exist. Second, as the apportionment of TAC between onshore and offshore sectors changes (due to Council action), composition and operating patterns may change in response. These changes are largely unpredictable, but could influence the size of future catches landed outside Alaska-taxing jurisdictions (or alter the pattern between jurisdictions). Third, taxes are 'transfer payments', and therefore cannot be regarded as 'benefits', within the context of a net benefit analysis. Care must be taken in presenting any 'estimate' of tax leakages to avoid misunderstanding of this point.

Alaska Fish Taxes

The State of Alaska collects revenues from five different types of fish taxes. Three of the taxes apply to pollock harvested in, or transported into, state waters. These taxes are collected based on the type (location) of processor and the status of the fish. Raw fish are taxed under the Fisheries Business Tax (AS 43.75). Two rates apply to pollock depending on the type of processor. Fish landed at shorebased processors are taxed a rate of 3% of their ex-vessel value. Floating processors are defined as businesses within the State of Alaska that are not permanently attached to land or does not remain in the same location for the entire year. These floating processors (sometimes called floaters or inshore motherships) are taxed at 5% of the ex-vessel value of the fish they process. Catcher processors and at-sea motherships that land or transfer product within state waters are subject to a Fishery Resource Landing Tax (AS 43.77). This tax is levied at 3% of the ex-vessel value of the unprocessed fish. Finally, the Seafood Market Assessment (Sec. 16.51.120) tax is assessed at a rate of 0.3% of the ex-vessel value of the fish. The Seafood Market Assessment is paid in addition to the Fisheries Business Tax and the Fishery Resource Landings Tax.

The table below reports the Alaska state level fish taxes paid on pollock for the calendar years 1995 and 1996. Taxes reported in the table reflect only those collected for pollock processed (or landed) in the Bering Sea or Aleutian Islands. It is not possible to provide a breakout of taxes paid only for pollock harvested from the Bering Sea and Aleutian Islands. The Fisheries Business Tax is reported based on where the fish was processed. This means that a plant in Unalaska could take deliveries from a vessel harvesting pollock in the western Gulf, and the taxes would be assessed in Unalaska. The opposite scenario may also have occurred. Pollock harvested from

the Bering Sea or Aleutian Islands may have been transported to Sand Point for processing. Taxes resulting from these deliveries would be credited to the port of Sand Point.

Problems may also exist in determining whether Resource Landings Taxes paid on fish harvested in the Bering Sea were reported there. The taxes are reported based on location of the fish where landed. If a vessel harvested products in the Bering Sea and off-loaded in the Gulf of Alaska, the taxes would be reported in the Gulf location.

BERING SEA¹ FISHERIES BUSINESS TAX² (Raw Fish Tax)

PAID BY:	ESTIMATED				
Inshore⁵	POUNDS	VALUE	PRICE	TAX RATE	REVENUE
Shorebased	840,717,171	\$84,273,515		3.0%	\$2,528,205
Floating	73,966,138	\$4,766,612		5.0%	\$238,331
Total 1995	914,683,309	\$89,040,127	\$0.097	3.11%	\$2,766,536
Shorebased	683,825,490	\$56,644,800		3.0%	\$1,699,344
Floating	175,261,183	\$12,685,276		5.0%	\$634,264
Total 1996	859,086,673	\$69,330,076	\$0.081	3.37%	\$2,333,608

BERING SEA¹ FISHERY RESOURCE LANDING TAX³ (Processed Fish Tax)

	ESTIMATED				
Offshore⁵	POUNDS	VALUE	PRICE	TAX RATE	REVENUE
Total 1995	1,473,380,396	\$135,550,996	\$0.092	3.0%	\$4,066,530
Total 1996	1,329,327,476	\$109,010,905	\$0.082	3.0%	\$3,270,327

BERING SEA¹ SEAFOOD MARKET ASSESSMENT⁴ (Marketing Tax)

All Processors	ESTIMATED				
	POUNDS	VALUE	PRICE	TAX RATE	REVENUE
1995	2,192,776,419	\$224,591,123	\$0.102	0.3%	\$673,773
1996	2,188,487,972	\$178,340,981	\$0.081	0.3%	\$535,023

Source: Bering Sea Fisheries Business Tax Returns & Fishery Resource Landing Tax Returns (tax periods are based on the returns submitted for the calendar years 1995 or 1996)

- 1 Bering Sea (as defined here) corresponds to the following share locations: Atka, Akutan, Saint Paul, Unalaska, the Unorganized Borough, Pending and Outside (where Outside is long. and lat. outside Borough and municipal boundaries and Pending is where share location has not yet been identified.)
- 2 Estimated revenue is calculated using a 3% tax rate for shore processors and a 5% tax rate for floating processors. Actual revenue, pounds and value will vary due to amended returns. Revenue will also vary as a result of carryforwards from previous years. Additionally, 50% of this revenue is shared to qualifying communities.
- 3 Estimated revenue is calculated using a 3% tax rate. Actual pounds and value will vary due to amended returns. Revenue will also vary as a result of carryforwards from previous years. Additionally, 50% of this revenue is shared to qualifying communities.
- 4 Estimated Revenue is calculated using a 0.3% tax rate. Actual revenue, pounds and value will vary due to amended returns. Revenue will also vary because of carryforwards from previous years.
- 5 The offshore category will be slightly under represented (and the inshore sector slightly over represented) if catcher processors or true motherships process some of their pollock within State waters and are subject to the Fisheries Business Tax. However, by doing so they would be subject to a 5% tax rate, instead of the 3%, so it is unlikely that large amounts pollock in the offshore sector would be processed within State waters.

The differences between the pounds of fish reported in the NMFS Blend data sets for 1995 and 1996, and the pounds taxed by the Alaska Department of Revenue reported below. These differences result from the way the data are collected (and estimated), as discussed above, and the amount of fish that was not taxed in Alaska.

	AK Revenue Landing Tax	NMFS Offshore	% Difference
1995 BSAI Pollock	1,473,380,396	1,797,899,331	-18.05%
1996 BSAI Pollock	1,388,646,983	1,654,519,021	-16.07%
	AK Revenue Business Tax	NMFS Inshore	% Difference
1995 BSAI Pollock	914,683,309	915,068,440	-0.04%
1996 BSAI Pollock	859,086,673	863,125,980	-0.47%

In addition to the fish taxes collected by the State, local governments within Alaska also collect fish taxes. The table below lists the tax rates assessed by the local governments throughout Alaska. These rates apply to the ex-vessel value of raw fish landed in the borough or city. Only the cities of King Cove, Sand Point, Akutan, and Unalaska have processors that reported taking landings of Bering Sea or Aleutian Islands pollock during 1996. The remaining cities and boroughs have been included to provide a complete list of local fish taxes, although they do not generate taxes from Bering Sea and Aleutian Islands pollock.

Fish that are processed in the EEZ off Alaska's coast and never taken into Alaskan waters are not subject to Alaskan state or local taxes. These products may be shipped directly out of the U.S., or they may be taken to another state. Under either case, they are not required to pay Alaska fish taxes.

Pollock harvested off Alaska's coast, but not subject to Alaska state fish taxes, has been raised as an area of concern. These "leakages" may be estimated in a crude fashion, but the true magnitude cannot be determined with existing data. Without knowing the comparability of pounds reported in the tax files, to the landings estimates in the Fishtickets and Blend data, the extent of leakage cannot be verified, however we can extend the crude leakage estimates by applying that ratio to alternative allocation scenarios.

Regional Raw Fish Taxes

Alaska City and Borough Raw Fish Taxes (These taxes are paid in addition to the State taxes)			
Location	Borough	City	Total
King Cove	2%	2%	4%
Sand Point	2%	2%	4%
Akutan	2%	1%	3%
Unalaska	0%	2%	2%
Atka	0%	1%	1%
Pilot Point	0%	3%	3%
St. George	0%	3%	3%
Togiak	3%	2%	5%

Estimating the amount of tax "leakage" requires that we know both the total amount of pollock harvested from the Bering Sea and Aleutian Islands and the total amount of that pollock that was taxed. The total amount of pollock harvested from the Bering Sea and Aleutian Islands is estimated using the NMFS Blend data system. The pounds of pollock subject to the various State taxes are determined using a different system. The Alaska Department of Revenue accepts taxable pounds of raw fish to be reported based on:

- (1) Actual scale weight
- (2) NMFS Volumetric Measurements
- (3) NMFS Recovery Rates
- (4) Other.

See 15 AAC 77.045 for the complete statute. Comparing weights derived from two separate sources confounds the problem of determining how many pounds of pollock were not subject to State of Alaska taxes.

Oregon Fish Taxes

Chapter 635, Division 6 - Department of Fish and Wildlife, of the Oregon Administrative Rules states that fish taxes are levied at 1.09% of the ex-vessel value (salmon and steelhead taxes are levied at 3.15%). However, over the last ten years the largest reported pollock landing in Oregon was 148 pounds¹⁰. These rare landings of small amounts of pollock are likely the result of bycatch in other target fisheries. Therefore, only insignificant amounts of Alaskan pollock have been landed and taxed in Oregon over the past ten years.

Washington Fish Taxes

Fish taxes are not paid on round pollock that are caught from waters off Alaska's coast, and landed in Washington, or on processed pollock products (i.e., surimi) landed in Washington, when the fish were caught from waters off Alaska. The only taxable fish in Washington, caught from waters off Alaska's coast, are chinook

¹⁰

Personal communication with Jerry Lukas of the Oregon Department of Fish and Wildlife.

salmon harvested from southeast Alaska waters and caught by trolling. Chapter 82.27 Revised Code of Washington, contains the official language regarding fish tax laws.

Other State and Federal Taxes

A variety of other state taxes are collected based on revenues earned through fishing pollock. State business and income taxes are examples. Federal taxes are also collected through business and personal income taxes. A full examination of tax-related issues would ideally include an assessment of these types of taxes, in addition to the fish taxes discussed above. Tracing these taxes through the system is well beyond the scope of this analysis. The information required to study this complex issue in detail is not currently available, and likely could not be collected if the analysts were given additional time and resources.

Table 1
Three Year Comparison of Revenue Collections

FUND SOURCE	FY 97	% Fund Total	FY 96	% Fund Total	FY 95	% Fund Total
General Fund						
Corporation	\$317,881,916	72.6%	\$227,056,475	63.6%	\$195,616,185	59.3%
Motor Fuel	35,317,981	8.1%	37,740,055	10.6%	39,600,805	12.0%
Fisheries Business	30,967,567	7.1%	38,241,228	10.7%	39,034,046	11.8%
Tobacco	13,651,986	3.1%	14,157,919	4.0%	14,396,966	4.4%
Alcoholic Beverages	11,553,183	2.6%	11,985,466	3.4%	11,969,183	3.6%
Fishery Resource Landing	8,278,994	1.9%	7,137,876	2.0%	6,684,158	2.0%
APUC Regulatory Cost Charges	4,301,051	1.0%	1,868,258	0.5%	4,325,211	1.3%
Salmon Enhancement	4,189,791	1.0%	5,235,938	1.5%	5,689,520	1.7%
Salmon Marketing	3,522,739	0.8%	4,804,416	1.3%	4,710,610	1.4%
Seafood Marketing - Fisheries Business	2,562,621	0.6%	3,211,828	0.9%	3,242,042	1.0%
Estate	1,717,986	0.4%	1,658,011	0.5%	1,157,793	0.4%
Electric Cooperative	1,436,660	0.3%	1,377,992	0.4%	1,336,034	0.4%
Telephone Cooperative	1,302,139	0.3%	1,163,366	0.3%	1,064,816	0.3%
Seafood Marketing - Landing	536,609	0.1%	565,879	0.2%	617,838	0.2%
Mining License	387,036	0.1%	480,842	0.1%	343,259	0.1%
Coin-Operated Devices	90,165	0.0%	89,230	0.0%	102,061	0.0%
Individual Income	0	0.0%	5,457	0.0%	7,169	0.0%
Total General Fund	437,698,424	100.0%	356,780,236	100.0%	329,897,696	100.0%
Constitutional Budget Reserve Fund (CBRF)						
Corporation	56,030,847	100.0%	103,269,899	100.0%	304,209,414	100.0%
Mining License	20,805	0.0%	32,372	0.0%	138,648	0.0%
Total CBRF	56,051,652	100.0%	103,302,271	100.0%	304,348,062	100.0%
School Fund						
Tobacco	2,498,326	99.8%	2,608,452	99.9%	2,690,176	99.9%
Cigarette License Fees	3,950	0.2%	1,955	0.1%	2,525	0.1%
Total School Fund	2,502,276	100.0%	2,610,407	100.0%	2,692,701	100.0%
Total All Funds	\$496,252,352	100.0%	\$462,692,914	100.0%	\$636,938,459	100.0%

Exvessel and Wholesale Price Information

Inshore Ex-vessel Prices

Three sources of ex-vessel prices are reported in this section. Two of these sources are collected by the state of Alaska. Those sources are the prices reported on fishtickets and in the Processor's Annual Report. The third source is the negotiated prices from the Bering Sea Marketing Association. Each of these sources has its own strengths and weaknesses.

Annual Operator Reports

The annual reports are our best source for inshore ex-vessel prices in 1996. They provide ex-vessel price data that includes post season adjustments. This is an important consideration in the pollock fishery, where historically, inshore processors have offered pollock harvesters a roe bonus based on the pollock's roe content. The weaknesses of the annual operator reports are that they are submitted for the entire year. Therefore, separating out the differences in prices paid in the A and B season is not possible. The annual reports also would include payments made for CDQ pollock, so any difference in price paid in the CDQ and open access fisheries would not be captured.

Annual Reports From Inshore Pollock Processors

	Reported Tons	Reported Value	\$/lb.
1991	289,363	\$ 54,082,820	\$ 0.085
1994	464,243	\$ 79,215,082	\$ 0.077
1996	386,026	\$ 72,187,911	\$ 0.085

Fishtickets

Ex-vessel prices are also reported on fishtickets. The major problem with using Fishticket data, and the reason they will not be used in this analysis, is that they do not include all of the post season adjustments. The fact that these adjustments are not included is reflected in the table of Fishticket prices below. Processors typically pay a higher price for pollock in the A-season, because of the valuable roe. However, the prices on fishtickets consistently report a lower A-season price when compared to the B-season.

Fishtickets from Inshore Processors

1991	Estimated Price	Low Price	High Price
A-season	\$ 0.080	\$ 0.076	\$ 0.085
B-season	\$ 0.086	\$ 0.075	\$ 0.098
Pollock Closed	\$ 0.078	\$ 0.071	\$ 0.085

1994			
A-season	\$ 0.072	\$ 0.059	\$ 0.086
B-season	\$ 0.078	\$ 0.066	\$ 0.089
Pollock Closed	\$ 0.048	\$ 0.048	\$ 0.049

1996			
A-season	\$ 0.079	\$ 0.062	\$ 0.096
B-season	\$ 0.082	\$ 0.070	\$ 0.093
Pollock Closed	\$ 0.049	\$ 0.043	\$ 0.056

May 2, 1997

SPECIAL SUPPLEMENT

BSAI POLLOCK

INSHORE-OFFSHORE

and

CDQ PROGRAM

(Supplement to the April 1997 Newsletter)

- Current BSAI Fishery Inshore-Offshore Provisions
- Alternatives Proposed at the April 1997 Council Meeting
- Proposed Alternatives Reformatted to Facilitate Analysis
- Past, Current, and Proposed Problem Statements
- Information Requested by Council

Current BSAI Inshore-Offshore Provisions

The current provisions for Inshore-Offshore pollock in the BSAI are shown below, and will serve as a reference point for additional proposals and comments.

Amendment 38 to the Bering Sea and Aleutian Islands Groundfish FMP

1. Inshore/offshore allocations of pollock: The allowed harvest of Bering Sea and Aleutians pollock is allocated between the inshore and offshore components of industry in specific shares in order to lessen or resolve resource use conflicts and preemption of one segment of the groundfish industry by another, to promote stability between and within industry sectors and affected communities, and to enhance conservation and management of groundfish and other fish resources.

2. Definitions:

Inshore is defined to consist of three components of the industry:

- 1) All shoreside processors as defined in federal regulations.
- 2) All catcher/processors which meet length requirements defined in federal regulations and which have declared themselves to be "Inshore."
- 3) All motherships or floating processors which have declared themselves to be "Inshore."

Offshore is defined to consist of two components the of industry:

- 1) All catcher/processors not included in the inshore processing category, or which have declared themselves to be "Offshore."
- 2) All motherships and floating processing vessels not included in the inshore processing category, or which have declared themselves to be "Offshore."

The Secretary is authorized to suspend the definitions of inshore and offshore as prescribed by federal regulations implementing this FMP to allow for full implementation of the Western Alaska Community Development Quota Program for pollock.

3. Declarations and operating restrictions: Annually before operations commence, each mothership, floating processing vessel and catcher/processor vessel must declare on its Federal Permit application whether it will operate in the inshore or offshore component of industry. This declaration must be the same for both the BSAI and the GOA if applications for both are made. All shoreside processors will be in the inshore component. Once declared, a vessel cannot switch to the other component, and will be subject to restrictions on processing

amounts or locations for pollock for the rest of the fishing year. Harvesting vessels can choose to deliver their catch to either or both components.

Catcher Processors which have declared themselves to be inshore have the following restrictions:

- 1) The vessel must be less than 125' LOA.
- 2) The vessel may not catch or process more than 126 mt (round weight) of pollock or GOA Pacific cod in combination in a given week of operations.

Motherships and floating processors which have declared themselves to be inshore have the following restriction:

- 1) Processing from a directed pollock fishery or a directed GOA Pacific cod fishery must occur in a single location within the waters of the State of Alaska.

4. **Allocations:** The allowed harvest of BSAI pollock shall be allocated as follows: Thirty five percent (35%) of the pollock in each subarea for each season will be allocated to the inshore component, beginning in 1996 and continuing through 1998. By the same action, the offshore fleet will be allocated 65% of the pollock resource beginning in 1996 and continuing through 1998 in each subarea and in each season. The percentage allocations are made by subarea and period as provided in federal regulations implementing this FMP. All pollock caught as bycatch in other fisheries will be attributed to the sector which processes the remainder of the catch.

5. **Reapportionment of unused allocations:** If during the fishing year it becomes apparent that a component will not process its entire allocation, the anticipated excess shall be released to the other component for that year. This shall have no impact upon the allocation formula.

6. **Western Alaska Community Development Quota:** For a Western Alaska Community Development Quota, 50% of the BSAI pollock reserve (7.5% of TAC) as prescribed in the FMP will be held annually. This held reserve shall be released to communities on the Bering Sea Coast which submit a plan, approved by the Governor of Alaska, for the wise and appropriate use of the released reserve.

The Western Alaska Community Development Quota program will be structured such that the Governor of Alaska is authorized to recommend to the Secretary that a Bering Sea Rim community be designated as an eligible fishing community to receive a portion of the reserve. To be eligible a community must meet specified criteria and have developed a fisheries development plan approved by the Governor of Alaska. The Governor shall develop such recommendations in consultation with the Council. The Governor shall forward any such recommendations to the Secretary, following consultation with the Council. Upon receipt of such recommendations, the Secretary may designate a community as an eligible fishing community and, under the plan, may release appropriate portions of the reserve.

7. **Bering Sea Catcher Vessel Operational Area:** For directed pollock harvesting and processing activities, a catcher vessel operational area (CVOA) shall be defined as inside 167°30' through 163° West longitude, and 56° North latitude south to the Aleutian Islands. The CVOA shall be in effect commencing on the date that the second allowance of pollock is available for directed fishing until the inshore allocation is taken, or the end of the fishing year. Only catcher vessels and Catcher/Processors fishing under the Western Alaska Community Development Quota Program, defined in section 14.4.11.5, may participate in a directed pollock fishery in this area during this period.

8. **Duration:** Inshore-offshore allocations of pollock, the CVOA, and the Western Alaska Community Development Quota program shall cease to be a part of this FMP either (1) at midnight on December 31, 1998; or (2) earlier if replaced with another management regime approved by the Secretary.

Alternatives Proposed at the April 1997 Council Meeting

The following alternatives were proposed in public comment at the April meeting. It is assumed that existing plan amendment language not specifically addressed by the proposals would remain unchanged.

Alternative 1 -No Action - allocations (including CDQs) expire at end of 1998.

Alternative 2 -Continue current allocations of 35% inshore/65% offshore after a 7.5% allocation to CDQs.

Alternative 3 -Allocation adjustments and redefined inshore component

- Exclusive CVOA in effect for both pollock 'A' and 'B' seasons.
- 7.5% CDQ allocation, off the top.
- "Motherships" would be defined as floating processor vessels that have never caught their own fish while operating within the U.S. EEZ under U.S. flag.

- Motherships would be included within the onshore sector.
- 70% of pollock TAC allocated to catcher vessels delivering to the onshore sector.
- 30% of pollock TAC allocated to factory trawlers.

Alternative 4 -A three-tier allocation adjustment based on the current definitions of inshore and offshore components, as follows:

- Exclusive CVOA in effect for both pollock 'A' and 'B' seasons.
- 7.5% CDQ allocation, off the top.
- 40%-55% of remaining pollock TAC to catcher vessels delivering to the inshore component.
- 13%-15% to catcher vessels delivering to offshore motherships.
- 30%-47% to factory trawlers and catcher vessels delivering to factory trawlers.

Alternative 5 -Analyze a range of percentage allocations of the BSAI pollock TAC (after CDQ deductions) between catcher vessels (CV) and catcher processor vessels (CP). The percentages would be as follows:

Option 1 CV=52% CP=48% (roughly approximates status quo)

Option 2 CV=55% CP=45%

Option 3 CV=60% CP=40%

Option 4 CV=65% CP=35%

The proposers of Alternative 5 recognize that within the above concept there is a necessity for a minimum shoreside delivery guarantee. Additionally, other check and balances would have to be developed.

Proposed Alternatives Reformatted to Facilitate Analysis

The Council requested that staff "flesh out" the proposed alternatives and provide additional options which would reflect "reciprocal" or "symmetrical" changes from those proposed at the April meeting. The proposed suite of reformatted alternatives below attempts to capture the alternatives proposed, alternatives reflecting "reciprocal" shifts, and additional alternatives reflecting the "status quo." The order of the alternatives has been changed to reflect the complexity of the changes in the FMP language implied by the alternatives; thus "Reauthorization" is listed as Alternative 1, "No Action" is listed as Alternative 2, and so on.

Deriving "Reciprocal" Allocations

In April, after receiving proposals for Inshore-Offshore III, the Council instructed staff to consider those proposals, plus their "reciprocal." As used throughout this supplement, reciprocal is not simply the reverse of the percentage allocations between the inshore or offshore components. Rather, it is derived and applied in the following context.

All of the proposals received in April would reduce the offshore sector's allocation of pollock. For example, Alternative 3, Option 1, reformatted below from the proposal submitted by the North Pacific Seafood Coalition, would move motherships to the inshore sector and then allocate 30% of the pollock TAC (after CDQ removal) to the offshore catcher-processor fleet. Compared to the offshore's 1996 harvest of 55% of the pollock, this would be a $((55-30)/55)$ or 45.4% reduction in catch. To determine a reciprocal percentage for analysis, this same percentage reduction is applied to the redefined inshore component. Therefore, if the inshore component actually harvested 45% in 1996 as shown for Alternative 3, Option 2, then a 45.5% reduction in the inshore component's percentage allocation results in the "reciprocal" allocation of 24.53%, rounded to 25% as shown for Alternative 3, Option 3. The offshore percentage allocation is simply the inshore percentage subtracted from 100%.

As a second example, consider Alternative 4 which would allocate a specific percentage to motherships. Option 1 shows one of the resulting permutations: 40% to inshore, 13% to motherships, and 47% to offshore. Because the offshore fleet harvested 55% in 1996 (again, with mothership harvests removed), Option 1 would result in a $((55-47)/55)$ or 14.6% reduction in that sector's allocation compared to 1996 performance. Because a specific percentage allocation is made to the mothership sector, deriving the reciprocal is more complicated than shown in the first example above. In this case, the 14.6% "hit" or reduction is first applied to the combined inshore (35%) and mothership (10%) allocations shown in Alternative 4, Option 7. The 14.6% change reduces the combined 45% to 38%, which is then split 29% to the inshore and 9% to mothership sectors, using the same proportion as their allocation percentages shown in Option 1. The inshore and mothership percentages are then subtracted from 100% to calculate the offshore percentage. In this manner, Option 8 becomes the reciprocal of Option 1.

Alternative 1: Reauthorize existing FMP language for three more years. The current FMP language would be reauthorized under a new amendment. The only change would occur in Section 8 as shown below.

8. Duration: Inshore-offshore allocations of pollock, the CVOA, and the Western Alaska Community Quota program shall cease to be a part of this FMP either (1) at midnight on December 31, 2001; or (2) earlier if replaced with another management regime approved by the Secretary.

Staff Comment: This alternative is a continuation of the "Status Quo" Three-year Management Regime. Optionally, the Council could choose to lengthen the duration of the program, or make it permanent until replaced. If these options are to be considered, they should be included as specific options for analysis. It should be noted that the Magnuson-Stevens Act does not allow the Council to submit any new IFQ plans until October 1, 2000. If the Council determined that such a follow-on program is appropriate, it probably could not be implemented until January 1, 2002.

Alternative 2: No Action. The current FMP language would be deleted. There would be no specific allocations of pollock to inshore or offshore processors, and the Western Alaska CDQ program for pollock would be eliminated.

Staff Comment: This alternative is required by law to be included. It would however contradict the Magnuson-Stevens Act in that the Act specifically indicates provisions for a pollock CDQ program. If this alternative were chosen, an additional amendment would be necessary to maintain the pollock CDQ program to comply with the Magnuson-Stevens Act.

Alternative 3: Reauthorize existing FMP language for three more years, but change the allocation percentages and assign "True Offshore Motherships" to the Inshore Sector. This alternative would change the duration language of Section 8, add language to Section 2 (Definitions), and change the language in Section 4 (Allocations) to reflect the new percentage allocations. Proposed and implied changes in the allocation percentages follow the new language of Section 2 shown in the box below.

2. Definitions

True Motherships are defined as motherships or floating processors vessels that have never caught their own fish while operating within the U.S. Exclusive Economic Zone under U.S. Flag.

Other Motherships are defined as any vessel acting as a mothership, including catcher/processors taking deliveries from other harvesting vessels, which do not meet the criterion established for "true motherships."

Inshore is defined to consist of three components of the industry:

- 1) All shoreside processors as defined in federal regulations.
- 2) All catcher/processors which meet length requirements defined in federal regulations and which have declared themselves to be "Inshore."
- 3) All true motherships, other motherships, or floating processors which have declared themselves to be "Inshore."

Offshore is defined to consist of two components of the industry:

- 1) All catcher/processors not included in the inshore processing category, or which have declared themselves to be "Offshore."
- 2) All true motherships, other motherships, and floating processing vessels not included in the inshore processing category, or which have declared themselves to be "Offshore."

Staff Comment: The allocation percentages shown below as Option 1 reflect the allocation as proposed in public comment. The second option reflects the 1996 harvest levels, if the new definitions (as shown above) were in place. In 1996 "true motherships" processed approximately 10% of the non-CDQ pollock. Finally, the Council requested that staff calculate and include an additional option reflecting the "reciprocal" of the proposed alternative. This is shown as Option 3, and reflects the change from 1996 harvest levels implied by Option 1.

Allocation Percentage Options For Alternative 3

Option	Inshore %	Offshore %	Source of the Option
1	70%	30%	Proposed by North Pacific Seafood Coalition
2	45%	55%	Derived by Staff to reflect the 1996 harvest were the proposed changes to the FMP language in place.
3	25%	75%	"Reciprocal Change" Option as directed by the Council. The inshore % is calculated by dividing the offshore % in option 1 by the offshore % in option 2 above, and multiplying the inshore % in Option 2 by the resulting ratio (30% +

55% × 45% = 25%). The offshore % is calculated as follows: (100% - 25% = 75%).

Alternative 4: Reauthorize existing FMP language for three more years, but change the allocation percentages and define a new sector called "True Motherships" which would receive a separate allocation of the pollock TAC. This alternative would change language in Section 2 (Definitions) and Section 4 (Allocations) to reflect the new percentage allocations and the new "True Mothership" sector for allocations. Other sections of the FMP would change to reflect the additional sector. Section 8 would change to reflect the new sunset date. Proposed and implied changes in the allocation percentages follow the new language of Section 2 and Section 4 are shown in the box below. Proposed allocation percentages follow the changes in the FMP language.

2. Definitions

True Motherships are defined as motherships or floating processors vessels that have never caught their own fish while operating within the U.S. Exclusive Economic Zone Under U.S. Flag.

Other Motherships are defined as any vessel acting as a mothership, including catcher/processors taking deliveries from other harvesting vessels, which do not meet the criterion established for "true motherships."

Inshore is defined to consist of three components of the industry:

- 1) All shoreside processors as defined in federal regulations.
- 2) All catcher/processors which meet length requirements defined in federal regulations and which have declared themselves to be "Inshore."
- 3) Other motherships, or floating processors which have declared themselves to be "Inshore."

Offshore is defined to consist of two components the of industry:

- 1) All catcher/processors not included in the inshore processing category, or which have declared themselves to be "Offshore."
- 2) Other motherships, and floating processing vessels which have declared themselves to be "Offshore."

4. Allocations: The allowed harvest of BSAI pollock shall be allocated as follows: XX% of the pollock in each subarea for each season will be allocated to the inshore component, beginning in 1999 and continuing through 2001. By the same action, the offshore fleet will be allocated YY% of the pollock resource beginning in 1999 and continuing through 2001 in each subarea and in each season. Finally, the true mothership fleet will be allocated ZZ% of the pollock resource beginning in 1999 and continuing through 2001 in each subarea and in each season. The percentage allocations are made by subarea and period as provided in federal regulations implementing this FMP. All pollock caught as bycatch in other fisheries will be attributed to the sector which processes the remainder of the catch.

Staff Comment: The allocation percentages shown as Options 1 and 2 in the box below reflect the allocation as proposed in public comment. Options 3-6 reflect the ranges of allocations implied by the proposal. A seventh option reflects the 1996 harvest levels, were the new definitions (as shown above) in place. In 1996 "true motherships" processed approximately 10% of the non-CDQ pollock. Finally, the Council requested that staff calculate and include additional options reflecting the "reciprocals" of the proposed alternatives. These are shown as Option 8-13, and reflect the change from 1996 harvest levels implied by Options 1-7.

Allocation Percentage Options for Alternative 4

Option	% to Inshore	% to True Motherships	% to Offshore	Source Of The Option
1	40%	13%	47%	Proposed by North Pacific Seafood Coalition.
2	55%	15%	30%	Proposed by North Pacific Seafood Coalition.
3	40%	15%	45%	Implied by ranges included in the proposal.
4	55%	13%	32%	Implied by ranges included in the proposal.
5	38%	15%	47%	Implied by ranges included in the proposal.
6	57%	13%	30%	Implied by ranges included in the proposal.
7	35%	10%	55%	Derived by Staff to reflect the 1996 harvest were the proposed changes to the FMP language in place.
8	29%	9%	62%	"Reciprocal Change" Options (R.) are

				included as directed by the Council. These are calculated by dividing the offshore % in Options 1-6 respectively, by the offshore % in Option 7, and multiplying the sum of the inshore % and mothership % in Option 7 by the resulting ratio. The split between inshore and true motherships is calculated by taking the proportion of each in the specific allocation. As an example the splits in Option 8 are calculated as follows: Inshore = $(47\% + 55\%) \times (35\% + 10\%) \times ((40\% + (40\% + 13\%))) = 29\%$ True MS = $(47\% + 55\%) \times (35\% + 10\%) \times ((13\% + (40\% + 13\%))) = 9\%$ Offshore = $100\% - 29\% - 9\% = 62\%$
9	19%	5%	75%	R. of 2
10	27%	10%	63%	R. of 3
11	21%	5%	74%	R. of 4
12	28%	11%	62%	R. of 5
13	20%	5%	75%	R. of 6

Alternative 5: Reauthorize existing FMP language for three more years, but change the language to eliminate references to Inshore and Offshore allocations. New language would be included providing for allocations to Catcher Vessels and Catcher Processors with a guaranteed portion of the Catcher Vessel allocation to be delivered to a newly defined Inshore sector. This alternative would allocate specific percentages to be harvested by catcher vessels and catcher processors. Either sector could make deliveries to any processor, except that there would be a minimum delivery guarantee to inshore processors from the catcher vessel allocation. Wholesale changes to the FMP would be made under this alternative, but these are reflected primarily in the revised Sections 2 and 4 as shown below. Allocation options are shown following the changes in the FMP Language. The actual proposal did not include specific percentages for the shoreside guarantee, and therefore, the options show a percentage of the catcher vessel harvest which would reflect the amount of the 1996 pollock TAC processed by the inshore sector, i.e, 35% of the non-CDQ pollock in the BSAI.

2. Definitions

Catcher Vessels are defined as all vessels permitted to harvest groundfish which are not permitted to act as processing vessels for groundfish.

Catcher Processors are defined as all vessels permitted harvest groundfish which are also permitted to act as processing vessels for groundfish.

Inshore is defined to consist of two components of the industry:

- 1) All shoreside processors as defined in federal regulations.
- 2) Other motherships, or floating processors which have declared themselves to be "Inshore."

4. Allocations: The allowed harvest of BSAI pollock shall be allocated as follows: XX% of the pollock resource in each subarea for each season will be allocated to catcher processors, beginning in 1999 and continuing through 2001. By the same action, the catcher vessels will be allocated YY% of the pollock resource beginning in 1999 and continuing through 2001 in each subarea and in each season. From the amount of the pollock resource allocated to catcher vessels, a minimum of ZZ% will be delivered to the inshore component. The percentage allocations are made by subarea and period as provided in federal regulations implementing this FMP. All pollock caught as bycatch in other fisheries will be attributed to the

appropriate harvesting sector.

Staff Comment: The allocation percentages shown as Options 1-3 in the box below reflect the allocation as proposed in public comment. The Council Staff calculated the shoreside guarantee such that 35% of the pollock TAC would be delivered by catcher vessels to the inshore sector. Council staff also included a fourth option which reflects the 1996 harvest levels, were the new definitions (as shown above) in place. In 1996 catcher vessels harvested approximately 51% of the non-CDQ pollock. Finally, the Council requested that staff calculate and include additional options reflecting the "reciprocals" of the proposed alternatives. These are shown as Options 5-7, and reflect the change from 1996 harvest levels implied by Options 1-3.

Allocation Percentage Options for Alternative 5

Option	% to Catcher Processors	% to Catcher Vessels	% of C.V.	
			Guaranteed for Inshore	Source of the Option
			(35% of TAC)	
1	45%	55%	63%	Proposed by United Catcher Vessels.
2	40%	60%	58%	Proposed by United Catcher Vessels
3	35%	65%	53%	Proposed by United Catcher Vessels
4	49%	51%	68%	Derived by Staff to reflect the 1996 harvest were the proposed changes to the FMP language in place.
5	52%	48%	73%	R. of 1
6	55%	45%	77%	R. of 2
7	57%	43%	81%	R. of 3

"Reciprocal Change" Options (R.) are included as directed by the Council. These are calculated by dividing the offshore % in Options 1-3 respectively, by the catcher processor % in Option 4, and multiplying the catcher vessel % in Option 4 by the resulting ratio.

Past, Current, and Proposed Problem Statements

The Council requested that the following problem statements be included in the newsletter to help focus their June discussions of an appropriate problem statement for Inshore/Offshore III.

Inshore-Offshore I

Problem Statement

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 preemption of one industry component by another with the attendant social and economic disruption.

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 including, but not limited to, the inshore and offshore components of the industry.

The Council defines the problems as a resource allocation problem where one industry sector faces the risk of preemption by another. The analysis will evaluate each of the alternatives as to their ability to solve the problem within the context of harvesting/processing capacity exceeding available resources.

The Council will address these problems through the adoption of appropriate management measures to advance the conservation needs of the fishery resources in the North Pacific and to further the economic and social goals of the Act.

Inshore-Offshore II

Problem Statement

The problem to be addressed is the need to maintain stability while the Comprehensive Rationalization Program (CRP) process goes forward. The Council believes that timely development and consideration of a continuing inshore-offshore and pollock CDQ allocation may preserve stability in the groundfish industry, while clearing the way for continuing development of a CRP management system. The industry is in a different state than existed in 1990 as a consequence of many factors outside the scope of the Council process, as well as the inshore-offshore allocation. The Council intends that staff analyze the effects of rapidly reauthorizing an interim inshore-offshore allocation relative to maintaining stability in the industry during the CRP development process, as well as the consequences of not continuing the present allocation. These alternatives are appropriate as they address the problem of maintaining stability. Therefore, the focus of analysis to be done over the next few months should assist the Council to:

- (1) Identify which alternative is least likely to cause further disruption and instability, and thus, increase the opportunity for the Council to accomplish its longer-term goal of CRP management.
- (2) Identify the future trade-offs involved for all impacted sectors presented by the two alternatives.

DRAFT PROBLEM STATEMENT

(offered by Council Member Pereyra at April 1997 Council meeting)

The problem to be addressed is the need to maintain stability, e.g., no changes in the sector splits, while the Comprehensive Rationalization Program goes forward. The Council believes that a continuing inshore-offshore and CDQ pollock allocation, as was done in 1995 when the inshore-offshore regulations were essentially "rolled over" through 1998, will minimize instability in the groundfish industry, while allowing for continuing development of a CRP management system, including the National Academy of Science's study of individual quotas as mandated by Congress. The groundfish industry is in a different state than existed in 1995 as a consequence of many factors outside the scope of the Council process, such as the ongoing negotiations with Russia over the Bering Sea maritime boundary, as well as the inshore-offshore allocation. Furthermore, the sectors of the Bering Sea pollock fishery are now fairly evenly balanced as evidenced by the time periods required for each sector to take its quota; and beginning in 1998 the discarding of pollock and cod will be prohibited in the groundfish fisheries.

The Council intends that staff analyze the effects of reauthorizing the inshore-offshore allocation relative to maintaining stability in the industry during the CRP development process, as well as the consequences of not continuing the present allocation structure. These alternatives are appropriate as they address the problem of maintaining stability with regard to the sector splits. Therefore, the focus of the analysis to be done over the next year should assist the Council to:

- (1) Identify which alternative is least likely to cause further disruption and instability, and thus increase the opportunity for the Council to accomplish its longer-term goal of CRP management.
- (2) Identify the future trade-offs involved for all impacted sectors presented by the two alternatives.

Council action will be required no later than June of 1998 to keep the program going until the CRP process can be completed. Action by the Council in June would allow for Secretarial review and approval by the start of the 1999 fishing year. No new regulations or infrastructures would be necessary for (continued) implementation of the program under this schedule.

ALTERNATIVES

Alternative 1: No Action - the current inshore-offshore allocation and the pollock CDQ program would expire at the end of 1998.

Alternative 2: Continuation of the current program, as is, including the CDQ allocation, until replaced by a long-term CRP solution, but with review after five years if the CRP is not completed by that time.

In developing these alternatives, the Council feels that changes to the present allocation program, such as changes in the percentage allocations, would have similar consequences as were identified for the last "roll over" (Amendment 18/23), i.e., (1) require significant new and complex economic analyses, (2) create additional debate over basic management policy by the Council, (3) be inconsistent with their overall intent to deal with the issue on a more long-term, comprehensive basis through CRP, and (4) create unnecessary delays in implementing the continuation. Because of these concerns, and because the Council still intends minimal disruptions to the fishery and processing industry, only two basic alternatives are being considered.

Information Requested by Council

A revised Problem Statement, and alternatives for formal analysis, will be decided by the Council at their June meeting in Kodiak for both the GOA and the BSAI. The Council is encouraging comments on the alternatives and problem statements for their June discussions. The Council notes that when considering and commenting on the proposed alternatives, the public should be aware of discussion points raised by the Council in April, which included the following:

- changes in biomass levels of pollock
- consolidation of effort in some industry sectors
- ownership structures of the industry sectors involved
- changes in delivery patterns for pollock
- current and future stability of the industry
- long-range management considerations for pollock (CRP)

The Council also requested information from staff to facilitate their June discussions. Information which may be provided in June (as available) includes: data and analytical requirements necessary for various proposed alternatives; numbers of vessels, plants, and motherships operating in the pollock fisheries; 'migration' patterns of vessels previously operating in the pollock fisheries, and; recent harvest delivery patterns associated with BSAI pollock fisheries. The industry also is encouraged to document problems and concerns that have arisen as a result of past or current inshore/offshore allocations.

Written public comments on the above should be provided to the Council office by June 9 to be placed in the Council meeting notebooks. There will be time set aside at the Council meeting for further comment. A draft analysis of the alternatives resulting from the June 1997 meeting will be presented to the Council in February 1998 at the earliest. The Council needs to make their final decision by June 1998. Staff contact is Marcus Hartley.

 [Return to the NPFMC Home Page](#)

Problem Statement and Alternatives

GOA Problem Statement:

Allowing the current Gulf of Alaska Inshore/Offshore allocative regime to expire December 31, 1998, would allow the same preemption of resident fleets by factory trawlers in the pollock and Pacific cod fisheries which occurred in 1989. It was this dramatic preemption which triggered the original proposal for an inshore/offshore allocation. In 1989, there was still pollock available in the Bering Sea when the preemption occurred when vessels moved into the Gulf to take advantage of fish with high roe content.

A rollover of the current Gulf of Alaska inshore/offshore program which allocates 100% of the pollock and 90% of the Pacific cod to shore-based operations is a proactive action to prevent the reoccurrence of the original problem.

BSAI Problem Statement:

The current inshore/offshore allocation expires at the end of 1998. The Council thus faces an inevitable allocation decision regarding the best use of the pollock resource. Many of the issues that originally prompted the Council to adopt an inshore/offshore allocation (e.g., concerns for preemption, coastal community dependency, and stability), resurface with the specter of expiration of the current allocation.

The current allocation was made on the basis of several critical assumptions including utilization rates, foreign ownership, the balance between social gains and assumed economic losses to the nation, and the nature of progress on the Council's Comprehensive Rationalization Program (CRP) initiative. Many of these assumptions have not been revisited since approval of the original amendment. It is not clear that these assumptions hold or that the Council and the nation are well-served by continuing to manage the pollock fishery without a reexamination of allocation options. The Magnuson-Stevens Act presents the Council with a new source of guidance to evaluate national benefits. In the context of Council deliberations over Inshore-Offshore 3, this includes enhanced statutory emphasis on increased utilization, reduction of waste, and fishing communities.

There have also been substantial changes in the structure and characteristics of the affected industry sectors including number of operations, comparative utilization rates, and outmigration and concentration of capital. These changes are associated with issues, including: optimization of food production resulting from wide differences in pollock utilization; shares of pollock harvesting and processing; discards of usable pollock protein; reliance on pollock by fishing communities; and decreases in the total allowable catch of pollock. In addition, changes in fishing patterns could lead to local depletion of pollock stocks or other behavioral impacts to stocks which may negatively impact Steller sea lions and other ecosystem components dependent upon stock availability during critical seasons.

Therefore, the problem facing the Council is to identify what allocation would best serve to ensure compliance with the new Act and address the issues identified above.

Alternatives for Analysis:

Alternative 1: No action.

Potential Spillover Effects

Potential impacts to other fisheries is an issue which has been raised and which was highlighted by the SSC in December as an area that should receive higher priority in the analysis. In response staff has developed the following baseline information relevant to consideration of this issue. We expect to expand this information between now and April, and include further discussion of possible substitution patterns.

Operational Capacity/Capability

The first step in assessing the capacity and capability of the BSAI pollock target fishing sectors is to tabulate the operations which constitute each element of that industry. The first measure enumerates the 'unique'⁵ operations in each of the four primary sectors of interest, for 'pollock target fisheries', in the base-year (i.e., 1996).

Catcher/Processors -37

Catcher boats -118

Motherships - 3

Inshore -10

Catcher/Processors

When the sectors are further subdivided (on the bases cited above), the following results emerge. The composition of the 1996 pollock target C/P fleet may be described on the basis of 'vessel length over all' (LOA) and 'net tons'. The data reveal that 8 C/Ps are greater than 300' LOA; 14 are between 230' and 300' LOA; and 15 are less than 230' LOA.

On the basis of net tons, the smallest category of C/Ps (i.e., less than 500 net tons) included 5 vessels; 11 vessels were registered in the 500-999 net ton category; 14 were in the 1000-2000 net ton class; and 7 were greater than 2000 net tons.

Catcher boats

The catcher boat sub-sector was enumerated on the basis of vessel length over all (LOA) and horsepower. Given the relatively limited data available on fleet physical-plant, these two measures (for which relatively complete data are available) were judged to be indicative of fishing capacity for the catcher boat sector. LOA measurements suggest that there are 89 catcher boat operations in the less than 125' category; in the 125' to 155' category the count is 20 vessels; and 9 in the greater than 155' LOA class. There are 31 boats with greater than 1500 hp; 32 with 1000 hp to 1500 hp; and, 46 in the less than 1000 hp class.⁶

⁵ The 'unique' total assures no double-counting of operations, e.g., a vessel which participated in more than a single operational mode during a given fishing year would be counted only once. Note that judgements about participation are confined to 'pollock target' fisheries.

⁶ Two boats appear without horsepower listings in these data, for each of 1994 and 1996. Only a single vessel was so listed in 1991.

Motherships

The three 'true' motherships identified in the base-year sector enumeration were sufficiently different in size and configuration that no useful 'categorization' on the basis of physical characteristics seems appropriate.

Inshore plants

As for the inshore sector, no systematic capacity, configuration, or size data are available to the analysts with which to categorize this sector, except to note that three of the inshore processing plants are actually onboard vessels, although these vessels are 'permanently' moored (i.e., they are effectively immobile, fixed facilities).

Estimating the probable response of any given element of the domestic pollock fishery (much less that of any individual operations) to a significant change in allocated share of the TAC is difficult. This is so, at least in part, because the ability to accommodate a significant increase in total share of the pollock TAC would be substantially dependent upon the existing effective production capacity and latent potential in the affected sectors, at least in the short run. Likewise, the probable adjustment to a significant decrease in TAC-share would be highly dependent upon the nature, relative cost efficiency, profitability, and operational flexibility of existing capacity in the affected component of the industry.

Empirical data on 'capacity' within sectors of the domestic pollock industry now are very limited. As a result, so too is our ability to quantify probable industry response to other than marginal changes in TAC-share.

The data which are available pertain more appropriately to 'capability'. One way to distinguish the difference between these two measures is that 'capacity' is a quantitative measure of the effective production potential and/or limits of an operation or sector, while 'capability' is a simple presence or absence indicator of the ability to produce a given output form. Beyond tabulating the presence or absence of a particular production ability within a sector or sub-sector (e.g., surimi capability), the analysis will not be able to quantitatively address the issue of capacity investment and disinvestment, by sector, in response to alternative non-marginal changes in TAC allocations.

Entry and Exit Patterns

The subject of 'entry/exit' patterns does not readily lend itself to examination of a single year's data, since very often, given the way catch and participation are tracked in BSAI groundfish fisheries, it is only by comparing one year's records to the next that patterns emerge. Therefore, this section examines a series of years, rather than focusing on the 'base-year', in an effort to discern relevant patterns. Data on participant's 'entry' into, and 'exit' from, BSAI pollock target fisheries are incomplete. No reliable data, for example, on 'inshore' processing participant's are available for inclusion. However, entry/exit patterns for 'true' mothership operations, C/Ps, and catcher boats in these fisheries can be characterized, in general terms.

In the case of 'true' motherships, over the period 1991 through 1996, there appears to have been no entry or exit recorded for this sector, based upon available catch records.

The data on the C/P sector, on the other hand, suggests a relatively active pattern of movement into and out of these pollock target fisheries, as well as between sub-sector categories. Table 1.1 describes the vessel count and percent of sub-fleet of each C/P sub-sector on the basis of 'duration-of-participation' in the BSAI pollock target fishery. For example, if one compares the three operational modes (i.e., 'surimi', 'surimi & fillet', and 'non-surimi'), this table reveals that, of the current fleet, 2 'surimi' operations have been continuously active in this fishery and mode over the six year period 1991-1996, while 8 'surimi & fillet' vessels, and 15 'non-surimi'

vessels meet this criterion. On the other end of the spectrum, 1 operation in the current C/P fleet in the 'surimi' sub-sector and 2 in the 'surimi & fillet' mode operated only a single year of the six in this fishery. Eighteen vessels in the 'non-surimi' sub-sector recorded only a single year's activity over this period.

Table 1.2 permits one to track the 'pattern' of exit and entry from year-to-year, by C/P operational sub-sector. Taking the 'surimi' category for 1991, as an example, six vessels operated in this mode, in this year. At the end of the year, one operator had exited (representing just under 17% of the sub-fleet by number). In 1992, 3 vessels entered this sub-sector, resulting in a total of 8 'surimi' operations that year in the BSAI pollock target fishery. By year's end, four vessels had exited the sub-sector. The three entrants represented a change of 38% in the sub-fleet, in that year, while the four that exited reduced the sub-sector by 50%. The balance of the table can be interpreted in the same manner.

For the 'catcher boat' sector (which includes operations delivering at-sea and/or inshore), these data similarly present a clear pattern of active movement into and out of the pollock target fisheries, over the period of analysis. Table 2.1 describes the size and share of the fleet (by vessel count and percent of sub-fleet) of each catcher boat length category, on the basis of 'duration-of-participation' in the BSAI pollock target fishery. For example, if one compares the three LOA-groups, this table reveals that of the current fleet, 42 operations <125' have been continuously active in this fishery over the six year period 1991-1996, while only 4 vessels each, in the 125'-155' and >155' categories meet this criterion.

At the lower end of the range, 35 operations in the 1996 catcher boat fleet in the <125' sub-sector, 12 in the 125'-155' LOA category, and 2 operations in the >155' group, fished only a single year of the six, in this fishery.

Table 2.2 presents 'exit' and 'entry' patterns from year-to-year, by catcher boat LOA sub-sector. Taking the <125' category for 1991, for example, 70 vessels operated in this year. At the end of the year, 6 boats had exited (representing just over 8.5% of the vessels in this sub-fleet). In 1992, 26 vessels entered this sub-sector, resulting in a total of 90 operations in the <125' class, that year, in the BSAI pollock target fishery (representing 29% of the 1992 fleet in this vessel category). By year's end in 1992, 19 vessels in this class had exited the fishery, which reduced the sub-sector by 21%. The remainder of Table E.2.2 can be interpreted in the same manner.

In Tables 1.1 through 2.2, "exit" numbers indicate that a vessel operated in a 'processing mode' or 'LOA' vessel category in the indicated year, but did not operate in that category in the next year. The source data for these entry-exit profiles are from ADF&G fish tickets, Norpac files, and the Alaska Region 'blend' files.

While, due to the way targets are assigned in the 'blend' data, it was neither possible to track where entrants were coming from, nor where those exiting operations were going to, it is highly probable that most simply shifted effort between 'pollock target' fisheries and other groundfish fisheries in the BSAI (and perhaps to a lesser extent GOA).

Foreign Ownership

Among the types of information requested by the Council was a description of the levels of foreign ownership and control of harvest and processing capacity in the BSAI pollock fisheries. While some of the major foreign investments in the pollock fisheries are generally known, more specific information was requested by the Council. As we have described for the Council previously, the business and corporate ownership structures of various fishing and processing entities make it extremely difficult to provide definitive information in this regard.

There appears to be three basic sources of information on foreign ownership. The first is the report produced by the Alaska State Legislative Research Agency in early 1994. As you will recall from the December 1997 Council meeting, Clipper Seafoods requested a public retraction from the Council Executive Director because (1) we had distributed the State's report with our inshore-offshore materials in September, and (2) they were listed as having foreign ownership in the State report, when in fact, they were now All American. Because these ownership structures appear to change frequently for a variety of the operators involved, we need to have more recent information than what is in the State report. A second source of information is the Lexis-Nexis computer data base which we have queried for foreign ownership data. Bits and pieces of information in that database come from many diverse sources that are difficult to verify independently. It is hard to meld those bits and pieces together into a credible depiction of the ownership of a particular company or vessel, and there is a high likelihood that we will get it wrong, inadvertently embarrass a company, and then have to make all sorts of public retractions. And this leads to the third source of information which is, of course, the companies and vessel owners themselves.

Our game plan now is to meld the State report and more recent Lexis-Nexis information together for each company and send out to the company the resulting foreign ownership profile we have for it and let them comment and revise as necessary. A compilation of the results will then be provided to the Council and public in April. We will attempt to groundtruth as much as possible the information received, before we let it go public, because of the sensitivity of this sort of information.

A lingering question we have is the level of detail that the Council is interested in. Do you want to see foreign ownership descriptions by specific named plant or vessel? Or is it sufficient to be more general and describe foreign ownership patterns by sector, and not name names?

Employment Information

We presented employment information in September which was incomplete, due primarily to our lack of employment information for the at-sea sector. Reporting requirements in Alaska are different than in Washington, for example, and we were able to give you employment information for the primary onshore plants involved in the pollock fishery, but not the at-sea sector. This included total employment, a breakdown by month (which may give some indications of pollock-specificity), and residency of those employees, as compiled by the Alaska Department of Labor. We received assistance from the Washington Department of Fisheries, including Council member Austin, to try and get symmetrical information for the offshore fleet; unfortunately there is no official, agency source for the data we need.

We had hoped to get this issue pinned down and resolved in time for this Council meeting, but it is still unresolved. We are coordinating with the Alaska Department of Labor, and representatives of the at-sea sector who have volunteered to provide us with social security numbers for all of their Bering Sea operations. This would be cross-checked against the Alaska Permanent Fund Dividend files to determine the number and percentage of Alaskan resident employment. This would not necessarily be specific to 'pollock employment', but as with the onshore plant information, would cover all employment (we have no way to really differentiate by species).

This gives rise to the issue of using industry-submitted data in the Council analysis. After several discussions of this issue, with members of various industry sectors involved, we as staff are suggesting the following basic policy: **If information can be provided which will help fill existing holes in the analysis, and result in symmetry in the information across sectors, we will accept that information subject to our own internal review. We will clearly state in the analysis where the information came from, as well as any caveats or concerns we have with the use of that information.** In the case of the employment information for the at-sea sector, we need to see what is submitted and review that data along with personnel from the Alaska Department of Labor. Only then will we be in a position to judge the usefulness of that data and report back to the Council.

A variety of other types of information could be submitted for consideration of the analysts. Examples of some types of data which have been suggested for submittal are expenditures made for support services in Alaska. Our intent, unless otherwise directed by the Council, is to not accept any industry-submitted data which would create a 'new' asymmetry in our information. If we accepted such data from one sector, and used it in the analysis, we would be compelled to gather comparable information from the other sectors involved. Obviously this could get us into an untenable 'do-loop'. While much of this type of information may be extremely useful to the Council's decision process, we do not have the ability to independently verify such submittals. We suggest that the public testimony process is the appropriate vehicle for this type of information, except where we have some ability to verify the information, and where it is needed to fill an existing asymmetry in our information, such as with the employment issue.

We should also mention that the work being conducted by Impact Assessment, Inc. is expected to provide another, less quantitative perspective on the overall employment issue. A major focus of their work is to identify the linkages, from a community and employment perspective, to each industry sector, and therefore be able to make some assessments regarding impacts of the alternatives. They are also looking at employment in the catcher vessel sector, where we have no definitive data. More detail on the LAI contract is provided in a separate discussion in this document.

Allen Austerman

February 16, 1998

Emil W. Berikoff

Re: HJR 55

I am apposed to HJR 55, for the simple fact of the negative impact it will have on Employment in Alaska. Have you even considered the impact on Employment in Western Alaska if the Factory Trawlers were not here? The Impact on Employment in Unalaska should also be considered. In 1997 the ILWU had 100,000 Hours of work in the Trumper offloads this alone represents a lot of dollars to Unalaska. And to schedule a hearing on a Holiday when all the public buildings are closed leads me to believe no consideration for a fair hearing is intended.

**SUBSTITUTE LANGUAGE FOR HOUSE JOINT RESOLUTION NO. 55
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTIETH LEGISLATURE -SECOND SESSION**

A RESOLUTION

Relating to the Bering Sea pollock fishery and the Alaska economy.

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

WHEREAS both shore-based and at-sea processors are viable parts of Alaska's pollock fishing industry, and the current pollock allocation provides stability for both onshore and offshore sectors as well as Alaska CDQ communities, and

WHEREAS the Bering Sea and Gulf of Alaska pollock allocations were endorsed by Alaska's Senator Stevens, Congressman Young, and Governor Knowles, and by the 1995 Alaska Legislature in Legislative Resolve #33, and unanimously approved in their current form by Alaska's six representatives on the North Pacific Fishery Management Council in 1995, and

WHEREAS the current fishermen's allocation (65% shared by catcher/processors and offshore catcher vessels that deliver to motherships and catcher/processors - and 35% to catcher vessels delivering onshore) enhances the inherent value of the Bering Sea pollock resource and of pollock CDQs by maintaining a healthy level of competition between pollock industry sectors and firms, and by ensuring a diversity of product forms and markets, and

WHEREAS catcher vessels currently harvest the majority of Alaska's pollock by catching 52% of the Bering Sea pollock quota for inshore and offshore processors, and 100% of the Gulf of Alaska pollock quota for onshore processors, and

WHEREAS shifting pollock quota from the offshore sector to the onshore sector would adversely affect the competitive market for, and value of, Bering Sea pollock and pollock CDQ, and

WHEREAS Western Alaska communities depend on the offshore fleet for jobs and economic development made possible through their involvement with both the CDQ and non-CDQ pollock operations of the Bering Sea, and

WHEREAS status quo pollock allocations have received supporting resolutions from the Alaska Federation of Natives, Bristol Bay Native Association, Choggiung Corp., Kawerak, Inc., Bristol Bay Borough, City of St. Paul, Tlingit and Haida Tribes of Alaska, and

WHEREAS shifting pollock quota from the offshore sector to the onshore sector would result in a substantial loss of well-paying, family-wage jobs preferred by Western Alaskans living in communities throughout Alaska, and

WHEREAS Alaska's Governor has called for Council analysis of potential Alaska impacts which may result from shifting pollock allocations, and the Seattle-based onshore processors are requesting the Alaska legislature adopt a position prior to completion of the requisite impact analysis, **NOW THEREFORE,**

BE IT RESOLVED that the Alaska State Legislature respectfully requests the North Pacific Fishery Management Council adopt a policy to continue the current Bering Sea and Gulf of Alaska pollock quota allocations between inshore and offshore sectors until the true costs and benefits associated with any destabilization of the pollock industry can be fully evaluated.

BE IT FURTHER RESOLVED that the Alaska State Legislature respectfully requests the North Pacific Fishery Management Council continue the expected development of a long-term solution (Comprehensive Rationalization Plan) for Alaska groundfish management to avoid future inshore/offshore and similar allocation disputes.

COPIES of this resolution shall be sent to the Alaska Congressional Delegation, Governor Knowles, and the North Pacific Fishery Management Council.

Author: Representative_Gene_Kubina@legis.state.ak.us (Representative Gene Kubina) at CC2M HS1
Date: 3/17/98 1:01 PM
Priority: Normal
TO: Representative Alan Austerman at LAA_TRANS
Subject: [Fwd: HJR 55]

Alan: How would you suggest these be answered? Gene

-----Embedded message follows:-----

Return-Path: dstiles@kawerak.org
Received: from smtpmail1.legis.state.ak.us (root@smtpmail1.legis.state.ak.us [14 6.63.202.96]) by laa_linux.legis.state.ak.us (8.8.5/8.7.3) with ESMTP id OAA2599 4 for <lhsckub@laa_mail.legis.state.ak.us>; Fri, 13 Mar 1998 14:59:16 -0900
Received: from kawerak.org ([207.66.165.2]) by smtpmail1.legis.state.ak.us (8.8.5/8.7.3) with SMTP id OAA19002 for <Representative_Gene_Kubina@legis.state.ak.us>; Fri, 13 Mar 1998 14:59:07 -0900
Received: from subs4.kawerak.org by kawerak.org (SMI-8.6/SMI-SVR4) id CAA21230; Fri, 13 Mar 1998 02:51:06 -0900
Message-ID: <3509C8FE.7DFE@kawerak.org>
Date: Fri, 13 Mar 1998 15:02:06 -0900
From: Don Stiles <dstiles@kawerak.org>
Reply-To: dstiles@kawerak.org
Organization: Kawerak, Inc.
X-Mailer: Mozilla 3.01 (Win95; I)
MIME-Version: 1.0
To: Representative_Gene_Kubina@legis.state.ak.us
Subject: HJR 55

Dear Gene,

My name is Don Stiles Chairman of the Board of Directors for the Norton Sound Economic Development Corporation. I am representing the fifteen member communities in the Bering Strait region.

This resolution is very detrimental to CDQ interests in Western Alaska and does not take into consideration the 55 villages, which rely on the offshore sector for employment. This resolution is not conducive with providing jobs for the poorest regions in Alaska and we are partnered with the offshore sector because it makes logistical sense. One cannot expect the CDQ program to build shore based plants in every village.

Our people take home wages higher than what people in a shore base plant could ever dream of.

The offshore sector Glacier Fish for example of which NSEDC is 50% owner, provides markets for local fisheries in the Norton Sound, it has provided markets where there would be none. The revenue generated stays in our communities.

This program has provided for rehabilitation of our depleted salmon stocks in the Nome area, and educational scholarships in excess of 450,000, and since it inception 14 million dollars have been spent in the Bering Strait Region. Regional residents brought over 2.7 million dollars in wages home since 1992.

I respectfully request that you reject HJR 55.

Don Stiles
NSEDC Board Chairman

ALEUTIANS EAST BOROUGH

SERVING THE COMMUNITIES OF

■ KING COVE ■ SAND POINT ■ AKUTAN ■ COLD BAY ■ FALSE PASS ■ NELSON LAGOON

Resolution 98-7

A RESOLUTION OF THE ALEUTIANS EAST BOROUGH SUPPORTING THE CONTINUATION OF THE CURRENT ALLOCATION OF POLLOCK AND PACIFIC COD TO SHORE BASED PROCESSING PLANTS IN THE GULF OF ALASKA AND AN INCREASED ALLOCATION OF POLLOCK TO SHORE BASED PROCESSING PLANT FROM THE BERING SEA/ALEUTIAN ISLANDS.

WHEREAS, shore based processing plants provide markets to local vessels fishing for pollock and P. cod in the Gulf of Alaska; and,

WHEREAS, Gulf of Alaska pollock and P. cod have become an important component of the local fishing fleet as a result of the declining value of the salmon fishery; and,

WHEREAS, local vessels fishing in the Gulf of Alaska provide employment opportunities to resident fishers and essential tax revenues to local communities and the Aleutians East Borough; and,

WHEREAS, the North Pacific Fishery Management Council originally approved an allocation of 45% of the pollock in the Bering Sea/Aleutian Islands to vessels that delivered to shore based processing plants; and,

WHEREAS, the U.S. Secretary of Commerce reduced the shore based allocation to 35% of the pollock in the Bering Sea Aleutian Islands; and,

WHEREAS, over capitalization of the off shore, factory trawler fleet has wasted millions of pounds of fish annually; and,

WHEREAS, the factory trawler fleet was designed to fish anywhere in the world; and,

WHEREAS, the Aleutians East Borough and its communities rely on the shore based plants which process Bering Sea/Aleutian Island pollock for employment opportunities, retail sales and taxes as a result of that processing activity; and,

WHEREAS, the benefits which would have accrued to the local communities and the Aleutians East Borough were diminished by the U.S. Secretary of Commerce's decision; and,

WHEREAS, the Magnuson-Stevens Act requires that fishery management measures "take into account the importance of fishery resources to fishing communities in order to provide for the sustained participation of such communities".

CLERK/PLANNER
P.O. BOX 349
SAND POINT, ALASKA 99681
(907) 383-2699
(907) 383-3496 FAX

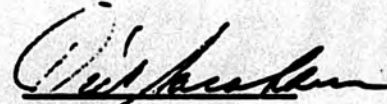
BOROUGH ADMINISTRATOR
1600 A STREET, SUITE 103
ANCHORAGE, ALASKA 99501-5146
(907) 274-7555
(907) 276-7569 FAX

FINANCE DIRECTOR
P.O. BOX 49
KING COVE, ALASKA 99612
(907) 497-2588
(907) 497-2386 FAX

NOW THEREFORE BE IT RESOLVED by the Aleutians East Borough Assembly that the North Pacific Fishery Management Council is urged to:

1. Maintain the status quo in Gulf of Alaska by continuing to allocate 100% of the pollock and 90% of the P. cod in the Gulf of Alaska management area to shore based processing plants.
2. Allocate the maximum amount of pollock in the Bering Sea/Aleutian Island management area to shore based processing plants which can be supported by the Council's ongoing analysis.

ADOPTED THIS 13 DAY OF OCTOBER, 1997.


MAYOR

ATTEST:


Borough Clerk

2014 P. 02

Post-It Fax Note 7671		Date	1/1/97
To	NPSL STRATTON		
Co./Dept.	Gland		
Phone #	Phone #		
Fax #	Fax #		

**CITY OF AKUTAN
RESOLUTION NO. 00-01**

ENTITLED: **SUPPORTING AN INCREASED POLLOCK ALLOCATION TO VESSELS WHICH DELIVER TO COASTAL COMMUNITIES IN ALASKA.**

WHEREAS, the Magnuson-Stevens Act requires the North Pacific Fishery Management Council to "take into account the importance of fishery resources to fishing communities in order to provide for the sustained participation of such communities," and

WHEREAS, the City of Akutan is dependent upon the shorebased processing of pollock to help meet social and economic needs of its residents, and

WHEREAS, the season length of the pollock fishery in the Bering Sea has been greatly reduced due to the entry of heavily subsidized, foreign-owned and foreign-rebuilt factory trawler vessels, and

WHEREAS, the City of Akutan is adversely impacted by a shortened pollock fishery caused by the influx of these foreign-owned vessels and needs a more sustained fishery to support its residents, its fishermen and its processing industry, and

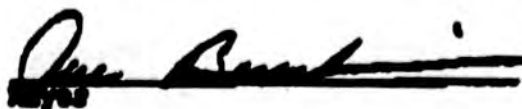
WHEREAS, factory trawler vessels have the opportunity to harvest resources from other regions, including other areas of the world, but fishing communities are dependent upon the resources adjacent to their shores, and

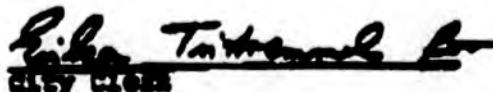
WHEREAS, the allocation of pollock between the inshore and offshore sectors of the industry is currently set to expire after 1996. Now, therefore be it

RESOLVED: by the Akutan City Council that the North Pacific Fishery Management Council is urged to allocate a substantial majority of the pollock resource in the Bering Sea Management Area to vessels which deliver to the inshore sector of the industry.

Passed and approved this 18th day of July, 1997 by a duly constituted quorum of the Akutan City Council.

Attest:


Mayor


City Clerk

Alaska Conference of Mayors
Juneau Alaska
Resolution 97-2

A RESOLUTION OF THE ALASKA CONFERENCE OF MAYORS REQUESTING THAT THE NORTH PACIFIC FISHERY MANAGEMENT COUNCIL ANALYZE A RANGE OF ALTERNATIVES FOR ALLOCATION OF POLLOCK FOR THE BERING SEA ALEUTIAN ISLAND AREA, SUPPORT RE-AUTHORIZATION OF THE EXISTING POLLOCK CDQ PROGRAM, AND SUPPORT A ROLLOVER OF THE EXISTING ALLOCATIONS OF POLLOCK AND COD FOR THE GULF OF ALASKA AREA.

WHEREAS, the current inshore/offshore allocation is scheduled to expire at the end of 1998, and

WHEREAS, the current formula for the BSAI of 65% dedicated to the offshore sector and 35% for the onshore sector and 100% of pollock and 90% of cod for the Gulf of Alaska has been in place since 1992, and

WHEREAS, comprehensive data on the effects of the current allocation was not available at the time it was reauthorized by the Council and there is now five years of experience under the current formula on which to base a new allocation decision, and

WHEREAS, at the June meeting of the NPFMC the Council received reports from staff, the Scientific and Statistical Committee, Advisory Panel and testimony from the public on the inshore/offshore allocation of pollock in the Bering Sea which indicated a need for additional information and which reflected a wide range of opinions on what alternatives should be considered when reauthorizing the allocation for the BSAI area, and

WHEREAS, the Magnuson-Stevens Act was recently amended and is the new law for management of our nation's fisheries; and

WHEREAS, included in the Magnuson-Stevens Act, Section 301, National Standards, are provisions that take in to account the importance of fishery resources to fishing communities in order to provide for the sustained participation of such communities, and to the extent practicable, minimize adverse economic impacts on such communities; and

WHEREAS, the pollock allocation for BSAI and the GOA is critical to the continued economic stability of coastal communities, including the CDQ communities, the shore based plants and fishing fleets that deliver in these coastal communities; and

WHEREAS, the BSAI Pollock CDQ program has been a success, leading to the participation of the Bering Sea coastal communities in the fishing industry of the Bering Sea, creating employment opportunities, increased and stabilized revenues that will result in increased community stability and long-term viability; and

Alaska Conference of Mayors
Resolution No. 97- 2
Page Two

WHEREAS, the shore based plants and fishing fleets that deliver in coastal communities contribute millions of dollars annually to the State of Alaska and coastal communities through property taxes, local and state- shared fish tax, sales tax, employment opportunities, and other social benefits; and

WHEREAS, the shore-based plants in Alaskan coastal communities are totally dependent on the fishery resources of the Bering Sea, Aleutian Islands and Gulf of Alaska and do not have the ability to process fish from other areas of the United States or other foreign countries as do the offshore factory trawlers ; and

NOW THEREFORE BE IT RESOLVED that the Alaska Conference of Mayors requests that the North Pacific Fishery Management Council analyze a range of alternatives on the allocation of pollock for the Bering Sea Aleutian Islands , support the reauthorization of the Pollock CDQ Program in the Bering Sea, and support the reauthorization of the existing Gulf of Alaska allocation for pollock and cod, for the following reasons;

1. Compliance with the Magnuson- Stevens Act
2. Lack of new information or studies of changes in the pollock fishery since 1992.
3. Importance of the allocation to the continued economic stability of coastal communities, CDQ communities, processing facilities, and shore-based fishing fleets based in coastal communities.

PASSED AND ADOPTED BY A DULY CONSTITUTED QUORUM OF THE ALASKA CONFERENCE OF MAYORS THIS 28th DAY OF AUGUST 1997


PRESIDENT

RESOLUTION OF THE ALASKA MUNICIPAL LEAGUE

RESOLUTION 98-10

A RESOLUTION REQUESTING THAT THE NORTH PACIFIC FISHERY MANAGEMENT COUNCIL ANALYZE DATA AND INFORMATION REFLECTING THE CURRENT STATUS OF THE BERING SEA/ALEUTIAN ISLANDS POLLOCK FISHERY BEFORE ALLOCATING THE RESOURCE, SUPPORTING REAUTHORIZATION OF THE EXISTING POLLOCK CDQ PROGRAM, AND A ROLLOVER OF THE EXISTING ALLOCATIONS OF POLLOCK AND COD FOR THE GULF OF ALASKA

WHEREAS, the current inshore/offshore allocation is scheduled to expire at the end of 1998; and

WHEREAS, the current formula for the BSAI of 65% dedicated to the offshore sector and 35% for the onshore sector and 100% of pollock and 90% of cod for the Gulf of Alaska has been in place since 1992; and

WHEREAS, the current inshore/offshore allocation system has resulted in a strong and healthy CDQ program; and

WHEREAS, the comprehensive data on the effects of the current allocation were not available at the time it was reauthorized by the Council and there are now five years of experience under the current formula; and

WHEREAS, at the June meeting of the NPFMC the Council received reports from staff, the Scientific and Statistical Committee, Advisory Panel and testimony from the public on the inshore/offshore allocation of pollock in the Bering Sea which indicated a need for additional information and which reflected a range of opinions on what alternatives should be considered when reauthorizing the allocation for the BSAI area; and

WHEREAS, another rollover without analysis of the current allocation would ignore the changes to the fishery as a result of the existing allocation and evidence of the changing nature of the industry that harvests this highly valuable pollock resource; and

WHEREAS, the Magnuson-Stevens Act was recently amended and is the new law for management of our nation's fisheries; and

WHEREAS, included in the Magnuson-Stevens Act, Section 301, National Standards, are provisions that take into account the importance of fishery resources to fishing communities in order to provide for the sustained participation of such communities, and to the extent practicable, minimize adverse economic impacts on such communities; and

WHEREAS, the pollock allocation for BSAI and the GOA is critical to the continued economic viability of coastal communities, especially the CDQ communities; and

WHEREAS, the BSAI Pollock CDQ program has been a success, leading to the participation of the Bering Sea coastal communities in the fishing industry of the Bering Sea, creating employment opportunities, increased and stabilized revenues that will result in increased community stability and long-term viability; and

WHEREAS, the shore based plants, fishing fleets that deliver in coastal communities, and at sea processors that land product in coastal communities, contribute millions of dollars annually to the State of Alaska and coastal communities through property taxes, local and state-shared fish tax, sales tax, employment opportunities, and other social benefits; and

WHEREAS, the inshore/offshore pollock allocation system provides a stable source of jobs and other economic opportunities for Western Alaska fishermen and fishery-dependent communities in the Bering Sea pollock fishery;

NOW, THEREFORE, BE IT RESOLVED that the Alaska Municipal League requests that the North Pacific Fishery Management Council analyze data and information reflecting the current status of the Bering Sea / Aleutian Islands pollock fishery and the effects of any changes to the current allocation formula before allocating the resource, supports the reauthorization of the pollock CDQ program in the Bering Sea, and supports the reauthorization of the existing Gulf of Alaska allocation for pollock and cod, for the following reasons:

- 1. Compliance with the Magnuson-Stevens Act**
- 2. To recognize changes in the BSAI pollock fishery since 1992**
- 3. Importance of the allocation to the continued economic viability of coastal communities.**

PASSED and APPROVED November 14, 1997.


Karen Parr, President

ATTEST:

Kevin Ritchie, Executive Director



333 First Avenue West / Seattle, WA 98119 USA / 206-286-8584 / FAX: 206-286-8810 / TELEX: 49612854 PRMPAC

February 13, 1998

**The Honorable Alan Austerman
Chairman, House Special Committee on Fisheries
Juneau, Alaska 99811**

Sent via facsimile 907 465 4958

Dear Mr. Austerman,

I am writing in support of House Joint Resolution 55 supporting the allocation of more Bering Sea Alaskan Pollock to catcher boats delivering their catches of pollock to true motherships and onshore processors.

Premier Pacific Seafoods is the General Partner of The Phoenix Processor Limited Partnership, owner of the true mothership Ocean Phoenix. The Ocean Phoenix has been in operation since 1989. We process pollock, cod and crab. The Ocean Phoenix is the largest floating surimi processor in the world. At 17,000 gross tons we are the only fully inspected Coast Guard vessel in the U.S. fishing industry.

The Limited Partners in the Ocean Phoenix consist largely of the catcher boats that deliver their catches to the Ocean Phoenix. We are the remnants of the joint venture era. In the late 1980's when it became apparent that the goals of the Magnuson-Stevens Act would shortly be fulfilled and that the American fish resources would become fully Americanized, our fishermen pooled their resources and built their own processing ship. The Ocean Phoenix is a converted APL container ship, the ex-President Kennedy. In 1990 we alone took over 10% of the entire pollock quota. Today due to overcapitalization we harvest only about 4% of the quota. A 60% reduction! Our fishermen who were critical to the development of this entire industry have been severely pre-empted by foreign built and foreign owned factory trawlers. At our current level of harvest our viability, as a going concern is severely challenged.

Our small boats are completely dependent on the Alaskan infrastructure and contribute heavily by requiring goods and services that can only be provided by

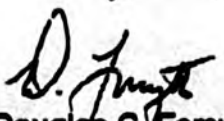
the coastal communities of Alaska and consequently we contribute to the on going success of the coastal communities. Our catcher boats spend their off time tied up in Alaskan harbors, we buy our fuel, groceries and do our repair work at local facilities. Our catchers do not transit back and forth with the seasons but spend virtually all of their time in Alaska. The Ocean Phoenix itself contributes significant tax funds for the State. In 1997 we paid about \$358,000 in various local, borough and state taxes.

For this A season 45% of our newly hired crew were Alaskan natives. 90% of the Alaskans we hired were native Alaskans of western Alaska.

Our vessels are second and third generation pioneers in the Alaskan fisheries. The Mark I and the Margun are two of our catchers and they were instrumental in developing the King Crab fishery. Einar Pedersen Sr. fished King Crab with the Mark I for fifteen cents per pound. Now the Mark I is owned and operated by Einar's grandson. We are not here today and gone tomorrow operators. We are multi-generation participants in Alaska's fisheries. We are a snapshot of the entire history of the Alaskan seafood industry. A collection of small family owned businesses that stuck their necks out to shape their own future by investing in themselves. It seems to me that this is the history of the entire State.

We would sincerely offer our full support for House Resolution 55 and offer any assistance we could give to the State in seeing that more fish was allocated to the small boat operators and processors of Alaska's fisheries resources.

Sincerely Yours,


Douglas C. Forsyth
Vice President
General Manager

City of Sand Point



RESOLUTION 97-21

A RESOLUTION OF THE SAND POINT CITY COUNCIL SUPPORTING AN INCREASED ALLOCATION OF THE POLLOCK RESOURCE OFF ALASKA TO THE SHOREBASED SECTOR OF THE INDUSTRY.

WHEREAS, the pollock fishery off Alaska is greatly overcapitalized, and

WHEREAS, the overcapitalization in the pollock fishery off Alaska was caused by foreign-owned and foreign-rebuilt factory trawler vessels which have violated the intent of the Magnuson-Stevens Act to Americanize the harvesting of fishery resources within the United States Exclusive Economic Zone, and

WHEREAS, one foreign-owned and foreign-subsidized corporation which operates factory trawlers off Alaska now controls an excessive share of the pollock resource, and

WHEREAS, the recent amendments to the Magnuson-Stevens Act require that fishery management measures "take into account the importance of fishery resources to fishing communities in order to provide for the sustained participation of such communities", and

WHEREAS, with the decline in the salmon fishery, the City of Sand Point is dependent upon the pollock fishery for its social and economic needs, including providing harvesting opportunities for fishing vessels, resources for local seafood processing, employment within the community, and tax revenues to support its fishermen and its processing industry, and

WHEREAS, the City of Sand Point is adversely impacted by shortened pollock fishery caused by overcapitalization and needs a more sustained fishery to support its fishermen and its processing industry, and

WHEREAS, factory trawler vessels have the opportunity to harvest resources from other regions, including other areas of the world, but fishing communities are dependent upon the resources adjacent to their shores, and

WHEREAS, pollock that is delivered in Sand Point is harvested both from the Gulf of Alaska and Bering Sea Management areas, and

WHEREAS, the allocation of pollock between the inshore and offshore sectors of the industry in both the Gulf of Alaska and the Bering Sea is currently set to expire after 1998;

City Office:
P.O. Box 240
Sand Point, Alaska 99081
(907) 286-2600
(907) 286-2606 FAX

Administrator:
1800 A Street, Suite 108
Anchorage, Alaska 99501-5148
(907) 274-7555 Phone
(907) 274-7555 FAX

Bubba J. Wilson
City Clerk

For Details, Contact:
Glenn Reed
Phone (206) 374-0761
Fax (206) 374-0765
For Details, Contact:

NORTH PACIFIC SEAFOOD COALITION

Juneau:
213 Third St., Suite 103
Juneau, AK 99801
Ph: (907) 586-5679
Fax: (907) 463-3540

Unalaska:
Box 701
Unalaska, AK 99685
Ph: (907) 581-2212
Fax: (907) 581-1306

Seattle:
2601 Elliott Ave. Ste. 3107
Seattle, WA 98121
Ph: (206) 374-0761
Fax: (206) 374-0765

NPSC News Release

Recent Factory Trawler Purchases Raise Serious Questions

American Seafoods' Acquisition of Three New Factory Trawlers and Its Increased Russian Pollock Fishing Activities Raise Concern In Alaska's Pollock Fishing Industry; Congress Moves to Ban Factory Trawlers from the East Coast

Unalaska, July 29, 1997: A Norwegian owned company's recent purchase of three additional large factory trawlers for use in Russian Bering Sea pollock fishing is raising concerns in Alaska's pollock fishing industry. In mid-July *American Seafoods*, a wholly-owned subsidiary of giant Norwegian fishing conglomerate Aker/RGI, announced it had recently purchased three additional factory trawlers for use in North Pacific Pollock fishing. According to a press release issued by the company, the three large vessels will be assigned to fish and process pollock in Russian waters. But that assurance has not alleviated growing concerns among many in Alaska's pollock fishing industry.

"We are very concerned," said Glenn Reed, a former Deputy Commissioner of the Alaska State Department of Commerce who now serves as director of the North Pacific Seafood Coalition, an association that represents many Alaska onshore processors, motherships and catcher boats.

"Our concern is that these factory trawlers have historically fished in Alaskan waters and will do so again - or even if they don't - that the escalating fishing activity in Russian waters will have a detrimental impact on Alaskan pollock stocks."

Reed pointed out that the company that purchased the factory trawlers already dominates the offshore pollock fishing industry in Alaska - a segment of the pollock fishery that has grown dramatically since the late 1980's. *American Seafoods* now owns eighteen factory trawlers that are licensed to fish pollock in Alaska, vessels that have historically taken almost 70% of the Alaska factory trawler pollock

For Immediate Release
July 30, 1997

..... more

harvest. Reed said that *American's* recent purchases concentrates too much of the harvest in one private interest's hands. "Alaska's offshore pollock fishing industry is struggling from overcapitalization, yet in recent years, this one Norwegian owned company has rapidly increased the number of large ships they operate in Alaska waters," Reed said. "Now they are stepping up fishing activities in Russian waters just across the international border. We believe that creates a serious risk to the long term health of Alaska's pollock stocks."

Reed noted that the North Pacific Fishery Management Council (NPFMC), the federal body that manages commercial fishing off Alaska, also recently expressed concern over the potential impact of increased pollock fishing in Russian waters. Reed pointed out that at its June meeting, some Council members raised concerns and identified the issue as one of the topics the Council should discuss at its next meeting in September.

Russia and the United States have yet to reach an agreement on the border that separates the two countries in the Bering Sea, and even as the Council met in June, there were frequent reports of the U.S. Coast Guard chasing Russian vessels out of the U.S. zone. "In fact," said Reed, "the situation was so intense that the Council received daily briefings on the skirmishes by Coast Guard Captain J. V. O'Shea."

Reed stressed that the increased pollock fishing in Russia is bound to have an impact on Alaska. "We know that a lot of the catch in Russia occurs right on the border and consists of juvenile pollock. Scientists believe that those young fish being caught in Russia are spawned in U.S. waters and would normally migrate back to the Alaska Bering Sea at maturity," Reed said. "If so, the recent increased fishing activity in Russian waters by large factory trawlers definitely poses a serious risk to the health of the Alaska fishery." Reed added that reports of significant over-harvesting in Russian waters – with some reports suggesting that the Russian pollock fishery will be devastated in only a few years – has caused even more alarm in Alaska's pollock fishing industry.

"With the dramatic growth in Russian fishing activities," Reed said, "and now with three more factory trawlers headed that way – yes, we are concerned and believe all Alaskans should be." Reed

pointed out that factory trawlers are huge vessels, each capable of harvesting hundreds of thousands of pounds of pollock per day.

Fear over the impact of large factory trawlers on other American fisheries is also a hot topic in Congress right now. On Monday, legislation that would ban large trawlers from fishing along the Atlantic seaboard passed the U.S. House of Representatives and is now awaiting action in the U.S Senate. The legislation sponsored by Representatives from eastern coastal states would prohibit ships larger than 165 feet in length from fishing in the east coast herring and mackerel fisheries. The legislation was motivated by recent attempts by Dutch and Norwegian companies to inject large factory trawlers into the fisheries. The issue has generated a lot of media attention in the east and the legislation is likely to pass the Senate before Congress adjourns its current session.

Other countries have also prevented factory trawlers from fishing in their waters. Chile recently prohibited the *American Monarch*, one of the largest factory trawlers in the world – also owned by Norwegian Aker/RGI – from entering its waters until Aker/RGI commits to investments in Chilean onshore processing. The *American Monarch* remains docked and idle in Seattle and its fishing future is uncertain.

attachments

**For Immediate Release
July 30, 1997**

. end

WESTERN ALASKA FISHERIES INC.
521 SHELIKOF AVENUE

P.O. BOX 2367
KODIAK, ALASKA 99615

PHONE (907) 486-4112
FAX (907) 486-5588

February 15, 1998

The Honorable Rep. Alan Austerman
Chairman, House Special Committee on Fisheries
Room 434
State Capitol Building
Juneau, AK 99811

Dear Rep. Austerman,

I am writing on behalf of Western Alaska Fisheries in support of House Joint Resolution 55 promoting more of Alaska's pollock resources to the "inshore" sector. We firmly believe that the long term economic viability of many of Alaska's coastal communities are best served by local employment.

Western Alaska Fisheries has had a manufacturing plant in Kodiak since 1967. We have invested approximately \$20 million dollars in our facility and employ upwards of 250 local residents. We process essentially all species taken in the Gulf of Alaska, and purchase all of our raw materials from independent and primarily local fishermen. In a normal year, we spend approximately \$13 - 15 million locally for fish and labor. In addition, we normally pay \$2 - 2.5 million per year in state and local taxes, and local community owned utilities. We are but a "small" player, but feel we contribute substantially to our community. We are also actively involved in our community with numerous charitable contributions in cash and kind as well as the dedicated involvement of many of our employees.

We firmly believe that similar facilities located on shore in coastal communities provide the bedrock upon which many homes and lives are built. Without the shore based plants, many communities would become "ghost towns". For this reason alone, we support providing additional resources to the inshore sector. Western Alaska Fisheries, stands to see no direct benefit from the proposed legislation, but is certainly desirous of seeing coastal communities bolstered by increased local employment opportunities and tax base.

Please do not hesitate to call me if we can provide you with any further support.

Sincerely,

Mitch Killorn

Mitch Killorn
General Manager
Western Alaska Fisheries
Kodiak, Alaska 99615

NORTH
PACIFIC
SEAFOOD
COALITION

* 2601 Elliott Ave
Suite 3107
Seattle, WA 98121
Phone (206) 374-0761
Fax (206) 374-0765
E-Mail - GLRSA@aol.com

FEB 13 1998

February 13, 1998

VIA FAX 907 465 4956

The Honorable Rep. Alan Austerman
Chairman, House Special Committee
On Fisheries
Room 434, State Capitol Building
Juneau, Alaska 99811

Dear Rep. *Alan* Austerman,

I am writing on behalf of the North Pacific Seafood Coalition in support of House Joint Resolution 55, which promotes more of Alaska's pollock resources to the "inshore" sector. This sector includes shore plants, motherships, and catcher boats, all of which are represented by the Coalition.

Members of our coalition have invested hundreds of millions of dollars in Alaska over the past decade, and have made a commitment to Alaska's coastal communities. Our processing members all buy our fish from independent fishers, and we process products from essentially all of Alaska's fishery resources.

Many of our members have operated facilities in Alaska for decades, paid millions of dollars in state and local taxes, purchased services such as water, utilities, fuel and other supplies in the communities where we are located, and have provided an economic engine for much of coastal Alaska.

Our members have hired thousands of Alaskans, and continue to provide career opportunities for those interested in the seafood industry. Our year round employment base, community support, and facilities are often the key ingredient to the social and economic fabric of our states coastal communities and fishing industry.

Our industry represents the state's largest private sector employer, and second largest taxpayer. We very much appreciate your introduction of HJR 55, and we are pleased to offer you our support.

Please do not hesitate to call me if we can provide you with anything further.

Sincerely,


Glenn Reed
Executive Director

FAX MEMO

TO: Members of the Special Committee on Fisheries

From: Robert Schasteen
box 920752
Dutch Harbor, Alaska 99692

Subject: HJR-55, HJR-48

Currently the fisheries in the Bering Sea provide a long term, healthy economic environment for the people and government of our community and the State of Alaska. The allocation of fish in the Bering Sea, as it exists today, works. IF IT'S NOT BROKEN DONUT FIX IT!

Please do not turn our community into a "company town" monopolized by one sector of the fishing industry. We need BOTH inshore and offshore sectors of the fishing industry to provide competition, reasonable wages and fair markets.

Passage of either of these resolutions without proper research of their impact on our community and the State of Alaska would be premature at best.

JAN 14 1998

A

Dary

Grant Lee
P.O. Box 15085
Fritz Creek, AK. 99603
(907) 235-0620

January 4, 1998

Dear Alaska State Representative,

I come to you as an ex-employee of the factory trawler fleet. Leaving my position was not my choice, rather I was terminated for reasons that are not apparent to me, or the other officer's aboard the vessel I worked on. This I know from discussions with ex-crewmembers and officers, including the Captain of the vessel. Enclosed please find an evaluation form and an exit letter from the office. Every item on the evaluation is at issue. I have written a 5 page letter to American Seafoods Inc. in retaliation of this evaluation, and have copied it to the Director of Operations, the Vessel Operations manager, the Personnel Manager, and the Public relations firm that American Seafoods has retained in Anchorage, as well as a few other key personnel. That was sent out on November 12, there has been no reply from anyone. A copy of this letter can be obtained on request.

Please don't take the tone of this letter in the wrong way, I am not writing to cry about getting fired from my job. A job that I loved and will truly miss as well as the many co-workers that I had developed friendships with. After three years aboard the same vessel you get to know a few people. Rather my concern is for the hundreds of Alaskans that American Seafood is recruiting to work on these vessels.

When I returned to work last August to prepare for the '97 "B" season I was bombarded by PR people taking my picture, having me write post cards, and having me call the Alaska Congressional offices. This all to support the company as a "pro-Alaska hire" company. I also found out that American Seafoods had opened a Personnel office in Anchorage. This is the first time that American Seafoods has had a Personnel office in Alaska that I am aware of. You see, American Seafoods didn't hire me directly, I was working aboard the Ocean Rover when American Seafoods purchased it from Birthing Fisheries Inc. in May of 1996. This Personnel office was going out to the villages on the West Coast of Alaska and actively recruiting people to staff their vessels as processors. Many of these people have never worked in a seafood processing plant before, let alone worked at sea. From talking to a few of them on the pier in Seattle, they had no real idea what they were getting into, they were told how wonderful working at sea can be,

and how prosperous it is. I talked personally to Ronald N. Dalby, the Alaska employment manager for American Seafoods while we were in Dutch Harbor to off-load during "B" season. I was told if I knew anyone in Homer that wanted to work on the Ships, he would send someone to Homer to interview them and a determination of employment could be made without leaving the State.

UP TO THEN, AMERICAN SEAFOODS POLICY ON OUT OF STATE (AK) HIRES WAS THEY HAD TO GO TO SEATTLE AT THEIR OWN EXPENSE JUST FOR AN INTERVIEW.

Mr. Darby also informed me that American Seafoods Co would pay for any transportation to and from the vessels for Alaska hires.

TO THIS DATE, AS VERIFIED BY A CO-WORKER IN SUPERIOR WI. ALL CREWMEMBERS ARE RESPONSIBLE FOR THEIR OWN TRANSPORTATION TO AND FROM THE VESSELS, WITH THE EXCEPTION OF ANNUAL CONTRACT CREW. WHICH ARE THE OFFICERS ONLY.

The impression I received was that they wanted to get as many Alaskans on these vessels as possible to show how responsible they are to the State of Alaska in regard to Alaska hire issues. How long do you think it will be before the several hundred other crewmembers in the lower 48 are up in arms over the fact that Alaska hires have their transportation paid and they don't? How long do you think American Seafoods will be willing to support this bias towards Alaskan hires after the vote on the allocations in June? My bet would be as soon as the vote is over, regardless of which way it goes, American seafoods will reapportion their Alaska hire policies to reflect that of the lower 48. ~~the same treatment for Alaska hires as the lower 48 have received in the past~~

To put the past policies of American Seafoods into perspective, through "B" season of '97 there were two Alaskans working onboard the Ocean Rover, 1 processor and me. ~~Out of 130 people that put Alaskan hires at 1.55%~~ Out of there 16 vessel fleet there were several with no Alaskan hires. There were approximately 10 times more Norwegians working for American Seafoods then there were Alaskans!

When this is all over and the innocent people from the towns and villages of Alaska are displaced because American Seafoods doesn't need the body count any more, who will deal with the trauma this will cause to their lives? What will these people do now that they have left there livelihoods to go to work at sea for a few

seasons, only to find that the company that made all these promises has backed out on them.

American Seafoods has already shown me personally that they are not responsible in there corporate management. If they can fire an officer of the ship who is an Alaskan resident for no apparent reason, what is to make you think they would have any loyalty to processors from Alaska? If this were an issue of a company of 1 or 2 vessels it may seem like the exception rather than the rule, but its not. American Seafoods has 16 vessels fishing the Alaska Pollock Quota, giving it more than 40% of the total offshore catch. They have a huge stake in the outcome of any decision on the Quota allocations. My personal issue's I am taking up with the Alaska Human Rights Commission.

One other issue that I wanted to touch on is the matter of the on-shore plants being owned by Maruha and Nissui, two multinational companies in Japan. A multinational Norwegian holding company owns American Seafoods, a wholly owned subsidiary of Norway Seafoods. They also own Helly-hansen sportswear, brooks shoes, among others, and trades on the Oslo stock market in Norway. Most of the key personnel on the vessels are Norwegian nationals. The reasoning I have heard for this is they can't find qualified Americans to take these positions. I submit they don't try very hard.

In closing, I would say that I certainly don't know all of the issues surrounding the allocation of the Bering Sea Pollock Quota, but I hope that the smoke screen of American Seafoods isn't so thick that you can't see through to the truth about this company's objectives. They certainly don't have any loyalty to Alaskans, or Americans for that matter. Their only concern is for their own bottom line.

Please feel free to contact me if you have any questions regarding this letter, or if there is anything else I can help you with.

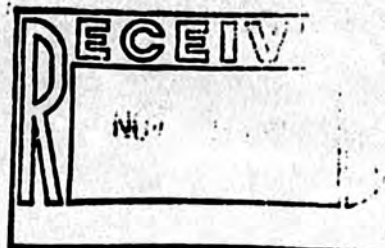
Sincerely,

Grant A. Lee,
Ex Chief Steward,
F/T Ocean Rover.



State of Washington
DEPARTMENT OF FISH AND WILDLIFE

Mailing Address: 600 Capitol Way N • Olympia, WA 98501-1091 • (360) 902-2200, TDD (360) 902-2207
Main Office Location: Natural Resources Building • 1111 Washington Street SE • Olympia, WA



October 31, 1997

Mr. Clarence Pautzke, Executive Director
North Pacific Fishery Management Council
605 West 4th Avenue, Room 306
Anchorage, Alaska 99501

Dear Mr. Pautzke:

I have received in excess of 60 letters from individuals expressing their concern for continued employment if the inshore processing allocation of Bering Sea pollock is increased and the offshore processing allocation is decreased. The letters are from individuals that are crew members of factory/trawler vessels.

Given the scope of the inshore/offshore Bering Sea pollock issue, I believe all Council members should be aware of this correspondence and that these letters should become part of the public record; therefore, I am forwarding the letters to you. I have responded to each of these individual letters (copy of response enclosed) and do not believe the letters need further acknowledgment.

If you have any questions, please feel free to call me at (360) 902-2627.

Sincerely,

A handwritten signature in cursive script, reading "A. Dennis Austin".

A. Dennis Austin
Policy Coordinator
Interjurisdictional Resource Management

ADA:mkr

Enclosures

October 31, 1997

Mr. FIELD(first name) FIELD(last name)
FIELD(street address)
FIELD(city,state,zip)

Dear Mr. FIELD(last name):

I have read your letter expressing your concern over the economic impact to the offshore industry resulting from an increased allocation of Bering Sea pollock to the inshore processing industry. I understand you support maintaining the current 35/65 percent inshore/offshore allocation.

It is the primary goal of the Washington Department of Fish and Wildlife to maintain strong, healthy fish stocks to provide economically viable fisheries. The Department supports resolution of fish allocation issues which optimizes the economic interests and encourages social stability of the Washington-based fishing industry and promotes sound conservation principles.

During the recent deliberations of the North Pacific Fishery Management Council, I have found it difficult to identify a problem within the pollock fishing industry that could be resolved simply by a reallocation of the fish from offshore processing to inshore processing. The objectives identified for the current allocation scheme appear to have been achieved: Protection of the catcher boats from preemption by the factory/trawlers; provision for protected access for coastal communities; and stability within the industry.

As a result of the options adopted for consideration at the meeting in September, the Council will receive a benefit/cost analysis at its April 1998 meeting. The Council will then identify a preferred option and release the analysis for public comment. I have forwarded your letter to the Council for its consideration. The final decision will be made at the Council meeting in June 1998.

Sincerely,

A. Dennis Austin
Policy Coordinator
Interjurisdictional Resource Management

ADA:mkr

cc: Clarence Pautzke, NPFMC
Fish and Wildlife Commission
Bern Shanks

SCOTT WOODALL
319 NW RICHMOND BEACH ROAD
#243
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JAMES WALLS
3114 NW LAKENESS ROAD
POULSBO, WA 98971

TINA HARE
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JESSE ROZANSKI
3881 - 26TH AVENUE NORTH
ST. PETE, FL 33713

MINH PHAM VAN
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11853 WEST JEFFERSON BLVD. #6
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MICHAEL KRALJEVICH
4020 - 33RD STREET
ANACORTES, WA 98221

October 11, 1997

Dennis Austin
Member NPFMC
Washington Dept. of Fish and Wildlife
600 Capitol Way N.
Olympia, WA 98501-1091

Dear Mr. Austin:

Having worked for a number of years in the fishing industry of Alaska, I am proud to say that I have been a part of the effort to build a fleet of ships that provide people with a quality frozen product and at a decent price. At the same time I have been able to provide for my family a reasonable living. All that is now threatened, and it is my understanding that you can do something about it.

As a member of the Council that decides just how the Alaskan pollock quota will be divided, you hold the future of thousands of people in your hands. I work on a factory trawler, and if the factory trawler sector of the industry loses more quota, my livelihood will be threatened.

I have looked at both sides as best I can, and what I see is this: on the one side you have a few rich corporations from Japan that will stand to benefit hugely from the gift of greater allocation, and on the other you have several thousand individuals who make a halfway decent living (none of are getting rich out here....) who would lose their jobs if the quota was substantially reduced for the offshore sector. And the argument that giving the quota to the onshore just doesn't wash - look at what happens when shore-plants are the only game in town - strikes, abysmal prices. So the small vessel owners would not benefit either.

It seems to me that things are fine the way they are. The shore plants are making a living, the offshore sector is making a living, the Western Alaskan Communities are making a living from the CDQ - why change it?

Please consider all of this when it comes time to cast your vote. Thanks.

Sincerely,

Y
JOHANNES HAILE
10740 2nd AVE NE #117
Seattle WA 98125
(206) 363-0338

James M Walls
3114 NW Lakeness Rd.
Poulsbo WA. 98971
360 - 394 - 1764



For the Future of AMERICAN Jobs and livelihood

Dear Sir or Madams:

I am writing this letter in hope and to plead to you that you will not agree with the lobbying attempt by the JAPANESE Owned shore-based fish plants trying to persuade the NPFMC to reduce the quota of allowable Pollock stocks available to the Bering Sea factory trawler fleet. Surely you must know how many Americans jobs and lives this would affect if this measure were allowed to be passed. Untold numbers of hard working, tax paying American citizens would be wiped out of jobs by a change in the allowable amount of resource that we now have.

This industry has been able to offer its employee's a wage base many times that of which they could expect to earn at shore based operation. Thus our quality of life has improved, our family's quality of life has improved and what we are able to give back to our communities as a viable hard-working citizen has improved as well. Please don't let them take this away. For most of us this is all we know and do you know how much impact this will have on the state in which we live in, on unemployment, welfare, job re-training and job replacement. And for what?

The only issues being argued here are the one's concerning the fact that the Japanese owned shore-based plants (that don't hire Americans) want more fish in order to make more money. I do not believe in any way that any hard working Americans will reap the benefits of a quota change, and that includes the shore-based employees as well as the at sea employees. The only ones that will profit from this proposition are the executives, which control and operate the shore-based companies. I myself and those I work with urge and plead to you to be heard on this issue and support a rollover of the current in-shore, off-shore allocations. Our lives as well as are family's lives depend on it. Please help America.

Sincerely,

James M Walls
F/T Pacific Scout

October 11, 1997

Mr. Dennis Austin
Washington Department of Fish and Wildlife
600 Capitol Way North
Olympia, WA 98501-1091

Dear Mr. Austin,

I am writing to you today regarding the Inshore and Offshore Pollock quota that offshore factory trawlers and inshore seafood processors and plants depend upon to process Pollock seafood products.

In the spring of 1998, The North Pacific Fishery Management Council will vote to decide the division of this Pollock quota from the Federal waters off the state of Alaska between the inshore and offshore sectors. In the past years, the division has been 65% offshore and 35% for the inshore group. The offshore group consists of numerous factory trawlers owned by American companies; many of which are based out of Washington State. It is my understanding that almost 90% of the Inshore processors and plants are foreign owned, mainly by large Japanese companies who pay minimum wage to the few Alaskan and Washington residents it employs. The inshore sector is also being strongly supported by Senator Ted Stevens of Alaska.

I am a Washington State resident and depend upon my career in the Offshore factory trawler fishery. Working in this industry has provided me with stability and an opportunity to provide for myself and my family.

Please support the offshore factory trawler industry in any way you can and save hundreds of jobs for the residents of Washington state as well as the numerous Washington state based Fishing Companies.

Thank you for your consideration.

Sincerely,



F/T PACIFIC NAVIGATOR
American Seafoods Company

Fr: Mink Pham Van
8826 14th Av SW
Seattle WA 98106

STEPHEN FINLEY
12606 SE 30TH #3
BELLEVUE, WA 98005
(425) 643-6966

RECEIVED
JAN 01 1998
N.P.F.M.C.

November 15, 1997

Mr. Richard Lauber
Chairman
North Pacific Fishery Management Council
605 West Fourth Avenue
Anchorage, Alaska 99501

Dear Mr. Lauber:

Include Risk Analysis in Inshore-Offshore Analysis

As a result of the addition of National Standard #10 to the Magnuson-Stevens Fishery Conservation and Management Act which requires "Conservation and management measures shall, to the extent practicable, promote the safety of human life at sea" the North Pacific Fishery Management Council (NPFMC) should conduct a risk analysis to determine if continued offshore allocations increase the risk on injury or death. When conducting this analysis, the NPFMC should take into account the following:

- (1) All of the current factory trawlers are exempt from U.S. Coast Guard inspection because they are less than 5,000 gross tons (GT). 46 U.S.C. 3302 exempts fish processing vessel less than 5,000 GT from U.S. Coast Guard (USCG) inspection requirements.

Because cargo and passenger vessels that are much smaller than many factory trawlers require U.S. Coast Guard inspection, the inshore-offshore analysis should determine if any additional risks are placed on workers on uninspected fish processing vessels due to lack of USCG inspection.

- (2) All of the current factory trawlers are only required to have only two watches. 46 U.S.C. 8104 (1) allows licensed individuals to be divided into two watches. If the current factory trawlers were passenger or cargo vessels they would have to have three watches and the number of hours an officer can work per day while at-sea and in port would be limited (46 U.S.C. 8104). Moreover, many other occupations such as long haul truck drivers, airline pilots, flight attendants, and railroad engineers, are limited to working much less than the licensed officers on factory trawlers. As part of the inshore-offshore analysis, the NPFMC should determine if the fact that licensed officers on factory trawlers usually, at a minimum, work twelve hour days, seven days a week, for periods of six to eight weeks, increases the risk to the crew members aboard the vessel.

(3) Many fish processing vessels are being operated by unlicensed fish masters. Both the USCG and the National Transportation Safety Board (NTSB) have recommended tougher licensing standards. As was clearly documented in reports by the USCG and the NTSB in the sinking of the fish processing vessel the ALEUTIAN ENTERPRISE, operation of the trawl gear can endanger the safety of the vessel and the lives of the crew. According to the NTSB report:

"The Safety Board believes that the master made an imprudent decision when he continued to raise the loaded net after the ALEUTIAN ENTERPRISE had listed to port. Once flooding occurred as a consequence of his actions, the capsizing could not be prevented. The Safety Board believes that had the master received formal vessel stability training, he would have been more conscious of the factors adversely affecting the vessel's stability."¹

In the NTSB's report on the sinking of the fishing vessel AMAZING GRACE, the NTSB issued the following safety recommendation to the USCG:

"Seek legislative authority to require the licensing of captains of commercial fishing vessels including a requirement that they demonstrate minimum qualifications in vessel safety including rules of the road, vessel stability, fire fighting, watertight integrity, and the use of lifesaving equipment."²

The NTSB also commented on the licensing of engineers in its report on the sinking of the ALEUTIAN ENTERPRISE:

"For many years the Safety Board has believed that all commercial fishing industry vessels masters and also engineers should be required to have vessel stability training."³

The USCG's report on the sinking of the ALEUTIAN ENTERPRISE also made recommendations with regard to licensing of individuals on fishing industry vessels. The report states:

¹National Transportation Safety Board, Marine Accident Report, "Capsizing and Sinking of the Fish Processing Vessel ALEUTIAN ENTERPRISE in the Bering Sea March 22, 1990," PNB92-916403 NTSB/MAR-92/03, Page 31.

²National Transportation Safety Board Report, "Loss of the U.S. Fishing Vessel AMAZING GRACE about 80 Nautical Miles East of Cape Henlopen, Delaware, about November 14, 1984" NTSB/MAR-85/07.

³NTSB, ALEUTIAN ENTERPRISE, page 31.

"The Coast Guard should develop a stability examination specifically for masters and mates of fishing industry vessels that are load-lined or subject to the requirements of the Officers Competency Certifications Convention of 1936. It should cover the fishing industry operational stability issues of loading at sea, loose processing water, and maintaining water tight integrity.

The Coast Guard should require that masters and mates pass a fishing industry vessel stability examination, and have an endorsement on their licenses attesting to this fact prior to the service on fishing industry vessels. This requirement should apply to all individuals who desire to server on fishing industry vessels under the authority of their master's or mates's inspected or uninspected licenses."⁴

Admiral Kime, then the Commandant of the USCG in his evaluation of the USCG report on the sinking of the ALEUTIAN ENTERPRISE stated:

"The U.S.C.G should require that load-lined fishing industry vessels employ a licensed master, mate and chief engineer while under way. The sophistication of systems and operations of load-lined fishing industry vessels requires a level of qualifications not recognized under the existing licensing schemes; and

The U.S.G.G. should develop a stability examination specifically for masters and mates of fishing industry vessels that are load-lined or subject to the requirements of the Officers Competency Certificators Conventions of 1936. It should cover the fishing industry operational stability issues of loading at sea, loose processing water, and maintaining watertight integrity; and

The U.S.G.C. should require that masters and mates pass a fishing industry vessel stability examination and have an endorsement on their licenses attesting to this fact prior to service on fishing industry vessels. This requirement should apply to all individuals who desire to serve on a fishing vessels under the authority of their master's or mate's inspected or uninspected licenses."⁵

⁴U.S. Coast Guard, Marine Casualty Report, Uninspected Fish Processing Vessel ALEUTIAN ENTERPRISE Flooding capsizing, and sinking in the Bering Sea on March 22, 1990, with nine persons missing and presumed dead, U.S. Coast Guard Marine Board of Investigation Report, November 6, 1990, page 139 and 140, recommendations 12 and 13.

⁵U.S. Coast Guard, Office of the Commandant, Commandant's Action on The Marine Board of Investigation convened to investigate the circumstances surrounding the capsizing and sinking of the uninspected fish processing vessel ALEUTIAN ENTERPRISE in the Bering Se on 22 March 1990 with multiple loss of life, April 7, 1991, page 7,

Ironically, many of the large fish processing vessels operating in the Bering Sea use unlicensed fish masters or fishing advisors to operate the fishing gear and unlicensed engineering advisors to supervise the engine room. do not even meet the standards of the ALEUTIAN ENTERPRISE which both the USCG and the NTSB determined was unacceptable.

In addition, the USCG believes using unlicensed fish masters is a safety problem. According to LtCdr. Glen Sicks, the USCG's former fishing-vessel safety coordinator in Alaska:

"Having competing sets of officers is a safety hazard."⁶

Therefore, the inshore-offshore analysis should include an analysis of the additional risk faced by workers on fish processing vessels from vessels being operated by unlicensed individuals that do not meet either the inadequate licensing and training standards of the ALEUTIAN ENTERPRISE or licensing and training standards recommended by the USCG and the NTSB.

(4) The majority of the operations of factory trawlers are exempt from inspections by the U.S. Department of Labor's Occupational Safety and Health Administration (OSHA). According to Barry C. Noll of OSHA's Anchorage, Alaska office, OSHA's jurisdiction is limited to a state's territorial waters which are considered to extend 3-nautical miles seaward from the coastline when vessels are involved in longshoring operations.⁷

Regardless of the fact, that all of a factory trawler's fish processing activities are not subject to OSHA inspection, factory trawlers that process pollock have substantially more serious OSHA violations than shore-based pollock processing plants. This is a serious problem because according to OSHA "A serious violation exists when the work-place hazard could cause an accident or illness that would most likely result in death or serious physical harm."⁸

recommendations 11, 12, & 13.

⁶*Seattle Times*, Monday, June 21, 1993, Page A-7, Fishing Industry Leads in Foreign Hires," by Eric Nalder.

⁷National Fishing Industry Safety and Health Workshop, U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Institute for Occupational Safety and Health, October 9-11, 1992, Anchorage, Alaska, page 87.

⁸Employer Rights and Responsibilities Following an OSHA Inspection, OSHA 3000, 1996, (Revised), U.S. Department of Labor, Occupational Safety and Health Administration, page 3.

According to information reported in the newspapers and provided by OSHA, OSHA has had a difficult time inspecting factory trawlers. The *Seattle Times* reported that the Alaskan Factory Trawler Assn. (previous name of the American Factory Trawler Assn. and At-Sea Processors Assn.) contended that catcher-processors are exempt from Labor Department safety regulations.⁹ According to OSHA, OSHA inspectors were denied access to conduct inspections on factory trawlers on three occasions between January 1, 1992 and May 21, 1997. During the same period of time OSHA inspectors were not denied access to shore-based pollock processing plants.¹⁰

Instances Between January 1, 1992 and May 21, 1997 When OSHA Inspectors Were Denied Access to Factory Trawlers

January 24, 1992	F/T AMERICAN EMPRESS (American Seafoods)
February 25, 1993	F/T ARCTIC TRAWLER (Arctic King Fisheries)
June 30, 1994	F/T NORTHERN HAWK (Oceantrawl)

OSHA Inspections in Shore-based Pollock Processing Plants¹¹

Westward Seafoods	03/12/94	0	0	\$0
Unisea	03/21/94	0	0	\$0
Trident Seafoods	04/03/93	0	0	\$0
Alyeska Seafoods	05/26/93	0	0	\$0
Westward Seafoods	02/05/93	8	0	\$1,600

⁹OSHA Faces Tough Time Inspecting Fishing Fleet, *The Seattle Times*, April 26, 1990, page C-9.

¹⁰U.S. Department of Labor, Occupational Safety and Health Administration, 301 W. Northern Lights Blvd., #407, Anchorage, Alaska 99503, Freedom of Information Act Request 97-9, May 21, 1997.

¹¹OSHA FOIA 97-9.

OSHA Inspections of Pollock Processing Vessels¹²

Vessel	Date	Serious Violations	Repeat Violations	Fine
NORTHERN HAWK	04/08/97	6	6	\$35,700
OCEAN ROVER	04/08/97	2	9	\$46,500
PACIFIC SCOUT	04/08/97	2	5	\$39,500
PACIFIC GLACIER	04/02/97	2	0	\$900
BRISTOL ENTERPRISE	02/14/97	0	0	\$0
ALASKA OCEAN	02/11/97	9	0	\$3,375
NORTHERN JEAGER	08/09/96	7	4	\$18,000
AMERICAN DYNASTY	03/29/96	12	4	\$24,500
ENDURANCE	03/19/96	7	0	\$1,750
HIGHLAND LIGHT	08/15/95	6	0	\$2,000
NORTHERN HAWK	09/08/94	11	0	\$4,400
PACIFIC EXPLORER	05/15/94	21	0	\$20,000
PACIFIC SCOUT	04/15/94	14	0	\$17,500
HARVESTER ENTERPRISE	04/01/94	3	5	\$28,500
PACIFIC ORION	05/10/93	28	4	\$18,550
ARCTIC STORM	05/17/93	28	0	\$10,125
NORTHERN GLACIER	05/17/93	15	0	\$6,750
AMERICAN EMPRESS	05/07/93	32	0	\$20,700
PACIFIC ORION	03/27/93	15	0	\$5,100

¹²OSHA FOIA 97-9.

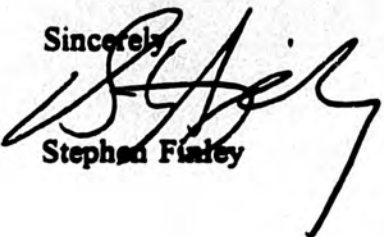
North Pacific Fishery Management Council
November 15, 1997
Page 7

These OSHA inspection statistics indicate that limited inspections of pollock processing factory trawlers have many more serious violations than complete inspections of shore-based pollock processing plants. Moreover, while OSHA has inspected 100% of the shore-based pollock processing capacity in the Bering Sea, only about one-third of the at-sea pollock processing capacity has been inspected.

Therefore, based on these OSHA inspection statistics, the inshore-offshore analysis should determine if there is a greater risk to worker safety processing pollock at-sea.

Thank you for considering my comments.

Sincerely,


Stephen Finley

STEPHEN FINLEY
12606 SE 30TH #3
BELLEVUE, WA 98005
(425) 643-6966

November 30, 1997

Mr. Richard Lauber
Chairman
North Pacific Fishery Management Council
605 West Fourth Avenue
Anchorage, Alaska 99501



Dear Mr. Lauber:

Inshore-Offshore Comments

Several newspaper accounts of the North Pacific Fishery Management Council (NPFMC) meeting in September of 1997 in Seattle reported that representatives of factory trawlers and American Seafoods testified as to the number of Alaskan jobs they provided. In light of these claims, members of the NPFMC and the Secretary of Commerce should be aware of the number of times American Seafoods has apparently lied to the United States Department of State, the United States Department of Labor, and the United States Immigration and Naturalization Service. Please include this letter in the inshore-offshore record to be reviewed by the Secretary of Commerce.

For your information I have enclosed two court documents that raise serious questions. A review of these documents appears to indicate that American Seafoods and the law firm of Mundt, MacGregor, Happell, Falconer, Zulauff & Hall have repeatedly lied to U.S. Government officials to obtain guest worker visas and green cards for Norwegian citizens to work aboard American Seafoods factory trawlers.

As part of the NPFMC's analysis to determine pollock allocations, the NPFMC and the Secretary of Commerce should have their lawyers review these documents to determine if any criminal laws were broken by statements made on sworn affidavits sent to U.S. Government officials to obtain guest worker visas and green cards for individuals to work aboard American Seafoods factory trawlers. Furthermore as part of your analysis the NPFMC should investigate all labor certifications issued by the U.S. Department of Labor H-2 visas and Green Cards for foreign employees of American Seafoods and other seafood companies to determine if any fraud occurred. In addition the NPFMC should also investigate all the treaty trader and treaty investor visas submitted to U.S. Embassies in Norway, Japan, and Korea to determine if American Seafoods and other seafoods companies submitted false affidavits or other documents to obtain guest worker visas for foreign workers to work in fisheries under the jurisdiction of the NPFMC

Your economic analysis should also determine how many workers with guest worker visas work aboard factory trawlers and if their compensation should be subtracted from benefits credited to Washington State or any other state because the their salary is spent out of the United States.

The documents I have enclosed are from a lawsuit filed against American Seafoods by Brad Nabinger. Mr. Nabinger was an American Seafoods baader technician who was injured on the job. When he was ready to return to work, he was repeatedly told for over a year that there were no positions available. During the same period, American Seafoods sent visa applications prepared by Mundt MacGregor to the U.S. Embassy in Norway for baader technicians and applied to the Alaska Department of Labor for a labor certification to obtain a green cards for baader technicians. In all of signed affidavits that accompanied these applications American Seafoods stated that there were not any qualified Americans. Mr. Nabinger's lawsuit was settled out of court.

Deposition of Christopher Maltby

Page 3 of Mr. Maltby's deposition indicates he was the Human Resources Manager and handled the immigration work for American Seafoods.

Pages 6-8 of Mr. Maltby's deposition indicates that Mundt MacGregor secures visas for workers for a company called Alaska Net but the workers actually work for American Seafoods.

Page 9 of Mr. Maltby's deposition indicates that he spends 30% of his time working on visas

Pages 11-12 of Mr. Maltby's deposition indicates that employees of Mundt MacGregor prepare the affidavit's he signs and the placement of advertisements for American Seafoods.

Page 20 of Mr. Maltby's deposition indicates that he would not have contacted Tammy Schwalbe in the personnel department, and there would have been no way he would have had knowledge as to whether or not there were any Americans seeking the same position before he signed an affidavit stating that there were not any qualified Americans.

Page 24 of Mr. Maltby's deposition indicates that Alaska Net does not have any offices or personnel anywhere.

North Pacific Fishery Management Council
November 30, 1997
Page 3

Trial Brief in Brad Nabinger Case

Page 2 of the trial brief describes that a company called Alaska Net Company, was established by American Seafoods for purpose of hiring non-Americans to serve on American Seafoods vessels and that Alaska Net has never hired an American.

Pages 3 and 4 of the trial brief documents the chronology of events showing when Alaska Net and Janet Cheetham at Mundt MacGregor submitted sworn affidavits to U.S. Government officials claiming that there were not qualified Americans to serve as baader technicians and the times when Mr. Nabinger contacted American Seafoods looking for a job.

Page 6 of trial brief states that American Seafoods false representations to Alaska state officials let to a finding by the Alaska Department of Labor finding that one of the defendants' affiliates failed to make "a good faith effort" in pursuing qualified American workers.

For your information, I have also included June 21, 1993 article from The Seattle Times on the number of foreign workers hired for the fishing industry. This article reports that several companies -- such as Oceantrawl and Alaska Ocean -- do not have trouble finding qualified Americans to work aboard their vessels, however, the article also reports than many factory trawler companies will only give the "fish master" position to foreign workers and that the owners of the factory trawler OCEAN ROVER obtained a green card for an foreign licensed engineer to serve as an "engineering advisor" because he could "take better care of the european designed equipment". The article also reported that the engineering advisor position that many factory trawlers have is unnecessary.

Thank you for considering my comments.

Sincerely,



Stephen Finley

Enclosures

MUNDT MACGREGOR LLP
ATTORNEYS AT LAW

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Janet H. Cheek
OF COUNSEL

RECEIVED
JAN 29 1998

January 28, 1998

N.P.F.M.C

Mr. Richard Lauber, Chairman
North Pacific Fishery Management Council
605 West Fourth Avenue
Anchorage, Alaska 99501

SENT VIA FAX

Re: Inshore-Offshore Pollock Allocation Analysis

Dear Mr. Lauber:

I am writing in response to the letter dated November 30, 1997 submitted by a Mr. Stephen Finley in connection with the inshore-offshore agenda item. In his letter, Mr. Finley alleges that in 1993, Mundt MacGregor improperly submitted a visa application for a Baader technician on behalf of American Seafoods Company. Mr. Finley's allegation is simply wrong. Mundt MacGregor has not and would not submit an improper application.

To put this matter in perspective, you should be aware of several facts not reflected in Mr. Finley's letter. First, Mr. Finley was once employed by Emerald Resource Management, Inc. ("ERM"), the former manager of the offshore factory trawlers SAGA SEA, HEATHER SEA and CLAYMORE SEA. When Mr. Finley's position at ERM was eliminated, Mr. Finley sued the company for unlawful termination. Mundt MacGregor represented ERM in defending this claim and for this and possibly unknown other reasons, Mr. Finley apparently now holds a personal grudge against both the offshore fleet and the Mundt MacGregor law firm.

Second, the support offered by Mr. Finley for his allegations consists of excerpts from a legal brief submitted on behalf of Mr. Brad Nabinger, an individual who at the time was the plaintiff in a pending civil lawsuit against American Seafoods Company. In light of the adverse relationship between the parties, the self-serving contentions in Mr. Nabinger's legal brief, which were disputed by the Company, do not establish the facts of the matter. We categorically deny the allegations in Mr. Finley's letter.

MUNDT MACGREGOR LLP
ATTORNEYS AT LAW

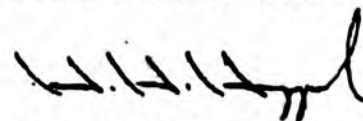
Mr. Richard Lauber
January 28, 1998
Page 2

Third, the allegations asserted by Mr. Finley with respect to this law firm are directed at Ms. Janet Cheetham. Janet is unquestionably one of the most professional and highly regarded immigration attorneys in the City of Seattle and the seafood industry. Janet has practiced immigration law continuously since 1981 and is a certified specialist in the field. She is currently listed in The Best Lawyers in America, 1997-1998, as one of the five best immigration lawyers in Seattle. She served as the President of the Washington Chapter of the American Immigration Lawyers Association ("AILA") in 1996/1997 and was a member of AILA's National Board of Governors. She has served since 1994 as the AILA representative on the Seafood Industry/U.S. Department of Labor Working Committee, a committee which meets regularly to address seafood industry immigration issues. Ms. Cheetham is a regular speaker at immigration seminars and lecture series across the United States. Her seafood-related clients come from every facet of the industry, inshore and offshore, and across all gear types and processing modes. Janet's professional integrity and personal reputation are built on high standards and a consistent commitment to full compliance with the immigration laws. It would be an understatement to say that we are displeased with the reckless statements about Janet in Mr. Finley's letter.

As you are aware, skilled foreign workers were critical to the rapid development of the U.S. fishing industry. Although their overall numbers have declined significantly, companies in both the inshore and offshore components continue to utilize these skilled foreign workers to enable them to compete more effectively in the global seafood market. If the Council concludes that the presence of non-citizen workers in the pollock processing industry warrants consideration as part of the inshore-offshore analysis, Mundt MacGregor would be pleased to be of assistance in such an exercise.

Sincerely yours,

MUNDT MacGREGOR L.L.P.



Henry H. Happel

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