

SCOMM

114:6

Special Committee on Fisheries
5:00 P.M.
Wednesday, 03.08.2000
Capitol 124

Representative John Harris, Representative Carl Morgan, Jr., Co-Chairs

1. **Call to Order**
Today's Date is March 8, 2000
The Time is:
2. **Roll call - (Quorum - need 4)**
Representative Harris, Co-Chair
Representative Morgan, Co-Chair
Representative Dyson
Representative Whitaker
Representative Hudson
Representative Kapsner
Representative Smalley
3. **Identify Teleconference Sites**
Ask moderator to list sites that have persons who wish to testify.
Three-minute testimony will be heard later in the meeting.
4. **Purpose of the Meeting**
Overview on Alaska Groundfish Data Bank Proposal
5. **Background:**
American Fisheries Act (AFA)
Trevor McCabe, Executive Director, At-Sea Processors

Bering Sea/Aleutian Island (BSAI) pollock co-op(s) Structure
Heather McCarty, At-Sea Processors
John Iani, Unisea

6. **Alaska Groundfish Data Bank Proposal**
Chris Blackburn, AGDB
Al Burch, Alaska Draggers' Association
7. **Potential Impacts**
Bruce Schactler, United Salmon Association
John Garner, Norquest Seafoods
Dan Hull, Cordova District Fishermen United CDFU
Beth Stewart, Aleutians East Borough
Gerry Merrigan, Petersburg Vessel Owners
Duncan Fields, Old Harbor Fishermen's Association
Freddie Christiansen, Gulf Coastal Communities Coalition
Tom Maloney, City Borough of Yakutat
Dorothy Childers, Alaska Marine Conservation Council
8. **Public Testimony**

TESTIMONY OF CHRIS BLACKBURN, ALASKA GROUND FISH DATA
U.S. SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION
MAGNUSON-STEVENS ACT HEARING
ANCHORAGE, ALASKA – JANUARY 18, 2000

SUBJECT
DEVELOPMENT OF FISHING COOPERATIVES FOR THE GULF OF ALASKA

I appreciate the opportunity to testify to this committee. I am Chris Blackburn, sole proprietor of the consulting firm Alaska Groundfish Data Bank which represents trawl vessels and processing plants in the Gulf of Alaska and Bering Sea.

In this presentation I am representing the portion of the Greater Kodiak Area of Alaska east of 157 degrees longitude west to 140 longitude degrees west as shown on the map in your packet. For simplicity's sake I refer to this area as the Greater Kodiak Area. Beth Stewart who is also speaking today represents the East Aleutian Borough which is west of the Greater Kodiak Area. We support the East Aleutians Borough's proposal. It meets their unique circumstances which are different from the Greater Kodiak Area.

During the fifteen years Alaska Groundfish Data Bank has been in business the harvesting of Alaska's marine resources has constantly changed. I remember when the foreign fleets caught Alaska's pollock and cod and flatfish, when U.S. vessels caught Alaska's marine resources and sold the fish to foreign processors, and the jubilation when all of Alaska's fisheries were harvested by U.S. vessels and processed within Alaska. Senator Ted Stevens helped with, if not initiated, each step in the evolution of Alaska's fisheries.

Alaska is blessed with tremendous marine resources which have been well managed by the North Pacific Fishery Management Council. Alaska's fishing industry, as most fisheries in the U.S., is, with a few exceptions, an open access fishery. Open access is a polite name for "race for fish". Alaska's fisherman take to heart need for sustainable fisheries, need to protect habitat, reduce bycatch, protect sea lions and bring to the dock or the deck of a factory trawler or mothership quality product.

Fishing open access is totally at odds with sustainable fishing, with reducing bycatch, and producing quality products. Open access results in an ever tightening spiral in the race for fish and the evaporation of profits. For example, processors have had to freeze whole Pacific cod and send it to Asian markets for processing, simply because more cod was delivered than the processor could handle. Less than optimal fish may be delivered because the race for fish does not allow waiting until the fish school up or recover from spawning.

As the race for fish intensifies, the fishing seasons shorten and small vessels, considered the most ecologically sound, are left waiting weather and perhaps losing the entire season for a species.

The best science possible is used in managing Alaska's fish, but the management of the fishing fleet effort has remained Neolithic. The American Fisheries Act was a brilliant solution for rationalizing the Alaska pollock fishery. It allows the Bering Sea pollock fishermen to opt out of the race for pollock. The At Sea trawlers who fished as a pollock co-op in 1999 increased recovery (the amount of the fish used) by 20%.

The benefits of co-ops are obvious. Unlike IFQ's co-ops do not privatize a national resource nor is a fisherman who wants to continue fishing open access have to coop. Those who do choose to co-op receive the benefit of having their own quota as contractually arranged in the co-op so that they may fish at the times that are most suitable for the vessel and the processor.

GULF EXCLUDED FROM THE AMERICAN FISHERIES ACT

The Greater Kodiak Area pollock fishery was not included in the final draft of the American Fisheries Act. The Greater Kodiak Area processors and fisherman request that this oversight be remedied.

We ask that the Greater Kodiak Area pollock processors be limited as they were in the Bering Sea. This requires a Congressional Bill. Currently there are seven processors in Kodiak – Alaska Fresh Seafoods, Alaska Pacific Seafoods, Western Alaska Seafoods, Trident Seafoods, Ocean Beauty (aka Kodiak King Crab), International Seafoods, and Cook Inlet Seafoods. Outside of Kodiak the Cook Inlet Seafoods plant in Seward and the North Pacific Processors Cordova plant also process pollock.

We also ask that the bill allow that co-ops be formed if 80% of a processors fleet (the vessels which fished for that processor in 1999) vote to co-op as was done in the Bering Sea.

Because of the great diversity in vessel size and fishing patterns in the Greater Kodiak Area we ask that the qualifying years for vessels be 1995 thru 1999. To qualify as a Greater Kodiak Area co-op vessel, the vessel must have made at least one landing in each of two years. Catch history for the eligible vessels is proposed as the average of the three best years within 1995 thru 1999. Pollock discarded at sea or sent whole to a meal plant cannot be counted in a vessel's catch history. There are no tonnage or landing criteria.

Vessels that are Bering Sea American Fisheries Act vessels may also qualify to co-op in the Greater Kodiak Area of Alaska.

Processors need to be part of the co-op structure. This need was recognized in the American Fisheries Act which named the Bering Sea shorebased plants, motherships and factory trawlers eligible for co-ops. If the processors are not limited they will continue to be overcapitalized which means less profit for the plant and for the vessels. The inevitable outcome will be fewer processors due to mergers or bankruptcy. Hardest hurt will be the small companies and family owned businesses.

If diversity of processors, vessels and product forms are to be maintained in the Alaska coastal communities pollock coops must be available for all pollock processors and vessels. If the ability to develop coops in the Greater Kodiak Area is granted as we propose the coastal communities will have the economic stability necessary to survive.

BACKGROUND INFORMATION ON THE GULF GROUND FISH COOPERATIVES MOVEMENT

A movement is underway to institute co-ops in the Gulf of Alaska (GOA) groundfish fisheries between 140° and 157° west longitude. The initiative is put forth by the Alaska Groundfish Data Bank (AGDB) on behalf of most of Kodiak's seafood processors, who are also members of the AGDB, and several GOA groundfish fishermen who are also members of AGDB.

Originally, this initiative included only pollock, but all indications are that the GOA co-op movement has been expanded to include all GOA groundfish. The current strategy with respect to the initiative is to amend the Magnuson-Stevens Fisheries Conservation and Management Act (MSA) to authorize co-ops in the GOA groundfish fisheries. AGDB is utilizing the services of a skilled and effective Washington D.C. lobbyist to advance this initiative. Testimony was provided in support of Congressional action to institute GOA groundfish co-ops by at least two individuals at the MSA Reauthorization hearings in Anchorage on 1/18/00. On 1/17/00, representatives of most of the Kodiak processors and several Kodiak fishermen met in Anchorage with Senator Stevens' fisheries aide to discuss their desire for an amendment to the MSA to institute GOA groundfish co-ops for fishermen and processors.

It appears that the desired amendment may include qualification criteria for fishermen and processors, such as qualification years (in which a fisherman or processor must have participated to receive a harvesting or processing privilege), qualification pounds (how much each fishermen must have harvested), qualifications for fishermen participation (i.e., who may continue to harvest GOA groundfish), etc. Potential qualification criteria for GOA may:

- 1) limit the number of fishermen who are permitted to harvest GOA groundfish (i.e., "co-op qualified fishermen,"
- 2) limit fishermen to some historical catch/poundage-based assignment of fishing privileges, and,
- 3) limit the number of processors who are permitted to harvest GOA groundfish.

Co-ops are similar to IFQ's in some ways. It appears that processors are more easily able to obtain a form of protection, a restriction on the entry of additional processors, and property rights or processing privileges under co-ops than IFQ's. However, there are IFQ program models that have been developed and discussed that provide certain property rights and processing privileges to processors under an IFQ system. The institution of co-ops in the Bering Sea/Aleutian Islands (BSAI) pollock fishery have proven that it is possible for processors to obtain specific protections under a co-op system; no such IFQ mechanism has yet been implemented that achieves this goal. Therefore, it is reasonable, from the perspective of a GOA groundfish processor, to want to pursue a proven mechanism, i.e., co-ops.

People have expressed interest in what GOA groundfish co-ops for fishermen and processors might mean to them. The concept and application of co-ops with respect to GOA groundfish fisheries are not yet clearly explained or understood. The details of this initiative have not been widely advertised to, or discussed with, all of the stakeholders who will be impacted: harvesters, processors, and coastal communities. The similarities and differences, and the advantages and disadvantages, between co-ops and IFQ's appear to be little understood. Co-ops and IFQ's can differ with respect to how property rights and harvesting/processing privileges are ultimately distributed among fishermen and processors who have a history in the GOA groundfish fisheries. There can be differences with respect to ownership caps, leasing, transferability, payment of fees, etc. Co-ops appear to operate with less government involvement and oversight than IFQ's. Co-ops are generally seen to provide an easier avenue than IFQ's for processors to obtain protection under a processor limited entry-type system. Co-ops are generally seen to provide an easier avenue for processors to receive an indirect assignment of property rights or processing privileges (based upon a past processing history) with respect to those species that may be the focus of any co-op initiative. The processor-related provisions of GOA groundfish co-ops may have ramifications for several non-groundfish or non-co-op processors and fishermen (i.e. crab, salmon, herring, halibut, black cod, etc.) Harvesters and processors in the BSAI pollock co-op system so far appear to be generally comfortable and cautiously optimistic with respect to the operation of that co-op system. (However, there are still several issues that are under consideration, such as "sideboards," the details of how and when fishermen may sell to a processor of their choice, etc.) Participants in the halibut and sablefish IFQ program appear to be generally comfortable with the benefits that have accrued with respect to those fisheries. Proponents of the GOA groundfish co-ops are concerned about the general stability of the GOA groundfish harvesting and processing sectors, and about the impacts of the BSAI co-ops on GOA groundfish harvesting and processing.

If you wish to express an opinion with respect to an amendment of the MSA that provides for the institution of co-ops in the GOA groundfish fisheries you should send comments to Senator Olympia Snowe, Chair, Senate Subcommittee on Fisheries and Oceans. You should also provide a copy of your comments to Senators Stevens and Murkowski, Congressman Don Young, and Rick Dauber, Chairman of the NPFMC.

Groundfish Data Bank

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Alaska

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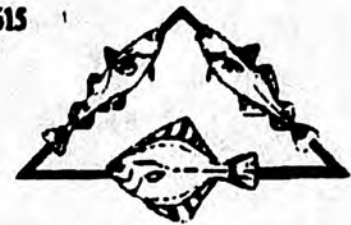
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GULF OF ALASKA RATIONALIZATION INFORMATION PAPER PREPARED FOR THE HOUSE FISHERIES HEARING REPRESENTATIVE JOHN HARRIS PRESIDING MARCH 8, 2000

I. WHY IS A CHANGE IN THE MANAGEMENT OF THE GULF FISHERIES NECESSARY?

- A. OPEN ACCESS FISHERIES ONLY WORK UNTIL THE NUMBER OF VESSELS or capacity of the participating vessels grows to the point that a race for fish occurs. This occurred in the halibut fishery, which went from a nine month fishery to a two day derby. IFQ's were implemented to rationalize the halibut fishery. Those who received or bought adequate IFQ's have seen exvessel prices increase, their fishing days increase, the quality of the product increase and the deaths at sea decrease.
- B. THE GULF GROUND FISH FISHERIES HAVE GONE FROM SIX MONTH POLLOCK FISHERIES to four seasons each lasting from 3 to 10 days. The Pacific cod fishery, which used to last a good part of the year is now, for the trawl fleet, a six week fishery.
- C. IT IS THE SMALLER RESIDENT VESSELS who are most harmed by the ever shorting seasons. Storms keep the small vessels tied to the dock while the larger vessels keep fishing. All or most of season can be lost just waiting for weather.
- D. THE INCREASING ENVIRONMENTAL CONSTRAINTS TO ACHIEVE SUSTAINABLE FISHERIES cannot be met by vessels racing in an open access fishery. AGDB'S members support the goals of sustainable fisheries:
 1. Reduce bycatch of other species.
 2. Reduce bycatch of prohibited species.
 3. Reduce bycatch of under or oversized fish. (Many of the groundfish species are processed by machines. Fish too large or too small for the machines are often used only for meal.)
 4. Spread fishing over time and space to avoid localized depletion.
 5. Protect habitat. This may mean fishing further from port than can be done profitably in an open access fishery.
 6. Continue fishing pollock under the new sea lion protective measures. The measures force pollock fisherman to fish outside ten miles from shore in many areas.

II. METHODS OF SLOWING OR RATIONALIZING A FISHERY

- A. INDIVIDUAL TRANSFERABLE QUOTAS (IFQ'S) FOR HALIBUT AND SABLEFISH: This rationalization program has worked well for those who received adequate IFQ's or were able to buy additional IFQ's. However it hurt many people who, due to the way the criteria was set, found that their share of the halibut or sablefish quota was much smaller than expected.

Further, the IFQ program privatized a national resource.

- B. LICENSE LIMITATION - ALSO CALLED LIMITED ENTRY: Used to somewhat rationalize the salmon fishery and some herring fisheries. Recently implemented in the Federal groundfish fisheries. License limitation only keeps new entrants out. It is rarely implemented in time to prevent overcapitalization and may, as in the federal license actually increase effort since latent become valuable and the latent licenses are activated.
- C. TRIP LIMITS. Trip limits are in place for gulf ☐ Pollock. Though the trip limits do seem to have kept the largest Bering Sea ☐ Pollock vessels from fishing in the Gulf, there is no evidence that trip limits have increased fishing time or mitigated the loss of share experienced by small vessels when a season coincides with a period of storms.
- D. BREAKING QUOTAS UP INTO SEVERAL SEASONS: This was done for pollock to protect sea lions. There is no evidence that breaking the ☐ Pollock quota into several seasons slowed down the fishery. Starting and stopping the ☐ Pollock fishery four times a year is expensive to the fleet and the processors.
- E. VOLUNTARY COOPS: In some cases fishermen voluntarily form an adhoc coop to most effectively harvest a low quota - I understand this has occurred in Southeast. These cases seem to limited to fisheries with a low quota and a small group of fishermen.
- F. 1934 FISHERIES COOP ACT OF CONGRESS: This act allows vessels to form coops provided that there is 100% agreement among the effected fisherman. The Bering Sea factory trawlers used this act to coop their share of the hake fishery off Washington and Oregon.
- G. AMERICAN FISHERIES ACT COOPS: Authorized by Congress in 1998. Requires pollock vessels to coop with the processor to whom the vessel delivered the majority of its catch in the previous year. Also requires 80% of the vessels eligible to coop with the processor to agree. The factory trawler fleet cooped in 1999 and increased yield (the amount of saleable meat by 20%. The factory trawl coop allowed the vessels to spread out and slow down.

The mothership and shorebased coops formed in the year 2000. Most of the eligible vessels agreed to coop.

One group of vessels has asked the North Pacific Fishery Management Council to allow "Independent coops" which do not coop with a processor. This proposal is scheduled to be taken up in June of this year.

- H. Of all these efforts to rationalize fisheries only IFQ's and AFA coops appear to actually reach or come near the goal.

III. WHY IS RATIONALIZATION BEING PURSUED NOW?

THE DISCONTENT AND PAIN that was part of the implementation of IFQ's in Alaska's sablefish and halibut IFQ programs that Congress enacted a three year moratorium on the implementation of rights based fisheries. The moratorium sunsets in October of this year. Several groups are seeking the right to pool (or coop) including Kodiak processors and fishermen and crab fishermen. All hope to have proposals that will be ready to submit after the moratorium on IFQ's sunsets.

IV. WHICH FISHERIES COULD BE RATIONALIZED?

ONLY FEDERALLY MANAGED FISHERIES could be rationalized: Pollock, Federally managed Pacific cod, flatfish and rockfish

The salmon fisheries, herring fisheries, state managed sablefish fisheries, State managed Pollock fishery in Prince William Sound, State Water Pacific fishery, State managed Demersal shelf rockfish fishery, urchin fishery, etc. cannot be rationalized or managed by the Federal system.

V. WHAT IS THE DIFFERENCE BETWEEN AN AFA COOP, INDEPENDENT POOL AND ITQ's:

- A. THE BERING SEA AFA COOP STYLE RATIONALIZATION IS MANAGED BY NATIONAL MARINE FISHERIES at the coop level. The coop decides the shares or quota for each member. At this point a vessel's history is the vessel's share. Those with small quotas can lease their share of a species to another vessel year by year. The shares are not owned by the vessel.
- Currently AFA coops include the vessel's processor. This may change if the Council approves the independent coop proposal scheduled for review in June of this year.
- The AFA style coop also requires limits on the amount of share of pollock a vessel or a processor can catch or process.
- Fishing under a pool or coop arrangement means that a vessel that overshoots its quota or has high bycatch of other species will have hurt the members of his coop and will be subject to peer pressure. I know of no effective way to change behavior than peer pressure.
- B. A POOL is another name for an independent coop.
- C. ITQ's ARE OWNED BY FISHERMEN. There is a limit to the share of ITQ a fisherman can have, but no restrictions on the processors.

VI. WHY SHOULD PROCESSORS BE PARTNERS IN RATIONALIZATION?

- A. PROCESSORS ARE AS AFFECTED BY THE LACK OF RATIONALIZATION OF THE GROUND FISH FISHERIES as vessels. Under open access processors, just as vessels, are racing for share. This leaves no time for value added products. There are times when a processor has more fish at the dock than the plant can handle and is forced to freeze the fish whole and send them out for processing elsewhere in the world.
- B. THE PROCESSOR RACE FOR SHARE, similar to the vessels' race for share, is costly and does not allow the industry, vessels or processors to maximize the value of the product delivered by the vessels. This hurts the communities.
- B. IF A PROCESSOR IS PART OF A COOP then the processor knows which vessels will be delivering, the total amount of fish which will be delivered during year based on the share brought to plant by the vessels. The processor also has stake in the quality of the product delivered and the vessels' efforts to reduce bycatch, especially halibut bycatch.
- C. THE PROCESSOR DOES NOT OWN ANY QUOTA. HIS QUOTA IS THE AGGREGATED QUOTA OF HIS FLEET.
- D. AS LONG AS COOP PROVISIONS INCLUDE LIMITS OF THE SHARE of catch any one processor may accrue communities are most likely to retain their existing processors. IFQ's have no processor excessive share provisions.

VII: PARTING THOUGHTS

- A. THE WHOLE CONCEPT OF COOPS, WHETHER WITH OR WITHOUT PROCESSORS, is a new management concept whose virtues and problems have barely begun to be explored. As the Bering Sea catcher boats go thru their first year of the American Fisheries Act the positives, negatives and needed changes will become clearer.
- B. COOPS MAY NOT BE THE ANSWER TO THE OVERCAPITALIZED PARTS OF THE GULF, or they may be the answer for certain fisheries or certain communities. I see no reason that IFQ's, Open Access, pools and AFA style coops cannot co-exist within a community or among different communities or fisheries.
- C. ANY CHANGE IN THE MANAGEMENT OF ANY FISHERY IN THE GULF CAN BE INCLUSIVE OR EXCLUSIVE depending on the will of the community or fishermen involved. To those who ask "what is your proposal" the only answer I have is that my clients are still in "the exploratory phase". We are glad that this important issue is being paid serious attention so early in the process when there is time to think, rethink again, throw everything out and start again. We are also glad to reach so many people in the early stages of the discussions. All ideas, whether for Kodiak or other communities are welcome.



UNITED FISHERMEN OF ALASKA

April 4, 2000

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The Honorable Tony Knowles
State of Alaska
P.O. Box 110001
Juneau, AK 99811-0001

Dear Governor Knowles,

United Fishermen of Alaska would like to urge your administration's support for the State's involvement in dialog and activities regarding the potential development of a closed class of harvesters and processors in the Gulf of Alaska groundfish fisheries.

Some assert that the effects of the American Fisheries Act are being felt in Gulf of Alaska fisheries, and as a result, some harvesters and processors in the Gulf groundfish fisheries are actively seeking formation of AFA-style cooperatives at the U.S. Congressional level.

The Gulf of Alaska supports a broad diversity of fisheries resources, vessels and gear types over a broad range of sizes and abilities, and most importantly, supports hundreds of family fishing businesses, dozens of seafood processors and fishing support businesses, and many coastal communities. The nature, structure, and details of any new system will have predictable ramifications to the economies of the fishermen remaining in these fisheries, and to the excluded harvesters, processors, coastal communities, and to the State of Alaska. The potential negative effects on coastal communities should be of grave concern to the State of Alaska, and UFA believes that the State should become active as a stakeholder in the examination and discussions of any such potential action. Please see the enclosed UFA Discussion Paper regarding process elements and considerations.

MEMBER ORGANIZATIONS

Alaska Longline Fishermen's Association • Alaska Trollers Association • Concerned Area "M" Fishermen
Cook Inlet Aquaculture Association • Copper River Salmon Producers Association • Cordova District Fishermen United
Kenai Peninsula Fishermen's Association • Kodiak Regional Aquaculture Association • Kodiak Seiners Association • North Pacific Fisheries Association
Northern Southeast Regional Aquaculture Association • Northwest Seiners Association • Petersburg Vessel Owners Association
Prince William Sound Aquaculture Corporation • Purse Seine Vessel Owners Association • Sealood Producers Cooperative
Southeast Alaska Seiners Association • Southern Southeast Regional Aquaculture Association
I Inland Cook Inlet Fish Association • Inland Southeast Alaska Association

UFA believes that this examination, discussion, and decision-making should occur at the North Pacific Fisheries Management Council. It is at this level that potential mechanisms and impacts can be comprehensively discussed with stakeholder input and involvement.

We urge you and your administration to provide much-needed leadership as we work to address this issue of such importance to the health of our marine resources, our industry and the coastal communities of Alaska that the Gulf fisheries support. In addition, we respectfully suggest that the state support a federally-funded economic impact analysis of the affected fisheries and communities.

Sincerely,

Thomas M. Gemmell

Thomas M. Gemmell
Executive Director

Encl. UFA Discussion Paper on GOA Groundfish Fisheries: Socio-Economic & Process Considerations

cc: Senator Ted Stevens
Senator Frank Murkowski
Representative Don Young
Rick Lauber, Chair, North Pacific Fisheries Management Council
Lt. Governor Fran Ulmer
Members, House Special Committee on Fisheries

**UFA Discussion Paper
Gulf of Alaska Groundfish Fisheries: Socio-Economic & Process Considerations
March 12, 2000**

In developing a rationalization program for fisheries in the Gulf of Alaska (GOA), public interests are best served by a Regional Fisheries Management Council process that considers the following points:

- 1) Creating a closed class of processors through co-ops is likely to have varying affects on markets for all GOA groundfish fishermen and harvesters of other species. Therefore, all Gulf fishermen should have a realistic avenue to be involved in this process.
- 2) Creating co-ops or IFQ-like systems for trawlers in any groundfish fishery in the GOA will also create "sideboard" type issues for all groundfish gear groups and other Gulf fisheries. "Sideboard" type issues should be worked out before adoption of any new system.
- 3) Creating a new rationalization regime even for five years will consolidate and irrevocably change the character of the Gulf groundfish fleet. Therefore, the effects and consequences should be analyzed and dealt with before adoption of a new system.
- 4) The GOA groundfish harvesting fleet has overwhelmingly been comprised of small businesses. These small businesses are an essential part of Gulf communities. The character of the fleet and the effect on communities of any changes to it should be considered in creating any new system.
- 5) Any new system should consider opportunities for entry-level access for both harvesting and processing, as well as the consequences to communities adjacent to the resources.
- 6) Conservation and management issues should be analyzed and addressed prior to adoption of any new system.
- 7) A federally-funded economic impact analysis of the affected fisheries and communities should be conducted prior to the implementation of any plan.

**Joint Report of the
Pollock Conservation Cooperative
and
High Seas Catchers' Cooperative
1999**

**Presented to the
North Pacific Fishery Management Council
January 31, 2000**

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Appendix

- A. Membership Agreement of the Pollock Conservation Cooperative**
- B. Membership Agreement of the High Seas Catchers' Cooperative**
- C. Cooperative Agreement Between Offshore Pollock Catchers Cooperative and Pollock Conservation Cooperative**
- D. NPFMC Letter Dated October 21, 1999**
- E. NPFMC Letter Dated November 1, 1999**

Preface

General

In 1999, for the first time, the owners of catcher/processors and catcher vessels that deliver to catcher/processors in the Bering Sea and Aleutian Islands pollock fishery were able to form fishing cooperatives and coordinate harvest efforts, rather than race for fish. Catcher/processor owners formed the Pollock Conservation Cooperative (PCC), and catcher vessel owners formed the High Seas Catchers' Cooperative (HSCC). An agreement called the "Cooperative Agreement Between Offshore Pollock Catchers Cooperative and Pollock Conservation Cooperative" (Inter-cooperative Agreement) was formed to facilitate efficient management and accurate accounting between the HSCC and PCC. This report is intended to satisfy 1999 reporting requirements for the PCC and HSCC. The catch data in this report was provided by Sea State, Inc., and was largely obtained from the National Marine Fisheries Service (NMFS)¹.

The PCC and HSCC were formed during the final two months of 1998, taking effect for the fishing season that began on January 20, 1999. It is difficult to predict the long-term impacts of the cooperatives, or draw many conclusions from one year's experience. Because the cooperative agreements were entered into only four or five weeks before the opening of the fishing season, PCC and HSCC members had little time to adapt to the new regime. In addition, PCC and HSCC members had to adapt to significant revisions in the fishery management rules for the 1999 pollock fishery. Sweeping new measures intended to protect Steller sea lions were implemented in 1999 and new rules promoting improved retention and utilization of pollock and Pacific cod took effect just one year earlier.

Despite these complicating factors, the data from 1999 suggest that cooperative fishing was successful on many fronts. Daily catch rates declined significantly in the absence of a race for fish, complementing regulatory measures intended to disperse pollock fishing on a temporal as well as spatial basis. Preliminary figures indicate that the utilization of the pollock resource by catcher/processors increased by more than 20 percent in 1999. Fewer vessels were used to harvest and process the catch in 1999 as a result of the cooperatives, thereby easing long-term capacity pressures that had developed during the race for fish. And finally, the vessels that did participate in the fishery were able to remain at port when weather conditions would have made operating unsafe. While other observations can be made from the preliminary 1999 data, it will likely be years before the full impacts of the fishing cooperatives can be understood.

¹ The NMFS database for the 1999 fishing year is still subject to revision as catch data and other information from the fishery is finalized. To the extent that information in this report is based on NMFS data, it must be considered "preliminary" and subject to revision between now and the submission of the final report on January 31, 2000. At this point, however, neither the PCC nor the HSCC are aware of any data discrepancies that would materially alter the substantive elements of this report.

Reporting Requirements

Fishing cooperatives formed in the directed pollock fishery are subject to certain annual reporting requirements under the AFA. Section 210(a)(1)(B) of the AFA requires the NPFMC and Secretary to "make available to the public in such manner as the North Pacific Council and Secretary deem appropriate information about the harvest by vessels under a fishery cooperative of all species (including bycatch) in the directed pollock fishery on a vessel-by-vessel basis." In doing so, however, the NPFMC and Secretary must take into account "the interest of the parties to [a fishing cooperative] in protecting the confidentiality of proprietary information."

In October 1999, the NPFMC took action to implement section 210(a)(1)(B) of the AFA by recommending that cooperatives annually prepare a report (a preliminary report due by December 1 and a final report due by January 31) containing: (1) allowed catch and bycatch in pollock and all sideboard species by whatever method is used to determine those allocations; (2) actual catch and bycatch in the directed pollock fishery by vessel, and in sideboard fisheries by whatever method is used to determine those sideboards; (3) methods used to monitor fisheries in which cooperative vessels participated; and (4) actions taken by cooperatives to enforce vessel or aggregate catches that exceeded allowed catch and bycatch in pollock and all sideboard fisheries.

On October 21, 1999, the NPFMC sent a letter (see appendix) summarizing the NPFMC's four reporting recommendations and asking cooperatives to prepare 1999 reports even if the regulations to implement the reporting requirements were not in place before the due dates for the 1999 season. On November 1, 1999, the NPFMC sent a second letter (see appendix) expanding and clarifying the NPFMC's expectations for cooperative reports, providing much greater detail with respect to the information that should be provided in the reports.

Purpose of Report

This report is intended to fully disclose all information required or identified in the AFA, in the NPFMC's October 1999 recommendation to the Secretary, and in the NPFMC's letters dated October 21, 1999 and November 1, 1999. The report is presented as a "preliminary" report in accordance with the NPFMC's October recommendation, and a "final" report will be presented to the NPFMC by January 31, 2000. The charts in the report are intended to be largely self-explanatory, though comments have been included with some of the charts to provide a more full perspective.

Cooperative Members and Allocations

Pollock Conservation Cooperative

The Pollock Conservation Cooperative (PCC) was formed in December 1998 in order to (among other things) promote the rational and orderly harvest of pollock by the catcher/processor sector of the Bering Sea and Aleutian Islands trawl fisheries off Alaska through the mutual cooperation of PCC members.

The PCC is made up of the nine companies that own the 20 catcher/processors eligible under section 208(e)(1)-(20) of the AFA to harvest and process pollock in the directed pollock fishery. Under the PCC, each company is contractually allocated a percentage of the directed fishery catch specified under section 206(b) of the AFA. The following chart shows the percentage of the annual directed pollock fishery (DPF) that each PCC member has been allocated under the PCC:

	<u>% DPF²</u>	<u>% PCC</u>
Alaska Ocean Seafood, L.P.	2.891	≈7.90
Alaska Trawl Fisheries, Inc.	1.375	≈3.76
American Seafoods Company	15.949	≈43.58
Arctic Fjord, Inc.	1.725	≈4.71
Arctic Storm, Inc.	1.772	≈4.84
Glacier Fish Company, L.L.C.	3.097	≈8.46
Highland Light Seafoods, L.L.C.	1.698	≈4.64
Starbound Ltd. Partnership	1.525	≈4.17
Trident Seafoods	<u>6.568</u>	<u>≈17.95</u>
Totals	36.6 ³	100.00

Changes occurred during 1999 (or are in the process of occurring) in the ownership of certain PCC members. Trident Seafoods acquired Tyson Foods, Inc. The Aleutian Pribilof Island Community Development Association acquired an ownership interest in Starbound Ltd. Partnership. A combination of PCC members will likely acquire the PCC fishing privileges of Alaska Trawl Fisheries, Inc. before fishing begins in 2000. Other changes may occur by 2000 and beyond as PCC members continue to adapt to new circumstances in the fisheries, including new U.S. controlling interest requirements for fishing vessels under the AFA.

² Under sections 205(4) (definition) and 206 (allocations) of the American Fisheries Act, the directed pollock fishery (DPF) is the amount of the total allowable catch remaining after 10 percent has been deducted for the western Alaska Community Development Quota program and an additional amount has been deducted for the incidental catch of pollock in other groundfish fisheries.

³ Section 206(b)(2) of the American Fisheries Act allocates a total of 40 percent of the DPF to catcher/processors and catcher vessels that deliver to catcher/processors, and section 210(c) allocates 8.5 percent of this amount (3.4 percent of the DPF) to catcher vessels that deliver to catcher processors.

High Seas Catchers' Cooperative

The High Seas Catchers' Cooperative (HSCC) (originally the Offshore Pollock Catchers Cooperative) was formed in December 1998 in order to (among other things) enable members of the HSCC to extract the maximum amount of value from fish that is available for harvest by cooperatively harvesting or arranging for the harvest of fish in the directed pollock fishery.

The HSCC is made up of the seven companies that own the seven catcher vessels eligible under section 208(b)(1)-(7) of the AFA to harvest pollock for processing by catcher/processors in the directed pollock fishery. Under the HSCC, each company is contractually allocated a percentage of the directed pollock fishery catch provided for under sections 206(b) and 210(c) of the AFA. The following chart shows the percentage of the annual directed pollock fishery (DPF) that each HSCC member has been allocated under the HSCC:

	<u>% DPF</u>	<u>% HSCC</u>
Forum Star, Inc.	.2441	≈7.18
American Seafoods Company	.3149	≈9.26
Harvester Enterprises	.4325	≈12.72
Muir Milach, Inc.	.4538	≈13.35
Tracy Anne, Inc.	.4642	≈13.65
Neahkahnne Fisheries, Inc.	.6679	≈19.64
Sea Storm, Inc.	<u>.8226</u>	<u>≈24.19</u>
Totals	3.4 ⁴	100.00

Inter-Cooperative Agreement Between HSCC and PCC

On January 21, 1999, a cooperative agreement was entered into between the HSCC and PCC to facilitate efficient management and accurate accounting between the two cooperatives (see appendix; the "Cooperative Agreement Between Offshore Pollock Catchers Cooperative and Pollock Conservation Cooperative"). Under the Inter-Cooperative Agreement, the PCC and HSCC established a Joint Harvest Schedule and agreed to retain the same independent quota monitoring service. Among other purposes, the Inter-Cooperative Agreement facilitates the harvest and processing of the HSCC members' share of the DPF and the transfer of pollock allocations between members of the two cooperatives.

⁴ See Footnote 2 for explanation of HSCC allocation of 3.4 percent of the directed pollock fishery.

Monitoring and Enforcement

PCC Monitoring

All data used in monitoring PCC pollock and non-pollock fishing was obtained from the NMFS observer program office. Information concerning the catch and bycatch of individual vessels is available on the NMFS password-protected web site 24 hours a day, and is generally accessible 20 minutes after transmission from the vessels. Sea State, Inc. is authorized by the PCC and its members to receive and process this observer data and report back to the members on the status of the harvest. Observer data are downloaded one or two times per day, processed to generate target catch and bycatch information, and then sent to a Sea State web site where company representatives can examine the data for their vessel or vessels.

Aboard the vessels, a direct weight reading from flow scales is taken for the total catch for each haul (though catcher/processors that did not participate in the CDQ program for pollock in 1999 are not required to have scales until the 2000 fishing season). The species composition of the catch is determined from observer sampling. Since two observers are required on AFA-eligible catcher/processors in the groundfish fisheries, the number of unsampled hauls is very low. In 1999, 98 percent (4,704 of 4,797) of the pollock hauls were sampled, and 96 percent (747 of 775) of the non-pollock groundfish hauls were sampled. For those hauls that were not sampled, species composition was determined as in the CDQ program, where species composition for an unsampled haul is presumed to be the same as the previous haul.

Once the catch and species composition is posted on the Sea State web site, it is available for review by vessel owners and representatives. Typically, either an operations manager or vessel operator checks into the site each day to make sure the vessel's harvest numbers are as expected. Companies with several vessels tended to have initial season allocations for each vessel in 1999, managing the vessels independently until late in the season. Late in the 1999 seasons, allocations from one vessel to another within a company and between companies began to occur, as economic efficiencies and other exigencies became obvious. For example, if a vessel needed to offload and thereafter had only 150 metric tons of pollock left to harvest under the cooperative, that quota was likely shifted to another vessel to avoid the necessity of steaming back to the grounds for such a limited amount of fish.

PCC Enforcement

No enforcement actions were taken by the PCC, as members complied with the provisions of the PCC Membership Agreement.

HSCC Monitoring

All data used in monitoring HSCC pollock and non-pollock fishing for delivery to offshore processors was obtained from the NMFS observer program office. Information is available on the NMFS password-protected web site 24 hours a day, and is generally accessible 20 minutes after transmission from the vessel. Sea State, Inc. is authorized by the HSCC and its members to receive and process this observer data and report back to the members on the status of the harvest. The process is identical to that described for PCC "Monitoring and Enforcement."

Additionally, for deliveries to shoreside processors, each company submitted copies of its ADF&G fish tickets to Sea State, Inc. for tabulation and the information was made available to all HSCC members. Member provided confidentiality waiver requests to ADF&G for release of the data directly to Sea State, Inc. in order that the completeness and accuracy of data submitted members could be verified.

The observer data for shoreside deliveries was not incorporated in the preparation of this report. Fish ticket data was used for shoreside deliveries, and observer data was used for off shore deliveries.

HSCC Enforcement

No enforcement actions were taken by HSCC in either pollock or sideboard fisheries, as members complied with the provisions of the HSCC Membership Agreement.

Table 1 – Cooperative Allocations and 1999 Directed Pollock Harvest

Coop.	Company	Vessel	Cooperative Shares			1999 Harvest		Over (Under) Allocation
			Coop. Amount	1999 Transfers	1999 Allocation	Vessel Harvest	Company Total	
PCC	Alaska Ocean	Alaska Ocean	24,410	-85	24,325	24,313	24,313	(12)
	Alaska Trawl	Endurance	11,610	-6,856	4,754	4,753	4,753	0
	American Seafoods		134,662	13,817	148,479		148,392	(86)
		Northern Hawk				28,794		
		American Triumph				29,165		
		Northern Jaeger				28,351		
		Ocean Rover				29,195		
		Katie Anne				4,856		
		Northern Eagle				28,031		
		American Dynasty				0		
	Arctic Storm	Arctic Storm	14,961	2,573	17,534	17,533	17,533	(1)
	Arctic Fjord	Arctic Fjord	14,565	6,220	20,785	20,784	20,784	(1)
	Glacier		26,149	2,115	28,264		28,256	(7)
		Northern Glacier				11,317		
		Pacific Glacier				16,940		
	Highland Light	Highland Light	14,337	5,541	19,878	19,865	19,865	(13)
	Starbound	Starbound	12,876	5,465	18,341	18,333	18,333	(8)
	Trident		55,455	-8,216	47,239		47,148	(91)
		Kodiak Enterprise				23,040		
		Island Enterprise				24,109		
		Seattle Enterprise				0		
		American Enterprise				0		
		U.S. Enterprise				0		
HSCC	Ocean Harvester	Ocean Harvester	3,652	-1,094	2,558	2,549	2,549	(9)
	Tracy Anne	Tracy Anne	3,919	-3,775	144	144	144	0
	Neahkahnie	Neahkahnie	5,639	-3,457	2,182	2,182	2,182	0
	Sea Storm	Sea Storm	6,945	-4,195	2,750	2,751	2,751	0
	Muir Milach	Muir Milach	3,832	-3,333	499	498	498	0
	Forum Star	Forum Star	2,061	-2,061	0	0	0	0
	American Challenger	American Challenger	2,659	-2,659	0	0	0	0
Cooperative Totals			337,731	0	337,731	337,502	337,502	(229)

Table 1 Comments:

1. Catcher/processors and catcher vessels operating under the PCC and HSCC harvested almost exactly (and just under) the amount allocated in 1999.
2. Four eligible catcher/processors and two eligible catcher vessels did not participate in the 1999 directed pollock fishery.
3. As contemplated in the respective cooperative membership agreements, in-season transfers of cooperative allocations occurred within the PCC and the HSCC, and between PCC members and HSCC members. The allocation formulas in the membership agreements of the PCC and HSCC did not change.
4. PCC and HSCC enforcement penalties were established for 1999; however, no individual PCC or HSCC members exceeded their allowed harvest levels (as adjusted) for 1999, and therefore no enforcement penalties were assessed.
5. The vessel eligible under section 208(e)(21) of the AFA to harvest up to one-half percent of the directed pollock fishery allocation to catcher/processors (the F/T Ocean Peace) participated in the fishery in 1999, but was not a member of the PCC or HSCC.

Table 2 – 1999 Directed Pollock Fishing: Actual Catch and Bycatch

Coop.	Vessel	Catch	Catch/Bycatch	Bycatch						
		Pollock (mt)	Non - target Groundfish (mt)	Halibut mort. (mt)	Herring (mt)	Red King crab (N)	Bairdi (N)	Other Tanner (N)	Chinook (N)	Other salmon (N)
PCC	Alaska Ocean	24,313	351	0.96	46	0	6	0	493	78
	Endurance	4,753	70	0.74	0	0	0	1	12	0
	American Triumph	29,165	335	5.35	12	0	2	10	612	606
	Katie Anne	4,856	141	1.03	0	0	0	0	57	1
	Northern Eagle	28,031	210	0.94	0	0	17	57	431	105
	Northern Hawk	28,794	358	5.82	6	0	0	9	1,158	302
	Northern Jaeger	28,351	419	3.56	0	1	10	61	247	116
	Ocean Rover	29,195	590	4.58	0	0	0	103	60	262
	Arctic Storm	17,533	114	0.69	1	0	0	12	87	67
	Arctic Fjord	20,784	67	1.41	3	0	0	0	59	103
	Northern Glacier	11,317	198	1.49	34	0	8	0	161	286
	Pacific Glacier	16,940	224	2.02	32	0	0	0	164	76
	Highland Light	19,865	183	1.43	22	1	0	28	249	233
	Starbound	18,333	200	2.08	32	0	7	24	329	200
	Island Enterprise	24,109	168	1.33	0	0	0	3	94	34
	Kodiak Enterprise	23,040	128	0.87	0	0	0	4	106	25
HSCC	Ocean Harvester	2,549	25	0.06	0	0	0	0	16	0
	Tracy Anne	144	0	0	0	0	0	0	0	0
	Neahkahnie	2,182	11	0.08	0	0	0	0	7	0
	Sea Storm	2,751	9	0.12	0	0	0	0	5	0
	Muir Milach	498	4	0.03	0	0	0	0	3	0
Totals		337,502	3,807	34.59	191	2	49	313	4,350	2,494

Table 2 Comments:

1. Significant changes in addition to the formation to the PCC and HSCC occurred in 1999 that likely affected the performance of the fishery. As with other sectors in the directed pollock fishery, PCC and HSCC members experienced differences in fishing in 1999 due to a combination of the new measures to protect Steller sea lions, the changes in 1999 in the water temperature and currents, and other factors.
2. Although still quite low (.0001 ton of halibut per ton of pollock in the catcher/processor sector for example), bycatch levels for halibut appear to have been higher throughout the pollock fishery in 1999 as compared to 1998. This is likely the result of a combination of the factors mentioned in comment 2.

Table 3 – 1999 C/P Aggregate Catch of Sideboard Species

Species	1999 C/P Catch	1999 C/P Limits ¹	Over (Under) 1999 Limits
Pacific Cod	6,561	10,119	(3,558)
Sablefish – BS	0	3	(3)
Atka Mackerel - Eastern	23	0	NA
Atka Mackerel - Central	567	2,383	(1,816)
Atka Mackerel - Western	12	4,995	(4,983)
Yellowfin sole	11,713	41,190	(29,477)
Rock sole	995	7,446	(6,451)
Greenland Turbot - BS	24	51	(27)
Greenland Turbot – AI	3	13	(10)
Arrowtooth flounder	209	2,398	(2,189)
Flathead sole	1,221	2,234	(1,013)
Other flatfish	979	17,148	(16,169)
Pacific Ocean Perch - BS	110	12	98
Pacific Ocean Perch - EAI	17	57	(40)
Pacific Ocean Perch - CAI	6	53	(47)
Pacific Ocean Perch - WAI	0	167	(167)
Other Red Rockfish - BS	20	6	14
Sharpchin/Northern - AI	57	305	(248)
Shortraker/Rougheye - AI	1	15	(14)
Other rockfish – BS	1	12	(11)
Other rockfish – AI	9	29	(20)
Squid	206	3	203
Other species	651	1,508	(857)
Halibut mortality	116	293	(177)
Herring	191	20	171
Chinook	4,823		
Other salmon	2,487		
Red King crab	612	1,295	(683)
Other King Crab	396		
Other Tanner Crab	62,103	636,863	(574,760)
Bairdi Zone 1	17,989	97,125	(79,136)
Bairdi Zone 2	28,718	86,858	(58,140)

¹ The 1999 C/P sideboard limits were established at the December 1998 NPFMC meeting, and only reflected catch history in non-pollock groundfish fisheries.

Table 4 -- 1999 C/P Directed Cod Fishing

Vessel	Cod (mt)	Non - target Groundfish (mt)	Halibut mort. (mt)	Herring (mt)	Red King crab (N)	Bairdi (N)	Other Tanner (N)	Chinook (N)	Other salmon (N)
Katie Anne	1,305	79	2	0	45	76	77	62	0
Ocean Rover	280	80	9	0	0	11	0	98	0
Northern Glacier	1,020	282	8	1	0	399	1,671	68	0
Pacific Glacier	764	199	7	0	0	68	92	211	0
Highland Light	1,680	98	6	0	98	219	296	34	3
Totals	5,048	737	32	1	143	773	2,136	473	3
Catch Rates	0.87	0.13	0.01	0.00	0.02	0.13	0.37	0.08	0.00

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Table 4 Comments:

1. The PCC Membership Agreement provides that "Members shall annually allocate among themselves the amount of non-pollock groundfish allocations available for directed harvest...in direct proportion to the catch history...in the Base Years [meaning 1995-1997 as identified in the AFA], or during such other year(s) as all Members may agree." (PCC Membership Agreement 1b(i)) At a PCC meeting on January 11, 1999, PCC members agreed that only PCC members who had traditionally participated in the directed cod fishery (American Seafoods, Glacier Fish Company, and Highland Light) would participate in the 1999 directed cod fishery.
2. The AFA "sideboard" on directed cod fishing only establishes a cap, but does not guarantee that AFA-eligible catcher/processors will be able to harvest any amount of cod. Nevertheless, two of the three companies that participated in the 1999 cod fishery harvested roughly their traditional portion of the cod harvested by catcher/processors.

Table 5 – 1999 C/P Directed Yellowfin Sole Fishing

Vessel	Yellowfin sole (mt)	Non - target Groundfish (mt)	Halibut mort. (mt)	Herring (mt)	Red King crab (N)	Bairdi (N)	Other Tanner (N)	Chinook (N)	Other salmon (N)
Endurance	2,241	768	24	0	405	17,900	23,440	0	0
Northern Eagle	3,093	467	6	0	0	756	2,254	0	0
Northern Hawk	2,187	321	8	0	0	1,176	2,429	0	0
Northern Jaeger	2,162	313	1	0	61	927	941	0	0
Arctic Storm	1,948	481	11	0	0	25,556	30,584	0	0
Totals	11,631	2,351	50	0	466	46,314	59,649	0	0
Catch Rates	0.83	0.17	0.00	0.00	0.03	3.31	4.27	0.00	0.00

Table 5 Comments:

1. The PCC Membership Agreement provides that "Members shall annually allocate among themselves the amount of non-pollock groundfish allocations available for directed harvest...in direct proportion to the catch history...in the Base Years [meaning 1995-1997 as identified in the AFA], or during such other year(s) as all Members may agree." (PCC Membership Agreement 1b(i)) At a PCC meeting on January 11, 1999, PCC members agreed that PCC members who had traditionally participated in the directed yellowfin sole fishery (American Seafoods, Alaska Trawl Fisheries, and Arctic Storm) would participate in the 1999 directed yellowfin sole fishery.
2. The AFA "sideboard" on directed yellowfin sole fishing establishes a cap, but does not guarantee that AFA-eligible catcher/processors will be able to harvest any amount of yellowfin sole.
3. The disparity in crab bycatch levels among catcher/processors in the yellowfin sole fishery was likely the result of a difference in the areas being fished. The 1999 crab bycatch rates for the catcher/processor fleet as a whole are below the fishery-wide averages.

Table 6 – 1999 C/P Directed Atka Mackerel Fishing

Vessel	Mackerel (mt)	Non - target Groundfish (mt)	Halibut mort. (mt)	Herring (mt)	Red King crab (N)	Bairdi (N)	Other Tanner (N)	Chinook (N)	Other salmon (N)
American Triumph	564	81	0	0	0	0	0	0	0
Catch Rates	0.87	0.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Table 6 Comments:

1. The PCC Membership Agreement provides that "Members shall annually allocate among themselves the amount of non-pollock groundfish allocations available for directed harvest...in direct proportion to the catch history...in the Base Years [meaning 1995-1997 as identified in the AFA], or during such other year(s) as all Members may agree." (PCC Membership Agreement 1b(i)) At a PCC meeting on January 11, 1999, PCC members agreed that PCC members that had traditionally fished for mackerel would later advise the PCC of their plans for the fishery. This was the extent of any agreement under the PCC with respect to Atka mackerel.
2. The closure of the Aleutian Islands to pollock fishing was a disincentive for some PCC catcher/processors to go to the Aleutians Islands, where they might otherwise have fished for Atka mackerel as well as pollock.

Table 7 – 1999 C/P Vessel-By-Vessel Catch of All Non-Pollock Species

Vessel Name	Pacific Cod	Sablefish BS	Mackerel CA	Mackerel EA	Mackerel WA	Yellowfin sole	Rock sole	Turbot Al	Turbot BS	Arrow- tooth	Flathead sole	Other flatfish
Alaska Ocean	62					23	22		4	17	71	0
American Triumph	162		567	2	12	10	9	2	11	24	60	1
Arctic Fjord	25			0		0	10		0	2	24	0
Arctic Storm	73	0		0		1,948	77		1	3	45	275
Endurance	72					2,241	168		0	0	61	206
Highland Light	1,754			19		13	44		0	23	54	1
Island Enterprise	50			0		0	49		0	1	42	0
Katie Anne	1,350	0		2		0	104		0	9	18	1
Kodiak Enterprise	37			0		1	30		0	3	48	0
Northern Eagle	63	0		0		3,093	125		1	2	82	223
Northern Glacier	1,086	0		0		9	66	0	0	25	111	1
Northern Hawk	139	0		0		2,195	62		2	34	67	146
Northern Jaeger	161			0		2,164	92		1	8	155	121
Ocean Rover	591			0		10	45	0	2	30	190	2
Pacific Glacier	854			0		4	77	0	1	21	92	1
Starbound	74					0	14		0	6	88	1
Total	6,561	0	567	23	12	11,713	995	3	24	209	1,221	979

Table 7 – Continued (2 of 3)

Vessel Name	POP CA	POP EA	POP WA	POP BS	Other Red Rock – BS	SC/NO AI	SR/RE AI	Other rock BS	Other rock AI	Squid	Other species
Alaska Ocean				77	8				0	45	22
American Triumph	6	10	0	1	6	45	1	2	0	67	37
Arctic Fjord									0	0	6
Arctic Storm				0	0				0	0	36
Endurance									0		64
Highland Light	0	1		0		7	0	3	0	1	32
Island Enterprise				17					0	0	8
Katie Anne		3		0	0	3	0	4	0		29
Kodiak Enterprise				0					0	0	9
Northern Eagle				4	0				0	5	76
Northern Glacier		0		1	1	2		1	0	5	40
Northern Hawk				1	2				0	67	55
Northern Jaeger				0	0				0	3	117
Ocean Rover		2		4	2	0		0		5	40
Pacific Glacier		0		1	0	0			0	8	62
Starbound				4	0				0	0	14
Total	6	17	0	110	20	57	1	9	1	206	651

Table 7 – Continued (3 of 3)

Vessel Name	Halibut mortality	Herring	Chinook	Other salmon	Red king crab	Other King Crab	C. bairdi Zone 1	C. bairdi Zone 2	C. opilio Tanner
Alaska Ocean	1	46	493	78				6	
American Triumph	5	12	612	606				2	10
Arctic Fjord	1	3	59	103					
Arctic Storm	11	1	87	67			3,041	22,515	30,596
Endurance	25	0	12		405		13,343	4,509	23,441
Highland Light	8	22	283	235	100		24	67	323
Island Enterprise	1	0	94	34					3
Katie Anne	3	0	119	1	45	378			77
Kodiak Enterprise	1	0	106	25					4
Northern Eagle	7	0	431	105			541	232	2,311
Northern Glacier	10	35	230	286				263	1,671
Northern Hawk	14	5	1,157	294			328	848	2,444
Northern Jaeger	4	0	247	116	62		712	225	1,002
Ocean Rover	14	0	158	262				11	103
Pacific Glacier	9	32	375	76		18		35	92
Starbound	2	32	329	200				7	24
Total	116	191	4,808	2,487	612	396	17,989	28,718	62,103

Catcher Vessel Sideboard Limitations -- General

Summary of AFA Requirements

Two sections of the AFA deal with 1999 sideboard provisions for catcher vessels in the offshore sector.

With respect to crab fisheries, AFA section 211(c)(2)(C) states that "catcher vessels eligible under section 208(b) are prohibited from participating in a directed fishery for any species of crab in the Bering Sea and Aleutian Management Area unless the catcher vessel harvested crab in the directed fishery for that species of crab in such Area during 1997 and is eligible under the license limitation program recommended by the North Pacific Council and approved by the Secretary."

With respect to fisheries other than crab, AFA section 210(c) states "such catcher vessels may participate in a fisheries cooperative that will be in effect during 1999 only if the contract implementing such a cooperative establishes penalties to prevent such vessels from exceeding in 1999 the traditional levels harvested by such vessels in all other fisheries in the exclusive economic zone of the United States."

HSCC Sideboard Provisions

The HSCC Membership Agreement contains the following section concerning sideboard fisheries participation:

a. Limitation on Participation in Fisheries Other Than Pollock: Each Member agrees to identify its traditional fisheries and its historical level of participation in those fisheries. The board shall then determine which vessels and to what extent each Member may participate in each fishery so that the traditional levels of harvest, as defined in Section 205(5) of the Act, by the Members in 1999 does not exceed the traditional levels harvested by section 208(b) vessels in other fisheries in the exclusive economic zone of the United States. The board shall then assign entitlement to participate in a fishery based upon prior participation. Priority shall be based on the extent of prior participation.

Upon the Board of Directors or two or more Members in good standing concluding that a Member may have participated in a fishery in which he was not entitled, Section 4.4 of the Bylaws shall be implemented for a determination of whether there has been an unauthorized participation, and if so, the penalty to be assessed. To determine the proper penalty, the forum shall be guided by the penalties assessed by judicial forums for illegal participation in similar fisheries. All revenue resulting from the assessment of penalties shall be used as determined by the Board of Directors.

While the AFA used a variety of time windows for various purposes, it did not specifically define "traditional." The NPFMC considered a variety of time windows for CV sideboards, and at the June 1999 meeting ultimately chose 1995-1997 for groundfish, 1992-1997 for crab, and 1996 or 1997 for scallops.

Lacking fore-knowledge of how the Council would define specific sideboard restrictions, in January 1999 the HSCC met to engage in a dialogue with other industry associations about fulfilling our AFA sideboard obligations, and to seek their concurrence that our plans provided adequate protection, while allowing us to continue in our traditional efforts in non-pollock fisheries. At the February NPFMC meeting that followed this dialogue, the HSCC made the following statement concerning participation in North Pacific non-pollock fisheries in 1999.

General Statement

- a) Our members will not participate at a greater level of effort in any concurrent fishery in 1999, than the level at which they participated in 1995-1998.
- b) Our members will not enter any fishery in 1999, in which they did not participate during 1995-1998, whether the fishery is concurrent or not."

Additionally, HSCC informed the NPFMC that we would manage concurrent fisheries and non-concurrent fisheries. Concurrent fisheries limits would be based on catch history tonnage during the period of overlap with the normal pollock season (similar to the P. Cod sideboards adopted at the June meeting for mothership sector vessels). Non-concurrent fisheries would be managed based on effort ("days at sea") or an "in/out" test (similar to the opilio sideboard provisions). The fishing plan developed by HSCC was well within the range of sideboard options considered by the NPFMC.

Table 8 – Proposed Catcher Vessel Sideboards

Species	% of '99 TAC	EA/RIR	Average Catch 95-97
Atka Mackerel - Central AI	-	-	-
Atka Mackerel - Eastern AI	0.01%	1	2
Atka Mackerel - Western AI	-	-	-
Arrowtooth Flounder - BSAI	0.72%	822	89
Other Flatfish - BSAI	0.31%	406	94
Flathead Sole - BSAI	0.44%	289	129
Greenland Turbot - Aleutian Islands	0.15%	4	3
Greenland Turbot - Bering Sea	0.26%	13	15
Other Species - BSAI	0.39%	109	87
Pacific Cod (Fixed Gear) - BSAI	0.05%	42	65
* P.Cod (Trawl CVs)-BSAI (97 only)	7.49%	2,882	4899
Pacific Ocean Perch - Bering Sea	0.16%	2	3
* POP - Central AI (96-97 only)	-	-	-
*POP - Eastern AI (96-97 only)	0.05%	1	2
*POP - Western AI (96-97 only)	-	-	-
Other Rockfish - Aleutian Islands	0.21%	1	1
Other Rockfish - Bering Sea	0.58%	2	2
Rock Sole - BSAI	0.36%	367	245
Sablefish (Trawl Gear) - AI	0.35%	2	1
Sablefish (Trawl Gear) - Bering Sea	-	-	-
Sharpchin/Northern Rockfish - AI	0.05%	2	2
Squid - BSAI	0.38%	6	5
Shortraker/Rougheye Rockfish - AI	-	-	-
Other Red Rockfish - Bering Sea	0.36%	1	4
Yellowfin Sole - BSAI	0.18%	318	312

Table 9 – 1999 C/V BSAI Directed Cod Fishing

Species	Catch - All Vessels	Muir Milach	Ocean Harvester	Sea Storm	Tracy Anne
Cod mt	3,470	1,255	335	107	1,773.0
Non target Groundfish mt	217	37	80	0	100.0
Halibut mort. Mt	10	2	5	0	3.0
Herring (mt)	0	0	-	0	0
Red King Crab (N)	0	0	-	0	0
Bairdi (N)	146	0	-	0	146
Other Tanner (N)	45	30	-	0	15
Chinook (N)	0	0	-	0	0
Other Salmon (N)	0	0	-	0	0

Table 9 Comments:

Four vessels landed cod in the BSAI directed cod fishery. Under an agreement reached with MTC and UCB, fishing prior to March 1st was limited to less than 192 mt of cod. Fishing after March 1st was to be treated as an open access fishery (similar to the NPFMC's recommended mothership sector exemption). Had the NPFMC's June recommendation been in effect, the sideboard guideline would have been 2,882 mt. This compares to their 1997 catch history of 4,899 mt. or 7.49% of the CV allocation. Total landings of BSAI cod for 1999 were 3,473 mt.

Table 10 – C/V GAO Groundfish Fishing

Species	Catch - All Vessels	Forum Star	Tracy Anne	Muir Milach
Arrowtooth flounder	28.2	28.2		
Pacific cod	0.9		0.9	
Flathead sole	1.4		1.4	
Rock sole	0.9	0.9		
Dover sole	3.2	2.3	0.9	
Petrale sole	0.0		0.0	
Rex sole	0.0	0.0		
Unidentified rockfish	0.2		0.2	
Pacific ocean perch	14.2		14.2	
Thornyhead rockfish	2.7	0.5	2.2	
Yelloweye rockfish	0.3	0.2	0.1	
Rougheye rockfish	0.6		0.6	
Shortraker rockfish	0.9	0.2	0.7	
Dusky rockfish	38.2		38.2	
Silvergray rockfish	4.3		4.3	
Redstripe rockfish	3.5		3.5	
Sablefish	2.3	0.2	2.2	
Other species	0.9			0.9
Pollock	204.8	176.8		28.1
Squid	0.7			0.7
Halibut	0.7			0.7

Table 10 Comments:

GOA Pollock

Two HSCC vessels landed pollock in the GOA directed pollock fishery. Had the NPFMC's June recommended sideboards been in effect, the sideboard guideline would have been 297 mt. However, one of the two vessels would have been exempt under the 1700 mt criteria. Total pollock landings were 205 mt.

GOA Flatfish

One HSCC vessel landed flatfish in the GOA directed flatfish fishery. This vessel would be exempt under the 1700 mt criteria. Total flatfish landings were 35 mt.

GOA Rockfish

One HSCC vessel landed rockfish in the directed rockfish fishery. Total rockfish landings were 65 mt. This amount is within the catch history constraints that were recommended by the NPFMC in June.

Table 11 – 1999 C/V Bristol Bay Red King Crab

Species	Catch - All Vessels	Muir Milach	Ocean Harvester	Sea Storm
Bristol Bay Red King Crab	87,438	26,527	32,810	28,101

Table 11 Comments:

Three vessels participated in the 1999 Bristol Bay Red King Crab fishery, making one delivery apiece. This was the only crab fishery in which HSCC members participated in 1999. This was a one-delivery fishery with a pre-season GHLL of 10,127,000 lbs. The 41 AFA vessels will be limited to 12.8% under the NPFMC's June recommendation. This would have been 1,296,256 lbs, or 31,616 lb per vessel if managed on an equal trip limit basis. The combined trip limits for the three HSCC vessels would have been 94,848 lbs. Total landings for the three vessels were 87,438 lbs.

Table 12 – 1999 C/V Scallop Fishing

Species	Catch - All Vessels	Forum Star
Scallops	62,881.0	62,881.0

Table 12 Comments:

One HSCC vessel landed scallops in 1999. The preferred alternative recommended by the NPFMC in June would limit the one AFA catcher vessel that also participated in the scallop fishery to the 7.6 percent it harvested of the 1997 scallop fishery. That percentage will be multiplied by the upper end of the state-wide guideline harvest level to determine the actual amount of scallops it will be allowed to harvest under a cap. A projected 860,000 pound GHF would result in the vessel being capped at 65,600 pounds. Total landings of scallops were 62,881 lbs.

Table 13 – VIP Rates: Observed Shoreside Deliveries

VIP rates - Observed
Shoreside Deliveries

OCEAN HARVESTER	TRW	BSA	C	22.31	0.00	0.00	0.00	0.00	0.00	3
TRACY ANNE	TRW	GOA	K	9.64	0.00	0.00	0.00	0.00	0.00	1

Table 14 – 1999 C/V Vessel-By-Vessel Catch of All Species

Species	Catch - All Vessels	Muir Milach	Neahkanie	Ocean Harvester	Sea Storm	Tracy Anne
Atka Mackerel - Central AI						
Atka Mackerel - Eastern AI	20.7	8.1		0.0		12.6
Atka Mackerel - Western AI						
Arrowtooth Flounder - BSAI	2.5	1.5	0.0	0.1	0.1	0.8
Other Flatfish - BSAI	38.9	0.0	0.0	38.8	0.0	0.0
Flathead Sole - BSAI	25.2	0.7	4.9	15.0	4.1	0.5
Greenland Turbot - Aleutian Islands						
Greenland Turbot - Bering Sea	0.0			0.0		
Other Species - BSAI	41.1	17.4	0.5	10.0		13.2
Pacific Cod (Fixed Gear) - BSAI						
* P.Cod (Trawl CVs)-BSAI (97 only)	3,489.1	1,261.9	2.2	342.2	109.8	1,772.9
Pacific Ocean Perch - Bering Sea	2.0	0.0	0.3	0.0	1.4	0.3
* POP - Central AI (96-97 only)						
*POP - Eastern AI (96-97 only)	2.9	0.4		0.0		2.6
*POP - Western AI (96-97 only)						
Other Rockfish - Aleutian Islands	7.0	2.6		0.0	0.2	4.2
Other Rockfish - Bering Sea	1.5	0.3	0.4	0.0	0.7	0.0
Rock Sole - BSAI	70.8	10.7	3.9	1.1	2.0	53.2
Sablefish (Trawl Gear) - AI						
Sablefish (Trawl Gear) - Bering Sea	0.5	0.1	0.1	0.0	0.2	
Sharpchin/Northern Rockfish - AI	18.3	4.3		0.0		14.0
Squid - BSAI	0.2	0.1	0.0	0.0	0.1	0.0
Shortraker/Rougheye Rockfish - AI	0.0	0.0		0.0		
Other Red Rockfish - Bering Sea	0.1	0.0	0.0	0.0	0.0	0.0
Yellowfin Sole - BSAI	0.0		0.0	0.0	0.0	
Pollock - bycatch - AI	0.9	0.5		0.0		0.4
Total Pollock - A1/A2	7,049.9	498.5	2,182.2	1,474.2	2,750.9	144.1
Total Pollock - B/C	1,074.7	0.2		1,074.5		
Chinook	248.1	141.8	49.0	15.6	41.4	0.4
Halibut mortality	9.6	1.8	0.2	4.9	0.1	2.5
Herring	0.0	0.0	0.0	0.0	0.0	-
Other King Crab	60.8	-	-	0.0	-	60.8
Other salmon	57.2	9.0	22.9	0.0	25.3	-
Other Tanner Crab	66.0	29.9		20.0	0.8	15.3
Bairdi Crab	-	-	-	-	-	-

Table 15 – 1999 Product Mix and Total Product Recovery

Product Forms	1998 Product Form Percentage by Weight	1999 Product Form Percentage by Weight
Surimi	42.5 %	46.6%
Deep-Skin Fillets	19.5%	27.8%
Mince	10.5%	5.9%
Fillets	12.9%	3.2%
Roe	5.9%	5.8%
Fish Meal	8.7%	10.7%
Total	100%	100%

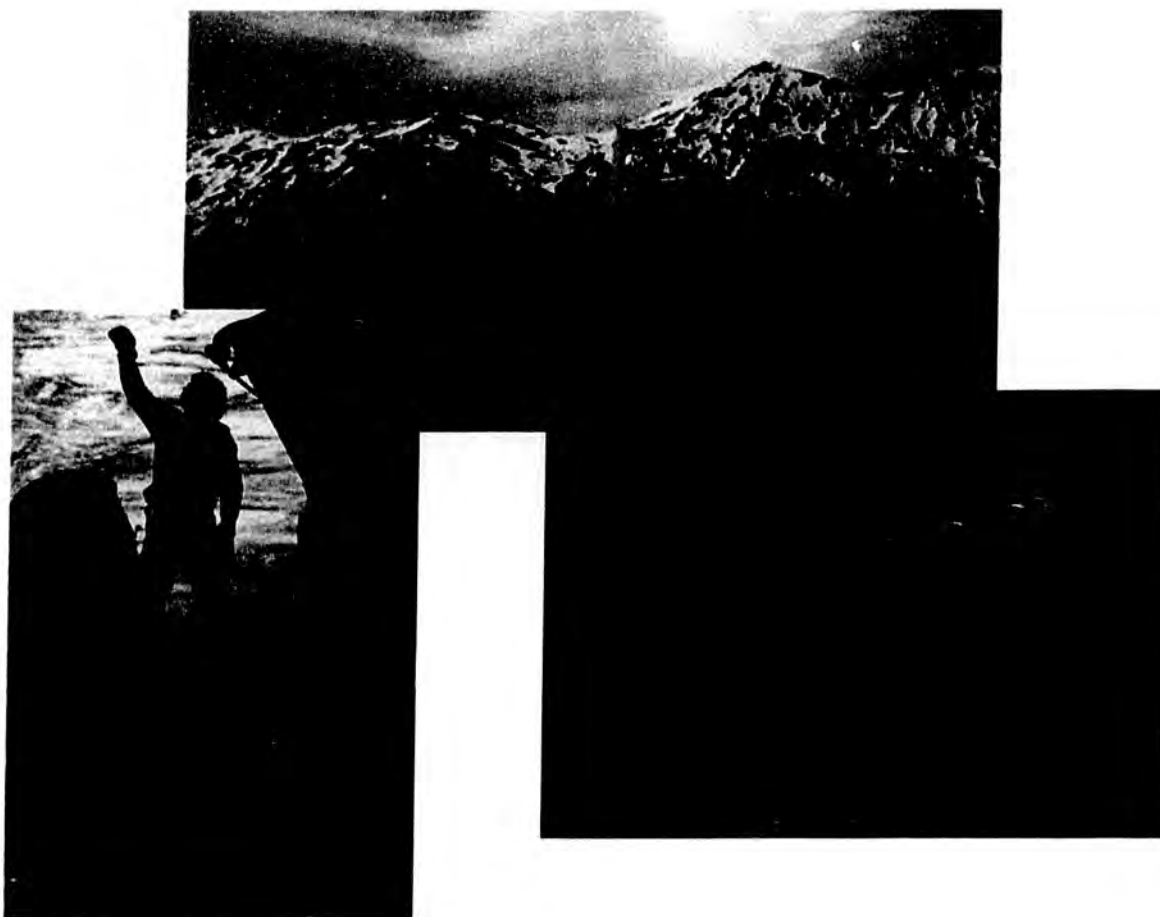
Table 15 Comments:

1. Percentages represent product mix by weight for AFA-eligible catcher/processors in 1998 and 1999.
2. Processing of all pollock allocated to HSCC members was done by AFA-eligible catcher/processors in 1999.
3. Preliminary data indicates that total product recovery increased by more than 20 percent per ton of pollock in 1999 as compared to 1998.



AT-SEA PROCESSORS ASSOCIATION

Partners for Healthy Fisheries



**Preliminary Assessment
of the
Pollock Conservation Cooperative**

December 1999

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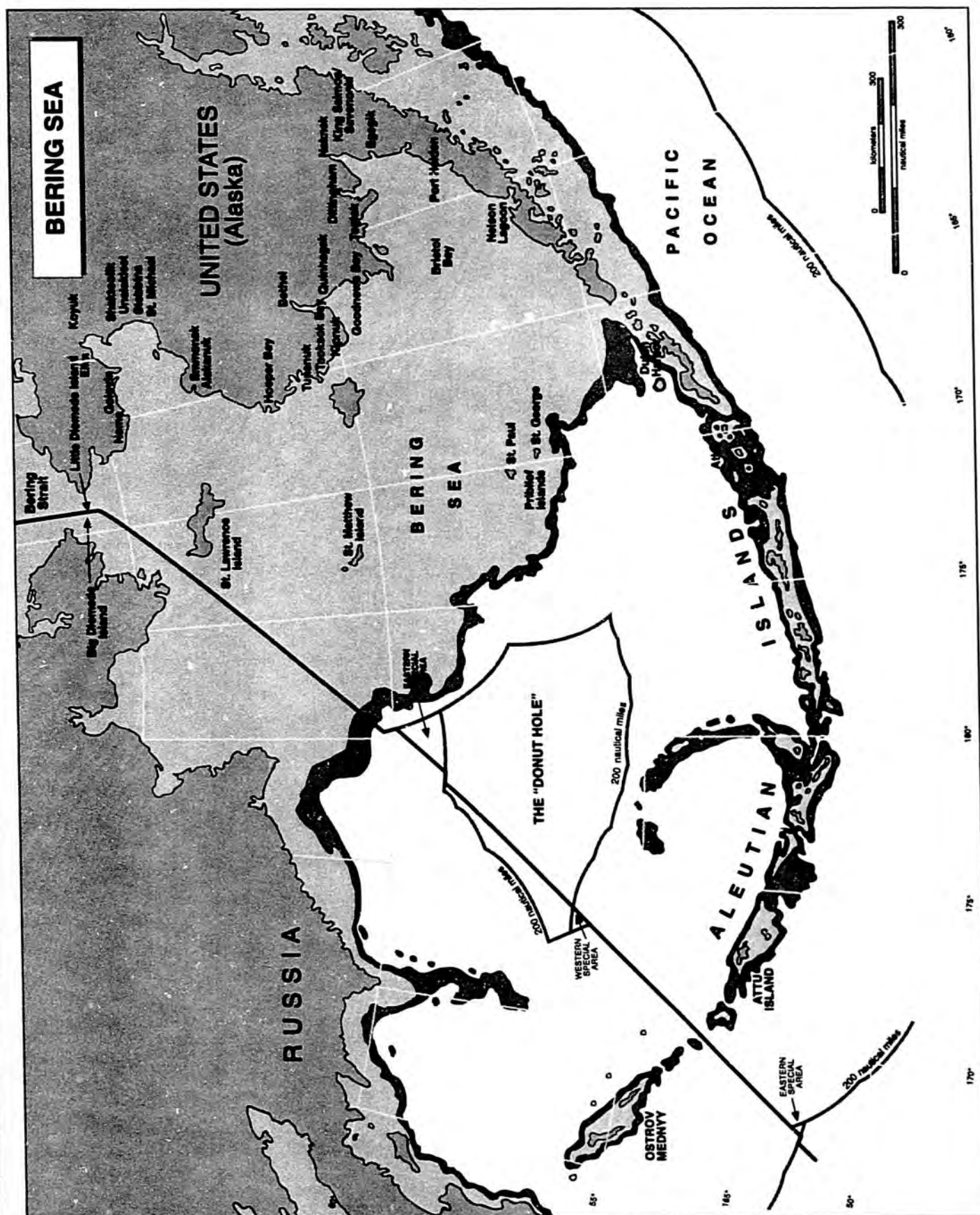
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Map of the Bering Sea and Western Alaska Communities



Executive Summary

The American Fisheries Act (AFA), enacted in October, 1998, made key changes to the Bering Sea/Aleutian Islands (BS/AI) fishery management structure that facilitated formation of a fish harvesting cooperative for the pollock catcher/processor sector. Two key provisions in the Act that cleared the way for catcher/processors to act cooperatively were creation of a three-sector allocation system and specification of eligible participants in each of the three industry sectors.

The creation of a discrete catcher/processor allocation and the specification of eligible participants in that sector provided the framework necessary for the nine companies operating qualified, U.S.-flag catcher/processor vessels to form the Pollock Conservation Cooperative (PCC). Anticipating that these two key changes to the fisheries management structure would result in a catcher/processor cooperative, Congress also set strict limitations on catcher/processor participation in non-pollock fisheries and imposed numerous other restrictions and obligations on the fleet. These measures avoided "spillover" of catcher/processor capacity to other fisheries.

Participation in the PCC is voluntary. Under the PCC agreement, the participating fishermen limit their individual catches to a specific percentage of the annual quota, or total allowable catch (TAC), that is allocated to their sector, thereby allowing the fishery to be conducted at a more deliberate, rational pace. While participation in the co-op is voluntary, if a single, qualified entrant continued to engage in a race for fish, it would likely undermine collective efforts by the remaining fishing companies to rationalize fishing practices.

PCC members' catch is reported electronically to the National Marine Fisheries Service (NMFS) on a daily basis. Two federal fishery observers are onboard PCC member vessels at all times when fishing and processing operations are underway, providing perhaps the most comprehensive fisheries monitoring and enforcement program in the world. NMFS is responsible for setting the overall TAC for the pollock fishery, closing the fishery when the sectoral allocation is reached. NMFS and the North Pacific Fishery Management Council set season opening and closing dates for the pollock fishery, impose restrictions against fishing in certain areas and at certain times, and set bycatch limits as necessary for non-pollock species. Catch information from PCC vessels is also monitored by a private sector firm, SeaState, that tracks daily catch and bycatch data to ensure that each PCC member stays within its agreed upon harvest limits.

Traditionally, the BS/AI pollock fishery was managed as an "Olympic-style" fishery. Under the Olympic system, fishery managers set an overall quota, but no limit was set on the amount of the harvest that an individual vessel or company could catch. As a result, fishermen and processors raced against each other to catch and process the largest share possible of the common quota. One consequence of this race for fish was overcapitalization, as pollock harvesters and processors continued to increase capacity in an effort to maximize their share of the catch.

The race for fish and attendant overcapitalization created economic and social instability. The PCC is successfully addressing overcapitalization in the catcher/processor sector. In the winter/spring pollock fishing season, 16 of the 20 eligible catcher/processors fished. In the summer/fall fishery, only 14 of the 20 vessels fished. The end of the race for fish is not only reflected in the reduction in the number of vessels. Vessel owners no longer need to invest in equipment that enables vessels to fish, or process fish, faster. Such investments, also called "capital stuffing," contributed greatly to the severe overcapitalization problem in the pollock fishery in the 1990's.

Executive Summary (cont.)

Rationalizing the fishery by matching fishing effort to the available harvest resulted in an average daily catch rate during the 1999 winter/spring pollock fishery that was one-third the rate achieved in the 1998 catcher/processor fishery. The catcher/processors' winter/spring fishery lasted 59 days in 1999 compared with just 26 days in 1998. Remarkably, the catcher/processors' winter/spring seasons more than doubled in length from 1998 to 1999, while the amount of fish available to the sector was nearly halved.

Reducing daily catch rates and increasing season length complemented new regulations issued by NMFS in 1999 intended to reduce any possible impacts of the pollock fishery on Steller sea lion populations. NMFS hypothesizes that dispersing pollock fishing effort over time could benefit Steller sea lion populations that forage for pollock.

The chaotic manner of the Olympic fishery precluded optimal use of fishery resources. The PCC is a promising tool for promoting more effective utilization of fishery resources and enhancing conservation of marine resources. In the 1999 winter/spring fishery, catcher/processors made fewer tows per day and caught fewer fish per tow. Reducing the amount of pollock netted in a single tow can reduce bruising, or other damage, to the fish and enhance product quality. Benefits can be realized as well in processing operations. Under a cooperative, processors operating at an optimal pace can achieve increases in the amount of food derived from each pound of fish harvested and better meet marketplace demands for product forms and product specifications.

Preliminary information indicates that PCC vessels produced approximately 20 percent more fish products on a per pound basis in 1999 than the fleet produced in 1998 in an Olympic-style fishery. While the proportion of fillet-type products to surimi products did not change significantly, there was a substantial change in the type of fillet products made in 1999. Catcher/processors produced a much higher percentage of higher-valued deep-skin fillet products in 1999 than in the previous year and decreased production of lower-valued mince and fillet block products.

The cooperative is expected to address economic problems stemming largely from chronic overcapitalization. Fishing companies, workers and coastal communities were adversely affected as half of the 34 pollock catcher/processors that fished between 1994 and 1998 experienced financial difficulties that either resulted in bankruptcy or forced the sale of the vessel. Although the buyback provisions of the AFA further reduced the fleet's size and resulted in additional layoffs, rationalization of the fishery through a co-op should help companies better control costs and enhance the value of harvested resources.

The 3,000 men and women currently employed in the catcher/processor sector, most of whom are residents of the Pacific Northwest and Alaska, should benefit from the improved economic climate. Crewmember wages, which are usually based on a share of the value of the catch, should be enhanced by a system that results in increased utilization of harvested fish and improved quality of seafood products.

Stabilizing the economic climate for the catcher/processor fleet is not only important to protecting the hundreds of family-wage jobs held by Western Alaska natives onboard catcher/processor vessels, but also to enhancing the value of investments made by Western Alaska Community Development Quota (CDQ) groups in PCC member companies. Three of the six CDQ groups have an ownership interest in PCC companies and vessels. There might be other opportunities for Western Alaska native investment in the fleet as well in the coming months and years.

I. The Pollock Conservation Cooperative (PCC)

A. Background.

In December 1998, nine companies operating qualified, U.S.-flag catcher/processor vessels formed a fish harvesting cooperative, the Pollock Conservation Cooperative (PCC). The PCC followed enactment of the American Fisheries Act (AFA) in October, 1998 (P.L. 105-277, Division C, Section II, Subtitle I.) Although the legal authority to create a catcher/processor cooperative already existed, the AFA made key changes to the Bering Sea/Aleutian Islands (BS/AI) fishery management structure that facilitated formation of a cooperative. The two changes were creation of a three-sector allocation system (inshore, catcher/processor and mothership) and specification of eligible participants in each of the three industry sectors. In anticipation of a catcher/processor pollock cooperative, Congress also set strict limitations on catcher/processor participation in non-pollock fisheries and imposed numerous other restrictions and obligations on the catcher/processor fleet.

The PCC was formed to end the race for fish, which had resulted in overcapitalization and a failure to optimize utilization of the pollock resource. Under the cooperative fishing agreement, the participating fishermen agree among themselves to limit their individual catches to a specific percentage of the annual quota or total allowable catch (TAC) that is allocated to their sector, thereby allowing the fishery to be conducted at a more deliberate, rational pace.

The PCC member companies are:

***Alaska Ocean Seafood, LP
American Seafoods Company
Arctic Storm, Inc.
Highland Light Seafoods, L.L.C.
Trident Seafoods***

***Alaska Trawl Fisheries, Inc.
Arctic Fjord, Inc.
Glacier Fish Company
Starbound Ltd. Partnership***

Traditionally, the BS/AI pollock fishery was managed as an "Olympic-style" fishery. Under the Olympic system, fishery managers set an overall quota, but no limit is set on the amount of the harvest that an individual vessel or company can catch. As a result, historically, fishermen and processors raced against each other to catch and process the largest share possible of the common quota. One consequence of this race for fish was overcapitalization, as pollock harvesters and processors continued to increase capacity in an effort to maximize their share of the catch. During the 1990's, fishermen and processors invested in newer, faster equipment, adding three times the capacity needed to harvest the annual pollock TAC. As a result of this increased harvesting capacity, the TAC, which was taken in 12 months in 1990, was caught in about three months in 1998. The pollock industry suffered numerous bankruptcies and consolidation during the 1990's as a result, in large part, of overcapitalization. Throughout this period, the catcher/processor fleet advocated for an end to the harmful race for fish to resolve the problems created by excess capacity.

In addition to creating economic and social problems, the chaotic manner of the race for fish also precluded optimal use of fishery resources. The experience of catcher/processors in the Pacific Whiting Conservation Cooperative (PWCC), which is similar in purpose and structure to the PCC and includes some of the same members, showed that the rational pace of cooperative fishing can help increase the amount of food and other fish products produced from each pound of fish harvested. Food quality improvements can also be realized, and the bycatch of non-target species can be reduced.

I. The Pollock Conservation Cooperative (PCC) (cont.)

The PCC has submitted a letter to the Department of Justice's Antitrust Division explaining its limited purpose and requesting a business review letter affirming that the cooperative's activities conform to the Nation's antitrust laws and any other applicable laws. The Justice Department response is pending at this time. However, the Department did provide a business review letter in 1997 at the request of the Pacific Whiting Conservation Cooperative. The Antitrust Division's business review letter states in part,

"The Department of Justice has previously stated that reliance on an Olympic race system to gather a fixed quota of fish 'is both inefficient and wasteful' because it is likely to generate 'inefficient overinvestment in fishing and processing capacity'... To the extent that the proposed agreement allows for more efficient processing that increases the usable yield (output) of the processed Pacific Whiting and/or reduces the inadvertent catching of other fish species whose preservation is also a matter of regulatory concern, it could have procompetitive effects."

(May 20, 1997 letter from Assistant Attorney General Joel Klein)

While the PCC was not formed under any specific legislative authority, the AFA expressly authorizes the pollock mothership sector to form a cooperative under the Fishermen's Collective Marketing Act of 1934, and the Act presumes inshore pollock cooperatives will also form under the same authority. The AFA permits mothership and inshore sector cooperatives to operate in 2000, providing time for the North Pacific Council to consider management measures which might be necessary to avoid "spillover" effects from such cooperatives into other fisheries. Other fishing industry sectors are also examining the prospects of forming cooperatives.

C. Monitoring and Enforcement of PCC Activities.

All data used in monitoring PCC pollock and non-pollock fishing activities are obtained from the National Marine Fisheries Service's (NMFS) observer program office. Catch and bycatch data are reported electronically and on a daily basis, which allows for real-time monitoring of individual vessel and overall fleet performance. Catch measurement is precise because vessels are equipped with flow scales, which weigh the fish as it moves along conveyor belts in the factory. Federal fishery observers sample the hauls to determine the amount of bycatch. In 1999, observers sampled 4,704 of 4,797 pollock hauls. NMFS, of course, is responsible for closing the fishery when the sectoral allocation is reached.

The PCC contracts with SeaState, a private sector firm, to track daily NMFS' observer catch data to ensure that each PCC member stays within its agreed upon harvest limits. The PCC agreement imposes significant financial penalties on any company that exceeds its assigned quota. Otherwise, a member that exceeded its quota would be depriving other member companies of their promised allocation. In 1999, there were no enforcement actions taken against any PCC members; members harvested their shares within agreed upon levels. SeaState also monitors NMFS' observer bycatch data. SeaState advises PCC members about bycatch trends and identifies for all members fishing areas to be avoided if vessel reports indicate that high bycatch levels have been encountered.

I. The Pollock Conservation Cooperative (PCC) (cont.)

D. Providing Competitive Markets for Catcher Vessels.

The AFA reserves 8.5% of the catcher/processor sector pollock allocation (or 3.4% of the overall pollock TAC) for seven catcher vessels that historically delivered pollock to catcher/processor vessels. The seven catcher vessels also formed a co-op, the High Seas Catchers' Cooperative (HSCC), in order to rationalize harvesting of pollock by catcher vessels marketing their pollock to catcher/processor vessels. The PCC membership agreement provides assurances that the catcher vessels will not be disadvantaged in marketing their allotted catch among the nine signatories to the PCC. In 1999, the prices received by catcher vessels were the highest paid in any sector of the pollock industry.

E. Western Alaska Communities and Formation of the PCC.

The PCC membership agreement also reflects a commitment that catcher/processor partners in the Western Alaska Community Development Quota (CDQ) program not be disadvantaged. Companies operating catcher/processors are partners with five of the six CDQ groups that represent 57 Western Alaska coastal villages. The economic interests of the CDQ groups have been protected and enhanced by formation of the PCC. This issue is discussed more fully in Section V of the report.

F. Developing and Funding Marine Research Programs.

The PCC agreement includes a commitment to develop and fund research programs to promote conservation and management of marine resources. The PCC expects to spend up to \$300,000 per year on marine research, including contributing \$100,000 annually for the next three years to the North Pacific Universities Marine Mammal Research Consortium. The Consortium conducts scientific research that seeks to determine the cause of the decline of Steller sea lion populations and to discern what measures, if any, can be taken to aid in the recovery of the species. Furthermore, the PCC has contributed \$25,000 to support marine mammal research projects at the Alaska Sealife Center in Seward, Alaska and has funded a project to catalogue research findings on the impacts of trawl fishing. The PCC is coordinating its scientific program with that of the Pacific Whiting Conservation Cooperative (PWCC). The PWCC has sponsored research on stock assessment information to maintain a sustainable fishery and towards maximizing utilization of the resource while minimizing fishery impacts, such as achieving even lower bycatch. Both the PCC and the PWCC coordinate their research programs with federal and private sector interests.

II. Cooperative Fishing Within the Federal Fishery Regulatory Structure

It is important to emphasize that although the PCC is a private entity, fishing activities are conducted within the context of a comprehensive federal fishery management structure. The cooperative complements the Fishery Management Plan (FMP) for BS/AI Groundfish that was adopted by the North Pacific Fishery Management Council and approved by the Secretary of Commerce.

Federal fishery managers set the total allowable catch (TAC) of BS/AI pollock annually. The TAC is set at, or below, the acceptable biological catch (ABC) level, which is the amount of pollock that fishery scientists and managers determine can be harvested on a sustainable basis. Ten percent of the TAC is allocated to the Western Alaska CDQ program. A percentage of the TAC is held in reserve to account for the anticipated bycatch of pollock by non-pollock fishermen. This set aside amounts to roughly 5 percent of the TAC annually.

The remainder of the TAC, called the directed fishing allowance, is allocated among sectors of the pollock fishing industry. The AFA increased the inshore sector allocation to 50 percent of the directed fishing allowance, a 42 percent increase from its historical level. The catcher/processor sector's allocation was reduced to 40 percent of the directed fishing allowance, including the set aside for catcher vessels delivering to catcher/processors. The remaining 10 percent is available to the mothership sector. Table 1 shows the allocation scheme for Bering Sea pollock that existed during the 1999 fishery.

Table 1. Harvest allocations of Bering Sea pollock for the 1999 fishery.

	Metric Tons	Percent
Acceptable Biological Catch (ABC)	992,000	
Total Allowable Catch (TAC)	992,000	
Community Development Quota (CDQ)	99,200	
Bycatch Set Aside for Non-Pollock Fisheries	46,426	
Directed Fishing Allowance	846,374	100.0
Inshore Sector	423,187	50.0
Catcher-Processor Vessels	309,773	36.6
Catcher Vessels Delivering to C/P Fleet	28,777	3.4
Catcher Vessels Delivering to Motherships	84,637	10.0

The North Pacific Council and NMFS set season opening and closing dates for the pollock fishery, impose restrictions against fishing in certain areas and at certain times, and set bycatch limits for some species, including Chinook salmon. PCC members must comply with these and all other applicable federal laws and regulations, in addition to fulfilling the contractual requirements of the PCC agreement.

III. The American Fisheries Act

A. Three-Sector Pollock Allocation and Identifying Eligible Participants.

By creating a three-sector allocation system for BS/AI pollock and specifying the eligible participants in the catcher/processor sector, the Act facilitated the formation of the PCC. In 1992, the Bering Sea pollock fishery was divided into two sectors—inshore and offshore. The catcher/processor and mothership sectors both participated in the offshore sector. The three-sector split provided for in the AFA separated out the catcher/processor and mothership sectors. The 1997 Justice Department business review letter for the Pacific whiting cooperative cited earlier also stated that existing law allows a sector composed of vertically integrated harvesting and processing components to form a harvest cooperative. Thus, the AFA's three-sector division of the Bering Sea pollock quota created a discrete category for catcher/processor vessels and helped avoid potential complications to forming an offshore cooperative.

The AFA also facilitated formation of the PCC by identifying the existing pollock catcher/processor vessels and limiting participation in the fishery to current participants. A co-op of current participants in a fully subscribed fishery would not be viable if non-pollock fishermen were free to enter the fishery. The new participants would either race to catch fish, undermining efforts by co-op members to rationalize the fishery, or demand catch allowances in a fishery in which they had not previously participated.

B. Reduced Pollock Allocations for the Catcher/Processor Sector.

From 1992-1998, the BS/AI pollock TAC (after reserving pollock for the CDQ program and for the bycatch needs of other fisheries) was split between the inshore sector and the offshore sector. The offshore sector, which included catcher/processor vessels, mothership vessels, and trawl catcher vessels that marketed their catch to at-sea processors, harvested 65 percent of the TAC. The inshore sector harvested 35 percent.

Under the AFA, the inshore sector's share of the TAC was increased from 35 percent to 50 percent and the newly created mothership sector was allocated 10 percent of the pollock TAC, commensurate with that sector's historical production. The catcher/processor sector, which had been processing approximately 55 percent of the overall pollock TAC, was reduced to 40 percent. The Act established a buyback program to retire nine pollock catcher/processor vessels that, on average, processed 10 percent of the TAC annually. Thus, the pollock reallocation provision in the AFA resulted in an "uncompensated" reduction in the catcher/processor sector of 5 percent of the overall pollock TAC. The uncompensated reduction roughly equates to a 10 percent loss of quota to the remaining catcher/processors.

In addition to redistributing a substantial amount of the pollock TAC from the catcher/processor sector to the onshore sector, the AFA increased the CDQ allocation from 7.5 percent to 10 percent of the TAC, a 33% increase. Furthermore, in setting the TAC for 1999, fishery managers also determined that a 10 percent reduction was warranted from the 1998 Bering Sea TAC level. As a result of these three changes, the amount of pollock available to be harvested or processed by the catcher/processor sector declined from about 508,000 metric tons of pollock in 1998 to roughly 333,000 metric tons in 1999, a one-third reduction in the amount of available fish.

III. The American Fisheries Act (cont.)

Fishery managers also reduced the amount of pollock available in the more valuable "A" seasons, which occur during the winter/spring months, from 45 percent of the TAC down to 40 percent of the TAC. In 1998, catcher/processors caught 244,026 metric tons of pollock in the winter/spring fishery. In 1999, only 136,225 metric tons of pollock were available, a reduction of 44 percent from the 1998 level. In evaluating the PCC's performance in its first year, it is important to remember that members faced significantly reduced access to the pollock resource in 1999 from previous years' levels.

C. Reduced Opportunities for Pollock Catcher/Processors in Other Fisheries—Preventing "Spillover" Effects.

While the AFA limits participation in the catcher/processor sector of the BS/AI pollock fishery to 20 catcher/processor vessels, it also limits fishing and processing opportunities for those 20 vessels in other U.S. fisheries. Congress recognized that under a fish harvesting cooperative, a multi-vessel company could achieve economic efficiencies by using less than a full complement of its vessels to harvest the company's co-op share of the BS/AI pollock quota. With a specific quantity of fish reserved for each co-op participant, even a single vessel company would have more flexibility to shift fishing operations between cooperative and non-cooperative fisheries.

To guard against pollock catcher/processor fishing and processing capacity "spilling over" and further capitalizing other fisheries, the AFA imposed the following limits:

- Pollock catcher/processor catches of non-pollock BS/AI groundfish species are capped at the fleet's average harvest percentage in the years 1995-1997. Because non-pollock species are still managed under an Olympic system, there is no guarantee that the PCC vessels will have the opportunity to harvest up to their cap. Other participants in the fisheries can catch those fish as the race for fish for most species continues.
- The Act bars pollock catcher/processors from processing BS/AI crab species and from harvesting any fish in the Gulf of Alaska.
- Opportunities for processing certain groundfish species in the Gulf of Alaska are subject to further restrictions.
- Except for West Coast Pacific whiting, the 20 pollock catcher/processors identified in the Act are prohibited from participating in other fisheries in the U.S. unless the relevant regional fishery management council grants specific authority.
- Eight of the nine catcher/processors that were retired from the pollock fishery under the Act's buyout program were scrapped.

IV. The PCC and the 1999 BS/AI Pollock Fishery

Although only in its first year of operation, the PCC appears successful in resolving overcapitalization in the catcher/processor sector, while promoting more effective utilization of fishery resources and enhancing conservation of marine resources. However, caution should be exercised in drawing too many conclusions at this early date. Environmental conditions are constantly changing and such changes in weather, ocean temperatures and currents affect fishing patterns and performance from year to year. In addition, market conditions change, which affects business activities. And the composition of the catcher/processor fleet changed radically from 1998 to 1999, which makes it more difficult to compare the catcher/processor fleet's performance under an Olympic system with its co-op experience.

The task of comparing fishing activities under the co-op with previous years' experience is further complicated because NMFS significantly changed management regulations for the 1999 BS/AI and Gulf of Alaska (GOA) pollock fisheries. The purpose of the new regulations was to insure that the pollock fisheries do not jeopardize the recovery of endangered Steller sea lions or adversely modify sea lion critical habitat. NMFS' measures disperse fishing effort temporally and spatially and exclude pollock fishing around rookeries and haulout sites. These measures caused all pollock fishermen to fish in different areas and at different times of the year than in previous pollock seasons and aggregations of pollock and non-pollock species were unknown.

The following measures directly affected the catcher/processor fleet. First, the Bering Sea pollock fishery is now divided into four seasons. In previous years, the fishery had two season openings, one in winter and one in late summer. Second, new rules sharply curtail fishing opportunities within the area designated as sea lion critical habitat. This is significant because in the Bering Sea, critical habitat encompasses over 18,000 square miles, roughly the combined size of Connecticut, Massachusetts and New Jersey. Third, the entire Aleutian Islands management area is now closed to pollock fishing. The closure of the Aleutian Islands management area, most of which is outside sea lion critical habitat, reduces revenues for the catcher/processor fleet by approximately \$22 million annually. As a result of these amendments to the pollock fishery management structure, the areas in which catcher/processors fished and the times when fishing occurred differed significantly between 1998 and 1999.

A. Reducing Fleet Size to Address Overcapitalization.

The AFA's buyout provision, which established a fee on the inshore pollock sector to pay most of the cost of retiring nine catcher/processors from the fishery, was a first step to addressing chronic overcapitalization in the fishery. (Consistent with U.S. government policies to promote sustainable fisheries by addressing the root problem of overcapitalization in many world fisheries, the AFA requires the scrapping of eight of the nine catcher/processors bought out of the fishery.) The Act further addressed the need to reduce over capacity by limiting participation in the BS/AI pollock fishery, including the catcher/processor sector, to current participants.

Implementation of the cooperative was a vital next step for reducing excess capacity. By ending the race for fish, the co-op eliminates the incentive to maintain fishing and processing capacity beyond what is needed to take the available harvest. Two multi-vessel companies have sufficient capacity to harvest their share of the catch during the fishing season without fishing all of their vessels. As a result, some qualified catcher/processors have either not fished at all or sharply reduced their time at sea in 1999. Thus, in the winter/spring pollock seasons, 16 of the 20 eligible catcher/processors fished. In the summer/fall fishing seasons, 14 of the 20 pollock catcher/processors

IV. The PCC and the 1999 BS/AI Pollock Fishery (cont.)

participated in the fishery. One catcher/processor vessel, the *F/T Endurance* operated by Alaska Trawl Fisheries, transferred its summer/fall pollock allocation to other PCC members. PCC members will likely acquire Alaska Trawl Fisheries' share before fishing begins in 2000; the vessel will be retired from U.S. fisheries.

There is additional evidence of rationalization and de-capitalization in the business relationships between certain catcher vessels and the catcher/processor sector. The AFA provides that 8.5 percent of the catcher/processor sectoral allocation shall be available to catcher vessels that have historically delivered pollock for processing by catcher/processors. Independent fishermen own some of the seven catcher vessels qualified to participate in this subset of the catcher/processor sector. Catcher/processor companies, that had sought to supplement their catch during the race for fish, also own catcher vessels qualified under the AFA for the 8.5 percent set aside. In this latter case, some PCC members chose to harvest some or all of their catcher vessel allocation using their catcher/processor vessel. Such an arrangement is not unlike the decision of multi-vessel catcher/processor companies to tie up unneeded catcher/processors and to catch their PCC pollock allotment with their remaining vessels.

In addition, there have been lease arrangements between independently owned catcher vessels and catcher/processors. In some cases, catcher vessels and catcher/processors have swapped quota, that is, they have exchanged allocations to fish pollock in certain areas or at certain times. Leases and other forms of exchanges have provided catcher vessels the flexibility needed to cope with new sea lion mitigation measures and the ability to enhance safety. Detailed information about the nature and extent of transfers of pollock allocations among vessels is provided in a December 1999 PCC report to the North Pacific Council.

B. Daily Harvest Rates Declined in the 1999 Cooperative Fishery.

In the 1999 winter/spring, or "A," seasons, the 16 PCC catcher/processor fleet's average daily harvest rate was one-third the rate achieved by the 29 catcher/processors operating in the 1998 winter "A" season. Some of the reduction in daily catch rates is obviously a consequence of the reduced fleet size. However, a head-to-head comparison of the daily catch rates of the 16 PCC vessels that fished the 1999 "A" season with the same vessels' daily catch rates under the Olympic system from 1995-1998 shows a 60 percent reduction in daily catch rates for the 16 PCC vessels. (See Figure 1.)

Figures 2 and 3 (pg. 14 and 15) explain the reduction in daily catch. The data show that in 1999 the 16 PCC catcher/processors made fewer tows per day and harvested fewer fish per tow than they did under an Olympic-style fishery. The number of hauls per day by the 16 vessels was reduced by 45 percent from previous years, and the average catch per haul was 27 percent lower. Figure 4 shows a commensurate increase in the length of the catcher/processors' winter/spring "A" seasons to 59 days in 1999 compared with just 26 days in 1998. Remarkably, the catcher/processors' "A" season doubled in length from 1998 to 1999, even though the amount of pollock available to the sector was nearly halved!

IV. The PCC and the 1999 BS/AI Pollock Fishery (cont.)

Data on the frequency and size of tows is not yet available for the 1999 summer/fall pollock fishery. However, there was a similar lengthening of the fishing season. The 92-day summer/fall season length in 1999 contrasts with the 49-day summer/fall fishing season for 1998. What is not known at this early date is how much of the slower pace of fishing is attributable to rationalizing the fishery and how much is a consequence of other factors, such as bad weather or coping with new fishing regulations pertaining to Steller sea lions, but clearly the cooperative had an important effect on spreading out fishing effort.

C. Reducing Catch Per Day Complements Other Conservation Objectives.

One obvious consequence of slowing down the catcher/processor pollock fishery by cooperative fishing is that it fosters NMFS' goal of achieving greater temporal distribution of fishing effort in the Bering Sea pollock fishery. In January 1999, NMFS promulgated regulations to spread the pollock fishery out over a longer period of time. The agency deemed the rulemaking necessary to reduce any potential competition between pollock fishers and Steller sea lions foraging for pollock. NMFS' October 1999 Revised Final Reasonable and Prudent Alternatives for the Pollock Fisheries acknowledged that the rational pace of cooperative fishing complemented the agency's efforts to spread out fishing effort.

D. PCC Members Increased Utilization of Fishery Resources by 20 Percent in 1999.

By the mid-to-late 1990's, there were few new vessels or processing facilities entering the pollock fishery. However, overcapitalization, already evident in the fishery, was exacerbated by "capital stuffing," which is the continuing investment in new equipment to increase the fishing and processing capacity of existing vessels and plants. Absent a race for fish, PCC members need not continue to invest in equipment that enables vessels to fish, or process fish, faster. Processors are now turning their attention to achieving increased utilization of harvested resources, maintaining high quality, and otherwise meeting marketplace needs.

Preliminary information comparing pollock vessels that fished in the co-op in 1999 and under the Olympic system in 1998 indicate that processing operations achieved higher yields under the co-op. A comprehensive analysis of the yield differential is not available at this time; however, data comparing catcher/processors operating in both 1998 and 1999 indicate that the amount of product made by PCC members from a given amount of fish increased by more than 20 percent in 1999.

Cooperative members will continue to innovate and improve performance in a rationalized fishery. Processing facilities onboard some catcher/processors are being revamped. More sophisticated and versatile processing equipment designed to provide market flexibility and enhance utilization is now replacing fish processing equipment that was better suited to increasing throughput, which was necessary in the race for fish. Factory conversions are providing some catcher/processors the flexibility to produce fillets for the domestic market or to mince the fillet into surimi. In the past, some vessels were equipped only to produce surimi.

**Figure 1. Average daily catch for C/P fleet in Bering Sea pollock
A season, 1995-1999**

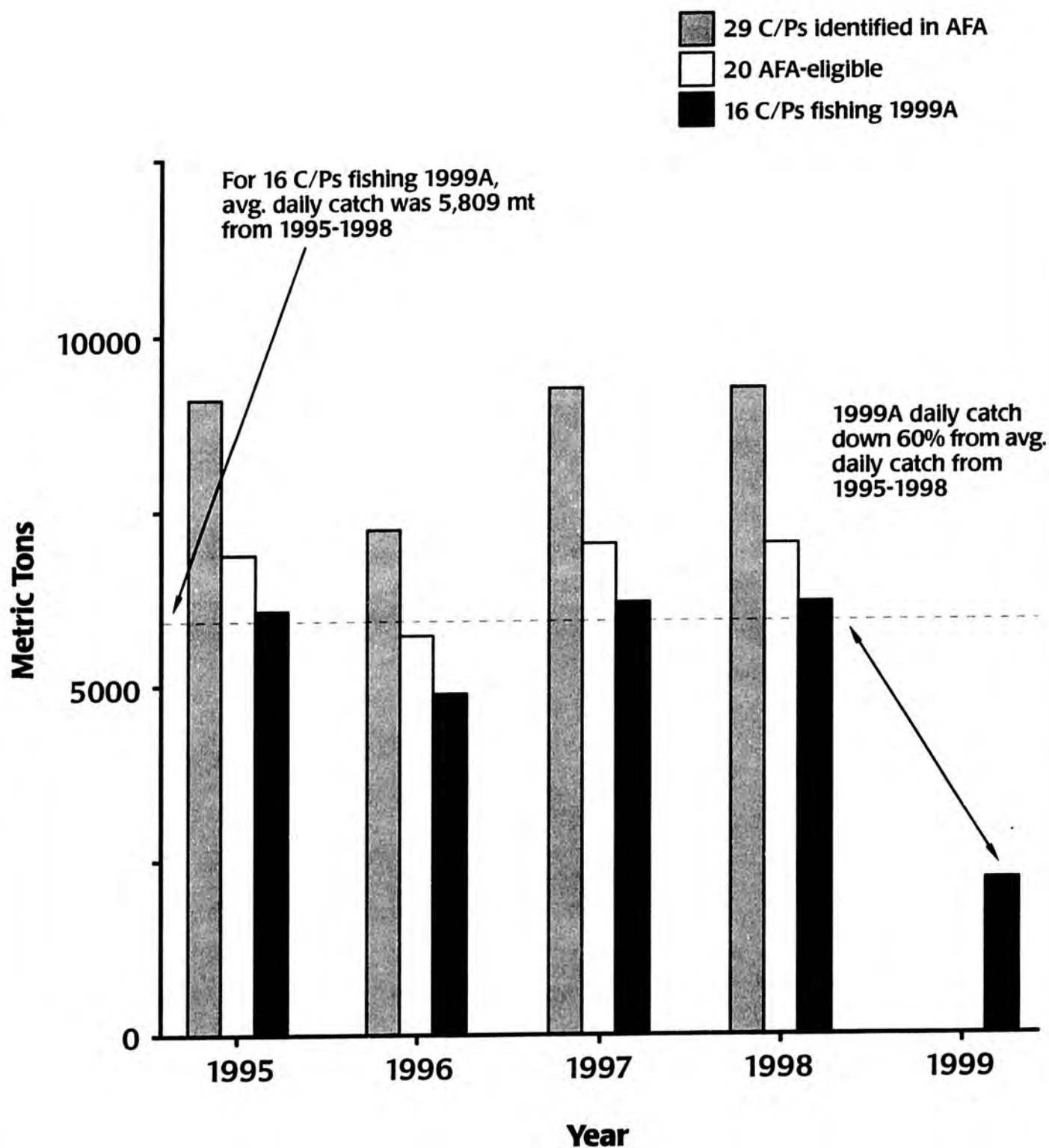


**Figure 2. Fleet-wide avg. hauls per day in BS/AI pollock
A season, 1995-1999**

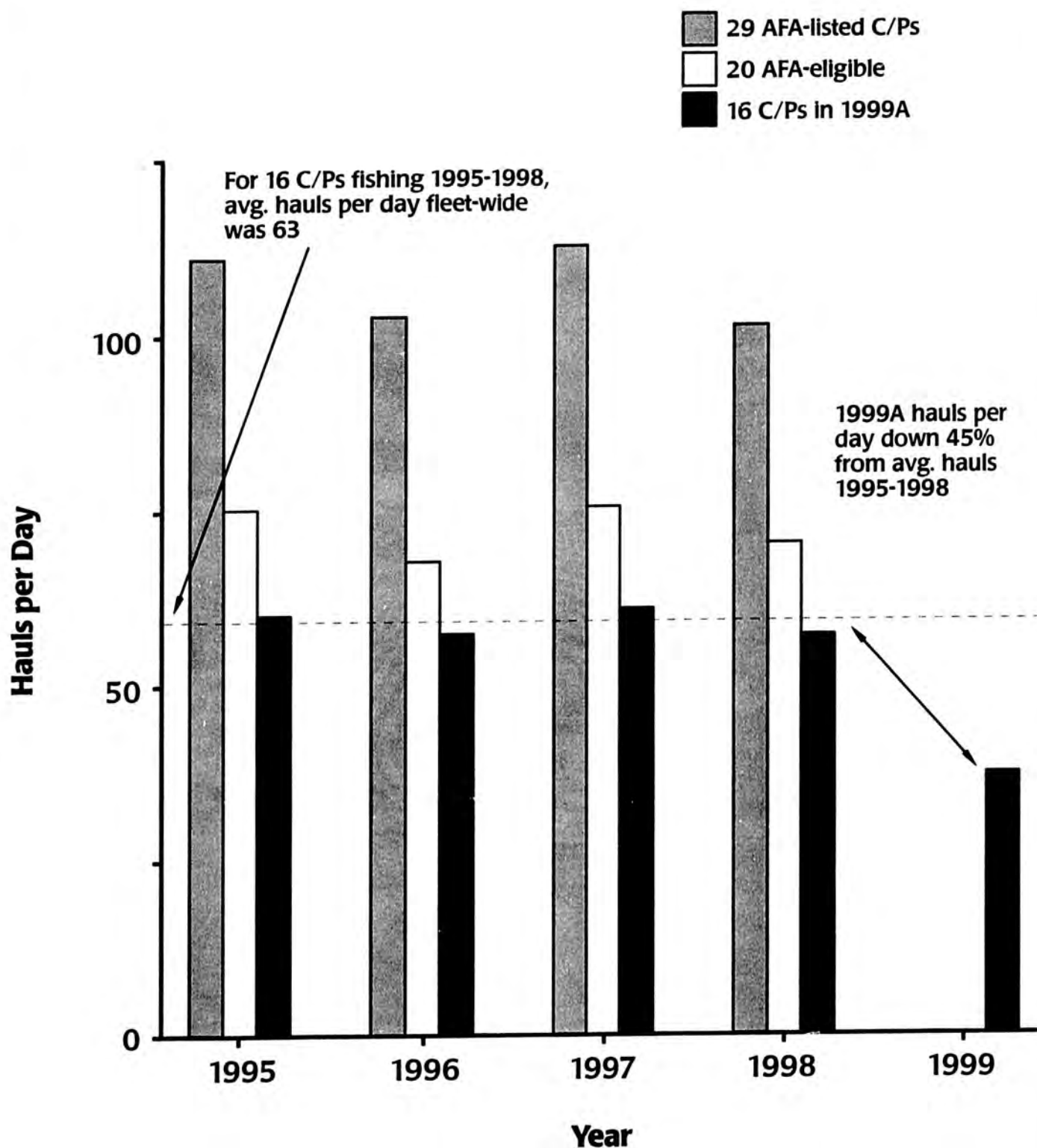


**Figure 3. Average catch per haul for C/P fleet in Bering Sea pollock
A Season, 1995-1999**

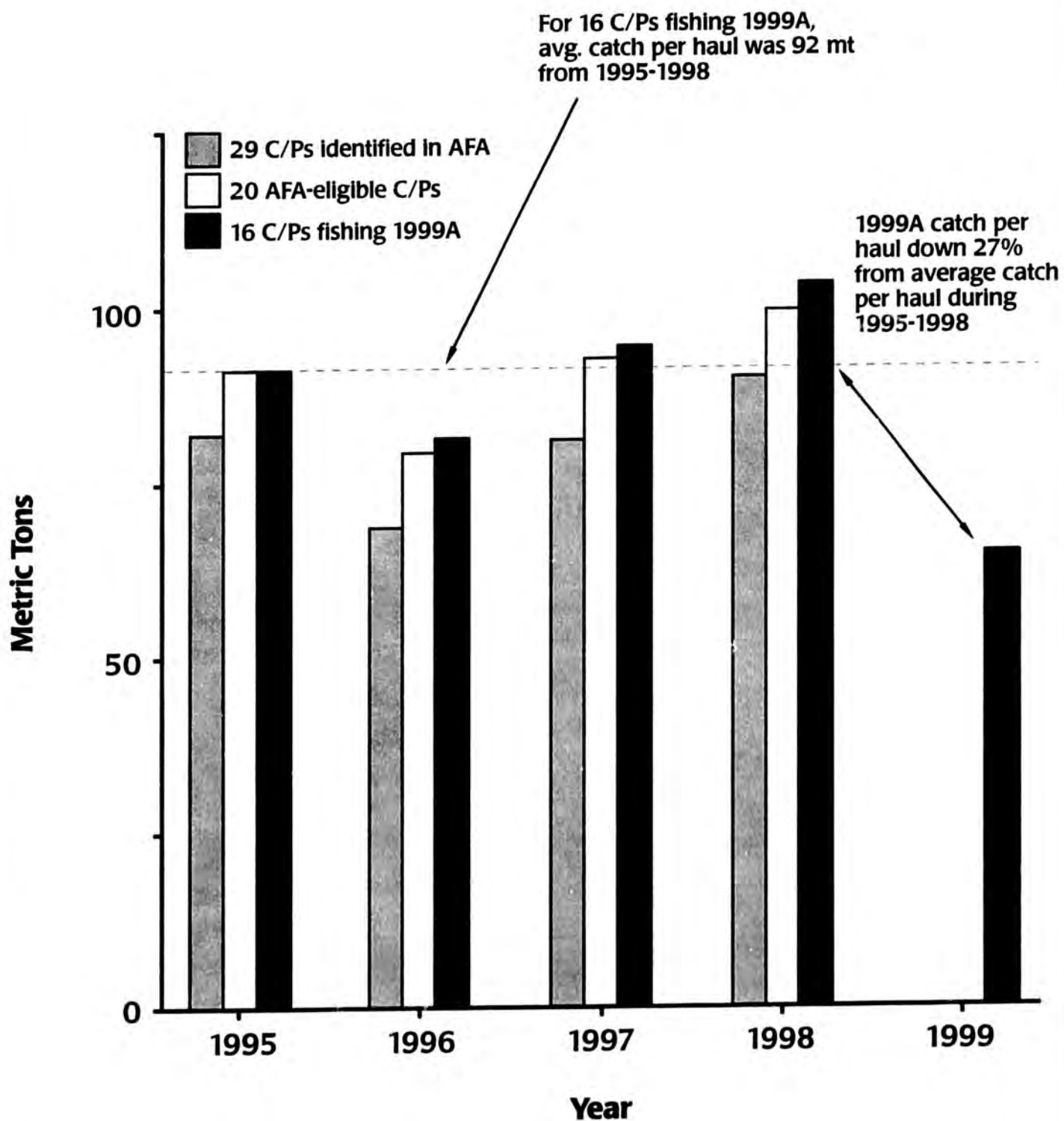
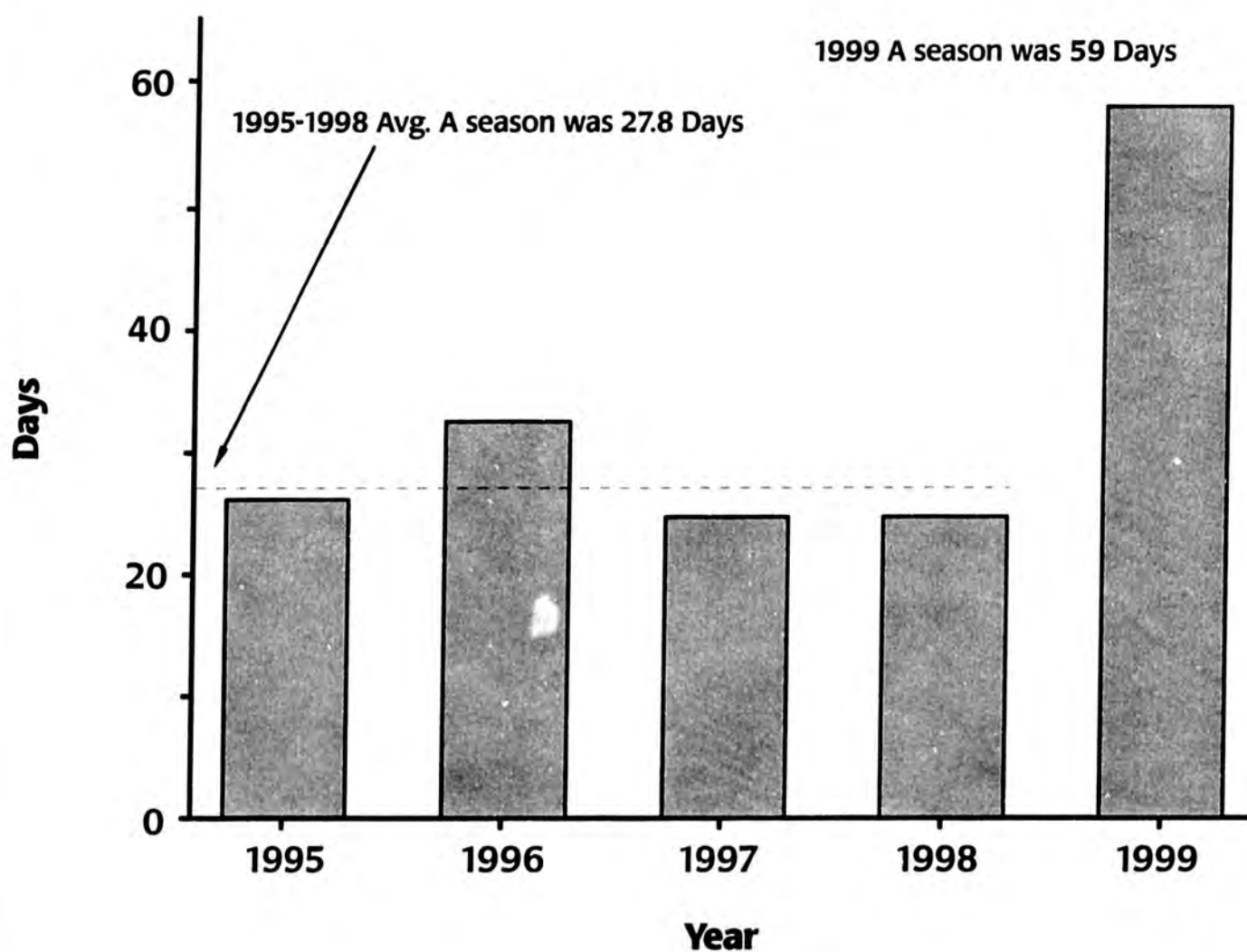


Figure 4. Number of fishing days for C/P fleet in Bering Sea pollock A Season, 1995-1999



IV. The PCC and the 1999 BS/AI Pollock Fishery (cont.)

Catcher/processors are also adding or upgrading mincing machines and decanters, processing equipment that recovers protein that might be inadvertently lost at the initial processing stage. This equipment helps maximize the amount of food produced from each pound of harvested fish. Catcher/processors have used this type of equipment to varying degrees in prior years, but the benefits of increased utilization or recovery through added processing steps had to be weighed against lost throughput in the race for fish. The cooperative places the incentive on enhanced recovery and utilization. Now, when vessel owners consider capital improvements in their food processing facilities, they no longer need to choose between equipment to increase volume and equipment to improve recovery and utilization.

E. Rational Fishing Practices Improved Quality and Utilization of Fish Products and Might Account for Changes in Product Mix.

As shown in Figure 3 above, the 16 catcher/processors that participated in this year's winter/spring pollock fishery averaged 92 metric tons per tow during the 1995-98 winter/spring pollock fisheries. This year, the same vessels averaged 67 tons per tow. By reducing the amount of pollock caught per tow, catcher/processors can improve utilization and enhance product quality. Smaller tow sizes reduce bruising and damage to harvested fish. It is likely that smaller tow sizes contributed to the improvement in the quality of roe products that some industry members have noted in 1999.

In the co-op's first year, there was a significant shift in production away from mince and fillet block products to deep-skin pollock fillets, a higher-valued product form that is currently in strong demand by major U.S. seafood buyers. Changes in fishing operations likely accounted for this effect. The rational pace of fishing allowed vessel captains additional time to locate schools of larger-sized fish that are more suitable for deep-skin production. Also, nets with larger mesh sizes, which enable more juvenile fish to escape, could be used without forgoing catch opportunities. And limiting tow sizes to improve the quality of fish entering the factory contributed to the catcher/processor sector's increased emphasis on producing higher-valued deep-skin pollock fillets. From a fish processing standpoint, the cooperative allows for more exacting processing techniques. The slower pace in the fish processing factory can help ensure more precise cuts and allow for other, more labor-intensive activities that focus on increasing utilization, emphasizing production of higher-valued products and improving quality. As Table 2 (below) shows, the proportional increase in deep-skin fillets was offset by decreases in the percentage of lower-valued mince and fillet-block products that were produced.

Table 2. Product Mix by Weight for AFA Eligible Catcher/Processors for 1998-1999.

Product Forms by Category	1998 Product Forms Percentage by Weight	1999 Product Forms Percentage by Weight
Surimi	42.5 %	46.6%
Deep-Skin Fillets	19.5%	27.8%
Mince	10.5%	5.9%
Fillets	12.9%	3.2%
Roe	5.9%	5.8%
Fish Meal	8.7%	10.7%
Total	100%	100%

IV. The PCC and the 1999 BS/AI Pollock Fishery (cont.)

NMFS product reports also show that catcher/processors continued to produce surimi in amounts almost equal to 1998 production levels despite a one-third reduction in the amount of pollock available to catcher/processors in 1999. And while the amount of food produced increased per pound of pollock harvested, so did fish meal production, suggesting that the slower pace of factory operations allowed fish meal operations to keep pace with food production. More of the inedible parts of the pollock were used to make fish meal, a secondary product that is primarily exported.

F. Low Bycatch in the Bering Sea Pollock Fishery.

Because pollock swim in enormous, dense schools and generally congregate off the ocean floor, there is little incidental catch of non-pollock species in the fishery. In fact, the Bering Sea fishery is recognized as one of the cleanest fisheries in the world. Recent changes to the management system to prohibit bottom trawling for pollock and to require retention of all pollock and cod harvested were intended to further reduce bycatch and to increase utilization of the pollock resource.

In 1999, there was a 1.1 percent bycatch rate of non-pollock groundfish by vessels participating in the catcher/processor sector of the Bering Sea pollock fishery. Incidental catches of species reserved for non-trawl fishers, including halibut and crab, were also low. The halibut bycatch rate for the catcher/processor sector was 0.0001, or one pound of halibut caught for every 10,000 pounds of pollock harvested. A complete accounting of the bycatch amounts for each PCC vessel is included in a December 1999 PCC report to the North Pacific Council.

V. Coastal Communities and Economic and Social Stability

The U.S.-flag catcher/processor fleet contributed substantially to the phase out of foreign-flag vessels from the U.S. 200-mile Exclusive Economic Zone (EEZ) off Alaska. By 1989, the newly built American fleet supplanted the foreign fleet, which had conducted extensive harvesting and processing operations for pollock and other groundfish species. New onshore pollock plants increased processing capacity substantially in the early 1990's and the number, size and capacity of catcher vessels also dramatically increased.

In relatively short order, the Olympic-style race for fish, which promoted overcapitalization in the pollock fishery, sparked allocation disputes among various, competing industry sectors. In 1992, the pollock fishery was divided between the onshore and offshore sectors, with the at-sea processing sector's share of the pollock TAC reduced from the level it had been taking. The effect of this economic setback was exacerbated when the pollock biomass, which peaked in the late 1980's and early 1990's, declined and the TAC was lowered accordingly during the mid-to-late 1990's to ensure sustainable fishing levels. The catcher/processor fleet not only faced increasing costs from overcapitalization and lower production from allocation measures, but declining revenue. Among the reasons for declining revenues was the nearly decade-long recession in the Japanese economy that resulted in steep price declines for surimi products.

Between 1994 and 1998, half of the 34 catcher/processor vessels experienced financial difficulties that either resulted in bankruptcy or forced the sale of the vessel. Bankruptcies or forced sales of assets resulted in consolidation of the fleet among fewer companies. Hundreds of jobs were lost when vessels went bankrupt or sought fishing opportunities abroad. Higher costs, lower revenues and reduced access to the pollock resource threatened the long-term job security of the remaining workers.

As noted above, the AFA further reduced the fleet size, providing for a buyout of nine of the 29 catcher/processors that participated in the fishery in 1998. To mitigate the impact of the buyout on workers, American Seafoods Company, which owned the retired vessels, provided generous severance packages to key crewmembers. In addition, the company organized an industry job fair to help displaced workers find employment with catcher/processor companies, and conducted workshops to help affected workers gain job search skills.

A. Co-op Impacts on Employment and Wages.

The de-capitalization and reallocation provisions of the AFA imposed significant costs on individuals and companies in the catcher/processor sector. However, formation of the cooperative has mitigated some of these adverse impacts. The co-op appears to be providing a measure of economic and social stability for the PCC member companies and the approximately 3,000 men and women employed in the catcher/processor sector.

Prior to 1999, workers faced shortened fishing seasons and reduced opportunities as companies struggled to deal with chronic overcapitalization, inefficiencies caused by the race for fish and other problems, including low commodity prices for certain pollock products. Crewmember compensation, often computed as a percentage of the value of the vessel's catch, has stabilized, if not increased, as a result of rationalizing the fishery.

V. Coastal Communities and Economic and Social Stability (cont.)

Family wage jobs are being protected because:

- Co-op participants are producing as much as 20 percent more product from each pound of fish harvested;
- Absent a race for fish, if market prices warrant, a vessel operator can shift to processing types of products, such as deep-skin fillets, that are more labor intensive, or for some other reason, take longer to make.
- Conducting fishing and processing operations at optimal speed enables processors to more consistently produce higher-grade products, which enables companies to better compete in the international marketplace.

B. Alaska Coastal Communities and the Catcher/Processor Sector.

The pollock catcher/processor sector generates substantial economic activity in the 57 Western Alaska communities that participate in the CDQ program. In addition, the fleet represents an important source of jobs and revenue in the community of Unalaska, which serves as the fleet's base of operations during the fishing season. The remaining economic benefits accrue principally to non-Western Alaskans employed by the catcher/processor fleet and to companies providing support services, such as Alaska Ship and Drydock in Ketchikan.

1. Western Alaska Community Development Quota Groups.

As noted earlier, the AFA provided a 33 percent increase in the percentage of pollock allocated annually to the CDQ program. Although quota share value fluctuates with changes in the TAC, the annual value of the CDQ quota share is roughly \$22-28 million. In addition, the Act states that cooperative contracts shall require cooperative members to pay the equivalent of the amount due for the State of Alaska's landing tax for any BS/AI pollock not landed in the State. In 1999, PCC members paid almost \$3 million in landing taxes. Under the State's landing tax law, half of the revenue generated from such taxes is shared with the relevant local community.

In addition to the economic support provided to Western Alaska communities by the AFA, the PCC agreement includes a provision ensuring that the co-op arrangement will not disadvantage Western Alaska communities. Evidence to date suggests that the PCC has had a positive impact vis-à-vis Western Alaska and has dissipated any concerns that the co-op might have a negative effect.

One obvious benefit of the co-op has been to enhance the investments held by Western Alaska CDQ groups that have an ownership interest in PCC companies and vessels. The Norton Sound Economic Development Corporation owns 50 percent of Glacier Fish Company and the Bristol Bay Economic Development Corporation owns 20 percent of the *F/T Arctic Fjord* and the offshore catcher vessel *F/V Neahkahnle*. In addition, the Aleutian Pribilof Island Community Development Association recently finalized the purchase of an ownership interest in the *F/T Starbound*. The economic stability resulting from formation of the cooperative directly and positively benefits native groups' investments in the catcher/processor fleet.

V. Coastal Communities and Economic and Social Stability (cont.)

PCC benefits are also being realized at the individual level. Most CDQ partnerships between Western Alaska communities and catcher/processor companies include commitments for the training and hiring of Western Alaskans onboard vessels. In addition, catcher/processor companies, including those without CDQ partnerships, participate in the At-sea Processors Association's Alaska hire program. By increasing the value of fish products produced in both the CDQ and non-CDQ fisheries through formation of the co-op, the family-wage jobs held by hundreds of Western Alaska workers are more secure.

2. City of Unalaska/Port of Dutch Harbor.

AFA provisions retiring nine vessels from the catcher/processor fleet likely resulted in reduced business opportunities for the support sector in Unalaska/Dutch Harbor. And while some vessels are not being fished as a result of de-capitalization under the cooperative, reports from Unalaska residents suggest that the support sector is adapting quickly to servicing the remaining fishing vessels that are operating at a more deliberate pace. With fishing seasons lasting twice as long, catcher/processors are using services more months out of the year. Also, absent the race for fish, vessels stay in port longer when fish products are off-loaded and ship supplies are being purchased and loaded on to the vessel. Vessel activity is less intense, but there is "more of a steady hum" of vessel port calls, according to one local resident.

Appendix "A" - Description of the BS/AI Pollock Fishery

A. The Pollock Resource and Fishery Management Structure.

The pollock fishery, which occurs within the U.S. 200-mile Exclusive Economic Zone (EEZ) off Alaska, is the largest U.S. fishery by volume. Over two billion pounds of pollock are landed annually, while total U.S. fishery landings are approximately 10 billion pounds each year. The BS/AI pollock resource is healthy, and the fishery is managed conservatively to promote sustainable use. In fact, NMFS' October 1999 report to Congress on the status of U.S. fish stocks indicates that none of the BS/AI groundfish species are either overfished or approaching overfished status. The groundfish fisheries are healthy because federal fishery scientists and managers set an allowable harvest level each year and fishing stops when the quota is reached. Accurate catch measurement is assured by a comprehensive set of federal rules, including a requirement that all catch be weighed. There is an extensive federal fishery observer program and observer reports are filed electronically to ensure timely reporting. All fish caught counts against the annual quota.

The pollock resource is harvested using mid-water trawl nets, which are cone-shaped nets towed behind a vessel. Pollock swim in enormous, tightly packed schools and do not co-mingle with other fish species. In a typical tow, pollock comprise 98 or 99 percent of the catch. The United Nations' Food and Agricultural Organization (FAO) identifies the BS/AI pollock fishery as one of the "cleanest" fisheries in the world. To further minimize incidental catch of non-pollock species, known as bycatch, federal fishery regulations prohibit bottom trawling for pollock. Federal rules also require the retention of all pollock (and cod). Discards of those species are prohibited except in very limited circumstances.

U.S. Coast Guard and National Marine Fisheries Service (NMFS) fishery enforcement efforts are complemented by the presence of federal fishery observers onboard vessels. The pollock fishery is subject to one of the most comprehensive observer programs of any fishery in the world. Two fishery observers are stationed onboard every pollock catcher/processor vessel. In 1999, observers sampled 4,704 of the 4,797 pollock hauls. All other vessels 125 feet in length, or greater, are required to carry onboard a federal fishery observer. Thirty percent observer coverage is in effect for catcher vessels under 125 feet in length. Fishing industry members pay the cost of the \$7 million North Pacific fishery observer program.

B. The Pollock Catcher/Processor Sector.

The catcher/processor sector is comprised of 20 U.S.-flag catcher/processor vessels and 7 catcher vessels that market their catch to catcher/processors. Almost 3,000 men and women are employed in the catcher/processor sector. Licensed masters, mates and engineers operate the vessels, which are anywhere from 250 to 360 feet in length. The deck crew conducts fishing operations, and processors work in the factory where the catch is processed into frozen food products. Galley workers prepare four meals a day for crewmembers and there is a housekeeping staff to handle cleaning and laundry chores. The catcher/processor sector provides high-wage jobs. Often, crewmembers are paid a share of the value of the catch, which is made into value-added, primary processed seafood products (generally fillets and/or surimi).

Appendix "A" - Description of the BS/AI Pollock Fishery (cont.)

Over 80 percent of the crewmembers are residents of Alaska and the Pacific Northwest. Typically, workers alternate between two to three-month voyages and spending two to three months at home. During a two-month voyage, a pollock catcher/processor will spend several weeks at sea, fishing, processing and storing finished products in a refrigerated cargo hold, before off-loading the catch and taking on supplies in Dutch Harbor, Alaska. Dutch Harbor is located on the Aleutian Islands chain approximately 800 miles southwest of Anchorage.

In addition to the catcher/processor sector, there is an inshore sector and a mothership processing sector. The inshore processing sector, which is allocated 50 percent of the directed pollock harvest, is comprised of seven processing facilities. Five plants are located onshore—three in Dutch Harbor and one each in Akutan and Sand Point. There are two floating processors, which by regulation must remain anchored at a single location during the pollock fishing season. Approximately 100 catcher vessels deliver pollock to the inshore processing sector. Three processing vessels comprise the mothership sector, which receives 10 percent of the directed pollock catch. Motherships process but do not harvest fish. The vessels are mobile. A fleet of approximately 20 catcher vessels deliver to the three vessels named in the AFA as eligible motherships.

C. Pollock Seafood Products.

Pollock are processed into fillets for fish and chips, fish sandwiches and frozen food products and into surimi, a minced fish product used to make imitation crab and other analog products. Pollock roe, which is available in the winter/spring months, is a valuable product as well. Fishmeal is a secondary product made from inedible parts of pollock. Pollock fillets are consumed primarily in the U.S. and the catcher/processor fleet far outpaces other pollock sectors in producing fillets for domestic consumption. Surimi and pollock roe are largely produced for export with Japan as the principal market. Fishmeal is an important export as well. The annual value of pollock products after primary processing is roughly \$700 million.

TESTIMONY OF CHRIS BLACKBURN, ALASKA GROUND FISH DATA
U.S. SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION
MAGNUSON-STEVENS ACT HEARING
ANCHORAGE, ALASKA – JANUARY 18, 2000

SUBJECT
DEVELOPMENT OF FISHING COOPERATIVES FOR THE GULF OF ALASKA

I appreciate the opportunity to testify to this committee. I am Chris Blackburn, sole proprietor of the consulting firm Alaska Groundfish Data Bank which represents trawl vessels and processing plants in the Gulf of Alaska and Bering Sea.

In this presentation I am representing the portion of the Greater Kodiak Area of Alaska east of 157 degrees longitude west to 140 longitude degrees west as shown on the map in your packet. For simplicity's sake I refer to this area as the Greater Kodiak Area. Beth Stewart who is also speaking today represents the East Aleutian Borough which is west of the Greater Kodiak Area. We support the East Aleutians Borough's proposal. It meets their unique circumstances which are different from the Greater Kodiak Area.

During the fifteen years Alaska Groundfish Data Bank has been in business the harvesting of Alaska's marine resources has constantly changed. I remember when the foreign fleets caught Alaska's pollock and cod and flatfish, when U.S. vessels caught Alaska's marine resources and sold the fish to foreign processors, and the jubilation when all of Alaska's fisheries were harvested by U.S. vessels and processed within Alaska. Senator Ted Stevens helped with, if not initiated, each step in the evolution of Alaska's fisheries.

Alaska is blessed with tremendous marine resources which have been well managed by the North Pacific Fishery Management Council. Alaska's fishing industry, as most fisheries in the U.S., is, with a few exceptions, an open access fishery. Open access is a polite name for "race for fish". Alaska's fisherman take to heart need for sustainable fisheries, need to protect habitat, reduce bycatch, protect sea lions and bring to the dock or the deck of a factory trawler or mothership quality product.

Fishing open access is totally at odds with sustainable fishing, with reducing bycatch, and producing quality products. Open access results in an ever tightening spiral in the race for fish and the evaporation of profits. For example, processors have had to freeze whole Pacific cod and send it to Asian markets for processing, simply because more cod was delivered than the processor could handle. Less than optimal fish may be delivered because the race for fish does not allow waiting until the fish school up or recover from spawning.

As the race for fish intensifies, the fishing seasons shorten and small vessels, considered the most ecologically sound, are left waiting weather and perhaps losing the entire season for a species.

The best science possible is used in managing Alaska's fish, but the management of the fishing fleet effort has remained Neolithic. The American Fisheries Act was a brilliant solution for rationalizing the Alaska pollock fishery. It allows the Bering Sea pollock fishermen to opt out of the race for pollock. The At Sea trawlers who fished as a pollock co-op in 1999 increased recovery (the amount of the fish used) by 20%.

The benefits of co-ops are obvious. Unlike IFQ's co-ops do not privatize a national resource nor is a fisherman who wants to continue fishing open access have to coop. Those who do choose to co-op receive the benefit of having their own quota as contractually arranged in the co-op so that they may fish at the times that are most suitable for the vessel and the processor.

GULF EXCLUDED FROM THE AMERICAN FISHERIES ACT

The Greater Kodiak Area pollock fishery was not included in the final draft of the American Fisheries Act. The Greater Kodiak Area processors and fisherman request that this oversight be remedied.

We ask that the Greater Kodiak Area pollock processors be limited as they were in the Bering Sea. This requires a Congressional Bill. Currently there are seven processors in Kodiak – Alaska Fresh Seafoods, Alaska Pacific Seafoods, Western Alaska Seafoods, Trident Seafoods, Ocean Beauty (aka Kodiak King Crab), International Seafoods, and Cook Inlet Seafoods. Outside of Kodiak the Cook Inlet Seafoods plant in Seward and the North Pacific Processors Cordova plant also process pollock.

We also ask that the bill allow that co-ops be formed if 80% of a processors fleet (the vessels which fished for that processor in 1999) vote to co-op as was done in the Bering Sea.

Because of the great diversity in vessel size and fishing patterns in the Greater Kodiak Area we ask that the qualifying years for vessels be 1995 thru 1999. To qualify as a Greater Kodiak Area co-op vessel, the vessel must have made at least one landing in each of two years. Catch history for the eligible vessels is proposed as the average of the three best years within 1995 thru 1999. Pollock discarded at sea or sent whole to a meal plant cannot be counted in a vessel's catch history. There are no tonnage or landing criteria.

Vessels that are Bering Sea American Fisheries Act vessels may also qualify to co-op in the Greater Kodiak Area of Alaska.

Processors need to be part of the co-op structure. This need was recognized in the American Fisheries Act which named the Bering Sea shorebased plants, motherships and factory trawlers eligible for co-ops. If the processors are not limited they will continue to be overcapitalized which means less profit for the plant and for the vessels. The inevitable outcome will be fewer processors due to mergers or bankruptcy. Hardest hurt will be the small companies and family owned businesses.

If diversity of processors, vessels and product forms are to be maintained in the Alaska coastal communities pollock coops must be available for all pollock processors and vessels. If the ability to develop coops in the Greater Kodiak Area is granted as we propose the coastal communities will have the economic stability necessary to survive.



COMMITTEE:
HOUSE FISHERIES COMMITTEE

DATE:
March 8, 2000

SUBJECT OF MEETING:

OVERVIEW: GULF CO-OPS

SIGN-IN

PLEASE PRINT!

NAME _____

ADDRESS (MAILING / ZIP)

PHONE

REPRESENTING

**DO YOU
WANT TO
TESTIFY ?**

[illegible]



COMMITTEE:
HOUSE FISHERIES COMMITTEE

DATE:
March 8, 2000

SIGN-IN

SUBJECT OF MEETING:

OVERVIEW: GULF CO-OPS

PLEASE PRINT!
NAME

ADDRESS (MAILING / ZIP)

PHONE

REPRESENTING

DO YOU
WANT TO
TESTIFY?

Gue Aspelund	P.O. Box 939 Cordova 99574	424.3447	CDU	
~~JOHN GARNER~~	~~4225 23rd Ave W SEATTLE 98199~~	~~206-281-7022~~	~~NORTHWEST SFOS~~	X
JOHN SEVER	329 KATHLAN ST SITKA, AK 99835	907-747-6662	SITKA SOUND SFOS (KODIAK) NORTH PACIFIC PROCESSOR	
~~JAY E. STINSON~~	~~P.O. Box 3845 Kodiak AK 99615~~	~~907-486-6933~~	~~ALASKA DRAGGERS Assoc.~~	X
~~Tom Maloney~~	~~P.O. Box 278 Yakutat 99689~~	~~729-2323~~	~~City~~	X
John IANI	Unisea, Inc. 15400 NE 90th Redmond WA	425-861-5308	Unisea, Inc.	X
Kent Lind	NMFS PO Box 21668 Juneau	586-7650	NMFS	
~~Oliver Holm~~	~~PO Box 3865 Kodiak~~	~~486-6957~~	~~self Fly Sailing~~	X
~~DAVE GERTS~~	~~Global Services Kodiak 800 Marine Way E~~	~~486-0355~~	~~Global~~	X



Teleconference Participants

TCN: 10539

Participant Lists

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Testifiers ▼

Go >>>

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Unidentified Testifiers: 0

Unidentified Observers: 0

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City /St /Zip: Cordova Ak 99574

Type: Testifier

Bill: Alaska Groundfish Databank



Cordova - Ken Roemhilat /
Travis Yarborough



Teleconference Participants

TCN: 10539

Participant Lists

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PSG



Testifiers



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Participants

Unidentified Testifiers: 0

Unidentified Observers: 0

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3

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Affiliation:

Type: Testifier



Teleconference Announcements and Messages

TCN: 10539

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VTLS Site

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Notes

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Final Statement

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Main Menu

Messages

To: JNU
From: LISA M. VANDYCK
Date: March 08, 2000
Time: 05:04 PM
Message: ALL: Ken Roembold to testify in Cordova

To: JNU
From: LISA M. VANDYCK *TRAVIS's wife*
Date: March 08, 2000
Time: 05:04 PM
Message: Cordova is online with one to testify... expecting a couple more possibly.

To: JNU
From: LORNA STEELMAN
Date: March 08, 2000
Time: 05:03 PM
Message: Ms Chris Blackburn, Mr. Al Burch, Mr Bruce Schacter are the testifiers so far in KOD, many observers

To: JNU
From: ED TAGABAN
Date: March 08, 2000
Time: 05:02 PM
Message: ALL: Parts for Petersburg Kris Norosz - Observer Arne Euvlog - Observer Gary Morgan - Testify Thanks. Pat/PSG

To: JNU
From: PEG WARREN
Date: March 08, 2000
Time: 04:58 PM
Message: ALL: For now, give me your parts names in a LTNS message. thx. pw

To: JNU
From: MARY BEA BYRNE
Date: March 08, 2000
Time: 04:56 PM
Message: Hi Peg, Kathleen here in Kenai. Am standing by. No parts yet. Ken/ljo

To: JNU
From: Sandra Nelson
Date: March 08, 2000
Time: 04:55 PM
Message: I have a ~~Mr. Nelson~~ to testify. Sandra/Anc

To: JNU
From: Sandra Nelson
Date: March 08, 2000
Time: 04:53 PM
Message: Ltns parts is still not working. Sandra/Anc

To: JNU
From: PEG WARREN
Date: March 08, 2000
Time: 04:52 PM
Message: ALL: no committee as yet. peg here until marie relieves me. pw

To: JNU
From: Sandra Nelson
Date: March 08, 2000
Time: 04:50 PM
Message: I have 1 part here to testify: ~~Mr. Nelson~~ Sandra/Anc

To: JNU
From: CHARLENE DITTON
Date: March 08, 2000
Time: 02:39 PM
Message: JUN: please add Homer. thanks/charlene/Homer



Teleconference Participants

TCN: 10539

Participant List

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HOM



Testifiers



Go >>>

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Participants

Unidentified Testifiers: 0

Unidentified Observers: 0

HOMER (HOM)

1

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Affiliation: NPFA

Type: Testifier



Teleconference Participants

TCN: 10539

Participant Lists

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KOD ▼

Testifiers ▼

Go >>>

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Participants

Unidentified Testifiers: 0

Unidentified Observers: 0

KODIAK (KOD)

1

X

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Type: Testifier

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Phone: 486-3910

Affiliation:

Type: Testifier

3

X

Name: Mr. BRUCE Schactler

Address: PO Box 2254

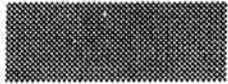
City /St /Zip: Kodiak ak 99615

Bill: Alaska Groundfish Databank

Phone: 486-4422

Affiliation:

Type: Testifier



Kodiak - Mr. Randy Blonden
late arrival - would like to
testify

Introduced by: Scalzi
Date: 02/29/00
Action: Adopted
Vote: 7 Yes, 0 No, 2 Absent

MAR 08 2000

**KENAI PENINSULA BOROUGH
RESOLUTION 2000-013**

**A RESOLUTION TO THE ALASKA CONGRESSIONAL DELEGATION TO
OPPOSE ANY LIMITED RESTRICTIVE MEASURES ON COMMERCIAL
FISH PROCESSORS IN THE GULF OF ALASKA**

WHEREAS, under the American Fisheries Act, the Bering Sea Pollock resource is now closed to any new processors and the ability of fishermen to sell their Pollock product to new markets is severely restricted; and

WHEREAS, there is a movement in the Gulf of Alaska by several processors, represented by the Groundfish Data Bank, to achieve a similar restrictive access to Pollock and other groundfish resources; and

WHEREAS, the testimony to Congress given by the Groundfish Data Bank implies representation of the whole Gulf of Alaska including the Kenai Peninsula; and

WHEREAS, the Kenai Peninsula Borough recognizes fisheries and processing shifts are subject to significant cyclical variations and recognizes its primary processing seaports of Seward, Kenai, Homer and Seldovia have gone through great shifts in processing companies and capacity in the past thirty years; and

WHEREAS, the Kenai Peninsula Borough recognizes that to have the resident or future processors limited to specific species in the Gulf of Alaska would be detrimental to the overall economy of the Kenai Peninsula Borough;

NOW THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That the Kenai Peninsula Borough strongly urges the Alaska Congressional Delegation to oppose any proposal that would limit the processing opportunities of current or future processors in the Kenai Peninsula Borough.

SECTION 2. That the Kenai Peninsula Borough:

- a. Strongly supports the Magnuson-Stevens Act and the Regional Council process set up for implementing changes to regional fisheries;
- b. Encourages the Alaska Congressional Delegation to demand any Congressional changes to the Magnuson-Stevens Act be reviewed by the appropriate Regional Fisheries Management Council set up for that purpose; and
- c. Requests that any measures regarding restrictive access to fishing or processing in the Gulf of Alaska first be addressed at the North Pacific Fisheries Management Council.

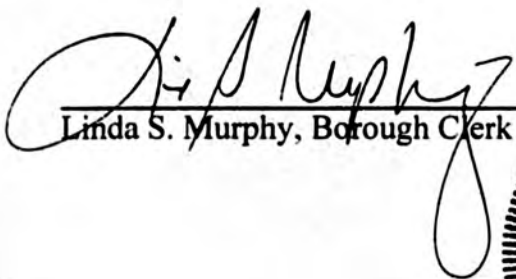
SECTION 3. That a copy of this resolution be sent to Senator Ted Stevens, Senator Frank Murkowski, Congressman Don Young, Senator John Torgerson, Senator Jerry Ward, Senator Georgianna Lincoln, Representative Gail Phillips, Representative Gary Davis, Representative Hal Smalley and Representative Carl Morgan.

SECTION 4. That this resolution shall take effect immediately upon its adoption.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS 29TH DAY OF FEBRUARY, 2000


William Popp, Assembly President

ATTEST:


Linda S. Murphy, Borough Clerk



**CITY AND BOROUGH OF YAKUTAT, ALASKA
RESOLUTION 00-05**

A RESOLUTION OF THE CITY AND BOROUGH OF YAKUTAT TO OPPOSE THE FORMATION OF THE GULF OF ALASKA FISHERY/PROCESSOR COOPERATIVES IN THE 140 AND 157 DEGREES WEST LONGITUDE.

WHEREAS, The area in the Gulf of Alaska proposed by the Alaska Ground Fish Data Bank (AGDB) is within the boundaries of the City and Borough Yakutat; and,

WHEREAS, Fisherman/Processors within borough boundaries are reliant upon the resources from the Gulf of Alaska; and,

WHEREAS, The action proposed by the AGDB would limit current and future marine resources in the Gulf of Alaska to fisherman and processors within the City and Borough of Yakutat located from 138 to 144 degrees west longitude; and,

WHEREAS, Restricting access to Pollock and Ground fish stocks in the Gulf of Alaska to local processors would have a detrimental long term economic impacts on the future economic viability of the City and Borough of Yakutat; and,

WHEREAS, Such a broad based resource allocation should never be considered without an economic impact study on affected coastal communities; and,

WHEREAS, The City and Borough of Yakutat was not consulted by AGDB, nor represented at the US Senate Committee on Commerce, Science, and Transportation, Magnuson-Stevens Act Hearing in Anchorage, Alaska on January 18, 2000; and,

WHEREAS, The City and Borough of Yakutat does not support ideas and suggestions made by Chris Blackburn and the AGDB.

NOW, THEREFORE BE IT RESOLVED BY THE BOROUGH ASSEMBLY OF THE CITY AND BOROUGH OF YAKUTAT, that:

SECTION 1: The City and Borough of Yakutat advocates that the Alaska Congressional Delegation oppose any propositions that would limit processing capabilities of current and future processors within the City and Borough of Yakutat.

SECTION 2: The City and Borough of Yakutat supports the Magnuson-Stevens Act and the Regional Council process which is set up for implementing changes to regional fisheries.

Resolution 00-05

Page 2

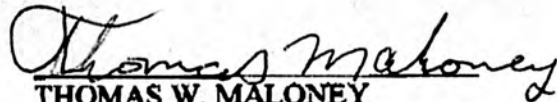
SECTION 3: The City and Borough of Yakutat encourages the Alaska Congressional Delegation to demand any Congressional changes to the Magnuson-Stevens Act be reviewed by the appropriate Regional Fisheries Management Council set up for that purpose.

SECTION 4: That any measures regarding restrictive access to fishing or processing in the Gulf of Alaska first be addressed at the North Pacific Fisheries Management Council.

SECTION 5: Upon passage this resolution shall be sent to Governor Tony Knowles, the Alaska Congressional Delegation, Senator Jerry Maokie and Representative Albert Kookesh.

PASSED AND APPROVED by a duly constituted quorum of the Borough Assembly this 7 day of March, 2000.

ATTEST:


THOMAS W. MALONEY
Mayor

MONA SWANSON
Borough Clerk