

North Pacific Fishery Management Council

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Certified _____
David Benton, Chairman
Date _____

MINUTES

**155th Plenary Session
NORTH PACIFIC FISHERY MANAGEMENT COUNCIL
February 6-11, 2002
Anchorage, Alaska**

The North Pacific Fishery Management Council met February 6-11, 2002, at the Hilton Hotel in Anchorage, Alaska. The Scientific and Statistical Committee met February 4-6, and the Advisory Panel met February 4-8 at the same location. The following members of the Council, staff, SSC and AP attended the meetings.

Council

David Benton, Chairman
Stosh Anderson
Jim Balsiger/Sue Salvesson
John Bundy
Anthony DeGange for David Allen
Kevin Duffy/Earl Krygier for Frank Rue
Dave Hanson

Dennis Austin, Vice Chair
David Fluharty
Roy Hyder for Lindsay Ball
Stephanie Madsen
RADM Tom Barrett/CAPT Richard Preston
H. Robin Samuelson, Jr.
[Bob Penney was unable to attend this meeting]

NPFMC Staff

Chris Oliver, Executive Director
Darrell Brannan
Cathy Coon
Jane DiCosimo
Elaine Dinneford
Mark Fina

Nicole Kimball
Jon McCracken
Diane Provost
David Witherell
Helen Allen
Gail Bendixen
Maria Shawback

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Support Staff

Lisa Lindeman, NOAA-GCAK
Jon Pollard, NOAA-GCAK
Tom Meyer, NOAA-GCAK
Jay Ginter, NMFS-AKR
Herman Savikko, ADFG

Jeff Passer, NMFS-Enforcement
Tamra Faris, NMFS-AKR
Ted Meyers, NMFS-AKR
Shane Capron, NMFS-AKR
Cindy Hartmann, NMFS-AKR

Scientific and Statistical Committee

Richard Marasco, Chair
Steve Berkeley
Keith Criddle
Doug Eggers
Jeff Hartman

Jack Tagart, Vice Chair
Mark Herrmann
Sue Hills
Dan Kimura

Advisory Panel

John Bruce, Chairman
Ragnar Alstrom
Dave Benson
Dave Boisseau
Al Burch
Craig Cross
Ben Ellis

Dan Falvey, Co-Vice Chair
Duncan Fields
Dave Fraser
Arne Fuglvog, Co-Vice Chair
Bill Jacobson
Teresa Kandianis
Tracey Mayhew

Hazel Nelson
Kris Norosz
Jim Preston
Michelle Ridgway
Jeff Steele
Jeff Stephan
Lyle Yeck

Other Attendees

The following people signed the attendance register:

Sara Hemphill
Shari Gross
Beth Stewart
Craig Cross
Thorn Smith
Arni Thomson
Phillip Lestenkof
Simeon Swetzof, Jr.
Glenn Reed
Jeff Stephan
Brent Paine
George Oweltuck
Matt Doherty
Joe Childers
Heather McCarty
Donna Parker
Michael Lake
Eric Hollis

Mike Szymanski
Al Burch
Earl Comstock
Kim Hansen
Paul Duffy
Steeve Toomey
Frank Kelty
Greg Razu
Joe Sullivan
Garry Loncon
Joe Plesha
Gary Johnson
Dennis Deaver
James Mize
Jim McManus
Marcus Alden
Chris Heuker
Capt. Vince O'Shea

Denby Lloyd
Russell Pritchett
Susan Robinson
Terry Leitzell
Joe Kyle

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A list of those who provided public comment during the meeting is found in Appendix I to these minutes.

A. CALL TO ORDER/APPROVAL OF AGENDA/MINUTES OF PREVIOUS MEETING(S)

Chairman David Benton called the meeting to order at approximately 8:15 a.m. on Wednesday, February 6, 2002. Council member Bob Penney was unable to attend this meeting.

The agenda was approved as submitted, with minor scheduling changes.

The Chairman announced that, after consulting with other Council members, he would make an effort to introduce more efficient meeting procedures. The first change was made to the amount of time provided for public comment. For the next two meetings, individuals will be allowed 3 minutes and groups or representatives of associations will be allowed 6 minutes. After two meetings, the Council will decide whether to continue with this policy.

As a result of information from the U.S. Fish and Wildlife Service the Council requested a report be provided at the April meeting on the decline of sea otters in Southwestern Alaska.

After an Executive Session during the lunch hour on Wednesday, February 6, Chairman Benton announced unanimous approval for the appointment of Chris Oliver as the new Executive Director.

B. REPORTS

The Council received written reports from the Executive Director (Agenda item B-1), NMFS (B-2), ADFG (B-3), and NMFS and Coast Guard enforcement reports (B-4). The Council also received a report from the International Pacific Halibut Commission on the results of the Commission's annual meeting (B-5), and a report from Alaska Fisheries Science Center staff on the Chiniak Study relating to Steller sea lions (B-6). On Thursday, the Council received a report from Captain Igor Rypalov, Deputy Commander of the Northeast Regional Directorate of the Federal Border Service of Russia (Petropavlovsk-Kamchatsky) regarding fishery enforcement efforts and cooperation with the U.S. Coast Guard in those efforts. On Friday the Council received a presentation from World Wildlife Fund representative David Cline also relating to Russian fisheries.

Dr. Hogarth, NMFS Assistant Administrator for Fisheries, addressed the Council regarding the interaction between the agency and the Council on the current groundfish programmatic draft SEIS process and current efforts to continue to build a good working partnership with the regional fishery management councils.

DISCUSSION RESULTING FROM REPORTS

NMFS Management Report

AFA: Sue Salvesson advised that the Council may have to approve extension of the emergency rule for AFA and requested that it be placed on the Council's April agenda. Because of Congressional action, the Secretary may not approve the expiration date, or the Council may have to amend to conform to Congressional action.

Pollock Roe Retention: NMFS also advised the Council in a letter dated January 30 that because of recent regulatory actions and the implementation of the AFA the pollock roe retention standards the Council approved in 1999 are no longer necessary. NMFS suggested that it would be more appropriate to eliminate roe retention

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standards altogether for the directed pollock fishery while retaining a 7% standard for vessels not engaged in directed fishing for pollock, and requested Council concurrence to proceed with rulemaking.

There was some concern on the part of Council members that this issue had not been noticed for action, and the subject was deferred for discussion under Staff Tasking later in the meeting.

TAC Specification Process: The Council was also updated on the analysis for changes to the TAC specification process. NMFS advised that because of a recent court decision regarding the Pacific Council's process, the North Pacific Council needs to consider alternatives to revise its annual specifications process. NMFS provided the Council with three possible alternatives for consideration and recommended the Council schedule initial review for the June 2002 meeting. A draft analysis should be completed by March 15. [The SSC provided comments on this issue; please see the SSC Minutes, Appendix II to these minutes.]

CDQ Policy Changes Amendment: Lisa Lindeman, NOAA General Counsel, reported on a recent lawsuit brought by APICDA. Although the judgement was in favor of NMFS, Ms. Lindeman advised that the judge pointed out that there should be more guidance to fishery managers on how evaluations should be conducted and timing for review. Sally Bibb, NMFS staff, advised that these issues are part of the current analysis. Staff also recommended that because of the complicated nature of the amendment, the Council should select a preferred alternative in April, but provide staff additional time to complete the analysis with a description of the preferred alternative and the FMP text for additional review prior to final action in June. The Council concurred with this recommendation.

NMFS Enforcement Report

VMS: Stephanie Madsen requested information in future reports on incidences of VMS breakdowns and information on the use of the VVS as a back-up system.

Observer Compliance: In his report to the Council, Jeff Passer provided the results of a study that indicates that during 1999 and 2000, approximately one-third of vessels subject to 30% observer coverage failed to meet the required coverage levels. Council members requested more information on this issue in June.

Mr. Passer requested that the NMFS Enforcement Report be provided during the February and June meetings only. Council members approved this request.

C. NEW OR CONTINUING BUSINESS

C-1 Groundfish Programmatic SEIS

ACTION REQUIRED

- (a) **Approve alternatives for analysis.**
- (b) **Provide direction to Ecosystem Committee.**

BACKGROUND

Alternatives for analysis

In December we were informed that NMFS had decided to revise the draft programmatic groundfish SEIS (DPSEIS), in an attempt to address three primary areas of concern - (1) alternatives should be structured shifting from single-focus to multi-objective; (2) additional analysis concerning

environmental, economic, and cumulative impacts; and, (3) the DPSEIS should be edited to evaluate more concisely the proposed action. The ambitious schedule for this revision calls for the Council to specify the alternatives for analysis at this meeting.

Since the December meeting, NMFS staff and their contractors on this project, with input from Council staff, have worked at drafting new alternatives for analysis. These preliminary 'strawman' alternatives were reviewed by a workgroup of Council members, and were the subject of public meetings held by NMFS in late January. The strawman alternatives will be discussed and finalized at this meeting. Steve Davis, project leader, will review for the Council the draft alternatives as well as comments received during the public workshops, and the timelines for the analysis and Council action to select a preferred alternative.

Attached are the written reference materials developed for this agenda item. They consist of the following:

1. Steve Davis' powerpoint presentation [Item C-1(a)(1)]
2. PSEIS update and strawman alternatives as distributed at the public meetings [Item C-1(a)(2)]
The strawman alternatives were originally posted on the NMFS and NPFMC websites. During the public meetings, various clarifications and corrections were made to the wording of the alternatives, while maintaining their original intent. The material included in this packet includes changes made at the meetings, which will be presented in marked-up version during Steve Davis' formal review. Additionally, two figures (4 and 5) have been added to the material, representing items hung as posters during the public meetings.
3. Summary of the major concerns raised during the public meetings [Item C-1(a)(3)]
4. Workplan and schedule [Item C-1(a)(4)]

Written comments submitted are under C-1(a)(5). Finally, C-1(a)(6) is a copy of the recent letter from the Council Chairman to Dr. Hogarth summarizing our lingering questions with regard to the DPSEIS process and the Council's role in that process.

Ecosystem Committee

In December the reconstituted Ecosystem Committee held an organizational meeting and scheduled further discussion for this meeting to determine the role of that Committee relative to the DPSEIS and other issues.

Report of the Scientific and Statistical Committee

Because this was the SSC's first exposure to proposed revisions, members had little time to evaluate them. However, the SSC pointed out that there is considerable confusion regarding the mandatory scope of the PSEIS alternatives. One perception is that the alternatives describe a range of policy directives and should exclude specific action items, while another view is that the proposed revisions to the alternatives integrate specific action elements as well as policy directives. The SSC suggested there is a need to revise the problem statement associated with this process and that the assumptions and clearly list the criteria used to build the alternatives.

Report of the Advisory Panel

The Advisory Panel recommended a revised Purpose and Needs Statement and revisions to current alternatives, as well as recommending two additional alternatives. Please see AP Minutes, Appendix III to these minutes, for the complete motion.

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DISCUSSION/ACTION

In addition to staff reports on the progress of the analysis, the Council received a briefing from Nancy Brisco, NOAA General Counsel, on Judge Zilly's recent remand order.

Stephanie Madsen moved to adopt a revised Purpose and Needs Statement, and eight policy alternatives for FMP goals and objectives for further analysis and consideration [the final motion, as amended, is included as Appendix IV to these minutes]. The motion was seconded by Robin Samuelsen.

Only minor editorial changes were made to the original motion. Ms. Madsen clarified that the intent is to amend the FMP policy goals and objectives pursuant to the Magnuson-Stevens Act and that the alternatives are directed toward amending the FMP goals and objectives. The Council requested that NMFS continue to work with stakeholders to further refine the policy alternatives which will be reviewed at the April meeting.

The motion carried unanimously [Mr. Penney was absent]. It was clarified that the document will be available for Council review and additional public input at the April meeting.

With regard to the role of the Ecosystem Committee in relative to the DPSEIS, **Stephanie Madsen moved to reaffirm the Committee's task to review the alternatives from the standpoint of ecosystem-based principles.** The motion was seconded and carried without objection.

C-2 Essential Fish Habitat

ACTION REQUIRED

- (a) **Receive summary of EFH Final Rule.**
- (b) **Receive progress report on EIS development.**
- (c) **Receive EFH committee report.**

BACKGROUND

EFH Final Rule

The final rule for EFH was published in the Federal Register on January 17, 2002 (67 FR 2343). The final rule revises the regulations implementing the provisions of the Magnuson-Stevens Act relative to description and identification of EFH, identification of adverse effects to EFH, and identification of actions to conserve and enhance EFH. A copy of the final rule is attached as Item C-2(a). NMFS staff will be on hand to brief the Council on the regulatory changes.

EFH Environmental Impact Statement

Council and NMFS staff have been working together to begin preparations of the SEIS for EFH. Several items have been drafted, including a table of contents, the introduction chapter, and a proposed timetable for completion. The draft table of contents is attached as Item C-2(b)(1). The settlement agreement between NMFS and the plaintiffs in the EFH lawsuit allows for a 3-year timeframe to complete the process (a record of decision is due no later than August 13, 2004). A 3-year schedule would allow Council action as follows: adopt alternatives for analysis in October 2002, review a preliminary draft in June 2003, take final action in December 2003. Because at previous meetings the Council has indicated a preference to complete this analysis in a shorter time-frame, a 2-year schedule was also prepared, with Council adopting alternatives for analysis in June 2002,

review a preliminary draft in October 2002, and review of Draft SEIS in February 2003. Copies of these schedules are attached as Item C-2(b)(2). Staff will report on their progress to date.

EFH Committee Report

The Council appointed an EFH Committee in May 2001, to work with NMFS and Council staff to develop alternatives for the SEIS and review the draft documents before publication. The EFH committee recently met on January 29-30. The purpose of the meeting was to begin discussions of alternatives to minimize the impacts of fishing on EFH, to the extent practicable. Minutes of the Committee meeting will be distributed at the Council meeting.

Report of the Scientific and Statistical Committee

The SSC recommends that the public's role in the EFH development process be reconsidered. The SSC opposes soliciting recommendations for specific HAPC sites from the public and believes designation of HAPC is more appropriately addressed by persons with technical expertise in habitat function.

The SSC shares the EFH committee's concern over the importance of defining critical terms used in the EFH Final rule, such as "minimal," "temporary" and "degradation." Defining these terms in a way that provides protection to essential habitat without being unnecessarily restrictive will be very difficult. For example, the final rule states that HAPCs should be identified based on one or more of four considerations, one of which is "the extent to which the habitat is sensitive to human-induced environmental degradation." The SSC notes that habitat changes may result from human activities but whether those changes constitute habitat degradation is largely a subjective determination. The SSC will provide input on these definitions and other analytical elements when more information is available.

Report of the Advisory Panel

The AP recommends the Council support the tasks and timeframe proposed by the EFH committee in the draft EFH meeting report. Further, the AP recommends the Council consider the following:

1. The AP endorses the subcommittee concept proposed by the EFH committee. This subcommittee proposal to revise the fishery descriptions is a good one, however it is important to note that for specific fisheries, any gaps in information that still exist after the meeting should be identified rather than using existing descriptions as a substitute. The AP recommends Council staff identify fishery descriptions that are needed and contact known participants and industry groups to assist them in the development of fishery descriptions.
2. Further, the AP recommends that NMFS consult the list of scientists recommended by the EFH committee to develop initial fishery descriptions and make those descriptions available to the public prior to the March EFH workshop. This will have the added benefit of making industry aware when description modification is required and make the EFH workshop more likely to accurately describe fisheries.
3. The AP believes that the overall timeline for developing EFH EIS amendments for the FMPs is ambitious and cautions that accelerating an already tight schedule may prevent adequate staff and Council review as well as limit opportunities for a full public process.

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4. Finally, the AP believes that a public process for nomination of HAPC types and sites is important, but must be approached with great caution. Proposals often take on a life of their own, regardless of merit. Any public process design should be carefully constructed so that proposals are evaluated by staff for adherence to standards of scientific rigor before progressing further in the Council process.

Report of the EFH Committee

The EFH Committee discussed potential management tools to minimize the effects of fishing on EFH, and received staff information on a methodology to evaluate fisheries for potential adverse effects, based on guidelines from the EFH Final Rule. The Committee also received two discussion papers on differential gear impacts and voted to accept germane portions of these documents in the habitat and gear sections to be included in the EFH Analysis. The Committee will hold a workshop March 25-27 in Seattle. The Committee's full report is included as Appendix V to these minutes.

DISCUSSION/ACTION

John Bundy moved to approve the recommendations of the AP (see above). The motion was seconded by Stosh Anderson and carried without objection.

The AP recommendations were edited by friendly amendment; those changes are noted below:

1. The Council endorses the subcommittee concept proposed by the EFH committee. This subcommittee proposal to revise the draft fishery descriptions is a good one, however it is important to note that for specific fisheries, any gaps in information that still exist after the meeting should be identified rather than using existing descriptions as a substitute. The Council recommends Council staff identify fishery descriptions that are needed and contact known participants and industry groups to assist them in the development of fishery descriptions.

2. Further, the Council recommends that NMFS utilize their scientists to report to the committee on draft criteria for the definitions of minimum and temporary and to provide a summary of scientific literature on the fishing effects on habitat that are pertinent to Alaska waters, and make that report to the public prior to the March EFH Workshop. This will have the added benefit of making ~~industry~~ the public aware when description modification is required and make the EFH workshop more likely to accurately describe fisheries.

3. The Council believes that the overall timeline for developing EFH EIS amendments for the FMPs is ambitious and cautions that accelerating an already tight schedule may prevent adequate staff and Council review as well as limit opportunities for a full public process.

4. Finally, the Council believes that a public process for nomination of HAPC types and sites is important, but must be approached with great caution. Proposals often take on a life of their own, regardless of merit. Any public process design should be carefully constructed so that proposals are evaluated by staff for adherence to standards of scientific rigor before progressing further in the Council process.

During discussion of timelines, staff pointed out that the Council will need to choose designation and any mitigation alternatives in October 2002 so that the NEPA analysis can be initiated.

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During the joint meeting with the Alaska Board of Fisheries earlier in the week, Council and Board members agreed that the Joint Protocol Committee would meet to develop a proposal to establish a charge, mission, goals and objectives to address cross-jurisdictional issues relating to EFH and MPAs.

Later in the meeting, **Kevin Duffy moved to reconsider previous action taken on this agenda item. The motion to reconsider was seconded by Stephanie Madsen and carried without objection.**

Mr. Duffy explained that he felt the Council had made an error in considering the timing for consideration of alternatives. **Instead, Kevin Duffy moved the following as a substitute for the main motion: that the Council instruct the EFH Committee to identify the range of alternatives for EFH and HAPC, and for the Council to identify a tentative preferred alternative for EFH at the October 2002 meeting. This would provide staff with an opportunity to spend fall and winter framing the issues and preparing a detailed analysis. This would reduce the time for final action from 2-1/2 years to 2 years. He recommended that by October the EFH Committee identify the list of mitigation alternatives for analysis for Council endorsement.** The motion was seconded by Robin Samuelsen and carried without objection.

C-3 Halibut/Sablefish IFQ Program

ACTION REQUIRED

- (a) Review IFQ Committee report.
- (b) Initial review of community QS purchase amendment (Amendment 66).

BACKGROUND

(a) Review IFQ Committee Report

The newly appointed IFQ Implementation and Cost Recovery Committee (Item C-3(a)(1)) met on December 2 to review and comment on the IFQ fee percentage of the commercial IFQ program for 2001 and to review four enforcement issues brought to the committee by NMFS Enforcement Division staff. The public notice for the IFQ Cost Recovery Program for 2001 is attached as Item C-3(a)(2). The NMFS letter on the enforcement issues is attached as Item C-3(a)(3). A letter from the International Pacific Halibut Commission staff is attached as Item C-3(a)(4). The committee minutes are attached as Item C-3(a)(5).

(b) Initial Review of Community QS Purchase Amendment

The proposed action would allow eligible Gulf of Alaska communities to purchase commercial halibut and sablefish catcher vessel quota share (QS) in Areas 2C, 3A, and 3B for lease to community residents. The change would create a new category of eligible "person" that may hold halibut and sablefish quota share, with restrictions as developed by the Council and approved by the Secretary of Commerce. Currently, only persons who were originally issued catcher vessel QS or who qualify as IFQ crew members by working 150 days on the harvesting crew in any U.S. commercial fishery are eligible to purchase catcher vessel (B, C, and D category) quota share.

The proposed action targets small, rural, fishing-dependent coastal communities in the Gulf of Alaska that have documented participation in the halibut and sablefish fisheries. The criteria proposed to determine eligible communities are intended to distinguish a distinct set of rural Gulf communities that have experienced a decline in QS since the implementation of the IFQ program and have few alternative economic opportunities. While not necessarily a direct result of the implementation of the commercial IFQ program, declines in the number of community fishermen and

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access to nearby marine resources are on-going problems in rural communities that may be exacerbated by the IFQ program. The proposed action is an attempt to mitigate the identified problem and provide eligible communities with an opportunity to increase their participation in the IFQ fisheries. The purpose and design of this action is therefore intended to have distributional effects.

The concept proposed in this amendment is based on allowing an eligible community to identify or form an administrative entity to purchase and manage commercial QS, and lease the resulting IFQs to community residents. Note, however, that the action as proposed does not include formal provisions to ensure that QS will be leased exclusively to residents of the target communities.

The Council began considering allowing communities to purchase commercial halibut/sablefish QS in June 2000 in response to a proposal from the Gulf of Alaska Coastal Communities Coalition (Coalition). The proposal cited the disproportionate amount of QS transfers out of smaller, rural communities as a symptom of the continuing erosion of their participation in the commercial IFQ fisheries. Consideration of including communities in the commercial IFQ program is motivated by other sources as well. Several provisions of the Magnuson-Stevens Act, specifically National Standard 8, require that management programs take into account the social context of the fisheries, especially the role of communities. In addition, the National Research Council report, *Sharing the Fish* (1999), recommends that NMFS and the Council consider including fishing communities as stakeholders in fishery management programs, emphasizing the potential for communities to use QS to further overall community development.

The proposed action would be an amendment to the Gulf FMP (Amendment 66). The initial review draft of this analysis considers two alternatives: Alternative 1 (no action) and Alternative 2, which would allow eligible communities to hold commercial halibut and sablefish QS. The analysis considers eight elements under Alternative 2 that would shape the essential components of the IFQ program as it would relate to community purchases:

- Element 1. Eligible communities
- Element 2. Appropriate ownership entity
- Element 3. Individual community use caps
- Element 4. Cumulative community use caps
- Element 5. Purchase, use, and sale restrictions (vessel size and block restrictions)
- Element 6. Code of conduct
- Element 7. Administrative oversight
- Element 8. Sunset provision

The Council approved a suite of options for analysis under each of the above elements in June 2001. The complete list of alternatives is attached to this memo as Item C-3(b)(1). Note also that the Council and the SSC completed initial review of this analysis at the December 2001 meeting, but the Council determined that an AP review was necessary before releasing the document for public review. Thus, initial review of the draft analysis is re-scheduled for this meeting, and final action is tentatively scheduled for April or June 2002. The revised draft analysis was sent to the Council family on January 15.

The SSC did not address this agenda issue.

Report of the Advisory Panel

The AP recommends the Council encourage NMFS to proceed with a Regulatory Amendment for the following items:

- A. Prior Notice of Landing as recommended by the IFQ Implementation and Cost Recovery Committee

B. Offload Window: Although the Committee recommended maintaining the current offload window of 6:00 am- 6:00 pm, the AP recommends that NMFS review options for extending the offload window.

D. Shipment Report as recommended by the IFQ Implementation and Cost Recovery Committee.

Additionally, the AP request the Council recommend NMFS proceed with a Plan Amendment for item C. Vessel Clearance Requirement as recommended by the IFQ Implementation and Cost Recovery Committee.

Further, the Advisory Panel recommended that the draft EA/RIR analysis of the community IFQ purchase proposal be forwarded for public comment with several clarifications. See the AP Minutes, Appendix III to these minutes, for the complete set of clarifications requested.

DISCUSSION/ACTION

Stephanie Madsen moved to approve the AP recommendation to proceed with analysis for regulatory or plan amendments, as appropriate, for the following issues: Amending or eliminating the Prior Notice of Landing requirement, as recommended by the IFQ Implementation and Cost Recovery Committee; extending the Offload Window; eliminating the Shipment Report; and eliminating the Vessel Clearance Requirement. The motion was seconded by Robin Samuelsen.

It was clarified that NMFS would provide options for Council review and possible final approval at the April Council meeting.

Kevin Duffy moved to approve the recommendations of the Advisory Panel to forward GOA Amendment 66, Community Purchase of IFQs, for public comment with some clarification to elements and options (see AP Minutes, Appendix III to these minutes for entire motion). The motion was seconded by Robin Samuelsen.

During discussion, the following points and clarifications were made to the motion.

- The Code of Conduct needs to have more detail, i.e., how it will be enforced; who will enforce it; and an appeals process. Council members agreed that the Code of Conduct should more appropriately referred to as 'Performance Standards.' It was recommended that there be more specificity for requirements and provisions under each of the options.
- Shares sold in one area must be remain in the same area.
- The AP's addition of section (d) under Element 5, Vessel Size Restrictions, was deleted from the motion. [Stosh Anderson moved; Robin Samuelsen seconded. Motion carried, 6 to 4, with Austin, Fluharty, Hyder, and Madsen voting against (Penney absent).]
- A motion to include Saxman as an eligible community was withdrawn after extensive discussion. Robin Samuelsen pointed out that this community is unique in that it is an Alaska Native community of 450, but would be excluded simply because Ketchikan built up around the original native community. It was pointed out that because Saxman doesn't fit any of the categories in the current analysis, perhaps it should be a suboption under one of the current options and the Council could vote to make an exception for Saxman. It was also pointed out that the Board of Fisheries treats the

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community of Saxman separately from the city of Ketchikan. The motion was finally withdrawn after Council members decided that the Council has previously discussed eligibility criteria for communities for this amendment and including this provision may open the door for many other small communities to request inclusion.

The main motion, as amended, carried 10-0 (Mr. Penney was absent).

C-4 Gulf of Alaska Rationalization

ACTION REQUIRED

Review discussion paper and provide direction.

BACKGROUND

In June 2001, the Council adopted a vision statement to rationalize Gulf of Alaska groundfish fisheries and moved to analyze an alternative recommended by the AP to rationalize the Pacific cod fishery in the Western, Central, and West Yakutat regulatory areas. It added two proposals that were reviewed but not recommended by the GOA Rationalization Committee. The Council previously had adopted a problem statement. It requested that staff prepare a discussion paper for review in February 2002. In October 2001, the Council requested a separate discussion paper on recency requirements for the Gulf groundfish fisheries for the period 1995-2000. In December 2001, staff notified the Council that it would combine the two discussion papers. The discussion paper was prepared jointly by staff of the Council, Northern Economics, NMFS, and ADFG and is under Attachment C-4.

Staff recommendations from the discussion paper follow:

- (1) The Council should review and revise its problem and vision statements and extremely broad range of alternatives. The current problem statement does not seem to frame the problems in the fishery in such a way as to construct focused alternatives. The Council and its committees have expressed various, and sometimes conflicting, direction in terms of prioritizing various approaches, such as LLP species recency requirements vs. rationalizing Pacific cod (with sideboards) vs. a rockfish proposal vs. a pilot program for 15 Western Gulf fishermen. An analysis of all these alternatives (including current elements and options) could occupy key Council staff for 2 years or more.**
- (2) The Council should weigh the benefits of taking (a) a step-wise approach (e.g., gear allocations or LLP recency requirements) or (b) a comprehensive approach for either (i) a 1-pie/2-pie IFQ program, (ii) a species-specific cooperative program with sideboards, or (iii) a comprehensive cooperative program. A myriad of suboptions for community, bycatch, and skipper allocations, and leasing, ownership cap, transfer, etc. restrictions would be incorporated under all the alternatives of approach (b). The Council may wish to specifically address whether it prefers a comprehensive Gulf-wide approach or prefers to rationalize specific species with sideboards.**
- (3) The Council could initiate a GOA plan amendment to set annual gear allocations and/or LLP recency requirements for those groundfish species it wishes to rationalize, and associated bycatch species, as a first step to rationalization. A rationalization amendment (IFQs or cooperatives) would follow.**

- (4) The Council should focus the alternative approaches to rationalization, and specifically identify those it intends to analyze in a formal amendment package, since the proposed actions could result in a complete restructuring of the GOA FMP.**
- (5) The Council may wish to provide guidance as to the role of the Gulf Rationalization Committee in providing further recommendations and focus to this effort.**

The Scientific and Statistical Committee did not address this agenda item.

Report of the Advisory Panel

The AP requests that the Council petition Congress to designate fishery cooperatives as an allowable fishery management option that is now not allowed under the current ban on ITQs. In this way, interested fisheries can work with the North Pacific Council to craft effective solutions to problems facing the fisheries of the North Pacific that are not covered by the American Fisheries Act. This is a request to authorize the use of coops either by fishery or gear type as a management tool, and to require the development of specific coops to occur in the council process.

The AP further recommends the Council proceed in the determination of individual catch histories for federally managed fisheries in the Gulf of Alaska and suggests that Council give notice to the public to review the GOA white papers and provide suggestions for options for determination of individual catch histories at the April Council meeting.

DISCUSSION/ACTION

Kevin Duffy moved that the Council establish a new small GOA rationalization committee. The motion was seconded by Stephanie Madsen and carried without objection.

Mr. Duffy recommended a small focus group of six or eight people, including a couple of Council members. The committee would meet before the April Council meeting to revise and blend the GOA rationalization problem statement, the GOA objectives, and the vision statement. The committee should also look at ideas forwarded to the Council through the AP and industry groups, such as AMCC, Aleutians East Borough, the and the WGOA group on the co-op aspect. The committee would then bring forward a step-wise approach on how to proceed on GOA rationalization. In April the Council will provide further direction to the committee. The Chairman appointed Stephanie Madsen and Stosh Anderson as co-chairs of the group. He will appoint the remaining committee members the week following the Council meeting. Lisa Lindeman said that NOAA General Counsel would like to work with the group on legal issues.

C-5 BSAI Crab Rationalization

ACTION REQUIRED

- (a) Initial review of crab rationalization alternatives.**
- (b) Scoping Summary Report on the EIS for the FMP for BSAI king and Tanner crabs.**
- (c) Consider the timing of submission of the Council's report to Congress on rationalization of the BSAI crab fisheries.**

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BACKGROUND

At its June 2001 meeting, the North Pacific Fishery Management Council (Council) adopted a suite of alternatives, elements and options for analysis of a rationalization program for the Bering Sea and Aleutian Islands (BSAI) crab fisheries. After a status report and pre-initial review at its December 2001 meeting, the Council amended its motion to its current form (Item C-5(a)) and scheduled this item for initial review at this meeting. A document was provided to the Council family prior to the meeting. If the document is deemed to be sufficient, selection of a preferred alternative on the proposed crab rationalization alternatives would be scheduled for the April 2002 Council meeting.

The proposed action would develop an IFQ or cooperative program to manage the BSAI crab fisheries. A change in management from the current License Limitation Program (LLP) may be necessary to alleviate problems of resource conservation, bycatch and handling mortality, excessive harvesting capacity, lack of economic stability, and safety that have arisen because of the race to fish that has occurred LLP management.

Final action for this package is unlike most final actions taken by the Council, since Congress will need to lift and modify their moratorium on IFQ programs (and perhaps jurisdiction over inshore processors) before the Council could submit either an IFQ or cooperative alternative to the Secretary of Commerce (SOC). Once the Council's preferred alternative is identified, it would then need to be melded as the preferred alternative into the crab EIS that is also currently being developed. It is expected that this can be completed during the summer of 2002 for action by the Council in October, so that the formal EIS/RIR/IRFA package could be submitted to the SOC by the end of this year (assuming Congressional action allowing such action by that time).

The analysis considers three overriding alternative management structures for the BSAI crab fisheries; status quo (or continued management under the LLP), an IFQ program, or a cooperative program. The IFQ program alternative includes options defining either a one-pie harvester only IFQ program or two-pie program, which would include both harvester shares and processor shares. The cooperative program alternatives include two program alternatives. The Voluntary Cooperative alternative is a program that would allocate shares to harvesters and processors and allow each harvester to join a cooperative with one or more other harvesters associated with one or more processors. The Plurality Assignment Cooperative alternative is a program that would allow each harvester to join a cooperative associated with the processor that it delivered the most crab to during a specified qualifying period. Harvesters that join a cooperative would receive an allocation based on qualifying catch history. Harvesters that elect not to join a cooperative would be limited to participating in an open access fishery. This program alternative includes several different options that would protect processor interests to varying degrees and that would define movement between cooperatives.

(a) Initial review of crab rationalization alternatives

The analysis examines several different aspects of the proposed programs and their impacts on the fisheries.

Background (Section 2). As a foundation for the analysis of alternatives, the analysis contains an extensive background section that describes the current conditions in the different fisheries under consideration for rationalization. The section includes subsections describing the fishery biology, fishery management, harvesting sector, processing sector, community and social impacts, prices, and various market and economic conditions. Table E1 shows the maximum GHL, the minimum GHL, and closure years (if any) for the fisheries under consideration for rationalization.

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Table E1: Maximum and Minimum GHLS for various crab fisheries and years the fishery was closed

Fishery	Maximum GHL (millions of pounds)	Minimum GHL (millions of pounds)	Closures (Years/Season)
Bering Sea Snow Crab (<i>C. opilio</i>)	333 (1992)	25.3 (2001)	None
Bristol Bay Red King Crab	18 (1991)	5 (1996)	1994, 1995
Bering Sea Tanner (<i>C. bairdi</i>)	39.2 (1991/92)	2.2 (1996)	1997, 1998, 1999, 2000, 2001
Pribilof Islands Red King Crab	3.4 (1993)	1.25 ^a (1998)	1991/92 & 1999, 2000, 2001
Pribilof Islands Blue King Crab	2.5 ^a (1995)	1.25 ^a (1998)	1991/92 & 1999, 2000, 2001
St. Matthew Blue King Crab	5 (1997)	2.4 (1995)	1999, 2000, 2001
Western Aleutian Islands (Dutch Harbor)	3.2	3.0	
Golden (Brown) King Crab	(1996, 1997, 1998)	(1998, 1999, 2000, 2001)	None
Eastern Aleutian Islands (Adak) Golden (Brown) King Crab	2.7 (1996, 1997, 1998)		None
Eastern Aleutian Islands (Adak) Red King Crab			1996/97, 1997/98, 1999/2000, & 2000/2001

^aCombined red and blue king crab.

Table E2 reports the weighted average annual ex-vessel price of the various crab fisheries under consideration. These data were derived from ADF&G fishtickets. The data in the report generally show that the mid-1990s were in general strong years for ex-vessel prices. Ex-vessel prices also increased in 1999 and 2000 (relative to the 1997 and 1998) except in the Bristol Bay red king crab fishery.

Table E2: Weighted average annual ex-vessel prices from ADF&G fishtickets (prices have not been adjusted for inflation)

Year (Fishing Season)	WAI golden king ¹	Adak red ¹	Bristol Bay red king ³	BS <i>C. opilio</i> ³	BS <i>C. bairdi</i> ²	EAI golden king crab ²	Pribilof blue ₃ king	Pribilof red king ³	St. Matthew blue king ³
1998-1999	\$ 2.04	close d	\$ 6.26	\$ 0.56	closed	\$ 1.87	\$ 2.34	\$ 2.39	\$ 1.87
1999-2000	\$ 3.14	close d	\$ 4.81	\$ 0.88	closed	\$ 3.22	closed	closed	closed
2000-2001	\$ 3.15	close d	\$ 4.14	\$ 1.85	closed	\$ 3.50	closed	closed	closed

- 1) Fishing seasons span two years
- 2) Some fishing seasons spanned two calendar years while others took place in a single year
- 3) The fishing seasons that took place in one calendar year are identified by the first year listed in the year column.

Table E3 is a summary of the first wholesale prices derived from Commercial Operator Annual Report data. These prices were calculated by dividing the total first wholesale value reported by the processor by the total pounds of the product form produced.

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Table E3: First Wholesale Crab Prices by Species and Product Form, 1991-2000 (prices have not been adjusted for inflation)

Species	Product	1998	1999	2000
Red King Crab	Shellfish Sections	\$ 5.52	\$11.25	\$ 9.11
	Whole	\$ 3.83	\$10.69	\$ 7.74
Blue King Crab	Shellfish Sections	\$ 4.80	Conf.	Conf.
	Whole			
Golden King Crab	Shellfish Sections	\$ 4.24	\$ 6.90	\$ 7.22
	Whole	\$ 4.90	\$ 3.79	\$ 4.60
C. bairdi	Shellfish Sections	\$ 4.81	\$ 4.23	\$ 5.83
	Whole	\$ 2.95	\$ 3.71	\$ 3.33
C. opilio	Shellfish Sections	\$ 2.03	\$ 2.92	\$ 4.16
	Whole	\$ 2.05	\$ 1.06	

Source: Commercial Operator's Annual Reports (1998-2000)

Biology and Management (Section 3.2). The analysis includes an extensive discussion of the biological and management impacts of rationalization of the BSAI crab fisheries. This section examines the appropriateness of the different fisheries for rationalization, potential changes in deadloss, size limits, incidental catch, seasons, pot limits, the potential impacts of overlapping seasons of different species, and the effects of rationalization on rebuilding programs. The section concludes with discussions of the division of management authority between State and federal managers and the impacts of rationalization on safety in the fishery. The analysis in this section was provided to Council staff by representatives of State of Alaska ADF&G and NMFS.

The analysis suggests that the Bering Sea *C. opilio*, Bristol Bay red king crab, Bering Sea *C. bairdi*, Pribilof blue king crab, Pribilof red king crab, St. Matthew blue king crab, and the two Aleutian Islands golden king crab fisheries be included in the rationalization program. The Aleutian Islands red king crab, the Aleutian Islands *C. bairdi*, the Pribilof golden king crab, and Bering Sea Tanneri fisheries are suggested for exclusion from rationalization.

Rationalization should have environmentally-friendly impacts on the crab stocks and their habitat as long as concerns over highgrading and ghost fishing from lost pots do not evolve. Managers are concerned that highgrading may occur when the time pressures are removed from the fishery. Fishermen will be more likely to keep only the highest valued catch since any catch landed will be counted against their quota. Therefore, keeping second quality crab (especially when there are large differences in ex-vessel price) might not maximize profits. Under the current low GHs and race-for-fish management system all marketable crab are currently being retained. The State of Alaska feels that new regulations will likely need to be developed to protect the biological integrity of the stock. They also indicate that onboard observer coverage and dockside sampling are needed to determine if changes in fishery selectivity occur and the mechanisms that cause those changes.

Overly restrictive pot limits may not be needed in a rationalized fishery. For pot limits to be changed the BOF would need to be petitioned or a proposal would need to be submitted to the BOF requesting that pot limits be modified.

Seasons for the different species proposed for inclusion in the rationalization program are considered. The primary biological objective in scheduling seasons is avoidance of mating and molting. Table E4 shows the molting and mating seasons for the different species being considered for rationalization. The analysis also considers the use of concurrent seasons for species included

in the rationalization program. An advantage of multispecies fisheries is the potential decrease in mortality of discards. As crab fishing seasons are lengthened the possibility of gear conflicts with trawl and longline vessels increase. Those conflicts would need to be monitored to ensure that they were not increasing to an unacceptable level.

Table E4: Bering Sea Crab Fishery Molting/mating time periods as determined by the Crab Plan Team in September 2001

Species	Molting/mating time period
C. opilio	May 15 to July 31
C. bairdi	April 1 to July 31
blue king crab	February 1 to July 31
red king crab	January 15 to June 30
red king crab (Norton Sound)	September 15 to October 31
golden king crab	January 1 to December 31

The analysis also supports provisions which would create no allowance for overages or underages on the principle that overages and underages should be fully avoidable in a rationalized fishery. The analysis also supports full accounting of deadloss. The analysis suggests that the slower pace of a rationalized fishery will improve sorting of crab by gear, thereby decreasing handling mortality and deadloss.

The analysis also provides that the rationalized fisheries would need to be managed with TACs instead of the current GHM management. TAC management would provide certainty of allocations necessary to realize the full benefits of rationalization. The allocation of a minor open access fishery, as proposed in the Plurality Assignment cooperative program alternative, could also be problematic for managers that are required to monitor a small GHM in an open access fishery. The more precise management under a TAC (without provision for overages) could also aid rebuilding efforts in the fisheries.

Monitoring participants in a rationalized fishery would be challenging due, in part, to the extended seasons. The analysis supports the use of Vessel Monitoring Systems (VMS). VMS would not only improve monitoring activities of participants but also would improve data collection. ADF&G has suggested that the costs of this system could be borne by either participants in the fisheries or the federal government. Additional monitoring of landings may also be required. Observer requirements and the disbursement of costs of those requirements will also need to be assessed in a rationalized fishery.

The analysis also assesses the need to maintain a minimum fleet size to ensure that harvests reach an optimum level. Caps on ownership could be used to ensure that fleets are maintained at a size necessary to maintain harvests in the event excessive stocks require additional harvesting power.

The section includes a discussion of the interaction of State and federal management and monitoring of the fisheries. Limitations of delegation of management authority by the federal government may require that NMFS assume responsibility for allocations of quota in the fisheries. Setting of TACs (or GHMs), regulating fishing activity, and collecting harvest data for monitoring harvest limits and enforcement of regulations are currently conducted by the State and could, for

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the most part, continue to be subject to State management in a rationalized fishery. Further detail on the joint management of the fisheries is provided in this section.

The section concludes with a discussion of the implications of rationalization on safety in the fisheries.

The Allocation of Harvest Shares (Section 3.3). This section of the analysis examines the different alternatives for allocating harvest shares. The analysis examines the rules that define eligibility to receive an initial allocation and the calculation of those allocations. Both proposed options would base eligibility on whether a vessel has met the requirements for an LLP license. Table E5 shows the number of endorsed LLP licenses in the fisheries and the estimated number of vessels that would qualify for a crab endorsed LLP license and hence an initial allocation in each fishery being considered for rationalization.

Table E5: LLP licenses and the Estimated Number of Vessels that Qualify for LLP licenses endorsed for BSAI Crab Fisheries.

Fishery	Number of Permanent LLP Licenses	Number of Interim LLP Licenses	Number of Vessels Estimated to Qualify for an LLP License
WAI (Adak) Golden King Crab	27	14	23
WAI (Adak) Red King Crab	24	22	28
Bristol Bay Red King Crab	260	89	266
Bering Sea <i>C. Opilio</i>	260	93	256
Bering Sea <i>C. Bairdi</i>	260	93	266
EAI (Dutch Harbor) Golden King Crab	27	14	20
Pribilof Blue King Crab	110	48	84
Pribilof Red King Crab	110	48	122
St. Matthew Blue King Crab	154	59	180

Source: NMFS Alaska Region RAM Office and State of Alaska ADF&G Fish ticket files.

The sum of permanent and interim licenses is the maximum number of vessels that could qualify. The “number of vessels estimated to qualify for an LLP license” is the minimum number that could qualify, as that does not include vessels that rely on Amendment 10 exemptions for qualification, which define limited exemptions and circumstances when activities from multiple vessels may be combined to meet the qualification criteria. The consistency of the different allocation options with the current LLP management is discussed. The section also includes quantitative analysis of the allocations under the different qualifying year options for each fishery. The analysis shows that the allocations in the Bering Sea *C. opilio*, Bristol Bay red king crab, Bering Sea *C. bairdi*, Pribilof blue king crab, St. Matthew blue king crab, and Western Aleutian Islands (Adak) red king crab are very similar under all of the qualifying year options. In the Pribilof red king crab fishery, the allocation to the leading four vessels varies somewhat under the different options. In the two Aleutian Islands golden king crab fisheries (particularly in the Western subdistrict), the allocations under the various options show greater variation. Graphical representations of the allocations and descriptive statistics appear in the section. Graphs included in this section show groupings of four vessels to protect confidential data. The same vessels are not always in the same groups for the different allocation options. The portion of the total allocation to catcher/processors in each fishery under each option is also shown.

The IFQ Program Elements (Section 3.4). This section analyzes the options for development of an IFQ program. The section includes analyses of the various measures that define the rights to own,

purchase, and use harvest shares in the different fisheries. The section includes an analysis of the two-pie IFQ alternative, including the initial allocation, transfer rights, and ownership and use caps on processor shares and limits on vertical integration.

The analysis examines use and ownership caps on harvest shares in the different fisheries at the initial allocation. These caps are intended to limit consolidation of harvest shares, in part, to ensure competition in the harvest sector. This analysis is limited by the poor availability of vessel and LLP license ownership information. Based on available data, no persons would exceed a 5 percent ownership cap in the Bering Sea *C. opilio*, Bristol Bay red king crab, Bering Sea *C. bairdi*, or St. Matthew blue king crab fisheries. Four persons would exceed the 5 percent cap in the Pribilof blue king crab fishery. Data concerning the number of persons exceeding an 8 percent or 5 percent cap in the Pribilof red king crab fishery cannot be shown because of confidentiality restrictions on the release of data. Several persons would exceed a 1 percent cap in all of these fisheries. In the Western Aleutian Islands golden king crab fishery, the number of persons exceeding a 40 percent, 20 percent, or 10 percent cap cannot be shown because of confidentiality restrictions on the release of data. In the Eastern Aleutian Islands golden king crab fishery, no persons would exceed the 40 percent cap. The number of persons exceeding the 20 percent cap in this fishery cannot be shown because of confidentiality restrictions on the release of data. If the allocation in Aleutian Islands golden king crab fisheries is based on the combined participation in both areas, no persons would exceed the 40 percent cap and the number of persons exceeding the 20 percent cap cannot be shown because of confidentiality restrictions on the release of data.

A complete analysis of the two-pie IFQ program is also contained in this section. Program elements including the initial allocation of shares, transfer rights, and ownership and use caps are examined. In the Bering Sea *C. opilio*, the Bristol Bay red king crab, and the Bering Sea *C. bairdi* fisheries slightly more than 30 processors will receive an allocation. The leading four processors would receive an average allocation of between 12 and 14 percent depending on which qualifying year option is selected. The average allocation would be less than 5 percent and the median¹ allocation would be approximately 1 percent or less. In the Pribilof red king crab, Pribilof blue king crab, and St. Matthew blue king crab fisheries approximately 15 processors would receive allocations. The leading four processors would receive on average less than 20 percent of the total allocation. The median allocation would be less than 5 percent. In the two Aleutian Islands golden king crab fisheries, between 8 and 13 processors would receive an initial allocation. The four largest processor allocations would be between 20 and 25 percent of the total allocation. In the Eastern Aleutian Islands fishery, the median allocation would be between approximately 4 and 8 percent of the total allocation. In the Western Aleutian Islands fishery, the median allocation would be less than one percent.

Ownership and use caps on processor shares are analyzed based on the initial allocations. These caps are intended to limit consolidation of processing shares, in part, to ensure competition in the processing sector. The analysis is limited because of confidentiality restrictions on the disclosure of data. The analysis shows that with the exception of the Western Aleutian Islands (Adak) golden king crab fishery, no processors would exceed a 50 percent cap based on the initial allocation. In the Bering Sea *C. opilio*, the Bristol Bay red king crab, the Bering Sea *C. bairdi*, the Pribilof red king crab, and the Pribilof blue king crab fisheries, no processors would exceed a 30 percent cap. A complete analysis of the caps appears in this section.

The section also examines vertical integration in the crab fisheries by analyzing the allocation of harvest shares to persons affiliated with processors. The Council has proposed limiting processor

¹ The median allocation is the allocation at the midpoint of the distribution, for which half of the allocations would be larger and half of the allocations would be smaller.

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ownership of harvest shares to 8, 5, and 1 percent of the total allocation of harvest shares to restrict vertical integration in the fisheries. In the Bering Sea *C. opilio*, the Bristol Bay red king crab, and the Bering Sea *C. bairdi* fisheries in excess of 40 vessels are affiliated with processors (including independently owned catcher/processors). Under almost all of the allocation options between 4 and 5 processors would exceed a 1 percent cap on harvest share ownership in these fisheries. No processors would exceed a 5 percent cap in the Bering Sea *C. opilio* or the Bering Sea *C. bairdi* fisheries. In the Aleutian Islands golden king crab fisheries, between 1 and 4 processors would receive harvest share allocations depending on the allocation option selected. In the Western subdistrict, the number of processors exceeding any caps cannot be shown because of confidentiality restrictions. In the Eastern subdistrict, no processors would exceed either an 8 or 5 percent cap. Under the option that would determine the allocation based on combined harvests in the two subdistricts, the number of processors exceeding any caps cannot be shown because of confidentiality restrictions. In the Pribilof red king crab and Pribilof blue king crab fisheries, between 4 and 6 processors would receive an allocation of harvest shares. In the Pribilof red king crab fishery, no processors would exceed an 8 percent cap. No further information on the caps can be disclosed for this fishery. In the St. Matthew blue king crab fishery, 11 processors would receive an allocation of harvest shares. No processors would exceed either an 8 or 5 percent cap in this fishery. The number of processors exceeding the 1 percent cap cannot be disclosed. In the Western Aleutian Islands red king crab fishery, three processors would receive an initial allocation of harvest shares. No information concerning the number of processors exceeding the proposed share caps can be disclosed for this fishery.

The section concludes with an analysis of the provisions affecting catcher/processors. Catcher/processors have a unique role in any fishery and require particular attention under the two-pie IFQ program since these vessels participate in both sectors. Issues concerning the mismatch of allocations of harvest and processing shares to these vessels are discussed.

Cooperative Program Alternatives (Section 3.5). This section examines the cooperative program alternatives advanced in the Council motion. The section begins with a brief discussion of the cooperative alternatives that the Council has considered and excluded from analysis. These cooperative program options were deemed unsuitable for the crab fisheries. These options would potentially distort allocations from the historical participation, providing limited share protection to both harvesters and processors.

More importantly, the section examines the Voluntary Cooperative program and Plurality Assignment Cooperative program currently under consideration. The Voluntary Cooperative program would allocate harvest and processing shares similar to those under the IFQ program alternatives. The program would permit harvest share holders to form cooperatives associated with one or more processors holding a processing allocation. The program is intended to provide maximum flexibility, allowing the development of cooperative arrangements between participants that see an advantage to creating those arrangements. These agreements could help to ensure that more of each person's allocation is more harvested. This would be accomplished through pooling remaining shares at the end of a season so one vessel from the cooperative could be sent out to "mop-up" the remaining quota. This has been done in the BSAI pollock cooperatives, where the percentage of the TAC being left unharvested each year is very low relative to the halibut and sablefish IFQ programs.

Under the Voluntary Cooperative program share allocations would be made to both harvesters and processors regardless of whether cooperative agreements are entered. Because of this allocation system there would be no "open access" fishery. Persons that do not elect to join a cooperative would still receive a protected allocation.

The second cooperative program (the Plurality Assignment Cooperative program) would permit each harvester to enter a single cooperative associated with the processor to which he/she delivered the

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most pounds of crab during the qualifying period. Allocations are made to each cooperative based on the catch history of its members. Allocations of harvesters that do not join a cooperative are made to an open access fishery that is fished competitively by harvesters that do not join cooperatives. Because of the eligibility rules and a requirement that a cooperative have at least two members, over half of the processors that received deliveries from the crab fisheries during the qualifying period (but were not the recipient of the most catch from at least two harvesters) would not be able to associate with a cooperative in the first year of the program. Also under a 1994-99 qualifying period, five vessels would not be eligible to join a cooperative because they were the only vessel qualified to form a cooperative with their primary processor. These vessels would be required to participate in an open access fishery the first year of the program. Each year, participants in the open access fishery would become eligible to join a cooperative associated with the processor to which it delivered the most crab in the open access year.

The all-or-nothing allocation of catch history to processors under this alternative could result in disparities between processing history and processor allocations. Historical data show that many catcher vessels made deliveries to multiple processors over the qualifying period. For example in the Bristol Bay red king crab for the open season from 1993-1999, a total of 255 vessels had qualifying landings. Only 163 of the vessels delivered at least 50 percent of their catch to the same processor. That means that only about 64 percent of catcher vessels delivered at least half of their catch to one processor. Under the Plurality Assignment Cooperative all the catch would be assigned for delivery to a single processor. To lessen the impact of requiring all of the catch to be assigned to a specific processor, alternatives are included that would require a cooperative to deliver a set percentage (ranging between 10 and 100 percent) of its allocation to its associated processor. Members of the catcher vessel sector have indicated that requiring only 80 percent of the catch to be delivered to the cooperative's processor would benefit harvesters, in terms of bargaining power and maintaining traditional markets, much more than requiring a 90 percent delivery rate. Processors on the other hand feel that as the percentage decreases from 100 percent they tend to be in a much weaker position to negotiate prices and make long term plans for their operations.

This program is difficult to characterize because several options have been proposed with vary degrees of connection between harvesters in a cooperative and the associated processor. The most stringent option would require delivery of all or most of a cooperatives allocation to an associated processor. The most lenient option would not require any deliveries to the associated processor. Similarly, the program has options defining the ability of harvesters to move between cooperatives. These range from unrestricted movement, subject only to the approval of the cooperative to which the harvester is moving, to options that require a year in the open access fishery.

The alternatives for allocation of shares to vessels under the cooperative program are the same as under the IFQ alternatives. Therefore, the discussion of quota allocations is only covered in the section on IFQ allocations.

Regionalization (Section 3.6) - This section examines the two alternatives that would establish a regionalization program. Regionalization of the fisheries is intended to protect community interests. The first alternative would divide the fishery into north and south regions, creating a requirement that landings and processing activity be distributed between the regions in accordance with historic participation patterns. Estimates of the distribution of shares under the alternatives are provided. North allocations in the Pribilof red king crab and Pribilof blue king crab, and St. Matthew blue king crab fisheries exceed 50 percent of the fishery. The allocations, however, vary by more than 10 percent in the Pribilof blue king crab fishery and by more than 5 percent in the Pribilof red king crab fishery depending on whether the allocation is made under the years designated for allocating regional shares or the years designated for determining processor allocations. The significance of this difference is that use of different years for determining regional allocations and processor allocations could result in some processors being allocated shares for use in a region in which they

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have no processing history or facilities. In the Bering Sea *C. opilio* fishery the allocation to the north would be approximately 40 percent of the fishery. In the Bering Sea *C. bairdi* fishery the north allocation would be less than 5 percent under the only applicable regionalization option. Allocation of shares under the processor allocation option would allocate more than 20 percent to the north, because this allocation would be based on activity in the *C. opilio* fishery. In the Bristol Bay red king crab fishery, the allocation to the north would be less than 10 percent under either the regionalization options or the processor allocation option. In the Aleutian Islands golden king crab fisheries, the north would receive no allocation.

The second regionalization alternative would create a link between processing activity and communities in which processing historically occurred. Under this option, processing would be permitted to relocate from a community only with permission of the community. In this draft, analysis of this option is strictly qualitative. The allocation of shares to communities has the potential to impose hardships on both harvesters and processors. Determining the appropriateness of this option requires balancing these potential hardships against the potential benefit to communities of establishing a link between the processing activity and communities. Small allocations could burden processors by requiring that they either run processing facilities with small processing allocations or forgo processing a portion of their allocation. In addition, coordinating deliveries of crab to communities to exactly match the community allocation could be very challenging. Inability to reach an exact match would result in a portion of the GHL (or TAC) going unprocessed (and unharvested).

Binding Arbitration (Section 3.7) - This section examines two alternative binding arbitration agreements proposed by industry to govern ex-vessel price determinations between harvesters and processors. The two agreements differ only in that one would provide for an administrator to oversee the binding arbitration process. The administrator would appoint the arbitrator in cases where the two sides cannot agree on an arbitrator. Therefore the administrator would have substantial power in the process. The literature on binding arbitration suggests that implementing a binding arbitration process increases the conflicts between the two sides, and suggests that better outcomes are reached when two sides reach a negotiated agreement.

Options for Skippers and Crew (Section 3.8) - This section examines four options that are intended to protect skipper and crew interests. The first option would make an initial allocation of quota shares to skippers and/or crew. The allocation would be intended to provide those actively working in the fishery with an interest in the fishery. Several options for determining the allocation have been proposed. Eligibility would be based on either landings, verifiable by ADF&G fish tickets (or affidavits in the case of crew), or a point system, under which points are awarded based on participation verified by fish tickets or affidavit. Allocations could be made equally to all eligible participants or could be based on landings or points or some combination of these measures. Quantitative analysis of the option is limited by available data.

The second option would provide skippers and crew with a first-right-of-refusal on a portion of each share allocation, when those shares are first transferred. The first-right-of-refusal is intended to provide a method of entry to skippers and crew that wish to have an interest in the fishery. The third option would protect skippers and crew by guaranteeing their historical crew share and prohibiting vessel and quota share holders from reducing crew shares to cover the cost of participation in a share based fishery. This option is based on a system in the Canadian groundfish fishery. Preliminary research on this option suggest that enforcement of the provision could be problematic. The last option would create a low interest loan program to fund the purchase of quota shares by skippers and crew. This option would establish a program similar to that in the halibut and sablefish fishery.

CDQ Allocations (Section 3.9) - This section examines options for changing the allocations to CDQ groups in the different fisheries proposed for inclusion in the rationalization program. The analysis examines the allocations to both the CDQ groups and non-CDQ participants. Based on the GHF in the most recent fisheries, assuming the option for the highest CDQ allocation is adopted, the allocations to CDQ groups could range from a high of 3.3 million pounds in the Bering Sea *C. opilio* fishery to approximately 150 thousand pounds in the Pribilof red and blue king crab fisheries combined. These allocations would result in a decrease of approximately 13 thousand pounds and 1.3 thousand pounds from eligible non-CDQ participants in these fisheries.

Other Management and Allocation Issues (Section 3.10) - This section examines various management implications of the rationalization program, including the effects of rationalization on other fisheries, the possible need to continue AFA sideboards to limit activities of AFA participants in the BSAI crab fisheries, options that would specify the duration of the rationalization program and schedule periodic review of the program, and the need for a cost recovery program to cover the cost of management of the rationalized fisheries.

Crab rationalization may increase the opportunities for BSAI crab vessels to participate in other fisheries. LLP data indicates that 253 of the crab vessels hold at least one groundfish endorsement (this includes the 42 AFA catcher vessels). These vessels would be allowed to participate in groundfish fisheries using that license. However the options for many of these vessels are limited in groundfish. Groundfish endorsements are area specific and licenses are expected to have gear endorsements added in the next year. Pacific cod endorsements are expected to be added to BSAI groundfish licenses as a result of Amendment 67 (47 pot catcher vessels are expected to qualify for a cod endorsement). Pacific cod is the most likely candidate for expansion by the crab fleet. However, the restrictions currently in place for the cod fishery limit the expansion that can occur in that fishery. The quota is already split among fixed, trawl, and jig gear vessels and Amendment 67 limits new entry. However, Amendment 64, which further allocates the quota among the fixed gear components, sunsets at the end of 2003. There may be more concern in the GOA cod fisheries where fewer restrictions are placed on entry. If the GOA cod fishery is a concern it could be protected as part of the GOA rationalization program or by a trailing amendment to this package.

Increases in participation of BSAI crab vessels in State managed fisheries, including the GOA crab and the State of Alaska GOA cod fishery, could be limited by State regulations. The State waters cod fisheries are often managed with pot limits and vessel size restrictions. Those limits either make the fisheries unavailable or less attractive to large crab vessels. The GOA crab fisheries have had relatively low GHFs, when open in recent years. The pot limits applied to those fisheries may also make them less attractive to large BSAI crab vessels.

Including AFA vessels/processors in the quota allocation process may eliminate the need for harvesting processing sideboards in the BSAI crab fisheries. The allocation alternatives would result in AFA vessel harvests and processing allocations similar to the caps. Limits on the amount of quota AFA vessels and processors can purchase after the initial allocation could prevent them from using BSAI pollock monies to increase their share holdings. These limits could also be accomplished through the ownership caps being considered.

A cost recovery program is mandated for all new IFQ programs. The maximum fee that can be levied against the fleet is 3 percent of the ex-vessel value for harvest IFQ programs. However, the possible processor allocations raise the question of whether cost recovery should apply to processors under a two-pie IFQ program. Since they are benefitting from an allocation that would have management costs associated with it, should they be included in a cost recovery program to pay for its management?

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Comparison of the Rationalization Models (Section 3.11) - This section compares the different rationalization alternatives, giving particular attention to the differences in competition and bargaining power of harvesters and processors under the different program alternatives. A theoretical economic model is developed and is applied to the crab fisheries. The analysis is contained primarily in Appendix 3-7, and considers how interests created by the different rationalization alternatives will affect the value of harvesting, processing, and human capital used prior to the program's introduction.

Effects of Rationalization on Products and Consumers (Section 3.12) - This section examines potential changes in products and other effects on consumers of rationalization of the fisheries. The analysis draws on prior experiences in North Pacific fisheries as well as conversations with participants in the industry. The expected slower pace of the fishery and less compacted delivery times should allow processors to improve sorting and grading of crab and improve employee training. Improved product grading could benefit both participants in the fisheries and consumers. Also expanding season lengths should decrease storage costs and allow consumers to purchase a fresher product as harvests can be better timed to market demand. Freezing techniques could also be modified to make more use of plate and blast freezers which would result in a higher quality product.

The Effects of the Crab Vessel Buyback Program (Section 3.13) - This section of the analysis examines the effects of the vessel buyback program on the rationalization program. We have assumed that the buyback program will purchase vessels, LLP licenses, and catch history. The analysis is qualitative because the participation in this voluntary program cannot be quantitatively predicted.

The buyback program will tend to increase the allocation of the harvesters that remain in the fishery by the percentage of qualifying catch that was removed from the quota share pool. Because the buyback program is specific to harvesters, it will cause a redistribution of processor "allocations" under the Plurality Assignment Cooperative. Processors that have more of their fleet bought out (in terms of cooperative allocation) relative to other processors would be worse off as a result of the buyback. Also, because catcher/processors are not part of the buyback, they will receive a larger harvest allocation under all of the rationalization alternatives. Depending on whether processing allocations to catcher/processors are based on their harvest allocations or their processing history, buyback could either allow them to process their entire harvest and increase their processing allocations or prevent catcher/processors from processing their entire allocation and have no effect on their processing allocations.

(b) Scoping summary report on the Environmental Impact Statement for the FMP for the BSAI king and Tanner crabs

This report, which follows this memo and attachment, will summarize the environmental issues and describe the potential alternatives raised during the scoping process for the EIS for the BSAI crab fisheries. NMFS held three scoping meetings to describe the proposed EIS and scoping process and invite written public comment. NMFS received three public comments. In addition to the issues raised during scoping, the EIS will incorporate significant issues and possible alternatives raised at the Council meetings where rationalization was discussed and at the Council's Rationalization Committee meetings. The issues are not enumerated here because they are also discussed in the Initial Council Review Draft of the BSAI Crab Rationalization Alternatives. NMFS staff will provide additional detail on this report.

c) Consider the timing of submission of the Council's report to Congress on rationalization of the BSAI crab fisheries.

The Consolidated Appropriations Act of 2001 provides:

“The North Pacific Fishery Management Council shall examine the fisheries under its jurisdiction, particularly the Gulf of Alaska groundfish and Bering Sea crab fisheries, to determine whether rationalization is needed. In particular, the North Pacific Council shall analyze individual fishing quotas, processor quotas, cooperatives, and quotas held by communities. The analysis should include an economic analysis of the impact of all options on communities and processors as well as the fishing fleets. The North Pacific Council shall present its analysis to the appropriations and authorizing committees of the Senate and House of Representatives in a timely manner.”

The rationalization alternatives currently under consideration include all of the program options that Congress requested the Council consider in its analysis. The timing of delivery of the report to Congress, however, has not been decided. The adequacy of the current analysis for purposes of satisfying the requirement of reporting to Congress and the timing of delivery the report to Congress need to be considered by the Council. Council guidance will assist staff in completing an analysis to satisfy both the report to Congress requirement and the needs of the Council. Currently, the only program alternative that could be implemented without legislative change is a traditional, harvester only IFQ program, which itself could not be submitted for Secretarial review until expiration of the current IFQ moratorium. Because the rationalization alternative selected in April will become the central alternative in the Crab EIS, which will be developed over the summer for action by the Council this fall, effective final action by the Council will occur via the EIS vehicle. This would allow for the Council to react as necessary to potential legislative changes from Congress.

Our original plan was to submit a synthesized version of the current analysis to Congress following the February meeting. Likely we would submit the entire analysis with a detailed Executive Summary. Under that schedule, it seems highly unlikely that Congressional action would occur prior to the Council's identification of a Preferred Alternative (currently scheduled for April). Another option is to delay submittal of that analysis to Congress until after the Council selects its Preferred Alternative in April. That way Congress would receive both the analysis and the Council's preferred rationalization program at the same time, and could potentially craft legislation to accommodate the Council's program. Depending on Congressional action the Council would still finalize its rationalization program through the EIS decision later this year, at which time we would presumably know what is authorized by Congress. This alternative approach would require staff to develop an executive summary of the overall analysis, with additional emphasis placed on the Council's preferred alternative. Given that the Council currently plans to select a preferred alternative in April, it would probably be May before the report could be submitted to Congress under this approach.

Report of the Scientific and Statistical Committee

The draft analysis includes a well-balanced description of the alternatives, an excellent review of alternative institutional arrangements for rationalization, and a lucid discussion of many of the issues related to the adoption of the proposed alternatives. Nevertheless, the SSC notes that the draft document is incomplete in a number of important areas and that some sections of the draft analysis are invalid. The SSC advises that these shortcomings be addressed and that the document undergo a thorough review before the draft analysis is released for public review. The SSC emphasizes that this conclusion should not be construed as a criticism of the preparers. To the contrary, we laud staff for the quality of analysis of the complicated issues that arise in comparing the anticipated effects of alternative rationalization measures. We note that the suite of alternatives under consideration for crab rationalization is much broader than those considered for rationalization of other North Pacific fisheries, analyses that benefitted from much longer periods for preparation of analytic

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documents than has been budgeted for this analysis. Please see the SSC Minutes, Appendix II to these minutes, for detailed comments and suggestions on the draft analysis.

Report of the Advisory Panel

The AP agrees with the SSC's recommendation of revising the problem statement for BSAI Crab Rationalization to provide greater clarity regarding the processor and community concerns that rationalization seeks to address; and that the analysis be complete with respect to all the customary information which otherwise meets the requirements of an IRFA, RIR, EA, etc. prior to submission to Congress. The extensive motion containing AP recommendations on this issues is included the AP Minutes, Appendix III to these minutes.

DISCUSSION/ACTION

Kevin Duffy moved the following draft problem statement, and the AP recommendations, with modifications, as follows:

**Draft
BSAI Crab Rationalization Problem Statement**

Vessel owners, processors and coastal communities have all made investments in the crab fisheries, and capacity in these fisheries far exceeds available resources. The BSAI crab stocks have also been highly variable and have suffered significant declines. Although many three of these stocks are presently under rebuilding plans, the continuing race for fish frustrates conservation efforts. Additionally, the ability of crab harvesters and processors to diversify into other fisheries is severely limited and the economic viability of the crab industry is in jeopardy. Harvesting and processing capacity has expanded to accommodate highly abbreviated seasons, and presently, significant portions of that capacity operate in an economically inefficient manner or are idle between seasons. Many of the concerns identified by the NPFMC at the beginning of the comprehensive rationalization process in 1992 still exist for the BSAI crab fisheries. Problems facing the fishery include:

- 1. Resource conservation, utilization and management problems;**
- 2. Bycatch and its' associated mortalities, and potential landing deadloss;**
- 3. Excess harvesting and processing capacity, as well as low economic returns;**
- 4. Lack of economic stability for harvesters, processors and coastal communities; and**
- 5. Unacceptably High levels of occupational loss of life and injury.**

The problem facing the Council, in the continuing process of comprehensive rationalization, is to develop a management program which slows the race for fish, reduces bycatch and its associated mortalities, provides for conservation to increase the efficacy of crab rebuilding strategies, addresses the social and economic concerns of communities, maintains healthy harvesting and processing sectors and promotes efficiency and safety in the harvesting sector. Any such system should seek to retain parity between the harvesting and processing sectors, including market competition healthy, stable and competitive markets.

[The strikeouts and underlined sections indicate editing changes made during Council discussion.]

The Council recommends the following additions and clarifications be included in the crab rationalization analysis before sending the document out for public review:

1. The Initial Council Review Draft of the plurality coop is complete. Further analysis should focus on the options for an individual quota framework – both one-pie and two-pie – for management of the BSAI crab fisheries. The analysis should include a discussion of the use of the voluntary cooperative as a fishery management tool within the individual quota framework.
2. The analysis should include information on the alternative fisheries that harvesters and processors have participated in, so that alternative allocation options can be better assessed based on an individual harvester or processor's dependence on a particular crab fishery.
3. The amount of stranded capital in the processing sector should be analyzed. Options for addressing the stranded processing capital issue, such as a processor buyback program should also be discussed.
4. The effect of regionalization on ownership caps should be added to the analysis.
5. The analysis should include a qualitative discussion of cumulative impacts of the options on different classes of vessels.

Additional elements or alternatives to consider:

1. Harvesting Sector Elements

- Add to the AP Section 1.1 to read:

Exclude the E AI tanner, W AI tanner, Dutch Harbor red king crab, and W AI red king crab.

Federal waters shall be closed to the harvest of Eastern (Dutch) and Western AI Tanner crab and Eastern (Dutch) and Western AI red king crab until such time as the State of Alaska develops a fishery management plan and harvest strategies that includes provisions to conserve the stocks and prevent overcapitalization.

- Section 1.3 – Categories of QS/IFQs

Add new section for clarification of CP shares:

QS-IFQ for the Catcher/Processor sector is calculated from the crab that were both harvested and processed onboard the vessel. This shall confer the right to harvest and process crab aboard a catcher processor in accordance with section 1.7.2.

- 1.4.1 Calculation of Initial QS distribution

Add a new option to 1.4.1 (b)

Option 3: In cases where the fishing privileges (i.e. moratorium qualification or LLP license) of an LLP qualifying vessel have been transferred, the distribution of QS to the LLP shall be based on the aggregate

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catch histories of (1) the vessel on which LLP license was based up to the date of transfer, and (2) the vessel owned or controlled by the LLP license holder and identified by the license holder as having been operated under the fishing privileges of the LLP qualifying vessel after the date of transfer. Only one catch history per LLP License.

<deleted AP option 5 on Golden king crab Section 1.4.2.7>
[Re-inserted by amendment during Council discussion]

*1.6.3 Add the following suboption to 1.6.3(d):

d) percentage cap ranging from 10 to 40 % for the Dutch Harbor and Western Aleutian Islands brown king crab (a different percentage cap may be chosen for each fishery or may be applied to the combine fisheries if not categorized separately).

*Suboption: No initial issuance shall exceed the cap specified. Any amount of QS that would be issued to a person in excess of the cap shall be distributed to other qualified persons receiving an allocation in the fishery:

- a) equally or
- b) proportionally.

· Under Section 1.7.1 Delete AP Option VII and move Option VI to 1.7.2.3 as a new Option 6.

1.6.1.1.1 Catcher/Processors shall be granted CP-QS in the same manner as catcher vessels.

· Section 1.7.2.3 - Catcher/Processor shares:

Modify Option 5 under 1.7.2.3 from the December 11, 2001 motion to read: "Only catcher processors that both caught and processed crab onboard their qualifying vessels in any BSAI crab fishery during 1998 or 1999 will be eligible for any CP QS in any IFQ or Coop program."

Option 6. CP-QS initially issued to a catcher/processor shall not be regionally or community designated.

1.7.2.4 transfers to shore-based processors:

- (c) Catcher/Processors shall be allowed to sell CP/QS to shore based processors.
- (d) When CP/QS shares, without a regional designation, are sold to a shore based processor, the shares become CV and PQ shares designated by region.

2.1 Other Optional Provisions

Add the following option:

*Owner On Board Option

- a. A portion (range of 5-50%) of the quota shares initially issued to fishers / harvesters would be designated as "owner on board." All initial issuees (individual and corporate) would be grandfathered as not being required to be aboard the vessel to fish shares initially issued as "owner on board" shares

- b. Shares transferred to initial issuees in the first (range of 3-7 years) of the program would be considered the same as shares initially issued
- c. “owner on board” shares transferred by initial issuees, after the grace period, would require the recipient to be aboard the vessel to harvest the IFQ/ITQ
- d. In cases of hardship (injury, medical incapacity, loss of vessel, etc.) a holder of “owner on board” quota shares may, upon documentation and approval, transfer / lease his or her shares for the term of the hardship / disability or a maximum of (Range 1-3 years)
- e. Shares issued to CDQ groups are exempt from owner on board requirements

[Owner on board provisions added by amendment made by Stosh Anderson, seconded, and carried, 7 to 3, with Bundy, Fluharty and Hyder voting against; Penney absent.]

***1.8.5 Sideboards.**

Vessels that qualify for QS in the rationalized crab fisheries would be limited to their catch history in GOA fisheries. The years used for qualification (or the distribution of QS in the rationalized crab fisheries) would be the same years used to establish catch histories in the GOA fisheries. The Council also requests that the Board of Fish address sideboard issues in State Waters fisheries.

Section 2. Processing Sector Elements

- **Section 2.1 Eligible Processors**

Add the following language for clarification:

Eligible Processors – processors (including catcher-processors) eligible to receive an initial allocation of processing quota shares (PQs) are defined as follows:

- (a) U.S. corporation or partnership (not individual facilities) that
- (b) Processed crab for any crab fishery included in the IFQ program during 1998 or 1999.

Section 3.2.5 Options for addressing potential mismatch of Harvesting and Processing shares within the region.

1. The base years for determining processing shares and the base period for determining the share assigned to each region shall be the same.
2. If the cumulative harvester quota associated with each region differs from the total regional share, by species, the harvester share, by species, shall be adjusted, up or down, in the following manner:
 - a. The adjustment shall apply only to harvesters with share in both regions.
 - b. The adjustment shall be made on a pro rata basis to each harvester, so that the total share among those harvesters, by region, equals the total share assigned to each region.
3. The adjustment shall only be on shares that carry a regional designation; Class B quota would be excluded from the adjustment.

- **6.1 Coop model with the following elements and options**

Replace number 6 with the following:

Processing history may leave an eligible community of origin in which the history was established with permission of the eligible community. The processing QS may change communities with negotiated

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agreement between the processor and the originating (eligible) community; these agreements will be filed with the Secretary of commerce thirty days prior to the quota share leaving the eligible community.

“Eligible communities” shall be defined as any community in which aggregate (community) landings exceeded 0-8% of the species for which processor QS is awarded during the qualifying period.

“Community landings” for closed fisheries will be determined using a formula that mirrors “processor option one” as defined in the current analysis.

Add Suboption under 6.1 - 3)

(b) There must be at least 4 or more unique vessels engaged in one or more crab fisheries to form a coop with a processor. Vessels are not restricted to deliver to a particular plant or processing company.

OTHER ISSUES (As part of the main motion)

- 1) The Council encourages NMFS to finalize the BSAI Crab LLP and make a determination regarding interim and permanent licenses.
- 2) The state’s current authority to set GHs will be modified to include the setting of TACs under the BSAI Crab FMP.
- 3) Require certain socioeconomic data from the crab catching, processing and catcher/processors participants during implementation of the crab rationalization program. This information is to include, but not be limited to: harvest and production costs; expenditure patterns; vessel ownership data including vessel identifiers (name and address files); and employment and earnings data. Individual socioeconomic data will be collected from fishing and processing entities and tabulated by the resource agencies, and maintained in a secure and confidential manner for analysis by the State and Federal fishery management agencies and the NPFMC.
- 4) In addition the analysis should include the customary information that meets the requirements of an IRFA, RIR, EA etc.
- 5) Adopt by reference the recommendations on page 10 of the Final AP minutes of 9:17am, 2/9/02, and the SSC recommendations regarding improvements and changes to the crab rationalization document outlined in the SSC minutes of 2/7/02.

The motion was seconded by Stephanie Madsen, and carried without objection.

It was clarified that the Council concurred with the AP and SSC recommendations to remove the Hamilton document from the analysis and make it a stand-alone document. Staff would summarize the information in it as well as other relevant documents for inclusion in the analysis. Mr. Duffy stated his intent was what the SSC recommended with regard to this issue.

Regarding the Crab FMP EIS, staff was requested to place it on the April agenda for a discussion and guidance to staff on the alternatives for development.

The final motion on the crab rationalization analysis is included as Appendix VI to these minutes.

C-6 American Fisheries Act

ACTION REQUIRED

- (a) Review final co-op reports for 2001 fisheries.
- (b) Review supplemental information for AFA Report to Congress.

BACKGROUND

2001 Co-op reports

In December the preliminary end-of-year reports from the pollock co-ops were made available to the Council, but we did not take up this agenda item. Final reports have been submitted to the Council, many of which did not differ significantly from the December drafts. We have not copied these reports, but have compiled them in a reference book, and co-op representatives are available to summarize the results. Because these reports will include information on the salmon bycatch provisions of the co-op agreements, and because that issue is of mutual interest to the Alaska Board of Fisheries, it is anticipated that the co-op representatives will provide their report at the joint meeting of the Council and Board of Fish on February 5. Copies of the specific reports from each co-op are available to the public upon request.

Report to Congress

In October you asked us to delay submission of the AFA Report to Congress pending the compilation of catcher vessel ownership information. By early December we received the relevant information from all 112 AFA vessels, and have compiled it in summary form to include in the report (maintaining confidentiality of specific ownership information). Item C-6(b)(1) is a summary of that information, as well as a summary of other changes to the report you requested back in October. Rather than provide additional copies of the entire report to you at this time, we are providing only this additional, new information, and are seeking your concurrence that the report is now complete with this additional information. Copies of the final version would then be forwarded to Congress, the Secretary of Commerce, and to all Council family members and interested public.

Neither the SSC nor the AP addressed this agenda issue.

DISCUSSION/ACTION

The Council received end-of-the-year co-op reports during the joint meeting with the Alaska Board of Fisheries on Tuesday of the Council meeting week. The Council was also provided an update on changes made to the draft AFA Report to Congress since the October meeting.

Dennis Austin moved to modify the Report to Congress, or letter of transmittal, in response to the Conference Report accompanying the amendment removing the sunset date, to state that the Council concludes it does not have authority to design a set-aside that will restore access to the directed pollock fishery for non-AFA catcher processors with recent pollock history, specifically, the *American 1* and the *U.S. Intrepid*. The motion was seconded by Robin Samuelson.

Through friendly amendments, the motion was re-stated as follows:

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Modify the AFA Report to Congress in response to the Conference Report that accompanied the Amendment removing the (AFA) sunset date. The modification would state that the Council concludes that it does not have the authority to restore access to the directed pollock fishery for non-AFA pollock catcher/processors with recent pollock history. However, the Council may consider other ways to allow maximum utilization of the non-AFA catcher/processors' pollock history.

The motion carried with Roy Hyder objecting.

Staff was directed to finalize and submit the report to Congress, after making the changes discussed above, and adding a new section reflecting recent events and discussions.

C-7 Observer Program

ACTION REQUIRED

- (a) Initial review of regulatory analysis.
- (b) Review Observer Advisory Committee report.
- (c) Discuss status of long-term program adjustments.

BACKGROUND

(a) Initial review of regulatory analysis

The regulations that authorize and implement the North Pacific Groundfish Observer Program (Observer Program) expire December 31, 2002. This regulatory analysis package (EA/RIR/RFAA) addresses alternatives to extend and improve the Observer Program beyond 2002. The three primary alternatives are as follows: (1) allow the regulations and the Observer Program to expire (no action alternative); (2) extend the regulations indefinitely with the expectation that they would be amended periodically to maintain or increase the effectiveness and efficiency of the Observer Program; and (3) extend the regulations through December 31, 2007.

In addition to the alternatives above, two complementary options for improving the existing regulations are proposed. The options would: (1) increase NMFS' management controls over observer providers and observers by strengthening the regulations governing the relationship between NMFS and the observer providers and observers; and (2) increase the ability of NMFS to interact effectively with observers, fishermen, and processing plant employees by granting NMFS the authority to place NMFS staff and other qualified persons aboard groundfish and halibut vessels and at groundfish plants.

The regulatory actions under consideration were developed in response to the agency's need to analyze methods of strengthening the regulations governing the relationship between NMFS and the observer providers to ensure sufficient management controls. NMFS has long recognized a need to change the service delivery model under which the Observer Program operates. The difficulty of replacing the current service delivery model has been demonstrated, with the major obstacle to any such change being perceived or actual increases in the total cost of the program and changes in the distribution of that cost. This proposed rulemaking would represent a first step in revising the overall program in order to meet the needs that have been identified by the agency, the Council, and the Observer Advisory Committee (OAC).

The Observer Program developed the alternatives and options under consideration in consultation with the OAC. Initial review of the draft analysis is scheduled for this meeting, and final action is currently scheduled for April 2002. The draft analysis was sent to the Council on January 23.

(b) Review Observer Committee report

The Observer Advisory Committee convened on January 7 - 8 in Seattle to review the agency's goals and objectives for the Observer Program and the draft regulatory analysis discussed above. Several revisions were made to the alternatives and options under consideration as a result of the OAC's recommendations. Overall, the committee recommended moving forward with the analysis, given several recommendations and clarifications. The committee report is attached as Item C-7(b)(1).

(c) Discuss status of long-term program adjustments

The committee recommended that the Council write a letter to Dr. Bill Hogarth, NMFS Asst. Administrator for Fisheries, requesting support for full Federal funding of the North Pacific Groundfish Observer Program in the NMFS budget (FY04 budget initiative).

The committee had limited discussion of long-term changes to the program, recognizing that the proposed regulatory package will be the main focus of the agency and the Council until after final action. The committee recommended meeting in May 2002 to address the next steps to making long-term changes to the program. As reflected in the January 2002 meeting minutes, the committee also recommended that the OAC should meet annually to review an Observer Program report, developed by the agency, which would address, among other elements, program costs and agency progress toward meeting the goals and objectives.

Report of the Scientific and Statistical Committee

The SSC strongly supports continuation of the Observer Program and recommends that the EA/RIR/IRFA be released for public review.

Report of the Advisory Panel

The AP recommends the Council release the draft EA to the public with modifications and expansion of discussion on the following:

1. NPGOP proposed drug and alcohol policy and requirements for the observers and observer providers
2. The observer "fit for duty" requirements
3. The observer providers responsibility in data transmission
4. Observers in-person mid-deployment data reviews
5. Insurance requirements for placing NMFS staff on vessels
6. Observers duties during offload before the observer is released from duty and the vessel can return to fishing
7. Guidelines which will be used in determining placement of observers on vessels <60' in length. Examples could include:
 - A. Consent of vessel owner/operator
 - B. Availability of safety equipment to accommodate an observer
 - C. Availability of berthing space
 - D. Availability of an observer workstation
 - E. Advance notice requirements
 - F. Expected length of deployment

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- G. Safety decal requirements and Coast Guard's ability to examine these vessels
- 8. Clarity that the intent and purpose of the program is to fulfill data needs and solve sampling problems
- 9. A new Suboption under option 2 for Alts 2 and 3 which would grant NMFS authority to place observers on vessels that are required to have observer coverage, but have already satisfied their observer requirements only subject to vessel owners approval.

The AP believes that the overall structure of the observer program is inconsistent with the goals of the NPGOP. The AP recommends to the Council that an analysis of the overall structure of the program be assigned a high priority and that staff tasking for this analysis be discussed at this meeting. The AP further recommends that beyond present action, no further time be devoted to quick fixes for the existing program until this restructuring is complete and in place. Analysis of the restructuring will include a fully federally funded observer program. Development of a problem statement and additional alternatives could be tasked to the Council's Observer Committee which will be meeting in May to discuss these issues.

DISCUSSION/ACTION

Stephanie Madsen moved the following AP recommendations, with changes noted:

Release the draft EA to the public with modifications and expansion of discussion on the following:

- 1. NPGOP proposed drug and alcohol policy and requirements for the observers and observer providers
- 2. The observer "fit for duty" requirements
- 3. The observer providers responsibility in data transmission
- 4. Observers in-person mid-deployment data reviews
- 5. Insurance requirements for placing NMFS staff on vessels
- 6. Observers duties during offload before the observer is released from duty and the vessel can return to fishing
- 7. Guidelines which will be used in determining placement of observers on vessels <60' in length. Examples could include:
 - ~~A. Consent of vessel owner/operator ***~~
 - A. Availability of safety equipment to accommodate an observer
 - B. Availability of berthing space
 - C. Availability of an observer workstation
 - D. Advance notice requirements
 - E. Expected length of deployment
 - F. **U.S.C.G.** Safety decal requirements and Coast Guard's ability to examine these vessels ***
- 8. Clarify that the intent and purpose of the program is to fulfill data needs and solve sampling problems
- ~~9. A new Suboption under option 2 for Alts 2 and 3 which would grant NMFS authority to place observers on vessels that are required to have observer coverage, but have already satisfied their observer requirements only subject to vessel owners approval.~~
- 9. **Develop and analyze a range which would represent an annual cap on the number of NMFS staff deployment days.**
- 11. **Identify those regulatory changes that are legal issues.**
- 12. **Potential opportunities for annual safety training. (added by friendly amendment)**

***These two modifications were made by friendly amendments to the motion. Deletion of #9 and the three additions, 9-12, were included by the maker of the original motion as changes to the AP recommendations.

The motion was seconded and carried without objection.

With regard to further direction to the Observer Committee on long-term changes to the program, Council members indicated that the committee is addressing the issues and needs no further direction.

C-8 Steller Sea Lion Measures

ACTION REQUIRED

Discuss trailing amendment package from October.

BACKGROUND

In October, the Council adopted alternative 4 of the draft Supplemental Environmental Impact Statement (SEIS) as its final preferred alternative to protect Steller sea lions, with only minor modifications and clarifications. These modifications are contained in the Council's final motion (Item C-8(a)). In addition, the Council recommended that a vessel monitoring system be required on all vessels, except those using jig gear, participating in directed fisheries for pollock, Pacific cod, or Atka mackerel. The Council requested NMFS to explore federal funding options for purchasing, installing, and implementing vessel monitoring systems on vessels (discussed under B-2).

The Council also identified eight items to be analyzed in a trailing amendment, for possible implementation in the 2003 season (Item C-8(b)). In November, the Board delegated authority to ADF&G to mirror federal regulations adopted for pollock, cod, and mackerel fisheries, and made two modifications to federal regulations. Haulouts of Cape Barnabas and Caton Island would be open to fishing with pot gear within 0-3 nm, and the season for Pacific cod in the Chignik area would begin on March 1. These regulations sunset on December 31, 2002. In December, the Council voted to include the Board's modifications as options in the trailing amendment package.

At this meeting, NMFS staff will provide a preliminary evaluation of the magnitude of these options relative to jeopardy consequences (please see Item C-8(c)). Tradeoffs may be required to implement any of these options and still avoid jeopardy and adverse modification of Steller sea lion habitat. The Council will discuss how to proceed with the amendment package.

Neither the SSC nor the AP addressed this agenda issue.

DISCUSSION/ACTION

Earl Krygier moved to request NMFS to begin analysis Item #7 of the trailing amendments: "For the Aleutian Islands pollock fishery, examine the following three options: a) closure; b) a single season outside of critical habitat; and c) a split season (40/60% of TAC)." The motion was seconded by Stephanie Madsen.

Mr. Krygier recommended that NMFS review implementing measures for the 40/60 season which would go into effect in 2003 as well as other possibilities. Jim Balsiger said that NMFS will have to review this in the context of the entire trailing amendment package in order to determine how any change would affect jeopardy.

The motion carried without objection.

Earl Krygier moved to forward items 1, 2, 3, and 9 to the RPA Committee to determine whether mitigation needs to occur if these issues were implemented. These items are:

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- 1. Area 8 exemption: allow catcher vessels (of any LOA) using longline gear to fish 3-10 nm from haulouts of Reef-Lava and Bishop Point.**
- 2. Area 4 exemption: allow vessels under 60 feet LOA using fixed gear to fish in waters of the Chignik area.**
- 3. Stand down provisions between A/B and C/D seasons for pollock in the GOA**
- 9. (December 2001 addition). The Board of Fisheries modifications.**

The motion was seconded by Stosh Anderson.

It was pointed out that now that the SSL RPAs have been approved, that the Committee would be more appropriately called the SSL Mitigation Committee. Council members agreed to the change in name. Mr. Anderson pointed out that some industry segments felt they were not adequately represented on the original committee and suggested the Chairman adjust membership, relative to the issues being discussed.

Stephanie Madsen moved to amend the motion to remove item #9 from the motion. The motion was seconded and carried, 9-1, with Anderson voting against.

Stephanie Madsen moved to amend the motion to also forward items 5, 6, and 8 to the SSL Mitigation Committee again because some of the original requests have been modified by the Council. The motion was seconded and carried, 8 to 2, with Krygier and Hyder voting against. Issues 5, 6, and 8 are:

- 5. Examine options for a Gulf of Alaska Pacific cod split other than the current 60/40 split.**
- 6. For the BSAI Atka mackerel fishery, analyze options to change percentage inside/outside critical habitat of 50/50 and 70/30.**
- 8. In area 9, analyze a range of caps for pot, longline and jig gear.**

Stephanie Madsen moved that item #9 be forwarded for analysis. The motion was seconded by Robin Samuelsen and carried without objection. Item #9 follows:

- 9. (December 2001 addition). The Board of Fisheries modifications.**

Comparison of measures adopted by the Council and by the Board of Fisheries.

<u>Area</u>	<u>Council Action</u>	<u>Board Action</u>
Cape Barnabas	0-3 nm open to jig gear 0-3 nm closed to trawl & fixed gear	0-3 nm open to jig gear 0-3 nm open to pot gear
Caton Island	0-3 nm open to jig gear 0-3 nm closed to trawl & fixed gear	0-3 nm open to jig gear 0-3 nm open to pot gear
Chignik Area	Open State waters cod fishery seven days after closure of directed Federal season in Central Gulf	open state fishery on March 1

Mr. Krygier moved that the Chairman evaluate and adjust if necessary the committee membership to address the trailing amendments relative to the issues being discussed. The motion was seconded by Stosh Anderson and carried without objection.

In discussing the timing for committee work, it was not clear whether there would be time for the committee to meet and provide recommendations by the April meeting in order for the Council to proceed with a formal amendment package. Additionally, Jon Pollard pointed out that because of new litigation and personnel issues with NOAA General Counsel it is doubtful that they could provide the same level of participation as for previous committee meetings.

With regard to timing on analysis of items 7 and 9, Council indicated they wished analysis to be initiated as soon as possible. The draft analysis would be reviewed by the Sea Lion Committee for their comments and recommendations before Council review, if possible. However, if timing does not allow for that pre-review by the Committee, the analysis would be forwarded to the Committee at the same time it goes to Council for review. Mr. Austin suggested that the analysis for item 9 should include mitigation measures that may be required.

C-9 Salmon Bycatch

ACTION REQUIRED

Review discussion paper on salmon bycatch.

BACKGROUND

In October, the Council requested that staff bring forward information regarding salmon bycatch implications resulting from the 2002 Steller sea lion measures. In addition, last February, the Council reviewed a preliminary data analysis on salmon bycatch in Gulf of Alaska trawl fisheries. The Council requested that staff provide additional information at a future meeting to assist with evaluating the need for management measures to control salmon bycatch in Gulf of Alaska fisheries. Staff has prepared a paper to address these and other issues regarding salmon bycatch in Alaska groundfish fisheries (Item C-9(a)).

Robin Samuelsen moved the following:

That the Council initiate an analysis of alternatives to control salmon bycatch in the Gulf of Alaska groundfish trawl fisheries. Specifically, the analysis should consider establishment of bycatch limits based on 1990 - 2001 average bycatch amounts (21,000 chinook salmon and 20,500 'other' salmon). Attainment of these limits by trawl fisheries would result in closure of specified areas for the remainder of the fishing year. Specified areas would be designated based on analysis of areas that have had historically high bycatch rates. Prohibit the discard of salmon taken in GOA groundfish trawl fisheries until the number of salmon has been determined by a NMFS-certified shore plant observer. Develop an "Origin of Salmon" study for all bycatch salmon in the Gulf of Alaska.

The motion was seconded by Stephanie Madsen.

Mr. Samuelsen offered the following in support of his motion:

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1. Both chum and chinook salmon stocks are fully subscribed to inshore, commercial, sport and subsistence fishermen.
2. The State of Alaska, Alaska Board of Fisheries has taken regulatory action to conserve these stocks, closed fisheries in AYK, Yukon & Norton Sound, curtailed fisheries in Bristol Bay-Area M, as well as commercial fisheries in Kodiak, lower and upper Cook Inlet. Sport fisheries in Cook Inlet and Kodiak have been curtailed during the summer and winter season.
3. The NPFMC has always used the precautionary approach to fishery management, chum and chinook bycatch salmon in the GOA should be afforded this approach.
4. To date, no regulations have been implemented to control salmon bycatch in the GOA trawl fisheries.

Stephanie Madsen moved to add a range for analysis of 21,000 to 25,000 for chinook salmon. The motion was seconded by John Bundy and carried, 7 to 3, with Anderson, Krygier and Samuelsen voting against (Mr. Penney was absent).

The main motion, as amended, carried unanimously (Mr. Penney was absent).

Stephanie Madsen moved to request the Chairman send a letter to the North Pacific Research Board asking for funding for research recommended by AMCC and Robin Samuelsen's recommendation for Origin of Salmon studies.

D. GROUND FISH MANAGEMENT

D-1(a) Differential Gear Impact Analysis

ACTION REQUIRED

Develop problem statement, context, and direction for analysis.

BACKGROUND

Last October, the Council approved a motion (in concept) to initiate analysis of differential gear impacts, but postponed specification of the details of such an analysis to the December Council meeting, then further to the February 2002 Council meeting. You indicated that adoption of the motion expressed a general intent, but that more specific direction needed to be provided to staff, including development of a Problem Statement, direction on the scope and context of such an analysis, and where it fits in prioritization relative to other Council projects.

Neither the SSC nor the AP addressed this agenda issue.

DISCUSSION/ACTION

Council members discussed whether this issue would be more appropriately addressed through the Essential Fish Habitat Committee at this time. Mr. Anderson, Co-Chair of the EFH Committee said that the Committee had discussed the issue and while some felt it was relevant to habitat, they felt the timeline for action was not compatible. Also, the Committee would find it difficult to address without the information that would be

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provided by an analysis. It was suggested that a paper submitted by the AMCC be considered a 'scope of work' with staff using it to refine it and determine whether there are funds available to search existing literature and do a discussion paper.

Roy Hyder moved to postpone indefinitely tasking of a differential gear impact analysis. The motion was seconded by John Bundy.

Stephanie Madsen said she is uncomfortable postponing the matter indefinitely but would like to give more time for the EFH Committee to discuss.

Ms. Madsen moved a substitute Motion: To postpone this agenda issue until June. In the meantime, a staff would prepare a scope of work similar to Mr. Benton's suggestion (above). The staff would identify tasks that could be done in-house and those that might have to be contracted. The Council would consider how to proceed in June. Robin Samuelsen seconded the motion which carried unanimously. (Mr. Penney was absent)

D-1(b) LLP Recency

ACTION REQUIRED

Review information and discussion paper and provide further direction.

BACKGROUND

In October you tasked staff to develop information on participation patterns relative to potential LLP recency requirements, and to provide a discussion paper which would include a preliminary assessment of a proposal to convert AFA sideboard caps to quotas. The specific motion was to examine participation patterns by non-AFA trawl vessels (CV and CP) in various BSAI fisheries at landings thresholds of 50 mt, 150 mt, and 250 mt, from 1995-2000. A subsequent amendment to that motion requested similar information for GOA fisheries (which we included under agenda Item C-4, Gulf Rationalization). Information for the BSAI is attached as Item D-1(b)(1). All of this information was compiled under contract to Northern Economics, Inc. utilizing the databases they compiled for the sector and community profiles which were developed for the programmatic SEIS and which were also used in the SSL EIS.

Because we were unsure how this information would be utilized by the Council, we liberally interpreted your direction and included numerous fisheries and sectors in this data compilation. If further analyses, or amendments to examine specific LLP recency requirements, are desired based upon this information, I suggest that we will need to revisit such analyses when we circle back to staff tasking later in the meeting, where we will be addressing related amendments already initiated. Council staff and/or staff from Northern Economics, Inc. will present the summary findings from this initial data compilation.

Neither the SSC nor the AP addressed this agenda issue.

DISCUSSION/ACTION

The Council received a report from Marcus Hartley, Northern Economics, on the information provided. During staff tasking, the Council placed this issue as a lower priority relative to existing projects.

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D-1(c) F40% Review

ACTION REQUIRED

Review and approve plan for independent review.

BACKGROUND

In October, in conjunction with your approval of an RPA package to address SSL issues, you also approved a motion to conduct an independent review of our basic F40 harvest policy relative to National Standards. The intent of this review would be to determine whether changes need to be made to account for ecosystem needs. I have been working with Dr. Rich Marasco, Chair of our SSC, to develop a Terms of Reference for this review and to put together a team of independent reviewers. Item D-1(c)(1) is a draft Terms of Reference to guide the review. The review would include a detailed description of the current harvest policy so that the various tiers of that harvest policy are clarified.

We propose including Dr. Terry Quinn from our SSC on this review team, as well as Dr. Grant Thompson from the Alaska Fisheries Science Center, because of their familiarity with the current harvest policies. In addition we would include 4 or 5 other reviewers, not directly affiliated with North Pacific fisheries. Given the existing commitments of the potential reviewers, it is not likely that such a review will be completed prior to the end of this summer. I have received tentative agreement from the following individuals to participate in this review: Dr. Marc Mangel, University of California Santa Cruz; Dr. Tony Smith, CSIRO, Australia; Dr. Dan Goodman, Montana State University; Dr. Graeme Parks, Marine Resource Assessment Group, Florida; Dr. Victor Restrepo, ICCAT; and Dr. Kevin Stokes, New Zealand.

The Advisory Panel did not discuss this agenda item.

Report of the Scientific and Statistical Committee

The SSC reviewed the Terms of Reference for the requested review and recommended modifications to the statement of "Charges to be Addressed." Please see the SSC Minutes, Appendix II to these minutes, for their complete recommendation.

DISCUSSION/ACTION

Stephanie Madsen moved to address the changes requested by the SSC, and to broaden the "Purpose of Review" per public comment provided by Brent Paine, United Catcher Boats: "To critically review the current harvest strategies applied to our FMP fisheries with an emphasis on accounting for ecosystem needs." The motion was seconded by Robin Samuelsen and carried without objection.

Mr. Paine also suggested the document include a chapter that shows the progression of conservative harvest strategies as they have evolved over the last twenty years, however, this suggestion was not specifically referred to in the motion.

D-2 Staff Tasking

ACTION REQUIRED

- (a) Review tasking and provide direction.**
- (b) Review agency initiative for mandatory data collection.**

BACKGROUND

Staff Tasking

Attached (Item D-2(a)(1)) is the familiar spreadsheet summarizing the status of Council projects which reflects the direction you gave me over the last two Council meetings. I will walk through each of these, inform you of progress on each, and get your feedback and direction where necessary. Some of these have already been discussed under previous agenda items, but this is our opportunity to look at the whole picture and assign priorities where necessary. We do now have another economist on board, Jon McCracken, who started in January, and this will allow us to tackle some projects that have been previously tasked but have been on the back burner pending staff availability. Once we get the crab rationalization package completed, I intend to get our Senior Economist, Dr. Mark Fina, more involved in managing other Council projects. An additional staff position, NEPA Specialist/Fisheries Analyst supported by special NEPA funding we received, remains unfilled but I intend to hire someone for that position as soon as possible.

Since the December meeting we (primarily Helen and I) have expended considerable effort on an additional project which does not show up on the Council's tasking list - that is responding to a request for information from NMFS HQ and the National Academy of Public Administration (NAPA). NAPA has been contracted to review the agency's structure and operations and make recommendations for streamlining the fisheries management process. As part of that review they have requested each of the Councils to provide detailed information on our part of the process, including relevant timelines for all plan and regulatory amendments over the past 7 years (dates for analyses, Council review, Council action, Secretarial approval, implementation, etc), and staff time spent on analysis of selected projects. We completed a first draft last week but have some additional work to do to respond to this request. FYI.

While I will be discussing each item on the list, I want to elaborate on a few of them here. The package of AFA processor sideboard measures now includes proposed adjustments to the IR/IU program, as well as proposed reductions in the BSAI trawl halibut PSC cap and further development of the halibut mortality avoidance program (HMAP) proposal or other bycatch management measures. That package is being completed by Northern Economics, Inc. (who compiled most of the original processor sideboard analyses) and the Marine Resource Assessment Group (MRAG), who is focusing on the HMAP and other potential bycatch management measures. MRAG has expertise in observer program issues associated with sampling protocols (Graeme Parkes) and expertise with halibut bycatch issues in general (Bob Trumble). Per your direction, that package is scheduled for initial review in April, final action in June, though specific measures for the HMAP program, or other bycatch reduction programs, could require additional development depending on results of this analysis.

You previously tasked us with analysis of two additional AFA-related amendments - (1) relaxation of the single geographic location (SGL) restrictions for floating processors (see Item D-2(a)(2) for a copy of the Icicle Seafoods proposal), and (2) additional measures to protect non-AFA trawl cod fishermen (original proposal from Russell Pritchett), including limiting access to the January/February fishery to those vessels meeting historic landings minimums during that period, and allocating a certain portion of the TAC to the sub-group of vessels meeting those minimums. Another option identified was to require co-ops to limit the number or size of AFA vessels on the cod grounds at any given time. Unless your direction for priorities changes, I intend to assign these to our new economist with outside assistance from ResourceEcon consultants (Jim Richardson), and attempt to get them done for initial review this April.

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Regarding the SGL restrictions, I would like to clarify the scope of the proposal, in terms of the interactions between GOA and BSAI fisheries, relative to changes to the inshore/offshore regulations being developed under the AFA final rule. As we understand the intent of the proposal (and the Council) the potential changes would affect only activities of the pollock-eligible floating processors in the BSAI; i.e., all restrictions related to the GOA would remain. However, the GOA regulations when final will state that GOA inshore floating processors are prohibited from processing BSAI and GOA pollock (and GOA cod) in more than one geographic location. The net result of this appears to be that we will have to also amend the GOA regulations (an FMP amendment), in order for the two affected AFA floating processors to retain their GOA inshore permits. This in turn could allow additional floaters, the three BSAI motherships for example, to operate in the GOA inshore component, unless specific measures are included to restrict these vessels. These issues will be further clarified in the analysis. Given the nature of this proposal, it may make sense to include it within the overall processor sideboard package. Or we can bring it back as a separate amendment package for initial review in April

Regarding the second amendment package, this is a more involved analysis with potentially significant management actions, including minimum landings requirements to operate in a specific time period in a specific fishery (related to potential LLP recency requirements) and making specific sector allocations of TAC (which could be in violation of the Congressional moratorium). It is also likely that we will need waivers of confidentiality from the non-AFA cod vessels involved, in order to provide meaningful information to the Council in April.

A third AFA related amendment package discussed in October was an analysis of conversion of AFA sideboards to quotas, along with an examination of rollovers from the trawl to fixed gear sector between 1997 and 2000, so the Council could also consider a reapportionment of BSAI cod TAC based on actual catch during that period. This analysis has not been initiated or assigned staff at this time.

Recall that we have scheduled Amendment 68 (pot cod split between catcher and catcher processor vessels) for final action in June. If approved, it would be likely that such an amendment could be implemented in 2003. Recall also that Amendment 64, which established the basic Pacific cod allocations among the fixed gear sectors, sunsets on December 31, 2003. A new plan amendment will be required to either continue or alter those allocations.

Item D-2(a)(3) is the three-meeting outlook (including this meeting) for reference.

Mandatory Data Collection

As most of you are aware, in addition to selected Council projects Darrell Brannan is working for the Alaska Fisheries Science Center on a project to re-initiate collection of socio-economic data (including cost, earnings, and employment information). Previous attempts at voluntary data collection have been largely unsuccessful, and our ability to conduct meaningful cost/benefit analyses is severely compromised by lack of these data. Our own SSC has continually noted this deficiency and stressed the need for routine collection of these data. The proposal under Item D-2(b) details these problems and contains a protocol for a mandatory data collection program. This proposal, developed by representatives of the Council, NMFS, ADF&G, and the CFEC, underscores the need for multi-agency endorsement of this approach. The proposal also contains data-sharing provisions among the agencies, and mechanisms to ensure the confidentiality of the information collected.

Multi-agency support for this project will be necessary in order for it to have any chance of success. At some point it would come back to the Council for review and approval, in the form of a regulatory amendment package, after further development by agency analysts, including review and approval

of the plan by the major agencies involved. At this time we are informing you of the initiative, and seeking the Council's support for further development of the proposed data collection program.

Neither the SSC nor the AP addressed this agenda item.

DISCUSSION/ACTION

Stephanie Madsen moved to take no action on staff tasking at this meeting. The motion was seconded by Robin Samuelsen and carried without objection.

Working from the "Council Staff Tasking Summary" dated January 30, 2002, the Council made several changes in priorities for projects already tasked:

- Place the Trawl LLP recency issue with the AFA sideboard caps under "Potential New Projects" section, with no further action until the Council tasks staff.
- Re-evaluation of the BSAI trawl/fixed gear Pacific cod allocations was also moved to a lower priority under the "Potential New Projects" section. It was clarified that this would not affect the current priorities for the Pacific pot cod split amendment, the single geographic location amendment, or the additional Pacific cod sideboard (Pritchett) proposal.
- It was clarified that BSAI Amendment 64, Pacific cod fixed gear split, expires at the end of 2003 and the Council needs to address this by April of 2003.

Dr. Fluharty requested that in April the Executive Director provide an estimate of hours available for staff members to help with future tasking.

Responding to a question from John Gauvin during public comment, it was clarified that while the Council did not explicitly task staff to consider the Gulf of Alaska under the HMAP analysis, it will be addressed because the contractor has been requested to research and provide an assessment of previous analyses and field work, and provide an assessment of which fisheries HMAP may be a viable approach. It was made clear that the Council would have to specify which fisheries and which areas would be included in the analysis for final action.

Jay Ginter provided information to Council members on the final rule for the AFA amendments. He provided information on changes to the rule as a result of comments received, and also changes necessary because of interactions with current regulations.

E. PUBLIC COMMENTS

There were no further public comments.

F. ADJOURNMENT

There being no further business the meeting was adjourned at 2:25pm on Tuesday, February 11, 2002.

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NORTH PACIFIC FISHERY MANAGEMENT COUNCIL
February 6-11, 2002
Anchorage, Alaska

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APPENDICES:

- I List of Persons Giving Public Comment
- II Minutes of the Scientific and Statistical Committee
- III Minutes of the Advisory Panel
- IV Council Action on Programmatic Groundfish SEIS
- V EFH Committee Minutes
- VI Council Action on BSAI Crab Rationalization