

Secretarial Review Draft

**REGULATORY IMPACT REVIEW/INITIAL REGULATORY FLEXIBILITY
ANALYSIS**

For proposed

AMENDMENT 69

to the Fishery Management Plan for the
Groundfish Fishery of the Bering Sea and Aleutian Islands Area

**To allow an inshore pollock cooperative to contract with American Fisheries Act catcher vessels
that are qualified for the inshore sector, but outside their cooperative, for the purpose of
harvesting the cooperative's BS/AI pollock allocation**

prepared by staff:

North Pacific Fishery Management Council
605 West Fourth Avenue, Suite 306
Anchorage, Alaska 99501

June 28, 2002



Table of Contents

EXECUTIVE SUMMARY	iii
1.0 INTRODUCTION	1
1.1 Purpose and Need for the Action	1
1.2 Description of Alternatives	1
1.2.1 Alternative 1: (Status Quo) Inshore catcher vessels may only harvest BSAI pollock allocated to their cooperative.	2
1.2.2 Alternative 2 (Preferred): Allow inshore cooperatives to contract with AFA inshore vessels outside of their cooperative	2
2.0 REGULATORY IMPACT REVIEW: ECONOMIC AND SOCIOECONOMIC IMPACTS OF THE ALTERNATIVES	4
2.1 Description of Fleet, Fishery, & Industry	5
2.1.1 The BSAI pollock catcher vessel fleet, processors, and communities	5
2.1.2 The BSAI pollock fishery	13
2.1.3 The BSAI pollock industry	14
2.2 Expected Effects of each of the Alternatives	15
2.2.1 Alternative 1: No action (Status Quo).	15
2.2.1.1 Leases of pollock in the 2000 fishery	16
2.2.1.2 Changing cooperatives	17
2.2.1.3 Potential adverse impacts of the Status Quo	17
2.2.1.4 Conclusions	18
2.2.2 Alternative 2: Amend the AFA requirement regarding inshore cooperatives contracting with catcher vessels outside the cooperative.	20
2.2.2.1 Positive impacts of the proposed amendment	20
2.2.2.2 Negative impacts of the proposed amendment	22
2.2.2.3 Conclusions	23
2.3 Monitoring and Enforcement	24
2.4 Conclusions	25
2.5 Qualitative Cost Benefit Analysis	26
2.6 E.O. 12866 Conclusion	26
3.0 CONSISTENCY WITH OTHER APPLICABLE LAWS	26
3.1 National Standards	26
3.2 Section 303(a)(9) - Fisheries Impact Statement	28
3.3 Regulatory Flexibility Act (RFA)	29
3.3.1 Introduction	29
3.3.2 Statement of Problem	30
3.3.3 Objective Statement of Proposed Action and its Legal Basis	30
3.3.4 Description of each action (non-mutually exclusive alternatives)	31
3.3.5 Reasoning for, and focus of, an IRFA	31
3.3.6 Requirement to Prepare an IRFA	31
3.3.7 What is a Small Entity?	31
3.3.8 Description of the Businesses Affected by the Proposed Action(s)	33
3.3.9 Recordkeeping requirements	33
3.3.10 Potential Impacts of the Alternatives on Small Entities	33
3.3.11 Conclusion	34



4.0 REFERENCES 35

5.0 PREPARERS 35



EXECUTIVE SUMMARY

*Permitted under Sec. 213(a)
of AFA*

The amendment approved by the North Pacific Fishery Management Council (Council) for submission to the U.S. Secretary of Commerce would alter the American Fisheries Act (AFA) inshore cooperative structure. The change would allow an inshore cooperative to contract with members of another inshore cooperative to harvest a portion of the first cooperative's BSAI pollock allocation. This is currently not allowed, as only members of a given cooperative are allowed to harvest any portion of their cooperative's allocation.

Limiting the harvest fleet to the members of a cooperative may result in some cooperatives not being able to harvest their entire pollock allocation or force them to do so in an inefficient manner. While inshore cooperatives were able harvest almost all (at least 98.5%) of their allocation during the 2000 fishing season, members of the inshore sector remain concerned that under certain conditions they may not be able to achieve a full harvest. As a remedy to the perceived problem, most members of the inshore sector have agreed to support the following problem statement and alternative management measure. Broad industry support is usually a good indication that the proposed amendment is considered to have positive (or at least neutral) impacts on most industry sectors.

Problem Statement:

The Council formally adopted the following problem statement for this amendment package:

"Section 210(b)(1)(B) of the AFA and any regulations derived from that section of the Act allow only those catcher vessels that are members of an inshore cooperative to harvest and deliver pollock allocated to that cooperative. As a practical matter, it is therefore, not possible under the AFA for a catcher vessel that is a member of a cooperative to assign its right to harvest its cooperative shares to another inshore AFA vessel that is not also a member of the same cooperative, nor is it possible for a cooperative to contract with non-member AFA catcher vessels to assist in harvesting its cooperative allocation."

The Council felt that current regulations prohibiting members of an inshore cooperative from leasing their pollock to members of other inshore cooperatives may result in adverse economic impacts to members of the inshore sector and the Nation. Negative impacts could potentially result if persons are unable to harvest their quota or the market for leasing quota is so limited that it does not function properly. Broadening the market for inshore pollock leases could result in increased demand. Greater demand could help ensure that the entire inshore pollock quota continues to be harvested and that inshore catcher vessel owners are fairly compensated for leasing their quota.

Alternatives Considered:

Alternative 1: (Status Quo) Inshore catcher vessels may only harvest pollock allocated to their cooperative.

Current regulations allow only those catcher vessels that are members of an inshore cooperative to harvest and deliver that cooperative's allocation of BSAI pollock. Selection of the status quo would keep those regulations in place. If a member of the cooperative were unable to harvest their share of the cooperative's allocation they would need to find another member of their cooperative to harvest those fish, or the allocation would not be caught. It may also force vessels that do not want to participate in the fishery that season to gear-up and fish, if an agreement cannot be reached with another member of their cooperative to fish their allocation.

Alternative 2 (Selected as the Council's Preferred Alternative): Allow inshore cooperatives to contract with AFA eligible inshore cooperative member vessels outside of their cooperative.



If an inshore AFA cooperative catcher vessel owner notifies its cooperative that the cooperative member's catcher vessels will be unavailable to harvest pollock during all or any portion of a pollock season, the cooperative may contract with other AFA eligible inshore catcher vessels that are members of another inshore cooperative to harvest pollock to which the cooperative is entitled. The vessel contracted to harvest the pollock would be treated as a temporary member of the cooperative and would be required to comply with all restrictions that apply to other members of the cooperative.

Any pollock delivered by a catcher vessel pursuant to this provision would not affect the cooperative eligibility of the catcher vessel. Therefore, only the harvest of its own cooperative's allocation will count towards determining where it delivered the majority of its pollock in a year.

Economic Impacts

Increased net benefits to the Nation may be expected to result from implementing the amendment selected as the Council's preferred alternative. As catcher vessels are able to negotiate with an expanded group of vessel owners, the demand for their quota may increase, allowing them to lease their quota at a higher price. Therefore they may be able to derive more revenue from the same quota. The owner of the vessel purchasing their pollock may have a lower cost structure than vessels within their cooperative. Harvesting the pollock at a lower cost would allow them to pay a higher price and still derive benefits from the lease. Therefore, both parties to the lease could be better off as a result of implementing the proposed amendment. Furthermore, if quota is harvested and delivered to market, which otherwise would have gone unharvested in the absence of the ability to lease quota as proposed under this action, more product will be supplied to consumers, producing an additional economic benefit.

Members of industry are concerned that current and pending management measures to protect Steller sea lions may place greater economic and safety burdens on small independent vessels. This measure is viewed as one means to help limit the negative impacts caused by those regulations. It may also mitigate the effects of other regulatory requirements that could prevent a vessel from more efficiently utilizing the pollock assigned to it by the cooperative (e.g., the vessel replacement clause in the AFA which does not allow a vessel owner to replace an inefficient vessel).

Inshore cooperatives should not be harmed by passage of this amendment. Each will retain control over the quota allocated to it under AFA. Therefore, leasing cooperative quota for harvest by an outside vessel will require approval of the cooperative membership, and the vessel owner leasing the pollock will be bound by the by-laws of the cooperative.

Processors should not be negatively impacted by implementing this amendment because it would not change the relationship of the cooperative to the processor or change any of the required elements of the cooperative contract, including the requirement that the cooperative contract provide for the delivery of no more than 10% of the cooperative's annual allocation to another processor. Also, as previously noted, any pollock delivered by a vessel as a result of a lease will not count toward determining where that vessel delivered the majority of its pollock. This is important, because pollock delivered as a result of a lease will not affect the vessel's eligibility to join their cooperative the following year.

Few negative impacts on non-AFA catcher vessels are expected to result from implementing the proposed alternative. If they do occur, it would likely be as a result of "spill-over" effects from freeing up additional capacity to harvest species other than BSAI pollock, or as a result of catcher vessels being required to pay more to be able to lease pollock. The spill-over impacts have been addressed by the Council through AFA sidebar amendments. Those management measures ensure that inshore cooperative vessels will not increase their harvest of FMP species as a result of economic and operational efficiencies gained through cooperative membership.



A few vessels were exempted from these sideboards. Vessels exempted from the GOA groundfish sideboards would only be allowed to lease their BSAI pollock in a given year if they do not exceed their historical groundfish catch in the Gulf that year (i.e. not take advantage of their GOA groundfish sideboard exemption). Vessels exempted from the BSAI Pacific cod sideboards would be allowed to lease their BSAI pollock, but the magnitude of the impact on the BSAI Pacific cod trawl fleet is unknown. However, the impacts would be expected to be small, and those that do result may be dealt with through negotiations between the inshore cooperatives and the members of the BSAI cod fleet.

Only one vessel is exempted from BSAI crab sideboards and, in any case, that vessel has consistently participated in those crab fisheries in the recent past. Therefore, the combined impact of this proposed amendment and its crab exemption is not expected to have negative impacts on the remaining crab industry.

NMFS can use its current electronic logbook system to monitor and enforce the proposed amendment. The operator of each inshore processor would be responsible for making certain that the correct cooperative number is reported for each inshore pollock delivery. In addition, the managers of each of the cooperatives involved would be required to list on their weekly cooperative harvest report any landings made on contract by non-member vessels.

In order for cooperative to contract with an outside vessel, NMFS would require: (1) a written application from the co-operative listing the vessel that it is contracting with, (2) the signature of the vessel owner agreeing to fish under the terms of the new cooperative, and (3) a harvesting schedule that details the terms of the contract agreement and how any catch overages are to be counted. If these requirements are not met, NMFS will consider the contract null and void and count the harvest against the vessel's home cooperative. NMFS has developed rules for when a vessel is fishing for more than one cooperative on the same trip.

The preferred alternative is not expected to result in a "significant regulatory action" as defined in E.O. 12866. If any small entities are directly impacted by this action, and it does not appear there are any, the proposed management measures will likely benefit or have no impact on the directly affected small entities.

Under the status quo alternative, the universe of available catcher vessels to harvest its pollock is limited, and as a practical matter it may be very difficult or impossible for the catcher vessel's owner to make reasonable arrangements for the harvest of its cooperative shares.



1.0 INTRODUCTION

Section 1 of this document includes a description of the purpose and need for the proposed action, as well as a description of alternative actions which may address the problem. Section 2 contains the Regulatory Impact Review (RIR). Finally, Section 3 addresses the requirements of E.O. 12866, the Magnuson-Stevens Fisheries Management and Conservation Act (Magnuson-Stevens Act), and the Regulatory Flexibility Act (RFA).

1.1 Purpose and Need for the Action

The proposed action would provide greater harvest flexibility to members of inshore pollock cooperatives. If a member of a cooperative cannot or does not wish to harvest their portion of the cooperative's pollock allocation, and a satisfactory contract cannot be executed with other members of the cooperative, then with the permission of the cooperative and their associated processor, they may contract with another inshore catcher vessel to harvest their pollock allocation.

Allowing a cooperative to contract with vessels that are members of another cooperative to harvest its allocation may help ensure that the quota is harvested, efficiency is improved, perhaps safety in the Bering Sea pollock fleet is improved, and independent catcher vessels are allowed to try and find a more reasonable contract for the harvest of their pollock. Independent catcher vessels in this context are those vessels that do not have ownership or control linkages with their processor. In cooperatives where a substantial number of the vessels are owned or controlled by the associated processor, the independent catcher vessels may have limited opportunities to lease quota to other independent vessel owners. The problem could even become more acute at certain times of the year if some independent vessels are not fishing while vessels linked to the processor are still working. In this hypothetical case, an independent catcher vessel owner may only have one potential customer willing to lease their quota, and may be in a weak bargaining position. This independent catcher vessel owner would likely benefit from a broader market for his/her pollock allotment.

If a vessel breaks down and the other vessels in the cooperative are fully subscribed, it is possible that a catcher vessel owner would be unable to contract with a replacement vessel to harvest their portion of the cooperative's pollock. Efficiency could improve if the vessel that is being contracted to harvest the pollock has lower operating costs than the vessel initially granted use rights to the pollock by the cooperative, depending upon the cost and terms of the lease contract. Certainly, in the case just cited in which a vessel is physically incapable (e.g., due to mechanical breakdown) of harvesting its quota and is also unable to find another vessel within its cooperative willing and able to catch the quota share of the disabled boat, a net economic benefit would be realized if that quota could be leased to a non-member boat, rather than go unharvested.

Safety could be improved if the larger (safer) vessels could be used to harvest a smaller vessel's allocation at times of the year when the fishery must take place outside the Steller sea lion conservation area (e.g., SCA) and the weather is bad. Finally, it could provide an independent catcher vessel, with the consent of their cooperative, an opportunity to negotiate a better deal to have their portion of the cooperative's pollock harvested.

1.2 Description of Alternatives

This document analyzes two alternatives in detail. A third alternative to protect inshore catcher vessels from economic harm was analyzed as Alternative 5 in the Final Environmental Impact Statement (FEIS) for AFA Amendments 61/61/13/8 (NMFS, 2002). In that FEIS, the Council analyzed how bargaining power would change if inshore catcher vessels were given more market freedom, relative to that proscribed in the AFA. That alternative is incorporated here by reference and is available on the Council website at <http://www.fakr.noaa.gov/npfmc/Plan%20analysis.htm>. The Council also commissioned a paper by Dr.



Halvorsen (Halvorsen, 2000, included as Appendix D to the FEIS for Amendments 61/61/13/8 to describe the industrial organization of the inshore cooperatives and how changes to the cooperative's structure would alter market power. These recent works were considered when the Council elected to focus their analysis on the two primary alternatives. Both of these alternatives are discussed in the remainder of this section.

1.2.1 Alternative 1: (Status Quo) Inshore catcher vessels may only harvest BSAI pollock allocated to their cooperative.

Current regulations allow only those catcher vessels that are members of an inshore cooperative to harvest and deliver that cooperative's allocation of the BSAI pollock TAC. Other (sideboard) species are not assigned to a particular cooperative and therefore an amendment is not required to allow members of other cooperatives to harvest the cap amounts assigned to a cooperative and distributed through the inter-cooperative agreement. Selection of the status quo would keep those regulations in place. If a member of the cooperative were unable to harvest their share of the cooperative's allocation they would need to find another member of their cooperative to harvest those fish, or they would go uncaught. Also, maintaining the status quo may force vessels that do not want to participate in the fishery that season to gear-up and fish, or incur an economic loss from not having their quota harvested.

1.2.2 Alternative 2 (Preferred): Allow inshore cooperatives to contract with AFA inshore vessels outside of their cooperative.

If an inshore AFA catcher vessel owner notifies its cooperative that the cooperative's catcher vessels will be unavailable to harvest its pollock during all or any portion of a pollock season, the cooperative may contract with other AFA eligible inshore catcher vessels, that are members of another inshore cooperative, to harvest the pollock to which the cooperative is entitled.

Any pollock delivered by a catcher vessel pursuant to this provision shall not affect the eligibility of the catcher vessel to join a cooperative. Therefore, only the harvests of a vessel's own cooperative's allocation will count towards determining the processor it delivered the majority of its pollock to in a year (i.e., the cooperative it is eligible to join the following year).

This option would expand the universe of catcher vessel owners a member of an inshore cooperative could contract with for the purpose of harvesting their BSAI pollock. Currently only members of a cooperative are allowed to harvest any portion of that cooperative's pollock allocation.

1.3 Consistency with Problem Statement

A problem statement was developed indicating that the proposed action is a Fishery Management Plan (FMP) amendment that requires changing the language in the AFA. The portion of the AFA that needs to be amended is Section 210(b)(1)(B), which state that:

"... except as provided in paragraph (6), that such catcher vessels will deliver pollock in the directed pollock fishery only to such shoreside processor during the year in which the fishery cooperative will be in effect and that such shoreside processor has agreed to process such pollock, the Secretary shall allow only such catcher vessels (and catcher vessels whose owners voluntarily participate pursuant to paragraph (2)) to harvest the aggregate percentage of the directed fishing allowance under section 206(b)(1) in the year in which the fishery cooperative will be in effect that is equivalent to the aggregate total amount of pollock harvested by such catcher vessels (and by such catcher vessels whose owners voluntarily participate pursuant to paragraph (2)) in the directed pollock fishery for processing by the inshore component during 1995, 1996, and 1997 relative to the aggregate total amount of pollock harvested in the directed pollock fishery for processing by the



inshore component during such years and shall prevent such catcher vessels (and catcher vessels whose owners voluntarily participate pursuant to paragraph (2)) from harvesting in aggregate in excess of such percentage of such directed fishing allowance.”

The problem statement that was developed by the Council is listed in the box below:

Problem Statement

Section 210(b)(1)(B) of the AFA and any regulations derived from that section of the Act allow only those catcher vessels that are members of an inshore cooperative to harvest and deliver pollock allocated to that cooperative. As a practical matter, it is therefore, not possible under the AFA for a catcher vessel that is a member of a cooperative to assign its right to harvest its cooperative shares to another inshore AFA vessel that is a member of another cooperative, nor is it possible for a cooperative to contract with non-member AFA catcher vessels to assist in harvesting its cooperative allocation.

The Council felt that current regulations prohibiting members of an inshore cooperative from leasing their pollock to members of other inshore cooperatives may result in adverse economic impacts to members of the inshore sector and the Nation. Negative impacts could potentially result if persons are unable to harvest their quota or the market for leasing quota is so limited that it does not function properly. Broadening the market for inshore pollock leases could result in increased demand. Greater demand could help ensure that the entire inshore pollock quota continues to be harvested and that inshore catcher vessel owners are fairly compensated for leasing their quota.

Implementing these changes would result in an FMP amendment to Section 210(b)(1)(B) of the AFA language. That amendment would allow regulations to be changed so that cooperatives could contract with AFA catcher vessels from another inshore cooperative to harvest a portion of their allocation.

The alternatives under consideration are consistent with the problem statement. Under the current regulatory structure, inshore catcher vessels from outside a cooperative are not allowed to harvest any part of the cooperative's pollock allocation. The following language is taken from the proposed final rule implementing the AFA, and was derived from the AFA language in Section 210(b)(1)(B).

“Inshore Cooperative Fishing Restrictions. This proposed rule would impose a variety of requirements and management standards on inshore fishery cooperatives. First, only catcher vessels listed on the cooperative's AFA inshore cooperative fishing permit would be permitted to harvest the cooperative's annual cooperative allocation. Second, all BSAI inshore pollock harvested by a member vessel while engaging in directed fishing for inshore pollock would accrue against the cooperative's annual pollock allocation regardless of whether the pollock was retained or discarded and regardless of where the pollock was delivered....”

Amending the AFA regulations and this section of the rule is required to allow the proposed change. Without the amendment, no inshore AFA catcher vessel would be allowed to harvest any part of another cooperative's allocation. Therefore, an inshore cooperative is prohibited from contracting with catcher vessels outside its cooperative to harvest any part of their pollock allocation.

The authority to make the proposed change was granted to the Council under Section 213(c) of the AFA, which states that:



"Changes to fishing cooperatives limitations and pollock CDQ allocations: The North Pacific Council may recommend and the Secretary may approve conservation and management measures in accordance with the Magnuson-Stevens Act -

(1) that supersede the provisions of this title, except for Sections 206 and 208 for conservation or to mitigate adverse effects in fisheries or on owners of fewer than three vessels in the directed pollock fishery provided such measures take into account all factors affecting the fisheries and are imposed fairly and equitably to the extent practicable among and within the sectors in the directed pollock fishery."

The proposed action would not supersede the provisions of the AFA under Sections 206 or 208. Therefore, with proper justification, the Council may make the recommended change, with the concurrence of the Secretary of Commerce.

2.0 REGULATORY IMPACT REVIEW: ECONOMIC AND SOCIOECONOMIC IMPACTS OF THE ALTERNATIVES

This section provides information on the economic and socioeconomic impacts of the alternatives including identification of the individuals or groups that may be affected by the action, the nature of these impacts, quantifying the economic impacts if possible, and discussion of the tradeoffs between benefits and costs.

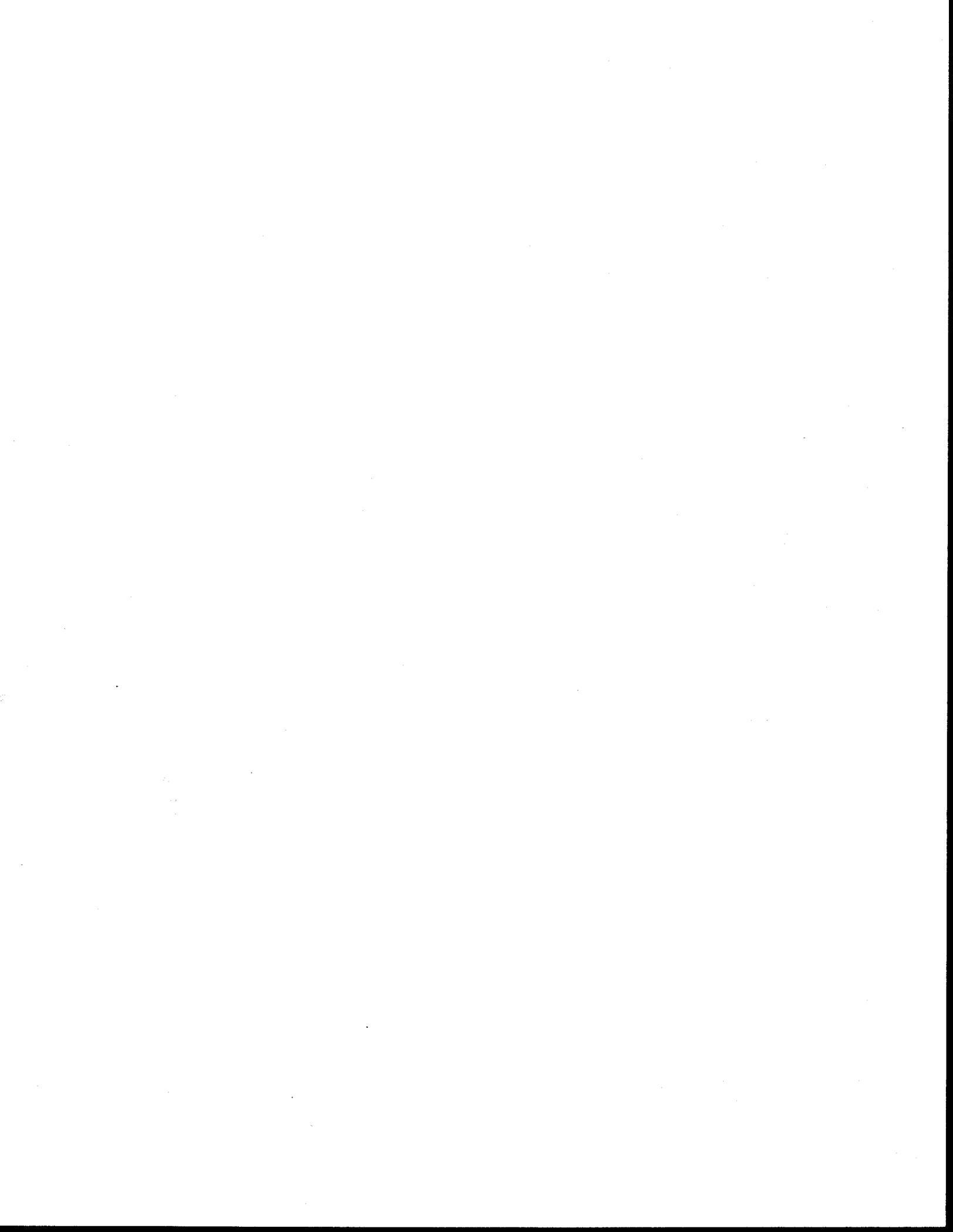
The requirements specified in E.O. 12866 for all regulatory actions are summarized in the following statement from the order:

In deciding whether and how to regulate, agencies should assess all costs and benefits of available regulatory alternatives, including the alternative of not regulating. Costs and benefits shall be understood to include both quantifiable measures (to the fullest extent that these can be usefully estimated) and qualitative measures of costs and benefits that are difficult to quantify, but nevertheless essential to consider. Further, in choosing among alternative regulatory approaches, agencies should select those approaches that maximize net benefits (including potential economic, environment, public health and safety, and other advantages; distributive impacts; and equity), unless a statute requires another regulatory approach.

This section also addresses the requirements of both E.O. 12866 and the RFA to provide adequate information to determine whether an action is "significant" under E.O. 12866 or will result in "significant" impacts on small entities under the RFA.

E. O. 12866 requires that the Office of Management and Budget review proposed regulatory programs that are considered to be "significant." A "significant regulatory action" is one that is likely to:

- (1) Have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities;
- (2) Create a serious inconsistency or otherwise interfere with an action taken or planned by another agency;
- (3) Materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or
- (4) Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in this Executive Order.



2.1 Description of Fleet, Fishery, & Industry

The inshore AFA catcher vessel fleet is well defined. These are vessels that have applied for and have been granted AFA permits from NMFS. Only those permitted vessels are allowed to participate in the directed inshore BSAI pollock fishery under the current regulatory structure. This amendment would not change the list of vessels that are allowed to target pollock harvested from the BSAI inshore allocation. It would simply redefine the inshore cooperative structure to allow an inshore cooperative (at the request of a member of that cooperative and the permission of the associated processor) to contract with another AFA inshore catcher vessels that are members of other cooperatives to harvest a portion (or all) of the cooperative's allocation assigned to that member.

The BSAI pollock fishery is defined in Section 2.1.2. That section provides information on the TAC assigned to each sector and the pollock fishing seasons. Information is also presented on changes in intensity of pollock removals since the cooperative structure was implemented.

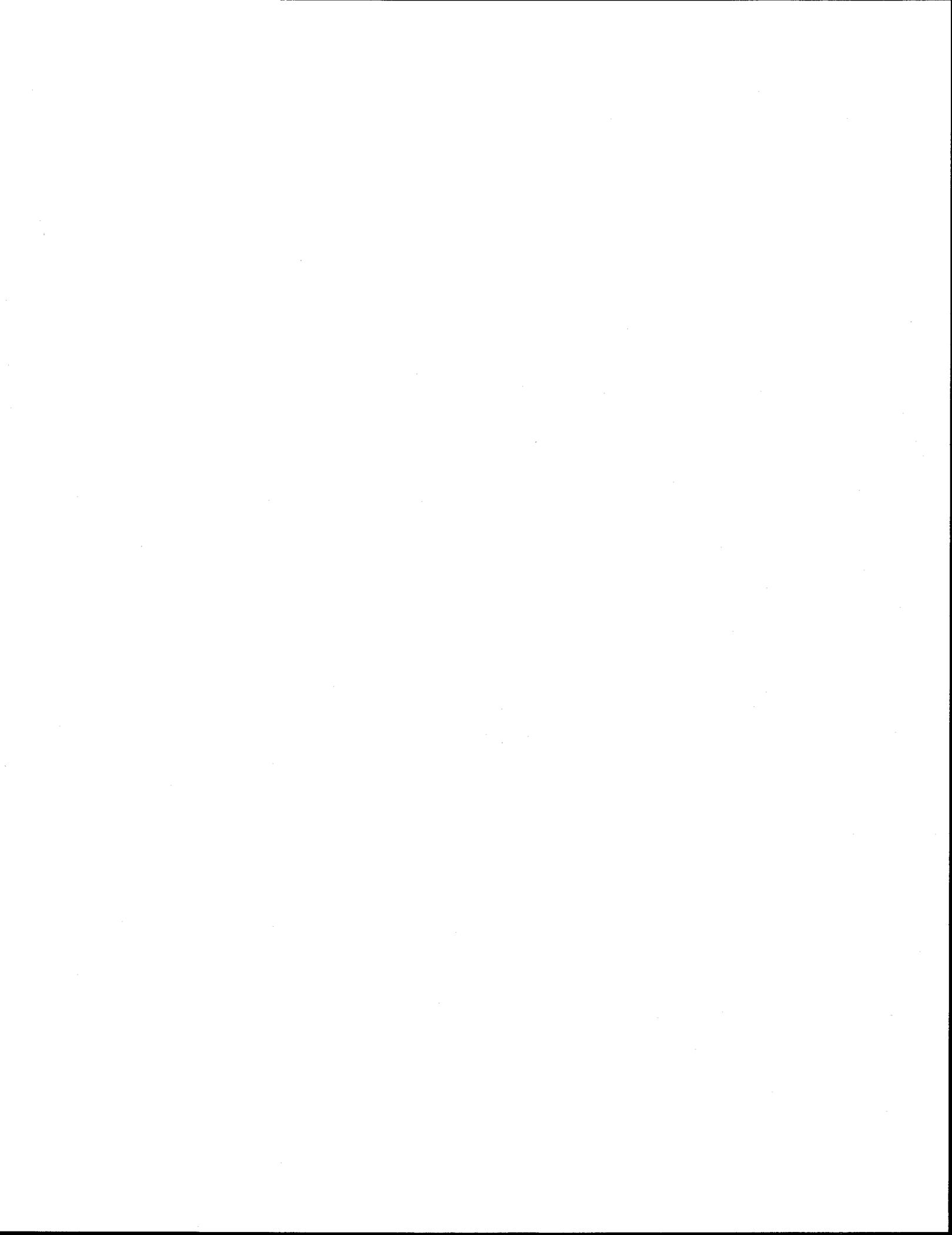
Other sectors of the fleet are described in Section 2.1.3 which expands the discussion to the entire BSAI pollock industry. Those industry sectors, like the inshore sector, were also defined as a result of the passage of the AFA.

2.1.1 The BSAI pollock catcher vessel fleet, processors, and communities

The vessels in Tables 2.1 through 2.7 are AFA vessels qualified for the inshore sector that have joined cooperatives. They represent the universe¹ of vessels that could be directly impacted by this management proposal in 2001, by either assigning their portion of the cooperative's allocation to another inshore cooperative member or by contracting to harvest another inshore cooperative member's pollock. Four other vessels are qualified as AFA inshore catcher vessels, but have opted to remain in the "open access" fishery for 2001. Those vessels are the Collier Brothers (ADF&G No. 54648), Mar-Gun (ADF&G No. 12110), Mark I (ADF&G No. 06440), and Morning Star (ADF&G No. 41009). Because the intent of the proposal would only allow AFA inshore catcher vessels that join a cooperative to harvest another cooperative member's pollock, these four vessels would not be allowed to participate in the program unless they join a cooperative in the future. The Council elected not to allow these vessels to lease pollock because of concerns over how sideboards on other fisheries are managed and the disruption they could cause these fisheries. Recall that sideboards were put in place to limit the amount of groundfish, BSAI crab, and scallops that AFA vessels could harvest. Open access pollock vessels must still compete in an Olympic style fishery for their pollock harvest. Therefore their sideboard harvests are managed differently from the catcher vessels that are members of cooperatives. If they were allowed to lease pollock with guaranteed harvest rights, their sideboard management structure would need to be modified to be more like the catcher vessels in the inshore cooperatives.

Section 208 of the AFA defined the vessels that are allowed to harvest BSAI pollock from the inshore allocation. The Council has closed the application period for vessels meeting that criteria, so only the 100

¹The universe of vessels that could be directly impacted by this proposed amendment is limited to those inshore catcher vessels that are members of inshore cooperatives. Catcher vessels in the "open access" fishery would not be allowed to fish BSAI pollock for cooperative member vessels unless they join a cooperative in the future. In addition, inshore catcher vessels that have an exemption to the GOA sideboards (listed on their AFA permit) are prohibited from leasing their BSAI pollock. If these vessels do not take advantage of the exemption, and thus do not exceed their historic groundfish catch levels in the GOA, they would be allowed to lease their BSAI pollock. Therefore, those vessels listed as GOA exempt vessels in Tables 3.1 through 3.7 would be excluded from taking advantage of this amendment unless they did not use their GOA sideboard exemption.



SECRETARIAL REVIEW DRAFT

catcher vessels that are currently members of the inshore sector are allowed to harvest any portion of that sector's pollock allocation.

Vessels other than those listed above could be indirectly impacted if the regulations allow the quota to be redistributed in such a way that it frees up additional capacity for use in other fisheries. However, those types of impacts have been minimized through the implementation of AFA harvest sideboard measures (NPFMC 2000), which limit the inshore AFA catcher vessels' participation in other fisheries to their historical average catch, with a few narrowly defined exemptions. Those exemptions were granted to inshore catcher vessels with a limited pollock history and documented levels of participation in other fisheries.

Table 2.1: Akutan Catcher Vessel Association (Trident - Akutan)

<i>Vessel Name</i>	<i>ADFG</i>	<i>USCG</i>	<i>AFA Permit</i>	<i>Length (ft.)</i>
ALDEBARAN*	48215	664363	0901	132
ARCTURUS*	45978	655328	0533	132
BLUE FOX ¹	62892	979437	4611	85
CAPE KIWANDA ³	61432	618158	1235	76
COLUMBIA*	39056	615729	1228	123
DOMINATOR*	08668	602309	0411	124
DONA MARTITA*	51672	651751	2047	152
EXODUS ²	33112	598666	1249	94
GLADIATOR*	32473	598380	1318	124
GOLDEN DAWN*	35687	604315	1292	149
GOLDEN PISCES ¹	32817	599585	0586	98
HAZEL LORRAINE	57117	592211	0523	89
INTREPID EXPLORER*	64105	988598	4993	124
LESLIE LEE ²	56119	584873	1234	91
LISA MELINDA ²	41520	584360	4506	81
MAJESTY*	60650	962718	3996	106
MARCY J	00055	517024	2142	97
MARGARET LYN	31672	615563	0723	123
NORDIC EXPLORER*	51092	678234	3009	115
NORTHERN PATRIOT*	55153	637744	2769	152
NORTHWEST EXPLORER*	36808	609384	3002	162
PACIFIC RAM ²	61792	589115	4305	82
PACIFIC VIKING*	00047	555058	0422	127
PEGASUS	57149	565120	1265	96
PEGGY JO ³	09200	502779	0979	99
PERSEVERANCE ¹	12668	536873	2837	87
PREDATOR ¹	33744	547390	1275	90
RAVEN	56395	629499	1236	92
ROYAL AMERICAN	40840	624371	0543	105
SEEKER ¹	59476	924585	2849	98
SOVEREIGNTY*	55199	651752	2770	152
TRAVELER	58821	929356	3404	109
VIKING EXPLORER*	36045	605228	1116	124

Source: NMFS RAM Division, AFA permit lists and vessel permit files.

Note: Vessels in this cooperative were allocated 29.889% (180,769 mt) of the 2001 BSAI inshore pollock allocation.

¹ Holds BSAI Pacific cod exemption.

² Holds GOA groundfish exemption.

³ Holds both BSAI Pacific cod and GOA groundfish exemptions.

* Indicates the vessel is thought to be owned/controlled by the same individuals that own Trident's Akutan plant.



Table 2.2: Arctic Enterprise Association

<i>Vessel Name</i>	<i>ADFG</i>	<i>USCG</i>	<i>AFA Permit</i>	<i>Length (ft.)</i>
ARCTIC EXPLORER*	57440	936302	3388	155
BRISTOL EXPLORER*	55923	647985	3007	180
OCEAN EXPLORER*	51073	678236	3011	155
PACIFIC EXPLORER*	50759	678237	3010	155

Source: NMFS RAM Division, AFA permit lists and vessel permit files.

Note: Vessels in this cooperative were allocated 5.635% (34,080 mt) of the 2001 BSAI inshore pollock allocation.

¹ Holds BSAI Pacific cod exemption.

² Holds GOA groundfish exemption.

³ Holds both BSAI Pacific cod and GOA groundfish exemptions.

* Indicates the vessel is thought to be owned/controlled by the same individuals that own the Arctic Enterprise.

Table 2.3: Northern Victor Fleet Cooperative

<i>Vessel Name</i>	<i>ADFG</i>	<i>USCG</i>	<i>AFA Permit</i>	<i>Length (ft.)</i>
ANITA J*	00029	560532	1913	130
COMMODORE *	53843	914214	2657	133
EXCALIBUR II ²	54653	636602	0410	76
GOLD RUSH ²	40309	521106	1868	93
HALF MOON BAY*	39230	615796	0249	122
MISS BERDIE	59123	913277	3679	83
NORDIC FURY	00200	542651	1094	110
PACIFIC FURY	00033	561934	0421	110
POSEIDON	37036	610436	1164	117
ROYAL ATLANTIC	00046	559271	0236	124
STORM PETREL*	39860	620769	1641	123
SUNSET BAY*	35527	598484	0251	122

Source: NMFS RAM Division, AFA permit lists and vessel permit files.

Note: Vessels in this cooperative were allocated 5.635% (34,080 mt) of the 2001 BSAI inshore pollock allocation.

¹ Holds BSAI Pacific cod exemption.

² Holds GOA groundfish exemption.

³ Holds both BSAI Pacific cod and GOA groundfish exemptions.

* Indicates the vessel is thought to be owned/controlled by the same individuals that own the Northern Victor.



Table 2.4: Peter Pan Fleet Cooperative

<i>Vessel Name</i>	<i>ADFG</i>	<i>USCG</i>	<i>AFA Permit</i>	<i>Length (ft.)</i>
AMBER DAWN	00028	529425	0980	97
AMERICAN BEAUTY*	24255	613847	1688	123
ELIZABETH F ²	14767	526037	0823	90
MORNING STAR ²	70323	1037811	6204	57
OCEAN LEADER*	00032	561518	1229	120
OCEANIC	03404	602279	1667	122
PROVIDIAN	70709	1062183	6308	113
TOPAZ ²	40250	575428	0405	86
WALTER N ²	34919	257365	0825	99

Source: NMFS RAM Division, AFA permit lists and vessel permit files.

Note: Vessels in this cooperative were allocated 1.725% (10,433 mt) of the 2001 BSAI inshore pollock allocation.

¹ Holds BSAI Pacific cod exemption.

² Holds GOA groundfish exemption.

³ Holds both BSAI Pacific cod and GOA groundfish exemptions.

* Indicates the vessel is thought to be owned/controlled by the same individuals that own the Peter Pan plant.

Table 2.5: Unalaska Co-op (Alyeska)

<i>Vessel Name</i>	<i>ADFG</i>	<i>USCG</i>	<i>AFA Permit</i>	<i>Length (ft.)</i>
ALASKA ROSE*	38989	610984	0515	111
BERING ROSE*	40638	624325	0516	125
DESTINATION*	60655	571879	3988	169
GREAT PACIFIC*	37660	608458	0511	111
MESSIAH ¹	66196	610150	6081	71
MORNING STAR*	38431	610393	0208	148
MS AMY	56164	920936	2904	73
PROGRESS	00006	565349	0512	114
SEA WOLF*	35957	609823	1652	125
VANGUARD	39946	617802	0519	94
WESTERN DAWN	22294	524423	0134	113

Source: NMFS RAM Division, AFA permit lists and vessel permit files.

Note: Vessels in this cooperative were allocated 12.025% (72,727 mt) of the 2001 BSAI inshore pollock allocation.

¹ Holds BSAI Pacific cod exemption.

² Holds GOA groundfish exemption.

³ Holds both BSAI Pacific cod and GOA groundfish exemptions.

* Indicates the vessel is thought to be owned/controlled by the same individuals that own the Alyeska plant.



Table 2.6: Uni Sea Fleet Cooperative

<i>Vessel Name</i>	<i>ADFG</i>	<i>USCG</i>	<i>AFA Permit</i>	<i>Length (ft.)</i>
ALSEA	40749	626517	2811	124
AMERICAN EAGLE	00039	558605	0434	120
ARGOSY	38547	611365	2810	124
AURIGA	56153	639547	2889	193
AURORA	56154	636919	2888	193
DEFENDER	56676	554030	3257	200
GUN-MAR	41312	640130	0425	172
NORDIC STAR	00961	584684	0428	123
PACIFIC MONARCH	54645	557467	2785	166
SEA DAWN	00077	548685	2059	124
STARFISH	00012	561651	1167	123
STAR LITE	34931	597065	1998	123
STAR WARD	39197	617807	0417	123

Source: NMFS RAM Division, AFA permit lists and vessel permit files.

Note: Vessels in this cooperative were allocated 23.768% (143,749 mt) of the 2001 BSAI inshore pollock allocation.

¹ Holds BSAI Pacific cod exemption.

² Holds GOA groundfish exemption.

³ Holds both BSAI Pacific cod and GOA groundfish exemptions.

* Indicates the vessel is thought to be owned/controlled by the same individuals that own the UniSea plant.

Table 2.7: Westward Fleet Cooperative

<i>Vessel Name</i>	<i>ADFG</i>	<i>USCG</i>	<i>AFA Permit</i>	<i>Length (ft.)</i>
AJ	57934	599164	3405	150
ALASKAN COMMAND*	57321	599383	3391	184
ALYESKA	00045	560237	0395	122
ARCTIC WIND	01112	608216	5137	123
CAITLIN ANN	59779	960836	3800	103
CHELSEA K*	62906	976753	4620	150
FIERCE ALLEGIANCE	55111	588849	4133	166
HICKORY WIND ²	47795	594154	0993	91
OCEAN HOPE ³	48173	652397	1623	111
PACIFIC CHALLENGER	06931	518937	0657	104
PACIFIC KNIGHT*	54643	561771	2783	185
PACIFIC PRINCE	61450	697280	4194	149
VIKING*	00008	565017	1222	144
WESTWARD I *	53247	615165	1650	135

Source: NMFS RAM Division, AFA permit lists and vessel permit files.

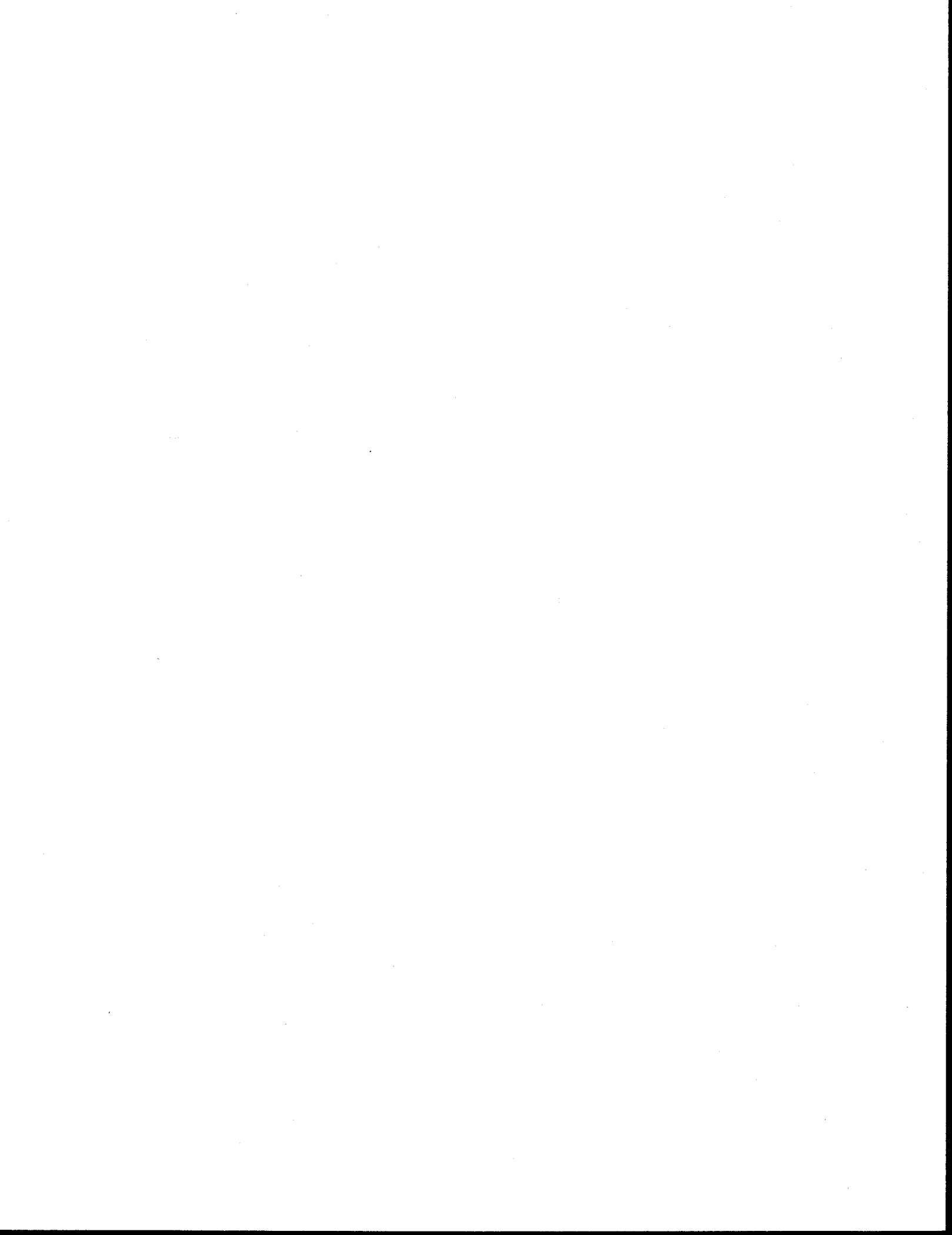
Note: Vessels in this cooperative were allocated 18.452% (111,598 mt) of the 2001 BSAI inshore pollock allocation.

¹ Holds BSAI Pacific cod exemption.

² Holds GOA groundfish exemption.

³ Holds both BSAI Pacific cod and GOA groundfish exemptions.

* Indicates the vessel is thought to be owned/controlled by the same individuals that own the Westward plant.



SECRETARIAL REVIEW DRAFT

In addition to the 100 inshore catcher vessels, six inshore processors (owning eight AFA plants), four communities that are home to those processors, 18 communities where the owners of these vessels reside, and other industry support businesses could be impacted by the proposed regulations.

Of the 100 inshore catcher vessels, about 37 appear to be owned by independent entities. The remainder of the vessels are either believed to be affiliated with a processor or their owner has more than one catcher vessel. Those 37 vessels appear to be owned by about 29 different unique and unrelated entities.

All six of the inshore processors are large corporate operations.

The communities where the processors are located Akutan, Unalaska, and King Cove have populations well under 50,000. Sand Point is the fourth community where an AFA plant is located. However, that plant currently does not have a cooperative associated with it.

The communities where the catcher vessel owners are thought to reside are listed in Table 2.8. That list is made up of both small and large communities. The small "fishery dependent" coastal communities are identified with an asterisk, and are home to the owners of 51 of the 100 vessels. The data used to determine the population of a community was the 1990 U.S. Census file. Those reports are dated. Census data for 2000 should be available later this year and at that time a more current estimate of city populations can be provided.

Table 2.8: Communities where the primary owners of inshore catcher vessels reside.

State	City	Vessels
AK	Anchorage	1
	Cordova*	1
	Kodiak*	8
AK Total		10
CA	Half Moon Bay*	2
CA Total		2
OR	Astoria*	1
	Florence*	1
	Newport*	11
	Port Orford*	1
	Siletz*	2
	South Beach*	1
OR Total		17
WA	Aberdeen*	1
	Anacortes*	2
	Edmonds*	3
	Issaquah*	10
	Kirkland*	1
	Poulsbo*	3
	Seattle	48
	Shoreline*	3
WA Total		71
Grand Total		100

Source: NMFS RAM Division permit data.

*Cities with populations less than 50,000 according to 1990 US Census data.



Other businesses that support the operations of the pollock fleet may also be impacted by this action if it leads to fewer vessels participating in the fishery. Because we currently do not have expenditure data on the fleet, we do not know which businesses sell supplies to these vessels. Therefore, we do not know which support businesses would be impacted.

BSAI Pacific cod sideboard exemption: AFA catcher vessels less than or equal to 125 ft LOA that averaged less than 1,700 mt of BSAI pollock landings from 1995-1997 and that made 30 or more landings in the BSAI directed fishery for Pacific cod from 1995-1997 would be exempt from BSAI Pacific cod sideboards. There are 12 vessels that have applied for this exemption and currently nine of them are in inshore cooperatives. Seven of the nine vessels are members of the Akutan Cooperative and one each is in the Westward and Unalaska Cooperatives.

GOA Groundfish sideboard exemption: AFA catcher vessels less than or equal to 125 ft LOA that averaged less than 1,700 mt of BSAI pollock landings from 1995-1997 and that made 40 or more landings in the GOA from 1995-1997 would be exempt from GOA sideboards. There are 14 vessels that have applied for this exemption and are members of inshore cooperatives, six are in the Akutan Cooperative, four are in the Peter Pan Cooperative, two are in the Westward Cooperative, and two are in the Northern Victor Cooperative. The exemption is listed on the vessels' AFA permit. It is important to note that vessels exempt from GOA harvest sideboard measures are not allowed to sell, lease, or trade their BSAI pollock allocation unless they do not take advantage of their GOA exemption. Given the restrictions on leasing, these 14 vessels would not be able to take advantage of the proposed amendment and use their GOA sideboard exemption. One additional vessel has applied for the GOA sideboard exemption but remained in the "open access" portion of the AFA fishery. They are neither bound by sideboards nor able to lease quota from other cooperatives under the proposed amendment. However, the catcher vessel sector overall must remain within the sideboard caps that were developed. Vessels that lease their BSAI pollock quota are required to abide by the sideboard caps defined in the cooperative and inter-cooperative agreements.

BSAI crab sideboard exemption: AFA catcher vessels that participated in every bairdi, opilio, and Bristol Bay red king crab fishery from 1991-1997 would be exempt from BSAI crab sideboard measures. There is only one vessel thought to be eligible for this exemption.

These exemptions were not felt to be tools to circumvent the intent of the AFA, in terms of limiting pollock vessels to their historic catch levels in other fisheries. Instead, they were intended to provide relief for smaller vessels which may have been most reliant on the non-pollock fisheries in the past. Only one of these vessels is greater than 100 ft LOA (it is 111 ft LOA), and on average they are less than 88 ft LOA. In most cases, these vessels were thought to mainly fish BSAI pollock when their preferred target fisheries were either closed to fishing or not economically viable.

2.1.2 The BSAI pollock fishery

Currently, the inshore sector is allowed to harvest and process 50% of the BSAI pollock TAC after the CDQ (10%) and incidental catch allowances (about 5%) are deducted. From 1993 to 1999, the inshore sector was allowed to harvest 35% of the BSAI pollock TAC, under Inshore/Offshore regulations, after 7.5% was taken off the top for CDQs. No incidental catch allowance was required under the Inshore/Offshore regime. Prior to the fall of 1992, there was no split of the BSAI pollock quota between the inshore and offshore sectors of the fishery, nor was there any CDQ allocation.

There are also numerous regulations regarding when and where the BSAI pollock fleet can fish. The Aleutian Islands area has been closed to directed pollock fishing since the end of 1998. In the Bering Sea, Steller sea lion (SSL) protection measures have been implemented to distribute the pollock catch across time and space. There are currently four seasons in the Bering Sea. Within each season there are



limits on the amount of pollock that is allowed to be taken from SSL critical habitat. These regulations are currently under review and new Reasonable and Prudent Alternatives (RPAs) to protect SSLs are being developed. The most current information on the proposed RPAs can be found on the NMFS Alaska Region web site (www.fakr.noaa.gov) and in the Federal Register². A history of SSL protection measures can be found in the EIS developed for the AFA (NMFS 2001).

Members of the inshore sector are allowed to harvest a total of 604,800 mt of EBS pollock in 2001. Forty percent of the total can be harvested during the A/B seasons (241,920 mt) and 60% during the C/D seasons (362,880 mt). Of those totals, the limit that can be harvested from SSL critical habitat is 81,802 mt during the A season (starts January 20), 27,267 mt during the B season (Starts April 1 with a five day stand down between the A and B seasons), 39,440 mt during the C season (starts June 10), and 65,734 mt during the D season (starts August 20 and ends November 1).

Implementation of these measures to spread the fishery over time have been successful. Where pollock harvests had been compressed into two pulse fisheries (the first starting on January 20 and the second starting August 15 prior to 1996 and September 1 after 1996) under the previous open access regime, the cooperative structure and seasonal distributions have helped spread pollock removals over a much longer time frame. For example, the 1998 non-roe fishery in the fall was 49 days long. In 2000, the non-roe fisheries were lengthened to 92 days. The total pollock removals were about the same during those two years, but the number of days spent harvesting the pollock allocation almost doubled.

As expected, given the lengthened harvest times, the intensity of the pollock removals also decreased since these measures have been implemented. Figures presented in Chapter 4 of the AFA EIS (NMFS 2001) show how the intensity of pollock removals has changed between 1998 (pre-AFA) and 2000 (post-AFA). The decrease in intensity of removals can also be seen in the daily harvest rates of the catcher/processor fleet. In 1999, the first year they had cooperatives, their daily catch rate dropped by about 60% relative to the 1995-98 time period (PCC 2001).

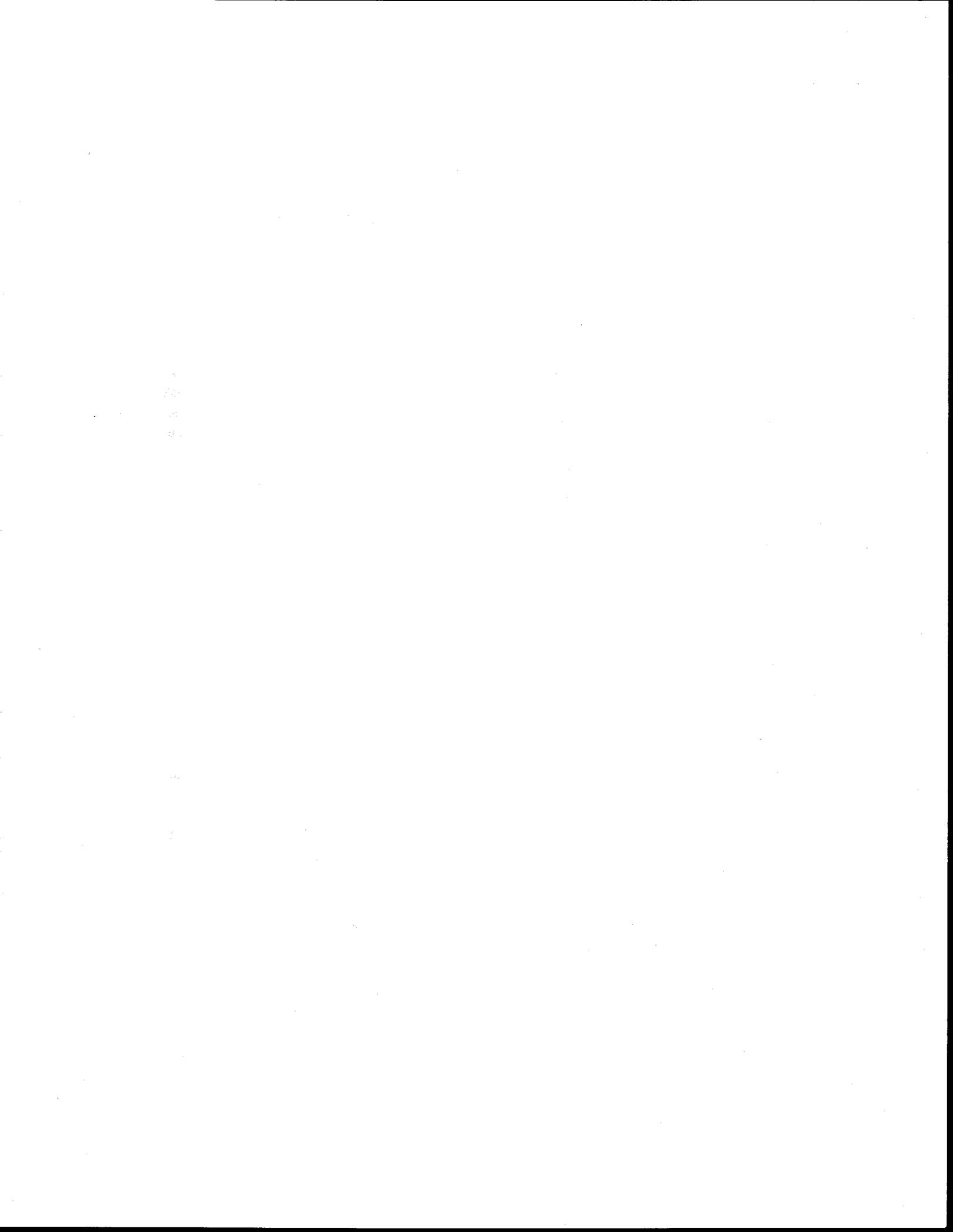
An excellent source of information on the current BSAI pollock fisheries are the cooperative reports that must be submitted to the Council every December by each cooperative. Copies of those reports are available through the Council office. The cooperative reports detail the allocation, harvest, and bycatch of each vessel that is a member of a cooperative. Other relevant information on the operation of the cooperatives is also included in those reports. For example, there is some information on transfers of pollock use rights within the cooperative. Since the catch of each vessel and the total amount of pollock initially assigned to the vessel by the cooperative is reported, it is possible to estimate the amount of pollock that was transferred among members of a cooperative. Those pollock transfers within the inshore sector will be discussed in more detail in Section 3.2.

2.1.3 The BSAI pollock industry

The structure of the BSAI pollock industry was defined by the passage of the AFA. There are three distinct harvesting sectors in the non-CDQ portion of the fishery. All of the vessels participating in the directed pollock fishery employ trawl gear³. The inshore sector is comprised of 100 catcher vessels and

²Federal Register Notice, Vol. 66, No. 14, Monday, January 22, 2001.

³The Council adopted an amendment to prohibit the use of non-pelagic trawl gear for vessels targeting pollock in the BSAI in June of 1998. Only pelagic trawl gear as defined in regulations (together with the performance-based bycatch standard of 20 crabs) is allowed in the directed pollock fishery.



the seven⁴ inshore processors to whom they deliver, the offshore sector is comprised of 21 catcher/processors (one of which is limited to harvesting less than 2,000 mt of BSAI pollock from the directed fishery and one has sold its allocation to the other cooperative members) and seven offshore catcher vessels that deliver to those catcher/processors, and the mothership sector is comprised of 20 catcher vessels (15 of the vessels are also qualified for the inshore sector) and three motherships that process their catch.

Since the AFA registration period has closed, the only way an AFA vessel can be added to the qualified list of participants in the BSAI pollock fishery is as a replacement for one of the listed vessels. The requirements to replace a vessel are specified in Section 208(g) of the AFA. The Act states that a vessel must be an actual total loss or a constructive total loss to be replaced. Further, the language states that the loss cannot be due to willful misconduct of the agent, and then specifies the characteristics of the vessel that can be used as a replacement.

Non-AFA vessels holding a BSAI endorsement on their groundfish license are allowed to harvest pollock as incidental bycatch in other BSAI fisheries. An incidental catch allowance of 5% of the TAC has been reserved to accommodate those bycatch levels. If any of the bycatch set-aside is projected to go unused, it is redistributed to members of the directed fishery prior to the end of that fishing year. Some pollock from the incidental catch allowance was redistributed in 2000.

The ownership of the at-sea and inshore processors can be found in the Processor Sideboard and Excessive Share Cap EA/RIR presented to the Council in October 2000 (NPFMC 2000). Ownership of AFA catcher vessels is reported by NMFS Alaska Region on their web site. There is also a list of catcher vessels that were thought to be linked to processors through ownership/control on pages 61 and 62 of the Halvorsen report (Halvorsen 2000). That report indicated that six of the vessels delivering to the Alyeska plants had some ownership link to their processor, UniSea had none, Icicle had five, Westward had five, Peter Pan had two, and Trident had 19 vessels (four associated with the Arctic Enterprise and the remainder with the Akutan plant). Those vessels were identified in Tables 2.1 through 2.7.

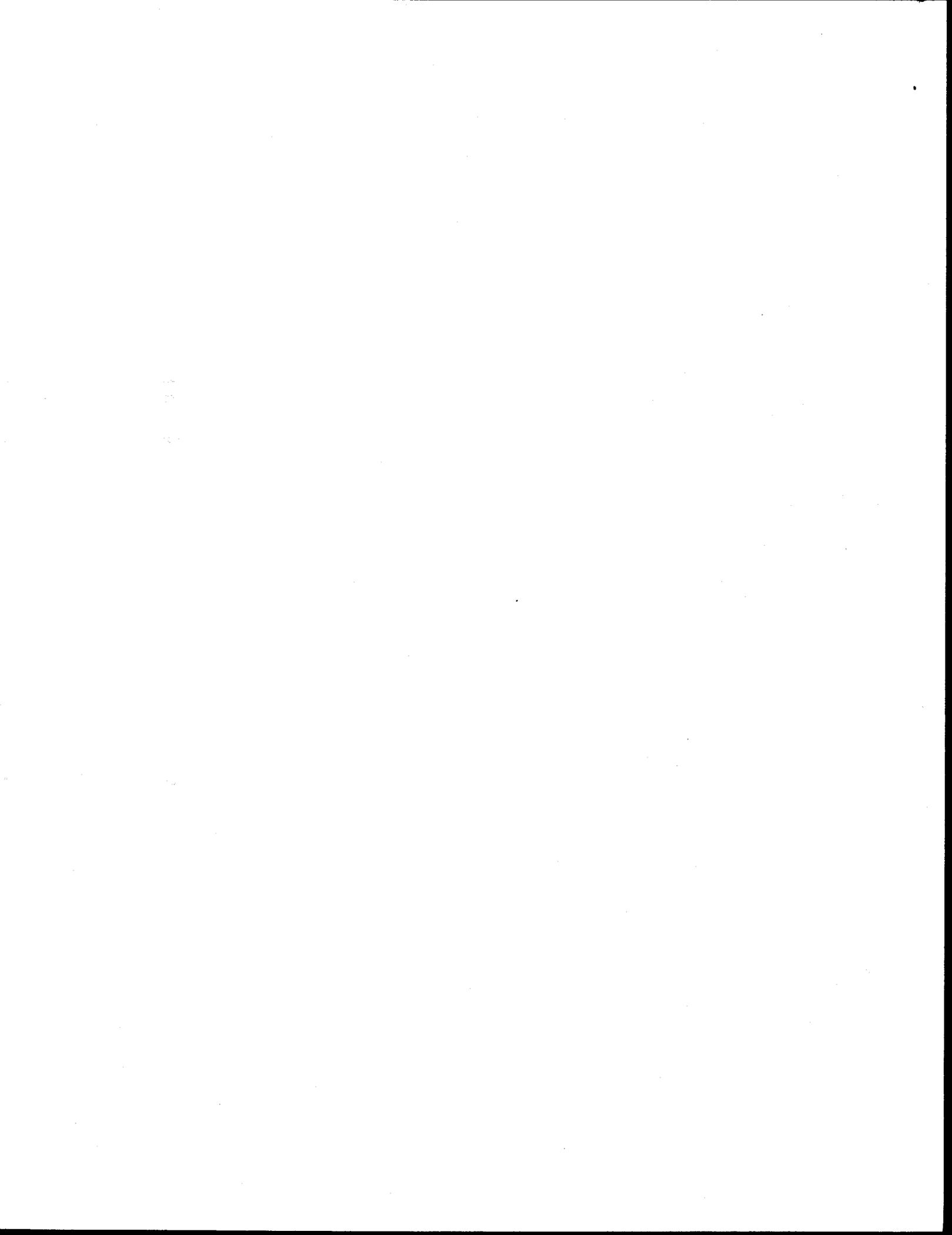
2.2 Expected Effects of each of the Alternatives

This section contains a discussion of the economic and socioeconomic impacts of either continuing the status quo or implementing the alternative to allow a cooperative to contract with catcher vessels outside of their cooperative (the alternative adopted by the Council and being submitted to the Secretary of Commerce). The status quo discussion will be presented first. It is followed by the discussion of the proposed alternative management measure.

As discussed in Section 1.1, two alternatives are considered in detail in this analysis. The Council had considered other alternatives to modify the inshore cooperative structure to protect catcher vessels in the development of Amendments 61/61/13/8. These other alternatives were presented in the FEIS for Amendments 61/61/13/8 (NMFS 2002), and are incorporated here by reference. After consideration of several previously studied modifications to the inshore cooperative structure, two alternatives were selected to be studied as part of this analysis.

2.2.1 Alternative 1: No action (Status Quo).

⁴The Sand Point plant owned by Trident currently does not have a cooperative but is AFA eligible and would be the eighth inshore processing plant. That plant currently does take limited amounts of pollock deliveries from the 10% of other cooperative's allocation that does not need to be delivered to the cooperative's processor.



Under the status quo alternative, inshore catcher vessels that join a cooperative would only be allowed to contract with other members⁵ of that same cooperative to harvest their portion of the cooperative's BSAI pollock allocation. The previous tables provide a list of the vessels that belong to each cooperative, and therefore their potential partners to harvest their portion of the cooperative's allocation. Four additional AFA vessels are in the "open access" portion of the fishery. Should they join a cooperative in the future, they will be allowed to contract only with other members of their cooperative to harvest pollock. Because NMFS allocates BSAI pollock to the cooperative, no regulatory change is required to allow other members of the cooperative to harvest any portion of that cooperative's pollock allocation. All the decisions regarding which members will harvest the cooperative's allocation and how much they are allowed to harvest is left to the cooperative to determine. Once it is divided among the member vessels, then the pollock controlled by a member may be transferred to another vessel for harvest.

2.2.1.1 Leases of pollock in the 2000 fishery

Table 2.9 shows an approximation of the transfers of pollock use rights that occurred within each of the inshore cooperatives during 2000. Transfers were assumed to occur when a vessel over-harvested or under-harvested their allocation from the cooperative. Assuming that under-harvests were the result of a transfer may overstate the actual number and amounts of transfers. Vessels that harvest pollock in excess of their quota are subject to fines/sanctions by the cooperative, therefore there are incentives to slightly under-harvest. Because of those penalties, some of these vessel owners may not have actually sold a portion of their pollock use rights. Instead they may have slightly under-harvested their pollock to avoid sanctions by the cooperative.

Vessels over-harvesting their initial allocation likely represent a reasonable estimate of the number of vessels that "purchased" quota. Vessels that did not control additional harvest rights beyond their initial allocation would have been in violation of their cooperative contracts had they exceeded that amount of catch. Therefore the number of vessels over-harvesting their pollock allocation likely "purchased" quota, or else they would be in violation of their cooperative agreement.

Table 2.9 indicates that 37,839 mt of pollock were transferred within cooperatives during 2000. That represents just under 4% of the inshore allocation. UniSea is the only cooperative where all of the vessels are thought to be independently owned (i.e., no processor ownership of the catcher vessels). They have the lowest transfer amount of the large shorebased plants in the BSAI, and smallest percentage of pollock transfers of any inshore processor. The Akutan (Trident Seafoods) and Westward cooperatives had the largest amount of pollock transfers. The processing plants associated with those cooperatives are thought to have substantial levels of ownership/control over their harvest fleets.

⁵Recall that the members are the persons that own catcher vessels belonging to the cooperative.

100

Table 2.9: Bering Sea pollock transfers within inshore cooperatives in 2000.

Cooperative	# of Vessels Under-Harvesting Pollock	# of Vessels Over-Harvesting Pollock	Max. Transfer (mt)	Min. Transfer (mt)	Total Transfer (mt) ²
Akutan	12	15	4,332	5	16,650
Arctic Enterprise	2	2	744	419	963
Northern Victor ⁵	5	5	1,991	135	3,819
Peter Pan ¹	1	1	629	422	1,051
Unalaska ⁴	3	8	2,415	78	3,681
UniSea	7	7	680	4	1,189
Westward ³	5	7	6,080	113	10,522
Total	35	45	n/a	n/a	37,839

Source: Inshore cooperative reports for the 2000 fishing seasons.

1/ Only one transfer was reported by the Peter Pan cooperative. One owner fished both his and another owner's A/B season allocation, and during the C/D season the other owner fished both pollock allocations. Terms of the agreement were provided in Peter Pan's cooperative report.

2/ Total amount transferred reflects the amount of pollock vessels harvested in excess of their allocation. Some quota that may have been transferred could have gone unharvested and would not be reflected in these totals.

3/ The owner of the Hickory Wind leased 100% of her quota, AJ leased all but 0.16 mt of hers, and the Alyeska leased 88% of her BS pollock allocation.

4/ The Messiah and Ms. Amy leased all of their quota.

5/ Three vessels sold over 550 mt of pollock each.

It is not possible to determine exactly which vessels leased their quota in 2000. However, we do know that three vessels leased their quota that were members of the Westward cooperative. All three of those vessels were considered to have no ownership or control links to the processor. The leased quota appears to have been harvested by processor-owned vessels. Two vessels in the Unalaska cooperative appear to have leased all of their quota. Both vessels were independent vessels and the vessels harvesting the leased quota appear to be processor owned/controlled. Two of the vessels that sold quota in the Northern Victor cooperative were independent and one was owned/controlled by the processor. Processor-owned/controlled boats harvested most of the pollock that was leased. In the Akutan cooperative, the general trend also appears to be for independent vessels to lease quota to vessels that have ownership or control links to the processor.

2.2.1.2 Changing cooperatives

Over time the vessels belonging to a cooperative can change, since the AFA allows vessels to join the cooperative associated with the processor that they delivered the majority of their catch to the previous year. This provision has been changed to the majority of pollock delivered in the most recent year fished. That change allows vessels to not fish during a year and still be eligible to join their cooperative the following year.

To change cooperatives a vessel may need go into the "open access" sector for a year and deliver the majority of their pollock to a different processor. Then the following year, they could join the cooperative linked to that processor where they delivered most of their catch while in "open access". This process of switching cooperatives and the potential economic consequences of spending a year in "open access" were detailed in the analysis of the Dooley-Hall amendment proposal (Halvorsen 2000).



That report indicated the cost of spending a year in the open access fishery could be substantial, and would depend on the other vessels in the open access fishery that year and the amount of quota they contributed to the open access quota relative to their catching power.

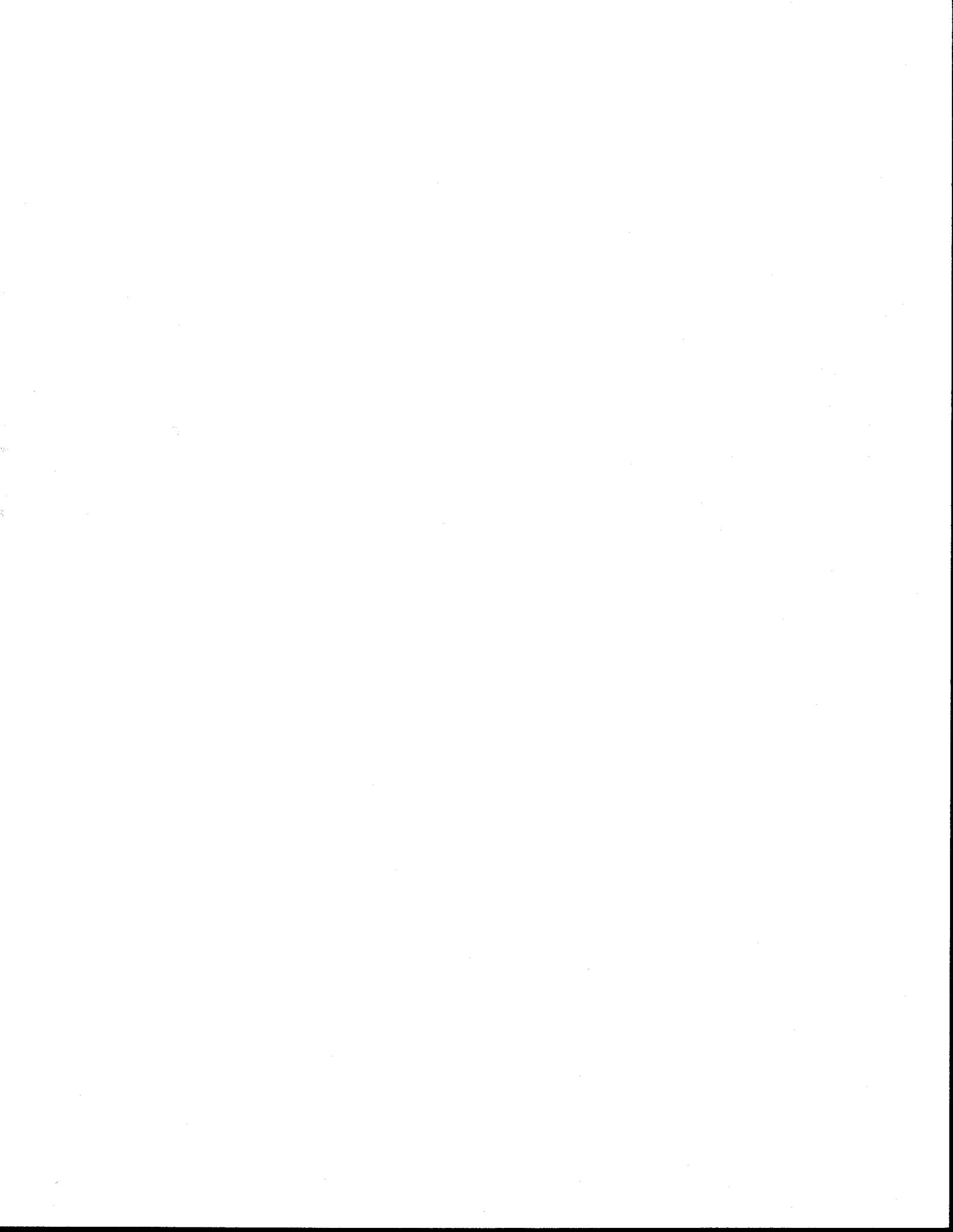
2.2.1.3 Potential adverse impacts of the Status Quo

If a cooperative catcher vessel is unable to or does not wish to harvest its share of the cooperative's allocation, it will likely seek to lease its portion of the cooperative's pollock allocation to someone else. Under the existing regulations, the universe of available catcher vessels to harvest its pollock is limited and as a practical matter may make it very difficult or impossible for the catcher vessel's owner to make reasonable arrangements for the harvest of its cooperative shares. It is not possible to determine the specific arrangements⁶ that vessel owners have been able to make when leasing pollock in 2000. However only 606 mt (0.73%) of the Westward allocation, 200 mt (0.75%) of the Arctic Enterprise allocation, 306 mt (0.91%) of the Northern Victor allocation, 47 mt (1.4%) of the Peter Pan allocation, 182 mt (0.32%) of the Unalaska allocation, 267 mt (0.23%) of the UniSea allocation, and 2,045 mt (1.5%) of the Akutan allocation went unharvested in 2000 under the existing regulations according to their cooperative reports. These levels of unharvested catch indicate that all cooperatives were able to harvest at least 98.5% of their allocation, under the current regulations. Because we do not have information on individual pollock transactions, it is not possible to determine if the cost of not harvesting the entire cooperative allocation was borne relatively equally by all members of the cooperative or whether a few of the members accounted for all of the foregone benefits. However, the Akutan cooperative report indicated that most of the pollock that went unharvested in their cooperative was from GOA exempt catcher vessels that were not allowed to lease their quota. The prohibition on GOA exempt vessels leasing BSAI pollock quota was adopted by the Council to prevent these vessels from increasing effort in the Gulf. The report also indicated that these vessels tried to harvest their entire quota but were unable because of a combination of Steller sea lion regulations, break-downs, and weather conditions.

The following scenarios were developed by the proposers of this amendment as reasons why the status quo could harm inshore catcher vessels. Whether these outcomes will occur in the future is unknown. However, members of industry felt they were reasonable examples of the problems the fleet could face.

1. In some cooperatives there may only be processor owned vessels available that have enough capacity to harvest the member's share which will place the independent catcher vessel owner at a substantial disadvantage. In addition, in some cooperatives the remaining member vessels simply may not have the capacity to harvest the cooperative shares of the member vessel that is not able to harvest its own share for the season in question.
2. In some cases it may not be impossible for a cooperative catcher vessel to harvest its share, but it may be very inefficient for it to do so. Some catcher vessels have a relatively small amount of pollock quota and for them to travel to the Bering Sea from the Gulf or West coast to fish every season, for example in the summer/fall season where the price is low, is extremely inefficient. It would be beneficial to the catcher vessel owner to have the maximum flexibility to allow other catcher vessels already on the grounds to harvest their quota. This would also be consistent with reducing gear and effort in the grounds.
3. Independent catcher vessels that are unable to make reasonable arrangements for other cooperative member's catcher vessels to harvest their shares are essentially permanently damaged because of the lack of flexibility in being able to switch to cooperatives where more harvest

⁶The one transfer that took place in the Peter Pan cooperative was detailed in terms of the conditions of the transfer. That is the only case where that type of information was reported.



flexibility may exist. This is because the Council decided under Dooley-Hall that catcher vessels may not switch cooperatives without first fishing open access for a year. As a result, there is no practical solution for a catcher vessel owner to develop another harvesting strategy for their vessel except within the captive market of its own cooperative.

2.2.1.4 Conclusions

It is difficult to determine the extent that existing regulations harmed independent catcher vessels in 2000. Earlier it was shown that each cooperative was able to harvest at least 98.5% of their pollock allocation, under the current inshore structure. UniSea, the cooperative comprised of all independent catcher vessels, had the lowest percentage of unharvested pollock. Therefore, in terms of harvesting the quota, it does not appear that there were substantial negative consequences in 2000. However, under the right conditions (Steller sea lion impact mitigation measures, for example) inshore catcher vessel owners could be negatively impacted in the future, given the current constraints on who is allowed to harvest their quota.

It is also possible that some of the catcher vessel owners would have been able to negotiate a more favorable contract if they were able to expand the universe of people with whom they could negotiate in 2000. During the 2000 season it appears that independent vessels leased most of the pollock transferred to vessels owned or controlled by the processor. Therefore it appears that the company-owned boats were able to offer the better contract, or they were the only bidders for the quota. If a catcher vessel were unable to find a suitable partner to lease their pollock to they may have had to harvest their own quota when it would have been more efficient to lease their rights to a member of another inshore cooperative. Existing cost and operational data are insufficient to support a rigorous quantitative assessment of the validity of these competing hypotheses. However, based upon a reasoned interpretation of the available anecdotal and qualitative information, these arguments appear to have merit.



2.2.2 Alternative 2: Amend the AFA requirement regarding inshore cooperatives contracting with catcher vessels outside the cooperative.

To amend the AFA regulations which resulted from Congress passing the AFA, the Council must show that it is being done *“for conservation or to mitigate adverse effects in fisheries or on owners of fewer than three vessels in the directed pollock fishery”*. In addition, the amendment must also be carried out in a fair and equitable manner. The proposed amendment appears to meet both of the standards set out in the AFA. As discussed above, most of the owners leasing pollock are the owners of three or fewer independent vessels.

2.2.2.1 Positive impacts of the proposed amendment

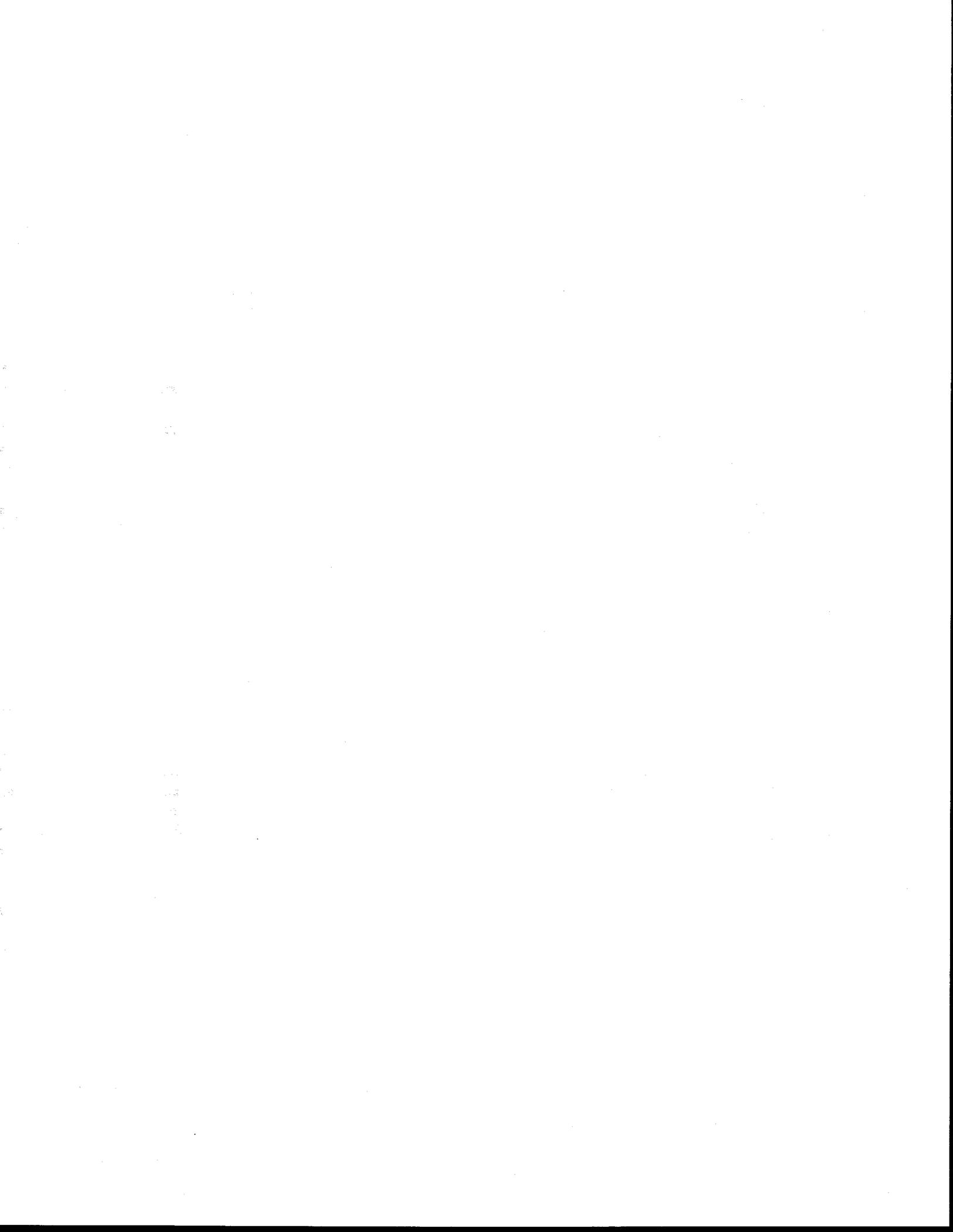
The proposed change would allow inshore catcher vessel owners (including those that own fewer than three vessels) to expand the universe of vessel owners with whom they can contract to harvest their portion of their cooperative’s allocation. Expanding the number of vessel owners “authorized” to lease quota will provide greater flexibility in terms of ensuring that the pollock quota is harvested. It may also provide a system under which the vessel owner leasing quota can get a better price for pollock they lease. However, this may be somewhat tempered if their cooperative or associated processor vetoes deals where the vessel owner would get a better price, so that a member of that cooperative can lease and harvest the quota.

It is important to note that the cooperative’s membership is comprised of the owners of the catcher vessels that join. They are the official voting members of the cooperative. The processor around which the cooperative is formed is not a voting member. However, some of the processors own or control vessels that are part of their cooperative, and this would give them a voice in the cooperative’s activities. Tables 2.1 through 2.7 provide the best information available on vessels owned/controlled by the processors associated with that cooperative.

The letter proposing this amendment was signed by several members of the inshore sector representing both harvesters and processors. Broad industry support is usually a good indication that the proposed measure would have positive (or, at least neutral) impacts on all sectors of the industry. That is likely the result of this amendment. Vessel owners would still have the option of leasing to members of their cooperative. However, they may also realize increased demand for the pollock they want to lease as members of other cooperatives bid on harvesting their allocation. Owners that are able to bid a higher price can likely do so because they have lower operating costs⁷ than other vessels they are bidding against. Therefore, the person “offering” to lease the quota receives a higher price for the pollock (more revenue), and is economically better off. The person “purchasing” the lease to harvest the quota share is also presumably better off, otherwise they would have no incentive to lease the quota. Greater economic profits made as a result of this transaction translate to a larger net benefit to the nation (i.e., producer and consumer surpluses).

Impacts on Cooperatives: The way this proposed regulation would be structured, the cooperative is the entity that authorizes the lease, since they are the official holders of the pollock allocation from NMFS. A member of the cooperative would need to request that the cooperative allow them to lease a portion (or all) of the pollock assigned to them by the cooperative. Because the cooperative is the entity with the legal authority to assign its pollock, its combined voting membership, in essence, has veto power over a deal negotiated by one of its members. This ensures that the cooperative will maintain control over the pollock assigned to it, as well as control over the vessels that will deliver its pollock allocation. It further

⁷The revenues generated from the delivery of the pollock are assumed to be the same for both vessels since they would be delivering to the same processor and prices are often negotiated prior to the beginning of the fishing season.



SECRETARIAL REVIEW DRAFT

guarantees that the cooperative “must” enjoy a net improvement in its relative economic and/or operational position, “with” the lease (as compared to “without” it), otherwise, the co-op membership would, presumably, not permit the contract to be consummated.

Catcher vessels contracted from outside the cooperative will be required, through contract, to abide by the Articles, Bylaws, and Membership Agreements of the cooperative. Therefore, the catcher vessels hired from outside the cooperative will be subject to the same penalties as members of the cooperative should they over-harvest or break any of the other cooperative rules. The actual rules for allowing outside catcher vessels to harvest a portion of the cooperatives allocation will be defined individually by each inshore cooperative.

NMFS will require that implementation of the proposed amendment, if passed, would be done in a fair and equitable manner. It would be applied equally to all AFA cooperatives in the inshore sector. Then it would be the decision of the members of the individual cooperatives to determine how the proposed amendment would be applied within their particular cooperative. It is not the intent of this proposed amendment to provide a mechanism for vessels to switch cooperatives by delivering leased quota.

Impacts on Processors: This amendment should not diminish the total amount of pollock delivered to each inshore processor and may actually increase it, should a share of the cooperative’s quota be harvested under a “lease” agreement, which otherwise would have gone unharvested. The cooperative contract would, presumably, stipulate that the catcher vessel harvesting the leased quota would be required to deliver all of the pollock to their cooperative’s processor subject to the AFA requirement each cooperative must deliver at least 90 percent of its allocation to its designated processor. Because each cooperative has the ability to tailor its contract terms, one can expect that, this provision would be reflected in any such agreement.

It is also likely that the cooperative and processor would require the vessel delivering the leased pollock to abide by the delivery schedule arrangement and any other agreements made between the processor and the original holder of the quota. This would ensure that the leasing provision would have minimal adverse operational impacts on the processors.

Current regulations also define which vessels are eligible to join a cooperative by the processor they delivered the majority of their pollock to in the most recent year they fished. When determining the amount of pollock delivered to each processor by a catcher vessel, leased pollock would be excluded from that calculation. This would eliminate the possibility that a vessel would need to switch cooperatives because they delivered more pollock to another processor through a lease arrangement than they delivered to their own cooperative’s processor. In this way, programmatic stability will be assured, consistent with the original intent of the AFA, as it pertains to inshore cooperative structure. This stability yields a further social benefit, by reducing planning risk and associated costs, both for individual operators and for the cooperatives and affiliated processors.

Impacts on Catcher Vessels: Independent catcher vessels may have a better opportunity to find a partner to contract with if they can go outside their cooperative. This may be especially true if the vessels are members of cooperatives with a high percentage of company owned vessels, (assuming this resulted in them starting in a weak bargaining position for an acceptable contract). If a vessel owner were unable to harvest their portion of the cooperative’s allocation due to mechanical problems or illness, they would either be forced to accept an offer from the small group with which they are allowed to negotiate, or forego any revenues from BSAI pollock. Expanding the universe of vessel owners they can contract with increases the likelihood that they can negotiate an acceptable deal, although it does not assure this result.

An AFA processing company may also benefit from this measure because the proposed action would allow it to use any of its AFA catcher boats to harvest the “surplus quota” of another company. For



example, Akutan's Trident Seafoods, would have the potential to use its company owned boats to participate in the harvest of the Arctic Enterprise cooperative's allocations, if it were in the economic and operational interest of all parties (i.e., processors and catcher boat operators in both cooperatives). That is, the four boats in the Arctic Enterprise cooperative could harvest part of the Akutan allocation, or the Akutan cooperative boats could be used to harvest the Arctic Enterprise allocation. This added flexibility may allow each cooperative to better rationalize its pollock harvests, without needing to incur the substantial costs associated with sending a vessel through the open access fishery for a year, in order to participate in a different cooperative.

It is not known how much change there would be in the amount of quota being transferred, from the slightly less than 4% of the inshore quota that was leased in 2000 (see Table 3.9), if leasing across cooperatives is allowed. Catcher vessels that are able to negotiate a deal that makes leasing quota more attractive than harvesting the pollock themselves may then decide to lease, when they would not under the status quo. This would tend to increase the overall amount of pollock being leased by members of the inshore sector. Nothing in this amendment makes leasing pollock less attractive, so the changes that do occur are likely to increase the overall amount of inshore pollock that is being leased. Furthermore, the co-op's catcher boats have an effective 'veto' over any lease agreement outside of the cooperative, there is no reason that adoption of this action should produce negative impacts for, or impose costs on, the AFA cooperatives.

2.2.2.2 Negative impacts of the proposed amendment

There are three groups of catcher vessels that could, potentially, be impacted by the proposed action. The first are the AFA catcher vessels that are excluded from leasing quota. The second is the non-AFA vessels that could realize spillover impacts. The third group is the AFA inshore catcher vessels that wish to lease pollock from members of their cooperative. This amendment should have negligible impacts on all other members of the fishing industry, not associated with pollock cooperatives.

AFA vessels in the "open access" portion of the BSAI pollock fishery constitute the first group, identified above. Currently there are only 4 vessels in the open access portion of the fishery. This number was considerably higher before NMFS changed the formula for determining the open access fishery allocation⁸. These vessels would not be allowed to contract with cooperative members to harvest a cooperative's pollock allocation. The proposers of this amendment felt that allowing them to lease quota would provide economic benefits that would encourage them to remain in open access instead of joining a cooperative. Excluding these vessels provides incentives for them to join cooperatives, if they wish to lease pollock in the future. Cooperative membership reduces the "race-for-fish", which characterizes open access, and joining a cooperative would mean that these boats would be required to operate within the AFA sideboard measures. These vessels would need to weigh the advantages of operating in the open access fishery without sideboard restrictions versus joining a cooperative and having sideboards and the rights to lease pollock. Therefore, in reality, these vessels are no worse off under this alternative than they were under the status quo.

The second group is the non-AFA harvest fleet. This fleet is protected by the AFA harvest sideboards implemented by the Council. As discussed earlier in Chapter 3, the majority of the AFA fleet is capped in terms of the amount of FMP species they can harvest. Some vessels were exempted from these sideboard measures. Those vessels that were exempted from the GOA groundfish sideboards are not

⁸The old formula assigned inshore deliveries made by the seven catcher vessels that are qualified for the catcher/processor sector and catcher vessels that are not AFA qualified (or did not apply for inshore AFA permits) to the open access fishery pool. That formula has been changed so that only the catch history of vessels joining the open access fishery is assigned there. The catch history of the other vessels that are no longer a part of the inshore sector is proportionately distributed throughout the inshore catcher vessel fleet based on member vessels' relative harvests during the qualifying period.



allowed to lease their BSAI pollock if they utilize their exemption and exceed their historic catch levels of groundfish in the GOA. Therefore, they must either abide by the sideboard measures or not take advantage of this amendment by leasing their pollock allocation. Vessels that are exempt from the BSAI cod sideboards could take advantage of this amendment and still fish cod without sideboards. Only those vessels that are not already leasing their pollock within the cooperative would be potential causes for alarm. The members that already lease their quota would already have the ability to enter the cod fishery early in the year. The level of impact this amendment would have on non-AFA cod fishermen using trawl gear in the BSAI is difficult to estimate. Three cod fishermen have already petitioned the Council for additional relief from the impacts of the AFA. They have stated in public testimony that AFA vessels have shifted their cod fishing to earlier in the year and have imposed economic harm and reduced safety for the cod vessels. This issue is being addressed through a separate FMP amendment. Therefore, it appears that the BSAI trawl cod fishery is the most susceptible to spillover impacts from this proposed regulation, but the extent of those impacts should be relatively small given that catcher vessels can already lease pollock within their cooperative.

BSAI crab fisheries are protected under sideboards measures imposed through the AFA. There is an exemption for AFA catcher vessels with specific participation levels in those crab fisheries. However, that exemption was tightly crafted and it appears that only one vessel would qualify for the exemption. That vessel had always participated in the crab fisheries anyway, so this proposed regulatory change would not be expected to impose economic harm to the crab fleet.

A third group of vessels that might be negatively impacted by this measure are the AFA catcher vessels within cooperatives which may need to pay a higher price to lease pollock from other members of their cooperative. If members of other cooperatives are willing to pay more to harvest pollock then they may be forced to increase the price they are offering. If they are unable to meet the prices offered outside of their cooperative because of their cost structure, then they will either not get the contract or they must persuade their cooperative not to sign a contract with vessels outside of their cooperative. In either case, these problems could be handled within the proposed cooperative structure, and would likely align those members wishing to lease quota against those wanting to buy quota.

Given the proposed structure described above, individual members of the cooperative are not allowed to directly lease the pollock assigned to them by the cooperative. They must gain the approval of the cooperative membership before a deal can be struck. This means that they must negotiate with the other members of their cooperative in addition to the person they want to catch their pollock. Depending on the cooperative, this veto authority could be used to compel members to lease pollock inside the cooperative when they may have been able to negotiate a more attractive deal outside. Therefore, the benefits of this amendment would only be realized if the cooperative allows its members to take advantage of its provisions.

2.2.2.3 Conclusions

Broad industry support within the AFA inshore sector indicates that this amendment is likely to benefit all segments of the inshore sector, without substantially harming any individual. This amendment would, potentially, allow catcher vessels leasing quota to negotiate with more prospective lessees (i.e., increase the size of the potential market). If demand is increased, then the price received for the quota should rise. This would make the catcher vessels leasing the quota better off (assuming the co-op members and affiliated processor sanction the transaction). The vessels leasing the quota are likely doing so because they are also profiting from the transaction. They would also benefit from the amendment. Processors would be less likely to have quota allocated to their associated cooperative left unharvested because of lack of catcher vessel availability.



The negative impacts of this amendment appear to primarily be limited to spillover effects and catcher vessels paying a higher lease price. Because most of these effects were addressed in previous AFA amendments, it appears the sector that has the most potential to be harmed is the BSAI trawl cod fleet. Those negative impacts could result if vessels exempted from the Pacific cod sideboards lease more of their pollock quota as a result of this amendment and focus more of their effort on the trawl cod fishery, especially during the months of January, February, and March.

As noted, individual cooperatives that do not want their members to lease pollock to another cooperative's members will have the right to limit those trades. Each transaction will require that the cooperative approve pollock leases in addition to the parties to the contract. Therefore, if as a whole the cooperative feels this amendment negatively impacts them, they can vote independently to disallow transfers outside their membership.

2.3 Monitoring and Enforcement

Enforcement of the leasing provisions would be up to the cooperatives and NMFS. The cooperatives and cooperative members would be responsible for staying within their pollock allocation and sideboard levels. If NMFS determines that a cooperative has harvested in excess of their pollock allocation or the catcher vessel sector has exceeded their sideboard caps, they will then take appropriate enforcement action.

Allowing cooperatives to contract with catcher vessels outside the cooperative makes monitoring the pollock harvest slightly more complex. Currently NMFS only needs to add up the catch by vessels that are members of a cooperative to determine if a cooperative's pollock allocation has been exceeded. If catcher vessels are allowed to harvest some of another cooperative's allocation, then NMFS must be able to identify the cooperative the pollock belongs to, in addition to the vessel harvesting the catch.

NMFS has developed an electronic logbook system for inshore processors. This system currently requires that the operator of an inshore processor report the cooperative number for each vessel that makes a landing of pollock from the directed pollock fishery. This system can accommodate the proposed change without modification. The operator of each inshore processor would be responsible for making certain that the correct cooperative number is reported for each inshore pollock delivery. In addition, the managers of each of the cooperatives involved would be required to report on their weekly cooperative harvest report any landings made on contract by non-member vessels.

NMFS does not anticipate the need for advance notification in order for a vessel to enter into a contract with a different cooperative. The implementing regulations for the proposed FMP amendment would simply detail the necessary steps that must be made before a vessel in a cooperative is entitled to fish on behalf of another cooperative. These steps could include: (1) written permission from the vessel's home cooperative, (2) a written contract with the new cooperative that details the terms under which the vessel will fish for the new cooperative, and (3) the consent of the vessel owner to abide by all the terms of the cooperative contract agreement. If these steps are completed, the vessel would be free to fish on behalf of the new cooperative and the inshore processor receiving the pollock would be required to report that new cooperative's number on the electronic delivery report. If these steps are not followed by the parties involved, then NMFS would likely consider the contract null and void and attribute any pollock landings to the vessel's home cooperative. In other words, all pollock landings made by a cooperative vessel would automatically be attributed against the vessel's home cooperative unless all parties involved have followed the necessary legal steps to enter into a contract with a different cooperative.

NMFS also will need to establish rules for deliveries that are based on harvest rights assigned to a vessel by two or more cooperatives if the Council chooses to authorize this type of activity. Split deliveries may become common at the end of a fishing season if all of the cooperatives decide to pool their remaining



quota and send one or more vessels out to "mop-up" the unharvested pollock TAC. Such activity could be accommodated within the existing electronic reporting system but would require the processor to create a separate fish ticket for the amount of pollock attributed to each different cooperative. A single landing attributed to multiple cooperatives would, therefore, generate a separate fish ticket for the amount of pollock attributed to each cooperative. If those types of trips are done under the provision that allows 10% of a cooperative's quota to be delivered to other processors, all of the catch from the "mop-up" trip could be delivered to one processor. Even if all the catch is scheduled to be delivered to one processor, NMFS would still need to determine who is responsible if there is an overage, whether the vessel fished in a closed area, or whether another violation occurred. The possible enforcement actions could include pressing charges against the catcher vessel contracted to harvest the fish, the cooperative in which the harvesting vessel is a member, or all of the cooperatives that assigned pollock to that vessel for the trip. If the harvester delivers a portion of its catch to each processor associated with the cooperatives assigning harvest rights to the vessel, the same issues would need to be resolved. Therefore, unless the person or persons responsible for ensuring the catch limits are not exceeded, prior to an overage taking place, are well-defined, there could be some ambiguity as to whom enforcement actions would be taken against.

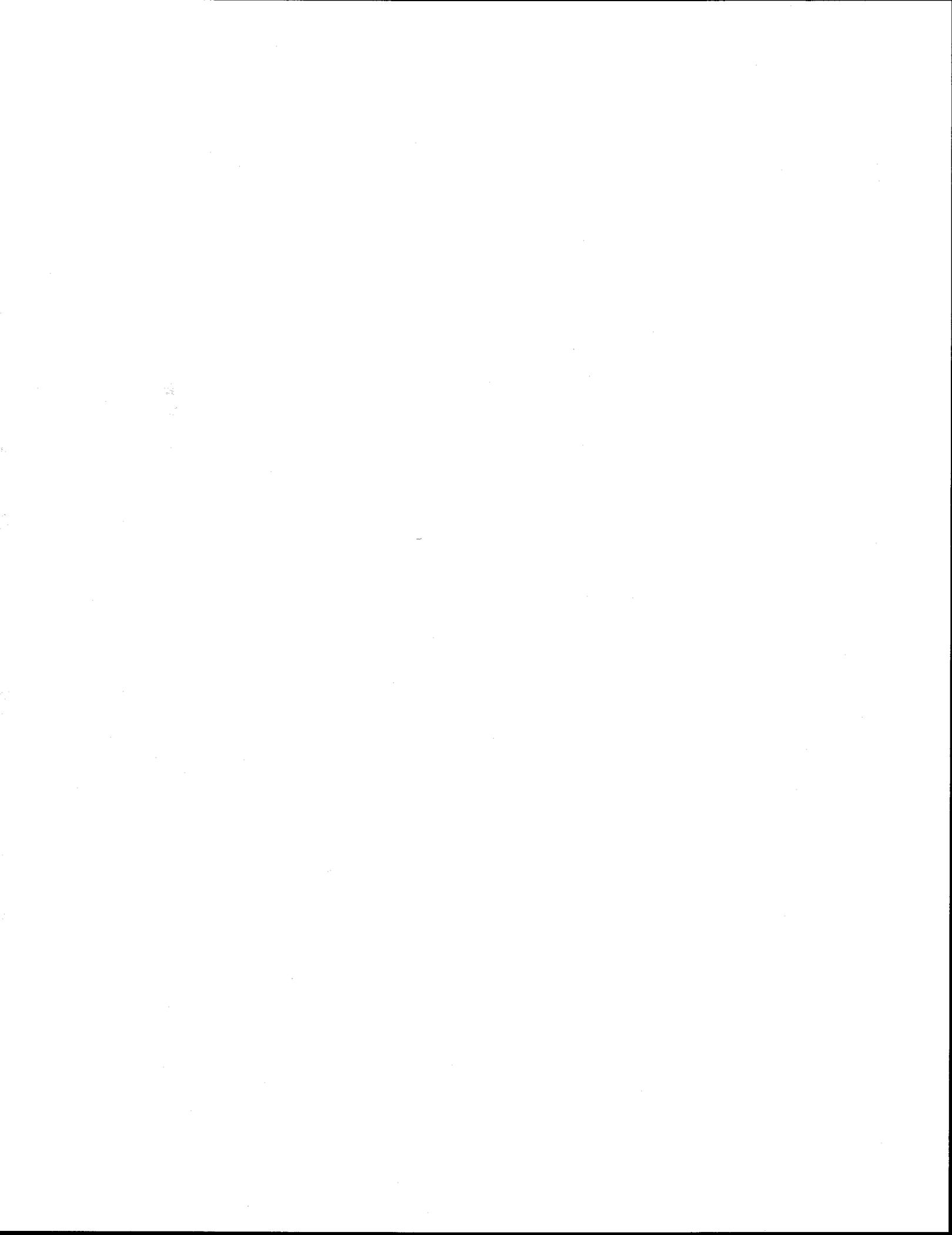
Because sideboard species caps are set for the entire sector (not at the cooperative level), NMFS would continue to monitor them as they have in the past. All of the sideboard species that are caught by AFA catcher vessels would be counted against the sideboard caps for the various species and species groups.

2.4 Conclusions

Implementing the proposed amendment would likely provide benefits to the cooperative members that want to lease pollock because they cannot or do not wish to harvest it themselves. Benefits that are expected to be realized by implementing this amendment are a greater assurance that cooperatives will be able to harvest their entire BSAI pollock allocation, and that persons leasing the quota may receive a higher price per pound for their pollock. The increased price would be a result of greater competition among the catcher vessel fleet as more vessel owners are eligible to bid for the rights to harvest the pollock. The greater assurance that their quota would be harvested also is a result of being able to contract with a greater number of vessel owners. Both of these outcomes would tend to increase net benefits to the nation.

Members of industry are concerned that current and future management measures which may be implemented to protect Steller sea lions may place greater burdens on small independent vessels. This measure is viewed as a means to limit the negative impacts caused by those regulations. It may also mitigate other regulatory requirements that could prevent a vessel from efficiently utilizing the pollock assigned to it by the cooperative (e.g., the vessel replacement clause in the AFA which would not allow a vessel owner to replace an inefficient vessel with one that is more efficient).

Few negative impacts are expected to result from implementing the proposed alternative. If they did occur they would likely be as a result of freeing up additional capacity to harvest species other than BSAI pollock, or catcher vessels needing to pay more to be able to lease pollock. The spillover impacts have been largely addressed by the Council through AFA sideboard amendments. Those management measures ensure that non-exempt inshore cooperative vessels will not increase their harvest of FMP species as a result of cooperatives. A few vessels were exempted from specific sideboards. Those exempted from the GOA groundfish sideboards are not allowed to lease their BSAI pollock unless they do not utilize their exemption and thus do not exceed their historical groundfish catch levels in the GOA. Vessels exempted from the BSAI cod sideboards would be allowed to lease their BSAI pollock, but the magnitude of the impact this would have on the BSAI trawl cod fleet, while unknown, would be expected to be small. The types of adverse impacts that may result from this amendment are already being dealt with through a separate FMP amendment package. Therefore, solving the larger problem should also



cover any unintentional adverse impacts on the cod fleet resulting from passage of this amendment package.

Some catcher vessels would likely be required to pay more to lease pollock. If this is deemed to be a negative consequence of the proposed amendment, it could be resolved through restrictions each of the individual cooperatives are allowed to place on leasing their pollock allocation. Cooperatives are not required to lease any of their pollock allocation if this amendment passes, it simply provides the legal authority for them to do so if they wish.

NMFS can accommodate the proposed amendment with their current electronic logbook system. The implementing regulations for the proposed FMP amendment would simply detail the necessary steps that must be made before a vessel in one cooperative is entitled to fish on behalf of another cooperative. These steps could include: (1) written permission from the vessel's home cooperative, (2) a written contract with the new cooperative that details the terms under which the vessel will fish for the new cooperative, and (3) written permission from the new cooperative's affiliated processor. Compliance with these requirements will impose no significant cost or reporting burden on the industry.

NMFS will also need to develop a system to determine who is responsible if an overage occurs or if a vessel fishes in a closed area when more than one cooperative's allocation is fished on a single trip. Vessels fishing for more than one cooperative at a time could result at the end of a fishing season, should several cooperatives pool their small amounts of unharvested pollock to make a viable trip. Alternatively, NMFS could decide not to allow more than one cooperative's allocation to be harvested on a vessel at a time.

2.5 Qualitative Cost Benefit Analysis

Cost data for the AFA inshore pollock harvesting and processing sectors are not currently available. For this reason, we cannot complete a quantitative cost/benefit analysis of the proposed alternative relative to the status quo. However, a qualitative cost benefit analysis indicates that if the proposed amendment allows the BSAI pollock allocation to be more fully harvested or harvested in a more efficient manner, the net benefits to the nation should increase.

None of the elements of the proposed amendment have the potential to result in decreases in net benefits to the nation.

2.6 E.O. 12866 Conclusion

E. O. 12866 requires that the Office of Management and Budget review proposed regulatory programs that are considered to be "significant." A "significant regulatory action" is one that is likely to:

- (1) Have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities;
- (2) Create a serious inconsistency or otherwise interfere with an action taken or planned by another agency;
- (3) Materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or
- (4) Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in this Executive Order.

870

11
12
13
14

Based on a qualitative cost benefit analysis and the above criteria, none of the alternatives constitute a "significant" action under the E.O. 12866, recognizing that there may be distributional impacts among the various participants in the industries affected by this proposed action.

3.0 CONSISTENCY WITH OTHER APPLICABLE LAWS

3.1 National Standards

Below are the ten National Standards as contained in the Magnuson-Stevens Act, and a brief discussion of the consistency of the proposed alternatives with each of those National Standards, where applicable.

National Standard 1 - Conservation and management measures shall prevent overfishing while achieving, on a continuing basis, the optimum yield from each fishery

Nothing in this amendment would undermine the current management system that prevents overfishing. If the proposed amendment allows more of the pollock TAC allocated to the inshore sector to be harvested, then the nation's fisheries move closer to reaching optimum yield.

National Standard 2 - Conservation and management measures shall be based upon the best scientific information available.

The BSAI pollock fishery has undergone and is undergoing a very thorough scientific review in light of the recent declines in Steller sea lion populations and implementation of the AFA. Information developed for those studies have been incorporated into this analysis. It represents the best scientific information that is available.

National Standard 3- To the extent practicable, an individual stock of fish shall be managed as a unit throughout its range, and interrelated stocks of fish shall be managed as a unit or in close coordination.

Separate TACs are set for the BS and AI pollock fisheries. Currently the AI pollock fishery is closed to directed fishing. The BS pollock fishery is open and managed as a single unit, although exploitation of the TAC is annually apportioned among several harvesting sectors.

National Standard 4 - Conservation and management measures shall not discriminate between residents of different states. If it becomes necessary to allocate or assign fishing privileges among various U.S. fishermen, such allocation shall be (A) fair and equitable to all such fishermen, (B) reasonably calculated to promote conservation, and (C) carried out in such a manner that no particular individual, corporation, or other entity acquires an excessive share of such privileges.

The proposed amendment would treat all AFA inshore catcher vessel owners that join cooperatives the same, regardless of their residence. The complete list of vessel owners' residences can be found in the RFA section of this analysis.

The allocations of BSAI pollock have been carried out as prescribed by the AFA. No individual will be allowed to acquire an excessive share of harvest privileges. NMFS allocates quota to each cooperative and it is up to the cooperatives to determine how it is allocated internally. This amendment may allow some vessels to harvest more pollock than they currently do, but they would be doing so for the cooperative that controls the use rights of that pollock. In addition, they would be bound by the 17.5% harvest cap imposed as part of the AFA. They would therefore not be allowed to acquire an excessive share of fishing privileges.

177

178

National Standard 5 - Conservation and management measures shall, where practicable, consider efficiency in the utilization of fishery resources, except that no such measure shall have economic allocation as its sole purpose.

This amendment was proposed to improve the efficiency of utilizing the inshore pollock resource. Given the current restrictions being applied to the pollock fishery, concern was expressed during public testimony on this amendment proposal that limitations on who may harvest a cooperative's allocation may prevent the allowable harvest from being taken.

National Standard 6 - Conservation and management measures shall take into account and allow for variations among, and contingencies in, fisheries, fishery resources, and catches.

This amendment was proposed to take variations in the fishery into account when determining who can harvest the inshore pollock allocations for cooperatives. Variations in the fishery and the fleet may cause pollock to remain unharvested if conditions arise in the future that limit some vessels' ability to harvest their allocation. This proposal would expand the number of vessels they could contract with to ensure the cooperative's pollock is harvested.

National Standard 7 - Conservation and management measures shall, where practicable, minimize costs and avoid unnecessary duplication.

This management measure would modify an existing regulation. It would not be a duplication of any other laws. The costs to NMFS may slightly increase if this amendment is implemented. The costs would be primarily due to modification in the data system used to track the harvest of each cooperative's pollock.

National Standard 8 - Conservation and management measures shall, consistent with the conservation requirements of this Act (including the prevention of overfishing and rebuilding of overfished stocks), take into account the importance of fishery resources to fishing communities in order to (A) provide for the sustained participation of such communities, and (B) to the extent practicable, minimize adverse economic impacts on such communities.

Implementing the proposed amendment would have little impact on fishing communities. The proposed amendment would allow catcher vessels outside of the cooperative to harvest some of the cooperative's pollock allocation. The vessels leasing the pollock would be required to deliver the leased fish to the cooperative's processor. Catcher vessels that held the rights to harvest the pollock before it was leased would be compensated. Therefore, while there will be slight changes in the distribution of revenues flowing from the fishery, overall the same communities will reap the economic benefits from the inshore pollock fishery in approximately the same proportions. Although, if efficiency is increased, more total profits may be generated from the fishery.

Additional information on the various fishing communities that could be impacted by this amendment can be found in the RFA section of this analysis. That section of the document discusses both the communities where processors are based and the catcher vessel owners' residences.

National Standard 9 - Conservation and management measures shall, to the extent practicable, (A) minimize bycatch, and (B) to the extent bycatch cannot be avoided, minimize the mortality of such bycatch.

This amendment is not likely to impact bycatch levels in an appreciable way. The pollock fishery is one of the cleanest fisheries in the world, and the way the fishery is conducted will not change. Therefore,

11
12
13

14
15
16

bycatch and mortality of species other than pollock are not expected to increase or decrease as a result of this amendment. Also, all of the pollock harvested in the BSAI must be retained, under the existing IR/TU regulations, when pollock is open to directed fishing.

National Standard 10 - Conservation and management measures shall, to the extent practicable, promote the safety of human life at sea.

The proposers of this amendment listed safety as one of the concerns that this amendment would address. If larger and safer vessels are contracted to harvest pollock in bad weather, safety may be improved. However, the authors feel that safety concerns, if they exist, should be resolved through other means while working closely the U.S. Coast Guard.

3.2 Section 303(a)(9) - Fisheries Impact Statement

This section of the Magnuson-Stevens Act requires that any management measure submitted by the Council take into account potential impacts on the participants in the fisheries, as well as participants in adjacent fisheries. The impacts of allowing catcher vessels outside a cooperative to harvest a portion of the cooperative's pollock allocation have been discussed in previous sections of this document. Because catcher vessels through their cooperatives have harvest rights to a specific amount of the inshore pollock allocation, the negative impacts on other participants in the fishery are minimal or do not exist. The only negative impact that may occur is that other members of the same cooperative will need to pay more to lease pollock. On the other hand, this is a benefit to the person who is leasing the pollock.

Less obvious impacts from the proposed amendment could accrue to participants in 'adjacent' fisheries. The impacts would be in terms of "spillover" effects as vessels are able to spend more time in other fisheries after leasing their pollock. These impacts were addressed in Chapter 3, and in summary, it appears that the BSAI trawl cod fishery is the primary fishery that could be impacted and that fishery is already being considered for broader protections under a separate FMP amendment.

3.3 Regulatory Flexibility Act (RFA)

3.3.1 Introduction

The RFA requires analysis of impacts to small businesses which may result from regulations being proposed. Until the Council makes a final decision, a definitive assessment of the proposed management alternative(s) cannot be conducted. In order to allow the agency to make a certification decision, or to satisfy the requirements of an Initial Regulatory Flexibility Analysis (IRFA) of the preferred alternative, this section addresses the requirements of an IRFA, which is specified to contain the following:

- A description of the reasons why action by the agency is being considered;
- A succinct statement of the objectives of, and the legal basis for, the proposed rule;
- A description of, and where feasible, an estimate of the number of small entities to which the proposed rule will apply (including a profile of the industry divided into industry segments, if appropriate);
- A description of the projected reporting, recordkeeping and other compliance requirements of the proposed rule, including an estimate of the classes of small entities that will be subject to the requirement and the type of professional skills necessary for preparation of the report or record;



- An identification, to the extent practicable, of all relevant Federal rules that may duplicate, overlap or conflict with the proposed rule;
- A description of any significant alternatives to the proposed rule that accomplish the stated objectives of the Magnuson-Stevens Act and any other applicable statutes and that would minimize any significant economic impact of the proposed rule on small entities. Consistent with the stated objectives of applicable statutes, the analysis shall discuss significant alternatives, such as:
 1. The establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities;
 2. The clarification, consolidation, or simplification of compliance and reporting requirements under the rule for such small entities;
 3. The use of performance rather than design standards;
 4. An exemption from coverage of the rule, or any part thereof, for such small entities.

3.3.2 Statement of Problem

NMFS' current emergency rule implementing AFA and its proposed final rule allow only those catcher vessels that are members of an inshore cooperative to harvest and deliver pollock allocated to that cooperative. It is not permissible under current NMFS regulations for a catcher vessel that is a member of a cooperative to assign its right to harvest its cooperative shares to another inshore AFA vessel that is a member of another cooperative, nor is it possible for a cooperative to contract with non-member AFA catcher vessels to assist in harvesting its cooperative allocation. Under these rules, the operator of a catcher vessel who either cannot, or choose not to, fish his/her allocated share of a cooperative's pollock quota is severely limited in the options available. Because, at present, that operator may only lease unfished quota to other members of their co-op, he/she may either be unable to find a willing partner with which to enter into a lease agreement, or may be so disadvantaged, in terms of negotiating position, that they may face untenable contract terms. In either case, the catcher boat operator could incur a significant economic loss.

3.3.3 Objective Statement of Proposed Action and its Legal Basis

Under the current regulatory structure, inshore catcher vessels from outside a cooperative are not allowed to harvest any part of the cooperative's pollock allocation. The following language is taken from the proposed file rule implementing the AFA.

“Inshore Cooperative Fishing Restrictions. This proposed rule would impose a variety of requirements and management standards on inshore fishery cooperatives. First, only catcher vessels listed on the cooperative's AFA inshore cooperative fishing permit would be permitted to harvest the cooperative's annual cooperative allocation. Second, all BSAI inshore pollock harvested by a member vessel while engaging in directed fishing for inshore pollock would accrue against the cooperative's annual pollock allocation regardless of whether the pollock was retained or discarded and regardless of where the pollock was delivered....”

Amending the AFA regulations and this section of the rule is necessary to allow inshore AFA catcher vessels that join a cooperative to harvest a portion of another inshore cooperative's allocation, with that



cooperative's permission. Without the amendment, no inshore AFA catcher vessels would be allowed to harvest any part of another cooperative's allocation.

The authority to make the proposed change was granted to the Council under Section 213(c) of the AFA, which states that:

"Changes to fishing cooperatives limitations and pollock CDQ allocations: The North Pacific Council may recommend and the Secretary may approve conservation and management measures in accordance with the Magnuson-Stevens Act -

(1) that supersede the provisions of this title, except for Sections 206 and 208 for conservation or to mitigate adverse effects in fisheries or on owners of fewer than three vessels in the directed pollock fishery provided such measures take into account all factors affecting the fisheries and are imposed fairly and equitably to the extent practicable among and within the sectors in the directed pollock fishery.

(2) ..."

The proposed action would not supersede the provisions of the AFA under Sections 206 or 208. Therefore, with proper justification, the Council may recommend the proposed change to the Secretary of Commerce.

3.3.4 Description of each action (non-mutually exclusive alternatives)

There are only two actions under consideration. The first is the status quo, which only allows catcher vessels that are members of an inshore cooperative to harvest any pollock from that cooperative's allocation. The second alternative (selected as the Council's preferred alternative) would allow one cooperative to contract with catcher vessels from another inshore cooperative to harvest part of its BSAI pollock allocation. The contract would be executed on behalf of or by one of its members that cannot or does not wish to harvest all of the pollock assigned to it by its cooperative.

3.3.5 Reasoning for, and focus of, an IRFA

To ensure a broad consideration of impacts and alternatives, this draft IRFA has been prepared pursuant to 5 USC 603, without first making the threshold determination of whether or not the proposed actions would have a significant adverse economic impact on a substantial number of small entities. This section attempts to provide information to differentiate among the proposed alternatives, in the context of the requirements to prepare an IRFA. A formal IRFA focusing on the preferred alternative is included in this package for Secretarial review. In determining the potentially impacted 'universe' of the entities to be considered in an IRFA, NMFS generally includes only those entities, both large and small, that can reasonably be expected to be directly regulated by the proposed action. If the effects of the rule fall primarily on a distinct segment, or portion thereof, of the industry (e.g., user group, gear type, geographic area), that segment would be considered the universe for the purpose of this analysis.

3.3.6 Requirement to Prepare an IRFA

The RFA first enacted in 1980 was designed to place the burden on the government to review all regulations to ensure that, while accomplishing their intended purposes, they do not unduly inhibit the ability of small entities to compete. The RFA recognizes that the size of a business, unit of government, or nonprofit organization frequently has a bearing on its ability to comply with a Federal regulation. Major goals of the RFA are: (1) to increase agency awareness and understanding of the impact of their regulations on small businesses, (2) to require that agencies communicate and explain their findings to the



public, and (3) to encourage agencies to use flexibility and to provide regulatory relief to small entities. The RFA emphasizes predicting (negative) impacts on small entities as a group, distinct from other entities and on the consideration of alternatives that may minimize the impacts, while still achieving the stated objective of the action.

3.3.7 What is a Small Entity?

The RFA recognizes and defines three kinds of small entities: (1) small businesses, (2) small non-profit organizations, and (3) and small government jurisdictions.

Small businesses. Section 601(3) of the RFA defines a 'small business' as having the same meaning as 'small business concern' which is defined under Section 3 of the Small Business Act. 'Small business' or 'small business concern' includes any firm that is independently owned and operated and not dominant in its field of operation. The SBA has further defined a "small business concern" as one "organized for profit, with a place of business located in the United States, and which operates primarily within the United States or which makes a significant contribution to the U.S. economy through payment of taxes or use of American products, materials or labor... A small business concern may be in the legal form of an individual proprietorship, partnership, limited liability company, corporation, joint venture, association, trust or cooperative, except that where the form is a joint venture there can be no more than 49 percent participation by foreign business entities in the joint venture."

The SBA has established size criteria for all major industry sectors in the U.S., including fish harvesting and fish processing businesses. A business involved in fish harvesting is a small business if it is independently owned and operated and not dominant in its field of operation (**including its affiliates**) and if it has combined annual receipts not in excess of \$3 million for all its affiliated operations worldwide. A seafood processor is a small business if it is independently owned and operated, not dominant in its field of operation, and employs 500 or fewer persons on a full-time, part-time, temporary, or other basis, **at all its affiliated operations worldwide**. A business involved in both the harvesting and processing of seafood products is a small business if it meets the \$3 million criterion for fish harvesting operations. Finally a wholesale business servicing the fishing industry is a small business if it employs 100 or fewer persons on a full-time, part-time, temporary, or other basis, at all its affiliated operations worldwide.

The SBA has established "principles of affiliation" to determine whether a business concern is "independently owned and operated." **In general, business concerns are affiliates of each other when one concern controls or has the power to control the other, or a third party controls or has the power to control both.** The SBA considers factors such as ownership, management, previous relationships with or ties to another concern, and **contractual relationships**, in determining whether an affiliation exists. **Individuals or firms that have identical or substantially identical business or economic interests**, such as family members, persons with common investments, or firms that are economically dependent through contractual or other relationships, are treated as one party with such interests aggregated when measuring the size of the concern in question. The SBA counts the receipts or employees of the concern whose size is at issue and those of all its domestic and foreign affiliates, regardless of whether the affiliates are organized for profit, in determining the concern's size. However, business concerns owned and controlled by Indian Tribes, Alaska Regional or Village Corporations organized pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1601), Native Hawaiian Organizations, or Community Development Corporations authorized by 42 U.S.C. 9805 are not considered affiliates of such entities, or with other concerns owned by these entities solely because of their common ownership.

Affiliation may be based on stock ownership when (1) A person is an affiliate of a concern if the person owns or controls, or has the power to control 50% or more of its voting stock, or a block of stock which



affords control because it is large compared to other outstanding blocks of stock, or (2) If two or more persons each own, control or have the power to control less than 50% of the voting stock of a concern, with minority holdings that are equal or approximately equal in size, but the aggregate of these minority holdings is large as compared with any other stock holding, each such person is presumed to be an affiliate of the concern.

Affiliation may be based on common management or joint venture arrangements. Affiliation arises where one or more officers, directors, or general partners controls the board of directors and/or the management of another concern. Parties to a joint venture also may be affiliates. A contractor and subcontractor are treated as joint venturers if the ostensible subcontractor will perform primary and vital requirements of a contract or if the prime contractor is unusually reliant upon the ostensible subcontractor. All requirements of the contract are considered in reviewing such relationship, including contract management, technical responsibilities, and the percentage of subcontracted work.

Small organizations. The RFA defines "small organizations" as any nonprofit enterprise that is independently owned and operated and is not dominant in its field.

Small governmental jurisdictions. The RFA defines small governmental jurisdictions as governments of cities, counties, towns, townships, villages, school districts, or special districts with populations of less than 50,000.

3.3.8 Description of the Businesses Affected by the Proposed Action(s)

There are a total of 100 inshore catcher vessels, six inshore processors (owning eight AFA plants), four communities that are home to those processors, 18 communities where the owners of these vessels reside, and other industry support businesses that could be directly or indirectly impacted by the proposed regulations. Only those entities "directly regulated" the proposed alternatives are appropriately included in the RFA, based upon SBA guidelines for completion of the IRFA and FRFA.

Of the 100 inshore catcher vessels, about 37 appear to be owned by entities that would be considered "small", under SBA guidelines, if they were not affiliated with their cooperative and processor. However, because, under the RFA definitions cited above, all of the vessels that are members of a cooperatives are affiliates of the cooperative (which also includes the processor associated with the cooperative), they do not meet the "small entities" criterion, for IRFA purposes. The remainder of the 100 vessels are either considered to be affiliated with a processor that is a large entity or their owner has more than one catcher vessel and the combined gross earnings from those vessels is thought to be greater than \$3 million annually. Those 37 vessels appear to be owned by about 29 different unique and unrelated entities. These vessels are also associated with a cooperative and processor which would also result in them being considered large entities. Therefore none of the catcher vessels in cooperative would be considered small entities. Four inshore catcher vessels did not join a inshore cooperative in 2001, but they are not directly regulated by this proposed amendment and need not be considered in the RFA context.

All six of the inshore processors would be considered large entities because they employ more than 500 people in their worldwide operations. Some of the processors would not employ 500 people if only their pollock processing operations were considered. The processors are also affiliated with their associated cooperative's catcher vessel fleet and that would also cause them to be classified as large entities.

Since none of the communities are directly regulated by this amendment, they are not appropriately subjects of the IRFA under SBA guidelines.



Other businesses that support the operations of the pollock fleet may also be impacted by this action if it leads to fewer vessels participating in the fishery. Because NMFS does not have expenditure data on the fleet, we NMFS does not know which businesses sell supplies to these vessels. Therefore, NMFS does not know which support businesses would be impacted or whether they would be considered small entities. However, since the support sector is not directly regulated by this proposed amendment they need not be considered under SBA guidelines.

3.3.9 Recordkeeping requirements

Implementation of the proposed amendment would not change the overall reporting structure and recordkeeping requirements of the catcher vessels or processors in the inshore sector of the BSAI pollock fishery. NMFS may need to restructure their data base to track the harvest that is counted against a cooperative's allocation. These changes could be accomplished using the current reporting systems and should impose no additional cost to the small entities in the fishery.

3.3.10 Potential Impacts of the Alternatives on Small Entities

Section 4.3.8 provided the best information available to the analysts on the small entities that would be affected by the proposed regulations. The information analyzed indicates that no directly regulated entities are considered "small" using the RFA guidelines. Because there are no "small" entities directly regulated by this amendment, the alternatives have no impact on "small" entities.

3.3.11 Conclusion

It is unlikely that the Council's preferred alternative would result in a significant adverse impact on a substantial number of directly regulated small entities, although it is not currently possible to provide a quantitative factual basis upon which to "certify" that outcome. For this reason, the forgoing IRFA has been prepared.



4.0 REFERENCES

Halvorsen, R. et al. (2000). "Discussion Paper on Inshore Sector Catcher Vessel Cooperatives in the Bering Sea/Aleutian Islands Pollock Fishery." Department of Economics. University of Washington. p 63.

NMFS. (2002). "Final Environmental Impact Statement for American Fisheries Act Amendments 61/61/13/8." DOC, NOAA, National Marine Fisheries Service, P.O. Box 21668, Juneau, AK 99802-1668. pp. 2.34 - 2.69. February, 2002.

NPFMC. (2000). "Processing Sideboards and Excessive Share Caps." Northern Economics and the North Pacific Fishery Management Council, 605 West 4th Avenue., Suite 306, Anchorage, AK 99501. pp. 33-48.

PCC. (2001). "Joint Report of the Pollock Conservation Cooperative and High Seas Catchers' Cooperative 2000." Presented to the North Pacific Fishery Management Council. January 31, 2001.

5.0 PREPARERS

Council Staff:

Darrell Brannan

Nicole Kimball

NPFMC

605 West 4th Avenue, Suite 306

Anchorage, AK 99501

Individuals Consulted:

Kent Lind, NMFS

Dr. Lewis Queirolo, NMFS

