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Gentlemen:

The fact that Factory Trawlers- processors must discard by-catch is wasteful, as well as diminishing fish stocks in general, and more specifically, the catch of non-processing vessels. After listening to a radio feature about by-catch I had an idea that you may not have previously encountered. Therefore, I offer the following concept for your consideration. If it has any potential application I leave the details to others.

#### PROPOSAL

It is proposed that specific species of commercially viable by-catch be processed and marketed at the exclusive expense of firms operating Factory Trawler processor vessels. All funds from sale of by-catch product to be independently monitored, at their expense, and the revenue from by-catch equally distributed among licensed independent non-processing vessel owners.

The consequence of a program such as this is that if stocks available to independents were not under pressure from other fisheries, their existing stocks would be more sustainable.

The fact that this is inconvenient and expensive for the processor vessel operators is the point. Do we desire efficiency or a sustainable economic fishing industry? The small independent operators would continue to be regulated and monitored in the present manner. Quota Limits would be set according to the overall catch. Independent vessel owners would receive revenue for fish from their fishery, caught by other vessels as by-catch.

This proposal creates a strong incentive for positive change. If the processors vessels significantly reduce by-catch the cost of the program to them would be proportionally reduced. Whether to establish non-action thresholds would be a regulatory decision. There must be strict requirements and monitoring to prevent the processors from creating cost mechanisms that eat up funds intended for independent vessel owners.

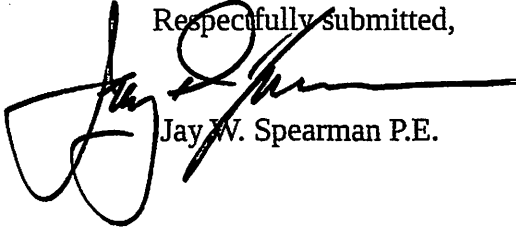
This concept is based upon the element of self regulation. If the Factory processors modified their fishing methods to avoid, or significantly reduce, their commercial by-catch there would be very little cost to them. If they continue to regard by-catch as the cost of doing business their costs and inefficiencies would be significantly greater. The decision whether to act is theirs alone. The added cost of this proposal is a strong incentive for them to take action. The program could be phased in over time without inordinate concessions to the present operations. When fishing methods generating by-catch are altered, the related costs would effectively disappear.

Under this proposal, processor vessel operators would be obligated to process and preserve the commercial by-catch rather than waste it by at-sea disposal. They would also be obligated to pay for processing, sales, monitoring, accounting and distribution of by-catch. This reflects the true cost of their operation on the environment. Without this they are in effect being subsidized. The incremental cost of this accounting is assumed to be a small percentage increase to their present operations.

It is proposed that the cost of commercial by-catch sales, probably including payment of taxes, would

be equally divided among the licensed independent vessel owners. I propose the simple solution of distribution by vessel, rather than some more complex formula.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Jay W. Spearman', written over the typed name below.

Jay W. Spearman P.E.