

## ***Gulf Rationalization Alternatives***

### **Problem Statement**

To guide the identification of a rationalization program for the Gulf of Alaska groundfish fisheries, the Council has developed the following purpose and need statement:

The Council is proposing a new management regime that rationalizes groundfish fisheries in the Gulf of Alaska west of 140 degrees longitude and rockfish bycatch east of 140 degrees longitude. A rationalization program includes policies and management measures that may increase the economic efficiency of GOA groundfish fisheries by providing economic incentives to reduce excessive capital investment. These management measures would apply to those species, or groups of species identified by the Council as benefitting from additional economic incentives that may be provided by rationalization. This rationalization program would not modify the hook-and-line sablefish fishery currently prosecuted under the IFQ Program, except for management of associated groundfish bycatch.

The purpose of the proposed action is to create a management program that improves conservation, reduces bycatch, and provides greater economic stability for harvesters, processors, and communities. A rationalization program could allow harvesters and processors to manage their operations in a more economically efficient manner. Rationalization of GOA fisheries should eliminate the derby-style race for fish by allocating privileges and providing economic incentives to consolidate operations and improve operational efficiencies of remaining operators. Because rationalization programs can have significant impacts on fishing dependent communities, this program should address community impacts and seek to provide economic stability or create economic opportunity in fishery dependent communities.

Rationalizing GOA fisheries may improve stock conservation by creating incentives to eliminate wasteful fishing practices, improve management practices, and provide mechanisms to control and reduce bycatch and gear conflicts. Rationalization programs may also reduce the incentive to fish during unsafe conditions.

Management of GOA groundfish has grown increasingly complicated due to impositions of measures to protect Steller sea lions, increased participation by fishermen displaced from other fisheries such as Alaska salmon fisheries and the requirements to reduce bycatch and address Essential Fish Habitat requirements under the Magnuson-Stevens Act (MSA). These changes in the fisheries are frustrating management of the resource, raising attendant conservation concerns. These events are also having significant, and at times, severe adverse social and economic impacts on harvesters, processors, crew, and communities dependent on GOA fisheries. Some of the attendant problems include:

1. reduced economic viability of the harvesters, processors, and GOA communities
2. high bycatch,
3. decreased safety,
4. reduced product value and utilization,
5. jeopardy to community stability and their historic reliance on groundfish fishing and processing,
6. limited ability of the fishery harvesters and processors to respond to changes in the ecosystem
7. limited ability to adapt to MSA requirements to minimize bycatch and protect habitat,
8. limited ability to adapt to changes to other applicable law (i.e., Endangered Species Act).

All of these factors have made achieving the goals of the National Standards in the MSA difficult and encourage reevaluation of the status quo management of the GOA groundfish fisheries. The management tools in the current GOA groundfish FMP do not provide managers with the ability to improve the economic efficiency of the fishery and effectively solve the excess harvesting capacity and resource allocation problems in the GOA groundfish fisheries. The Council has determined that some form of rationalization program is warranted.

### **Table of Alternatives and Summary**

To meet these purposes and needs, the Council motion has outlined sets of alternatives for three different sectors; catcher processors, trawl catcher vessels, and fixed gear catcher vessels. The alternatives applicable to each of these sectors are generally identified in separate tables, which follow together with a brief description of each alternative. The elements and options contained in the Council motion fully specify the various alternatives.

**Catcher processor alternatives**

The three catcher processor alternatives are outlined in Table 1.

Table 1. Modified Gulf of Alaska groundfish rationalization alternatives – catcher processors

<u>Alternative 1</u> Status quo	<u>Alternative 2</u> Co-op/IFQ	<u>Alternative 3</u> Co-op/limited access
No Action	Harvester IFQ-cooperative	Sector Allocations
	Shares allocated to individuals by gear type	Harvest histories allocated to individuals in cooperatives and annual harvest allocations to cooperatives
	All Catcher Processors	Sectors: CP Trawl, CP Longline, CP Pot
	Cooperative	Cooperative
	CP Provisions	CP Provisions
	No Processor Provisions	No Processor Provisions
	those that do not join cooperatives fish IFQs with option for PSC reduction	those that do not join co-ops fish open access with option for PSC reduction

**Alternative 1** is the **status quo**, under which the LLP would be maintained. **Alternative 2** would create a **cooperative/IFQ** program under which share holders would be permitted to form cooperatives. Although limits on transfers of shares between gear types could be applied, cooperatives could be formed among holders of shares for different gear. Share holders that choose not to join cooperatives would receive their allocations as individual quota with a possible reduction in their PSC allocations. Under **Alternative 3** is a **co-op/limited access** program, under which sector allocations would be made to three different catcher processor sectors; the trawl sector, the longline sector, and the pot sector. The program would be history based, with holders of qualified history eligible to join a cooperative within that sector. A cooperative would receive an annual harvest allocations based on the history of its members. Holders of qualified histories that chose not to join a cooperative would be permitted to fish in a limited access fishery that will receive an allocation based on the qualified histories of sector members that chose not to join a cooperative. The PSC allocation to the limited access fishery could be reduced.

## Trawl catcher vessel alternatives

Table 2 outlines the Council’s five alternatives for the trawl catcher vessel sector.

Table 2. Modified Gulf of Alaska groundfish rationalization alternatives – trawl catcher vessels

<u>Alternative 1</u> Status quo	<u>Alternative 2A</u> Co-op/IFQ with processor limited entry	<u>Alternative 2B</u> Co-op/IFQ with processor linkages	<u>Alternative 2C</u> Co-op/IFQ with harvest shares to processors	<u>Alternative 3</u> Co-op/limited access with processor linkages
No Action	Harvester IFQ cooperative with license limitation for processors	Harvester IFQ cooperative with license limitation for processors and processor linkage	Harvester IFQ cooperative with processor allocation	Sector allocations with processor linkage
	Shares allocated to individuals	Shares allocated to individuals	Shares allocated to individuals	Harvest histories allocated to individuals in cooperatives and annual harvest allocations to cooperatives
	Trawl CV	Trawl CV	Trawl CV	Trawl CV
	Cooperative	Cooperative	Cooperative	Cooperative
	license limitation for processors with X% delivery obligation	license limitation for processors with specific processor linkages with X% delivery obligation and share reduction penalty to move between cooperatives	allocation of 10, 20, or 30% of harvest shares to qualified processors	specific processor linkages
those that do not join co-ops fish IFQs subject to closed class delivery requirement with option for PSC reduction	those that do not join co-ops fish IFQs subject to processor linkage delivery requirement with option for PSC reduction	those that do not join co-ops fish IFQs	those that do not join co-ops fish open access with option for PSC reductions	

**Alternative 1** is the **status quo**, which would continue the LLP. **Alternative 2A** would create a **co-op/IFQ with processor limited entry** program that requires a portion of each harvester’s allocation to be delivered to a processor holding a limited entry license. Processor licensing would be based on historic processing. Share holders would be permitted to form cooperatives to manage their members’ allocations. Share holders that choose not to join a cooperative would continue to receive their allocations as individual quota with a possible reduction in their PSC allocations. **Alternative 2B** would create a **co-op/IFQ with processor linkages** program. Under this alternative, processors would receive limited entry licenses. The program would take an additional step by creating a system of harvester/processor linkages, under which a share holder would be required to deliver a specific percentage of landings to the linked processor. Linkages would be based on the share holder’s landings history. A share holder could change the processor to which its shares are linked, but would be subject to a share reduction penalty when making that change. Share holders would be permitted to form cooperatives to manage their allocations. Share holders that chose not to join a cooperative would receive individual allocations (which would be subject to the processor linkage), but may be subject to a reduction in their PSC allocations. **Alternative 2C** would also create a **co-op/IFQ with allocations of harvest shares to processors**. Under this alternative, a portion of the harvest share pool (between 10 and 30 percent) would be allocated to processors based on their processing history. Share holders would be permitted to form cooperatives, with non-cooperative members receiving individual allocations. **Alternative 3** is a **co-op/limited access program with processor linkages**. The alternative creates history-based cooperative program, under which cooperatives would receive annual harvest share allocations based on the qualified histories of their members. Cooperatives would be required to be associated with a processor, but the details of that relationship would be determined by negotiations among the cooperative members and the processor. Initially, each holder of qualified history would be eligible to join a cooperative associated with the processor to which it delivered the most pounds during a

specific time period. Holders of qualified history that choose not to join a cooperative would be permitted to fish in a limited access fishery that would receive an annual allocation based on the histories of non-members of cooperatives. The allocation of PSC to the limited access fishery could be reduced.

**Fixed gear catcher vessel alternatives**

Table 3 outlines the Council’s alternatives for the fixed gear catcher vessel sector. The Council has specified 6 alternatives that would apply to all or a portion of the fixed gear sector. In general, these alternatives follow a structure similar to applicable to the trawl catcher vessel sector, with the exception of an alternative that would create an IFQ program for “low producing” fixed gear vessels.

Table 3. Modified Gulf of Alaska groundfish rationalization alternatives – fixed gear catcher vessels

<u>Alternative 1</u> Status quo	<u>Alternative 2 Low</u> Co-op/IFQ	<u>Alternative 2A High</u> Co-op/IFQ with processor limited entry	<u>Alternative 2B High</u> Co-op/IFQ with processor linkages	<u>Alternative 2C</u> Co-op/IFQ with harvest shares to processors	<u>Alternative 3</u> Co-op/limited access with processor linkages
No Action	Harvester IFQ	Harvester IFQ cooperative with license limitation for processors	Harvester IFQ cooperative with license limitation for processors and processor linkage	Harvester IFQ cooperative with processor allocation	Sector allocations with processor linkage
	Shares allocated to individuals	Shares allocated to individuals	Shares allocated to individuals	Shares allocated to individuals	Harvest histories allocated to individuals in cooperatives and annual harvest allocations to cooperatives
	low producing fixed gear CV	high producing fixed gear CV	high producing fixed gear CV	fixed gear CV	Longline CV, Pot CV
	Cooperative	Cooperative	Cooperative	Cooperative	Cooperative
	no processor delivery obligation	license limitation for processors with X% delivery obligation	license limitation for processors with specific processor linkages with X% delivery obligation and share reduction penalty to move between cooperatives	allocation of 10, 20, or 30% of harvest shares to qualified processors	specific processor linkages
	those that do not join co-ops fish IFQs	those that do not join co-ops fish IFQs subject to closed class delivery requirement with option for PSC reduction	those that do not join co-ops fish IFQs subject to processor linkage delivery requirement with option for PSC reduction	those that do not join co-ops fish IFQs	those that do not join co-ops fish open access with option for PSC reduction

**Alternative 1** is the **status quo**, which would continue the LLP. **Alternative 2 Low** would create an **co-op/IFQ** program that would apply to only the “low producing” fixed gear sector, participants that receive allocations either below the average or below the 75<sup>th</sup> percentile of fixed gear allocations. Participants would be permitted to form cooperatives to coordinate harvest activities. **Alternative 2A High** would a **co-op/IFQ with processor limited entry** program similar to Alternative 2A for the trawl catcher vessel sector. This alternative would

allocate harvest shares that could be fished as IFQs or in a cooperative with a processor limited license program that requires a portion of each harvester's allocation to be delivered to a licensed processor. Processor licensing would be based on historic processing. Share holders would be permitted to form cooperatives to manage their members' allocations. Share holders that choose not to join cooperatives would continue to receive their allocations as individual quota with a possible reduction in their PSC allocations. **Alternative 2B High** would create a **co-op/IFQ with processor linkages** program similar to Alternative 2B for trawl catch vessels. This alternative would also create a harvester share program with a system of processor limited licenses.

Harvester/processor linkages would be established, under which a share holder would be required to deliver a specific percentage of landings to the linked processor. Linkages would be based on the share holder's landings history. A share holder could change the processor to which its shares are linked, but would be subject to a share reduction penalty when making that change. Share holders would be permitted to form cooperatives to manage their allocations. Share holders that chose not to join a cooperative would receive individual allocations (which would be subject to the processor linkage), but may be subject to a reduction in their PSC allocations.

**Alternative 2C** would create a **co-op/IFQ with allocations of harvest shares to processors** program similar to Alternative 2C for trawl catcher vessels. This program would also create a harvester IFQ program with a portion of the harvest share pool (between 10 and 30 percent) allocated to eligible processors based on their processing history. Share holders would be permitted to form cooperatives, with non-cooperative members receiving individual allocations. **Alternative 3** would create a **co-op/limited access program with processor linkages** program similar to Alternative 3 for trawl catcher vessels. This alternative is a history-based cooperative program, under which cooperatives would receive annual harvest share allocations based on the qualified histories of their members. Cooperatives would be required to be associated with a processor, but the details of that relationship would be determined by negotiations among the cooperative members and the processor.<sup>1</sup>

Initially, each holder of qualified history would be eligible to join a cooperative associated with the processor to which it delivered the most pounds during a specific time period. Holders of qualified history that choose not to join a cooperative would be permitted to fish in a limited access fishery that would receive an annual allocation based on the histories of non-members of cooperatives. The allocation of PSC to the limited access fishery could be reduced.

### **Additional alternatives not included in the tables**

In addition to the alternatives above, the motion contains alternatives that are not included in the tables. First, since no table exists for the jig sector, that sector is entirely excluded from the tables. The motion is not entirely clear on the scope of jig alternatives, but potentially contains three alternatives for that sector. Specifically, Alternative 3 in the Council motion contains options for managing the jig sector as a limited access fishery and an open access fishery. In addition, the motion is unclear whether the cooperative/limited access program that is the primary management form under alternative 3 applies to the jig sector. Depending on the scope of alternatives desired for the jig sector, an alternatives table could be developed for the sector.

For the fixed gear catcher vessel sector, two alternatives are created under alternative 3 for low producing catcher vessels that are not included in the table. These alternatives are a cooperative/limited access program without any processor component and a sector allocation with a limited access fishery.

### **Statement of intent concerning alternative 3**

The Council included the following statement of intent in its motion concerning alternative 3. The reformatting of the motion to allow comparison of provisions across the alternatives does not allow for this statement to be included with only the alternative 3 provisions at this time. As the Council's motion identifying alternatives develops, this provision could be repositioned at the beginning of alternative 3.

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<sup>1</sup> This alternative contains an option that would remove the cooperative/processor association requirement from "low producing" fixed gear vessels.

Alternative 3 is a sector allocation and co-op proposal. This proposal allows new processor entrants and provides a mechanism for harvesters to either enter co-ops voluntarily or continue to fish in LLP/open access fisheries. The alternative provides a flexible structure intended to reflect the diversity of the fisheries in the GOA. It recognizes that harvesters, processors, and communities all have a stake in the fisheries. The nature of the fisheries in the Gulf, however, requires a flexible rationalization program that can accommodate all of the different fisheries. This alternative would:

- Allocate primary and secondary species, and halibut PSC by sector.
- Establish a mechanism which would facilitate co-op formation within each sector.
- Specify the operational rules for co-ops.
- Provide fishing opportunities for harvesters that choose not to participate in co-ops
- Include community protection measures appropriate to a cooperative-based program.

The proposal sets up a step-wise process for the establishment of co-ops. The first step includes a sectoral allocation. This is followed by an initial co-op formation period to provide co-ops time to refine their operations. The third step is ongoing, and establishes rules to govern co-op formation, dissolution, and operation after the initial period of co-op formation.

This proposal would not require the assignation of different classes of history or shares (i.e., class A/B class designations). Gulf History (GH) is generic and would originate from an eligible participant's history. GH is only developed through cooperatives. Co-op participation, however, is strictly voluntary so a harvester may choose to continue to fish in a limited entry (LLP) open access fishery.

The proposal does not limit processor entry. A harvester is initially eligible to join a cooperative associated with the processor that it made the most primary species landings to during the qualification period. The program establishes requirements for contracts between a cooperative and its associated processor. The initial contract between a co-op and its associated processor is required to contain the terms for dissolution of the co-op or the movement of a harvester from one co-op to another. During the initial co-op formation period, inter-co-op agreements are allowed within sectors to address operational issues and ensure further rationalization of the fishery between co-ops. Harvesters may not move between cooperatives during the initial co-op formation period.

Following the initial co-op formation period, new co-ops can form and harvesters can move from co-op to co-op or exit a co-op and move back into open access. The rules for such movement, including compensation to other members of the co-op and the associated processor are part of the contract agreement. New processors can enter the fishery at any time, and following the initial co-op formation period, harvesters can form co-ops with those processors.

Monitoring of harvests and PSC for the co-op fishery will be at the co-op level. Assignments of GH, including transfers, will be monitored by RAM to ensure proper catch allocations and accounting. GH will result in annual allocations of Gulf Quota (GQ). Current monitoring programs for the open access fishery will continue.

### **Key to reformatting**

The reorganization of the motion is intended to serve two primary purposes. First, the motion is reorganized to allow comparison across alternatives. Second, the motion is reorganized to separate provisions that may differ across gear types to assist stakeholders in developing specific alternatives appropriate to the different gear types. Since these objectives are in some ways inconsistent, the reformatting is divided into three sections, with numbering appropriate to the section.

Several provisions apply under all rationalization alternatives. These provisions are included in the first section of the reformatted motion under a "general provisions" section. In some instances, these provisions are identical across all alternatives. Identical provisions are included as a single entry under a single heading. Similar

provisions in the different alternatives are included under a common heading to allow comparison of the different provisions. These provisions are in the general provisions section of the motion and are labeled with a number preceded by G (**G – general**).

A second set of provisions apply to all of the different alternatives, but may be different for the different gear types. These provisions are included in the gear specific sections of the motions and are labeled with a number preceded by a gear type initial (i.e., **T – trawl**, **F – fixed**, and **J – jig**). Each gear section begins with provisions applicable to all alternatives for that gear type. Following these gear level provisions, options that are specific to each alternative are included, each labeled with a number preceded by the gear type and alternative number. For example, provisions contained in trawl 2A are labeled T2A. The following abbreviations are used:

#### **Trawl Alternatives**

**T2A – IFQ/Cooperatives with Processor License Limitation**

**T2B – IFQ/Cooperatives with Processor Linkages**

**T2C – IFQ/Cooperatives with Harvest Share Allocations to Processors**

**T3 – Cooperatives/Limited Access with Processor Associations**

#### **Fixed Gear Alternatives**

**F2L – Low Producer – IFQ/Cooperatives**

**F2HA – High Producer – IFQ/Cooperatives with Processor License Limitation**

**F2HB – High Producer – IFQ/Cooperatives with Processor Linkages**

**F2C – IFQ/Cooperatives with Harvest Share Allocations to Processors**

**F3L1 – Low Producer – Sector Allocation with Limited Access Fishery**

**F3L2 – Low Producer – Cooperatives/Limited Access**

**F3 – Cooperatives/Limited Access with Processor Associations**

#### **Jig Gear Alternatives**

**J2 – Open Access**

**J3A – Jig Sector Allocation**

**J3B – Cooperatives/Limited Access with Processor Associations (the motion is unclear concerning whether this alternative applies to the jig sector)**

In addition to the alternatives listed above, the status quo (i.e., continued management under the LLP) would be analyzed for each sector.

### **General Provisions – Apply to all rationalization alternatives**

#### **G-1. Management Areas**

For all species except pollock: Western Gulf (WG), Central Gulf (CG), and West Yakutat (WY)

- TACs for shortraker, rougheye, and thornyhead rockfishes will be divided between Southeast Outside (SEO) and WY
- Allocation and management of species in SEO and to halibut and sablefish IFQ holders are contained in separate motion

For pollock: 610 (WG), 620 (CG), 630 (CG), and 640 (WY)

*(from 2.2.1 and 3.1)*

## **G-2. Species**

### **Primary species by gear (allocated based on individual catch history):**

Trawl:

- pollock
- Pacific cod
- deepwater flatfish
- rex sole
- shallow water flatfish
- flathead sole
- arrowtooth flounder
- northern rockfish
- Pacific ocean perch
- pelagic shelf rockfish

Longline:

- Pacific cod
- pelagic shelf rockfish
- Pacific ocean perch
- deep water flatfish (if turbot is targeted)
- northern rockfish
- arrowtooth flounder

Pot:

- Pacific cod

Jig:

- Pacific cod

*(from 2.2.3.1 and 3.2.3 and 3.3.2)*

***Species identified for allocation should be reviewed to verify the appropriateness of allocations for each gear type. In conducting this review, the Council could address two questions:***

- a) is the potential for targeting the species limited, in which case an allocation for a directed fishery might be inappropriate, or***
- b) is the potential for targeting the species high, but an inadequate history for the gear type exists in the sector, in which case an allocation for a directed fishery might be appropriate, but should be based on some other measure than catch history.***

***If history is inadequate to determine a reasonable allocation, the Council could develop other criteria for the allocation, including a graduated allocation that would accommodate development of the fishery, but would cap the growth (to prevent encroachment on other gear types) similar to the provision for allocations to the jig sector.***

### **Secondary species by gear (allocated based on average sector/gear catch history):**

Trawl:

- Thornyhead
- Rougheye
- Shortraker
- other slope rockfish
- Atka mackerel
- sablefish

Longline:

- Thornyhead
- Rougheye
- Shortraker
- other slope rockfish



Atka mackerel

Pot:

Thornyhead  
Rougheye  
Shortraker  
other slope rockfish  
Atka mackerel

(from 2.2.4 and 3.2.4)

- 1) *Species identified for allocation should be reviewed to verify the appropriateness of allocations for each gear type.*
- 2) *Provisions for management of unallocated species should be developed. This management could be continued management under the existing system of MRAs. If so, the usage of the species by sectors not receiving an allocation should be accommodated in the annual TAC setting process.*

### **G-3. State and Parallel Fishery Allocation**

A portion of the TAC will be allocated to fisheries inside of 3 nm and will be subject to State management:

- Option 1. An amount equivalent to the total annual catch (for each groundfish species/group) from state waters (inside of 3 nautical miles [e.g., parallel and 25% Pacific cod fishery]) by all vessels will be managed directly by the State of Alaska Board of Fisheries as a TAC/GHL equivalent to:
- a. Highest amount taken in state waters by area
  - b. Highest amount taken in state waters by area plus 15%
  - c. Most recent four-year average harvest from state waters
- Option 2. All catch inside of 3 nautical miles by non-federally permitted vessels fishing the parallel fishery plus all catch under the 25% state water cod fishery and the PWS Pollock fishery remains under the authority of the State of Alaska Board of Fisheries.
- Option 3. Only the catch associated with the 25% state water cod fishery and the PWS Pollock fishery remains under the authority of the State of Alaska Board of Fisheries.

(from 2.2.2.3 and 3.3.1.1)

### **G-4. Sector/Gear Designations**

C/P trawl  
C/P longline  
C/P pot

CV trawl  
CV longline  
CV pot  
jig

- Option: Separate low producing CV longline and CV pot into high producing vessels and low producing vessels
- Low producing catcher vessel sector is
- Suboption 1. fixed gear catcher vessels less than average qualified harvest history by gear and area
  - Suboption 2. fixed gear catcher vessels that are below the 75th percentile in qualified harvest history by gear and area

Suboption 3. (**applicable only to Alternative 3**) fixed gear catcher vessels under 60 feet that are below the 75th percentile of primary species qualified harvest history by gear and area.

High producing catcher vessels are the remainder and are divided into a catcher vessel longline and catcher vessel pot sector. Sector definitions apply throughout Alternative 3.

(from 2.2.3.1 and 2.2.3.2 and 2.2.3.2.1 and 3.2)

*If high producer/low producer distinction is created, four catcher vessel fixed gear sectors (distinct from the jig sector) will be created, two for longline gear and two for pot gear.*

## **G-5. Catcher Vessel/Catch Processor Designation Criteria**

### **Alternative 2**

Harvest share sector designations:

Designate harvest shares (or QS/IFQ) as CV or CP. Annual CV harvest share allocation (or IFQ) conveys a privilege to harvest a specified amount. Annual CP harvest share allocation (or IFQ) conveys the privilege to harvest and process a specified amount. Designation will be based on actual amount of catch harvested and processed onboard a vessel by species.

(from 2.2.3.2.2)

### **Alternative 3**

To be determined as a CP a vessel must have a CP LLP license and process no less than

- a) 90%
- b) 50%
- c) 25%

of its qualifying catch on-board on average over the qualifying period.

Option 1: determined by the aggregate of all species

Option 2: determined by primary species groupings in Section 3.3.5

(from 3.2)

*The Council should clarify whether this provision is used to define sector allocations or/and individual allocations.*

## **G-6. Sector Allocations - Primary Species**

### **Alternative 2**

No explicit sector allocation. Allocation to the sector is implicitly the sum of individual allocations

### **Alternative 3**

Sector allocations will be based on the aggregate history of vessels in each sector during the qualifying period. Sector allocation qualifying periods and landing criteria (same for all gears in all areas).

Option 1. 95-01

Option 2. 95-02

Option 3. 98-02

Suboption: for each sector drop the year of lowest tonnage.

(from 3.2.1)

Sector Qualifying landing criteria (same for all gears in all areas)

Landings based on retained catch for each species (includes weekly production report for Catcher/ Processor sector). Total pounds landed will be used as the denominator. Exclude retained catch that is used for meal production.

(from 3.2.2)

*The analysis will assess AFA vessels as a group.*

*Preliminary data analyses suggest that allocations to the sector for a defined qualifying period are near equivalent, whether based on aggregation of qualified individual allocations (as under alternative 2) or based on explicit sector histories (as under alternative 3). Given the similarity of the allocations, the Council should question whether the added complexity separate sector level calculations under alternative 3 have offsetting benefits. The use of individual vessel qualification for sector definition (i.e., catch processor and LLP qualification), then using aggregate history for allocations complicates the calculations of sector and individual allocations.*

## **G-7. Sector Allocations – Secondary Species**

### **Alternative 2**

Allocation to the sector is determined by management at the individual level.

Option 1. Allocation to the sector is based on individual allocations

Suboption 1. Other slope rockfish in the Western Gulf will not be allocated, but will be managed by MRA and will go to PSC status when the TAC is reached.

Suboption 2. Deduct the secondary species catch from fixed gear types from TAC. If deduction is not adequate to cover secondary species catch in fixed gear types, on a seasonal basis, place that species on PSC status until overfishing is reached.

Option 2. Retain these species on bycatch status for all gear types with current MRAs.

(from 2.2.4)

*Two options for individual management are generally 1) individual allocations based on average or 75<sup>th</sup> percentile bycatch rates for the different target fisheries or 2) continued management by MRA. In addition, the motion contains an option to allocate secondary species only to trawl participants. Annually, the estimated usage of the fixed gear sector would be deducted from the TAC prior to making the allocation to trawl participants.*

### **Alternative 3**

Option 1: Sector allocation for secondary species is based on each sector's average catch during the sector allocation qualifying period by area and primary species target fishery. *The two stage allocation of secondary species and halibut PSC will also complicate calculations. The Council should assess whether these added complexities have an offsetting benefit.*

Option 2: Maintain current MRA management for secondary species. *The analysis will need to examine the degree to which MRAs at current levels may be inadequate to control harvest of secondary species in a rationalized fishery.*

(from 3.2.4)

*The Council should clarify the extent to which these different allocations apply to the jig sector.*

## **G-8. Sector Allocations – Halibut PSC**

### **Alternative 2**

#### Pot sector

Pot vessels continue their exemption from halibut PSC caps.

#### Hook and line sector

- Option 1. Modeled after sablefish IFQ program (no direct inseason accounting of halibut PSC). Holders of halibut IFQ are required to land legal halibut. Estimates of sub-legal and legal size incidental mortality are accounted for when setting annual CEY.
- Option 2. Halibut PSC will be managed through harvest share allocations (sector allocation is sum of allocations to sector members).
- Option 3. Continue to fish under halibut PSC caps.  
Suboption (to all options): Holders of halibut IFQ are required to land legal halibut. Halibut bycatch occurring without sufficient IFQs would count against halibut PSC allocations.

#### Trawl Sector

- Option 1. Halibut PSC will be managed through harvest share allocations (sector allocation is sum of allocations to sector members)
- Option 2. Continue to fish under halibut PSC caps.

(from 2.2.5 and 2.2.5.1)

### **Alternative 3**

- Option 1: Sector allocation for halibut PSC is based on each sector's average catch during the sector allocation qualifying period by area and primary species target fishery.  
*The two stage allocation of secondary species and halibut PSC will also complicate calculations. The Council should assess whether these added complexities have an offsetting benefit.*
- Option 2: Maintain current halibut PSC allocations.  
*The analysis will need to examine the degree to which halibut PSC is limiting and whether management of halibut at the fleet level would perpetuate a race for fish.*

(from 3.2.4)

## **G-9. Sector Allocations – Jig Sector**

- Option 1. The jig fishery would receive an allocation based on its historic landings in the qualifying years
  - 
  - 1. 100%
  - 2. 125%
  - 3. 150%
  - 4. 200%

(from 2.2.1 and 3.1)

Option 2. **(Applies only to Alternative 2)** Catch by jig would be accounted for in a manner similar to sport halibut harvests in halibut IFQ fishery.

Suboption: Cap jig harvest at \_\_\_% of current harvest by species and area:

1. 100%
2. 125%
3. 150%
4. 200%

(from 2.2.1)

***The Council should identify species that would be allocated to the jig sector to support directed fisheries and provisions for the management of species that are not allocated for directed fisheries.***

***Note: Individual allocations under Alternative 2 do not apply to the jig sector. Individual allocations under Alternative 3 do apply to the jig sector. No provisions below referred to as “Alternative 2” provisions apply to the jig sector.***

## **G-10. Individual Allocations – Eligibility**

### LLP participation

Option 1. Eligibility to receive catch history is any person that holds a valid, permanent, fully transferable LLP license.

***Staff analysis assumes that any vessel that is subject to an LLP exemption (i.e., 26 feet or less LOA) would be considered eligible.***

Basis for the distribution to the LLP license holder is: the catch history of the vessel on which the LLP license is based and shall be on a fishery-by-fishery basis. The underlying principle of this program is one history per license. In cases where the fishing privileges (i.e., moratorium qualification or LLP license) of an LLP qualifying vessel have been transferred, the distribution of harvest shares to the LLP shall be based on the aggregate catch histories of (1) the vessel on which LLP license was based up to the date of transfer, and (2) the vessel owned or controlled by the LLP license holder and identified by the license holder as having been operated under the fishing privileges of the LLP qualifying vessel after the date of transfer. (Only one catch history per LLP license.)

A person who acquired an LLP license with GQP and EQP qualifications to remain in one or more GOA QS fisheries may obtain a distribution of QS for those fisheries based on the history of either (a) the vessel on which the replacement LLP is based prior to its transfer and any landings made on the vessel for which it was acquired subsequent to its transfer to that vessel, or (b) the vessel for which the LLP was acquired, NOT both. License transfers for the purposes of this provision must have occurred by June 1, 2005.

Option 2. Non-LLP (State water parallel fishery) participation

Suboption 1. Any individual who has imprinted a fish ticket making non-federally permitted legal landings during a State of Alaska fishery in a state waters parallel fisheries for species under the rationalized fisheries.

Suboption 2. Vessel owner at time of non-federally permitted legal landing during a State of Alaska fishery in a state waters parallel fisheries for species under the rationalized fisheries.

It is the intent of the Council that catch history, whether harvested in the state water parallel fishery or the federal fishery, will be credited a single time, either in the state or federal program.

(from 2.2.2.2 and 3.3.3.1)

### **G-11. Individual allocations – Qualifying landing criteria**

Landings based on retained catch for each species (includes weekly production report for Catcher/ Processor sector). Total pounds landed will be used as the denominator. Exclude retained catch that is used for meal production.

(from 2.2.2.1 and 3.3.2.2)

Suboption: **(Alternative 2 only)** catch history for P. cod fisheries determined based on a percentage of retained catch per year (does not include meal)

(from 2.2.2.1)

*The primary provision is contained in the individual and sector allocation sections of alternative 3. If only included here, it would be assumed to apply to both the sector and individual history calculations. The primary provision bases allocations on a person's history during qualified years divided by all history in the qualifying years (i.e., a person's percent of the qualified history). The suboption is contained only in alternative 2. The suboption would base the allocation on the average annual percent of the qualified history.*

### **G-12. Individual Allocations – Qualifying periods**

Qualifying periods (same for all gears in all areas) for allocations of shares or history

- Option 1. 95-01 drop 1, on a species by species basis
- Option 2. 95-02 drop 1, on a species by species basis
- Option 3. 95-02 drop 2, on a species by species basis
- Option 4. 98-02 drop 1, on a species by species basis
- Option 5. 98-03 drop 1, on a species by species basis

(from 2.2.2 and 3.3.2.2)

Suboption 1: **(Alternative 2 only)** For Pacific cod under all options consider only A season harvests for 2001 and 2002.

Suboption 2: **(Alternative 2 only)** For Pacific cod consider a sector allocation based on specified percentages prior to individual allocations.

(from 2.2.2)

*The analysis will assess AFA vessels as a group. Options to drop years would be to accommodate SSL restrictions or the inclusion of the state portion of the parallel fishery.*

### **G-13. Individual allocations – Secondary Species**

#### **Alternative 2**

**Under both alternatives, allocations to and management of secondary species for halibut and sablefish IFQ holders would be governed by a separate motion.**

#### **Option 1. Share Allocations**

- Option 1. Allocate shares to all fishermen based on fleet bycatch rates by gear:
  - Suboption 1. based on average catch history by area and target fishery

Suboption 2. based on 75th percentile by area by target fishery

Option 2. Allocation of shares will be adjusted pro rata to allocate 100% of the annual TAC for each bycatch species. ***Is this an option or a requirement. Likely it is a requirement, if all gear types receive allocations.***

Suboption. Allocate these species for one gear type only (e.g., trawl). Deduct the secondary species catch of other gear types from TAC. If deduction is not adequate to cover secondary species catch in other gear types, on a seasonal basis, place that species on PSC status until overfishing is reached.

Option 2. Retain these species on bycatch status for all gear types with current MRAs.

(from 2.2.4)

### **Alternative 3**

Option 1: Allocation of secondary species to and within cooperatives is based on the distribution of primary species history of individual cooperative members and the sector's average catch during the sector allocation qualifying period by area and primary species target fishery.

***The two stage allocation of secondary species and halibut PSC will also complicate calculations. The Council should assess whether these added complexities have an offsetting benefit.***

Option 2: Maintain current MRA management for secondary species.

***The analysis will need to examine the degree to which MRAs at current levels may be inadequate to control harvest of secondary species in a rationalized fishery.***

(from 3.2.4 and 3.3.3)

## **G-14. Individual allocations – Halibut PSC**

### **Alternative 2**

Option 1: Share allocations (if applicable to the sector and gear type)

Each recipient of fishing history would receive an allocation of halibut mortality (harvest shares) based on their allocation of the primary species shares. Secondary species would receive no halibut allocation.

Initial allocation based on average halibut bycatch by directed primary species during the qualifying years. Allocations will be adjusted pro rata to equal the existing halibut PSC cap.

By sector average bycatch rates by area by gear:

Option 1. Both sectors

Option 2. Catcher Processor/Catcher Vessel

Option 2. Fleet management, specified in sector allocation of halibut (above)

(from 2.2.2.5)

### **Alternative 3**

Option 1: Allocation of halibut PSC to and within cooperatives is based on the distribution of primary species history of individual cooperative members and the sector's average catch during the sector allocation qualifying period by area and primary species target fishery.

***The two stage allocation of secondary species and halibut PSC will also complicate calculations. The Council should assess whether these added complexities have an offsetting benefit.***

Option 2: Maintain current MRA management for secondary species.

*The analysis will need to examine the degree to which MRAs at current levels may be inadequate to control harvest of secondary species in a rationalized fishery.*

*(from 3.2.4 and 3.3.3)*

## **G-15. Individual allocations – Halibut PSC reductions outside of cooperatives**

### **Alternative 2**

Non-members of cooperatives would have halibut PSC reduced by:

- i 5%
- ii 15%
- iii 30%

Halibut PSC reduction will not apply to low-producing fixed gear participants.

All halibut PSC reductions under this section will remain unfished (in the water).

*(from 2.2.5.3.1)*

*This provision applies to persons fishing IFQs rather than fishing in cooperatives.*

### **Alternative 3**

Halibut PSC allocated to the limited access fishery for non-members of cooperatives will be reduced by:

Option 1:

- a. 0 percent
- b. 10 percent
- c. 20 percent
- d. 30 percent

Option 2:

- a. 0 percent
- b. 5 percent beginning on the date of program implementation;  
an additional 5 percent beginning on the second year of program implementation;  
an additional 10 percent beginning on year 5 of program implementation; and

Note: this reduction may differ by sector

*(from 3.6, Issue 1)*

## **G-16. Transferability - Gear Restrictions**

### **Alternative 2**

Harvest gear restrictions apply to primary species only.

Primary species allocations may be used by other gear types except that:

- Option 1: No restrictions
- Option 2: Fixed gear allocations may not be harvested using trawl gear
- Option 3: Pot gear allocations may not be harvested by longline or trawl gear

*(from 2.2.3.2.4)*



### **Alternative 3**

Option: Trawl GQ may be fished using fixed gear, if yes – appropriate mechanism to transfer GH/GQ across sectors needed.

*(from 3.3.2, Option 1)*

CP provision: Allow leasing within cooperative or pursuant to an inter-co-op agreement within CP sectors (no CP leases allowed across gear types.)

*(from 3.4.7.3)*

***Although alternative 3 creates sector allocations, its provision would be clarified by explicitly stating any prohibition of the use of one gear's allocation by another gear type, if that is intended for vessels other than catcher processors.***

### **G-17. Transferability - Vessel Type Restrictions**

#### **Alternative 2**

Restrictions on transferability of CP harvest shares

CP harvest shares maintain their designation when transferred to persons who continue to catch and process CP harvest shares at sea, if CP harvest shares are processed onshore after transfer, CP harvest shares convert to CV harvest shares.

When CP shares are redesignated as CV shares

CP harvest shares retain their gear designation upon transfer.

Purchaser must further identify which processing provision and regionalization provision apply to the shares, consistent with the gear type.

*(from 2.2.3.3.2 and 2.2.3.3.3)*

#### **Alternative 3**

Option 1. Restrictions on transferability of CP harvest shares:

CP GH may be converted to CV GH. Once it is converted, it cannot be changed back to CP GH. CP GH maintains its designation when transferred to a person that continues to catch and process the resulting GQ at sea (within a cooperative or in open access.)

Option 2: Re-designate CP GH as CV GH upon transfer to a person who is not an initial issuee of CP shares:

Suboption 1. all CP shares

Suboption 2. trawl CP shares

Suboption 3. longline CP shares

*(from 3.4.7 and 3.4.7.1 and 3.4.7.2)*

### **G-18. Transferability – Secondary Species**

Permit transfer of secondary species QS

Option 1. Primary species shares and secondary species shares are non-separable and must be transferred as a unit.

Option 2. Primary species shares and secondary species shares are separable and may be transferred separately

(from 2.2.4 and 3.3.3.3)

Option for trawl sablefish shares (**applies to Alternative 2 only**)

Allow trawl sablefish catch history to be issued as a new category of sablefish harvest shares (“T” shares) by area. “T” shares would be fully leasable, exempt from vessel size and block restrictions, and retain sector designation upon sale.

Suboption. These shares may be used with either fixed gear or trawl gear.

(from 2.2.4)

***The motion appears to contain no provision for leasing of secondary species shares (IFQ transfers) beyond the trawl sablefish provision.***

**G-19. Transferability – Halibut PSC – Long term transfers**

- Option 1. Groundfish primary species QS/history and Halibut PSC QS/history are non-separable and must be transferred as a unit  
Suboption. exempt Pacific cod
- Option 2. Groundfish primary species harvest shares (QS) and Halibut PSC QS/history are separable and may be transferred separately

(from 2.2.5.4 and 3.3.3.3)

**G-20. Transferability – Halibut PSC – Annual transfers**

**Alternative 2**

Option A: Halibut PSC annual allocations are separable from primary groundfish annual allocations and may be transferred independently within gear types. When transferred separately, the amount of Halibut PSC allocation would be reduced, for that year, by:

- Suboption 1. 0%
- Suboption 2. 5%
- Suboption 3. 7%
- Suboption 4. 10%
- Suboption 5: Exclude any halibut PSC transferred for participation in the incentive fisheries (includes transfers outside the cooperative).
- Suboption 6: Exclude any halibut PSC transferred within a cooperative.

Option B: No leasing/annual transfer of halibut PSC outside of cooperatives.

All halibut PSC reductions under this section will remain unfished (in the water).

(from 2.2.5.3)

**G-21. Retention requirements (rockfish, sablefish and Atka mackerel)**

**Alternative 2**

- Option 1. no retention requirements
- Option 2. require retention (all species) until the annual allocation (or IFQ) for that species is taken with discards allowed for overages
- Option 3. require 100% retention (all species) until the annual allocation (or IFQ) for that species is taken and then stop fishing

(from 2.2.3.3.9)

**The Council should clarify whether the retention requirements apply to all species or only rockfish, sablefish, and Atka mackerel.**

## **G-22. Limited processing for CVs**

### **Alternative 2**

Limited processing of groundfish species by owners of CV harvest shares of groundfish species not subject to processor landing requirements are allowed up to 1 mt of round weight equivalent of groundfish per day on a vessel less than or equal to 60ft LOA. (consistent with LLPs - 679.4(k)(3)(ii)(D))

(from 2.2.3.3.10)

## **G-23. Processing by Catcher Processors**

### **Alternative 2**

- Option 1. CPs may buy CV share fish not subject to processor landing requirements.  
Suboption. 3 year sunset
- Option 2. CPs would be prohibited from buying CV fish.
- Option 3. CPs may buy incentive fish and incidental catches of CV fish not subject to processor landing requirements.
- Option 4. CPs may buy delivery restricted CV fish, if they hold a processing license.

A CP is a vessel that harvests CP shares under the program in a year.

(from 2.2.3.3.11)

## **G-24. Regionalization**

### **Alternative 2**

Catcher vessel harvest shares are regionalized based on the landings history during the regionalization qualifying period, not where it was caught.

If issued, all processing licenses (for shore-based and floating processors) will be categorized by region. Processing licenses that are regionally designated cannot be reassigned to another region. (**Applies to Alternatives 2A and 2B**)

Catcher processor shares and any incentive fisheries are not subject to regionalization.

In the event harvest shares are regionalized and the processor linkage option is chosen, a harvester's shares in a region will be linked to the processor entity in the region to which the harvester delivered the most pounds during the qualifying years used for determining linkages.

The following describes the regions established and fisheries that would be subject to regionalization:

- Central Gulf: Two regions are proposed to classify harvesting shares: North - South line at 58°51.10' North Latitude (Cape Douglas corner for Cook Inlet bottom trawl ban area) extending west to east to the intersection with 140° W long, and then southerly along 140° W long.

The following fisheries will be regionalized for shorebased (including floating) catch and subject to the North-South distribution:

- CGOA Pollock (area 620 and 630)
- CGOA aggregate flatfish,
- CGOA aggregate rockfish and
- CGOA Pacific cod.

CGOA trawl sablefish will be regionalized based on all landing of primary species in the CGOA associated with the license during regionalization qualifying period.

Secondary species shares

Secondary species shares would not be subject to regionalization

***This provision can be deleted since regionalized species are clearly defined.***

Qualifying years to determine the distribution of shares between regions will be:

- Option 1. the preferred individual allocation qualifying period
- Option 2. 1999 – 2002

(from 2.2.9.1. and 2.2.9.1.1 and 2.2.9.1.2)

### **Alternative 3**

If adopted, history will be categorized by region (for the fisheries identified below).

History that is regionally designated cannot be reassigned to another region.

Catcher vessel history is regionalized based on where the catch was processed, not where it was caught.

Catcher processor history is not subject to regionalization.

The history associated with a license would be regionalized based on the landings history associated with that license during the regionalization qualifying period.

The following describes the regions established and fisheries that would be subject to regionalization:

- Central Gulf: Two regions are proposed to classify harvesting shares: North - South line at 5851.10' North Latitude (Cape Douglas corner for Cook Inlet bottom trawl ban area) extending west to east to the intersection with 140° W long, and then southerly along 140° W long.).

The following fisheries will be regionalized for shorebased (including floating) catch and subject to the North-South distribution:

- CGOA Pollock (area 620 and 630),
- CGOA aggregate flatfish,
- CGOA aggregate rockfish, and
- CGOA Pacific cod.

CGOA trawl sablefish will be regionalized based on all landing of primary species in the CGOA associated with the license during regionalization qualifying period.

In the event GH is regionalized, a harvester will be eligible to bring its history in a region to a cooperative associated with the processor in the region to which the harvester delivered the most pounds during the cooperative formation qualifying period using species aggregations (i.e., pollock, Pacific cod, aggregate rockfish, and aggregate flatfish) and:

- Option 1. the cooperative/processor association period or
- Option 2. the individual allocation qualifying period.

(from 3.7.1)

*This provision is unclear. Is it meant to potentially supersede the identified association using the cooperative/processor association period.*

Qualifying years to determine the distribution of GH between regions will be:

Option 1. the years 1999-2002.

Option 2. consistent with the qualifying period under cooperative formation in Section 3.3.5

*(from 3.7.1.1)*

*The Council should note the difference between alternative 2 and alternative 3 options for determining regionalization. Under alternative 2, the harvest qualifying period is an option. Using these years, each harvester's shares would be regionalized based on the harvester's regional distribution of landings during the qualifying years. Under alternative 3, the period used for determining processor associations is an option. Under this option, each harvester's history would be regionalized based on the harvester's regional distribution of landings in the processor association years. Under both alternatives, the period 1999 through 2002 is an option. Under this option, each harvester's allocation would be regionalized based on the harvester's regional distribution of landings in the period 1999 through 2002.*

*The Council should note that regionalization does not occur in the limited access under alternative 3.*

#### **G-25. Skipper/Crew**

A skipper is defined as the individual owning the Commercial Fishery Entry Permit and signing the fish ticket.

Option 1. No skipper and/or crew provisions

Option 2. Establish license program for certified skippers. For initial allocation Certified Skippers are either:

- i. Vessel owners receiving initial QS or harvest privileges; or
- ii. Hired skippers who have demonstrated fishing experience in Federal or State groundfish fisheries in the BSAI or GOA for 3 out of the past 5 years as documented by a CFEC permit and signed fish tickets and/or appropriate NMFS documentation (starting date for five years is 2003).

Suboption 1. include crew in the license program.

Suboption 2. require that new Certified Skippers licenses accrue to individuals with demonstrated fishing experience (Groundfish – BSAI/GOA, state or federal waters) similar to halibut/sablefish program.

Under any alternative that establishes QS and annual harvest privileges, access to those annual harvest privileges is allowed only when fishing with a Certified Skipper onboard. Certified Skipper Licenses are non-transferable. They accrue to an individual and may not be sold, leased, bartered, traded, or otherwise used by any other individual.

Option 3. (**Applies to Alternative 2 only**) Allocate to skippers and/or crew

Suboption 1. Initial allocation of 5% shall be reserved for captains and/or crew

Suboption 2. Initial allocation of 10% shall be reserved for captains and/or crew

Suboption 3. Initial allocation of 15% shall be reserved for captains and/or crew

Defer remaining issues to a trailing amendment and assumes simultaneous implementation with rationalization program.

*(from 2.2.8 and 3.5)*

## **G-26. Incentive species**

### **Alternative 2**

Incentive species are:

Arrowtooth flounder, deepwater flatfish, flathead sole, rex sole, shallow water flatfish.

Option. The portion of historic unharvested West Yakutat Pacific cod TAC will be made available as an incentive fishery, subject to provision of incentive fisheries.

#### Allocation of incentive species

Allocations of incentive species groundfish primary species harvest shares (QS) will be made to historical participants using the following threshold approach:

Allocate harvest shares as a fixed allocation in metric tons. The threshold is set as:

- Option 1. Total retained catch of the participants divided by the number of years in the qualifying period.
- Option 2. Total retained catch of the participants plus 25% divided by the number of years in the qualifying period.
- Option 3. Total catch of the participants divided by the number of years in the qualifying period.

If available TAC is less than the total fixed allocation in metric tons, then reduce allocations pro-rata amongst shareholders. If available TAC is greater than the threshold, available incentive fishery quota is amount by which the TAC exceeds the threshold.

#### Eligibility to fish in the incentive fisheries

- A. The unallocated QS for the incentive fisheries are available for harvest, providing the vessel has adequate halibut PSC and secondary species.
  - Suboption: vessels must be a member of a GOA fishing cooperative to fish in the incentive fishery.
- B. Any holder of halibut or sablefish IFQ that has adequate IFQ or halibut PSC and secondary species.

#### Catch accounting for and entry to the incentive fisheries

Use of allocated QS and incentive fishery quota

Owners of shares must utilize all their shares for an incentive species before participating in incentive fishery for that species.

- Option 1. The individual co-op member's apportionment of the allocated incentive species QS must be used prior to the individual gaining access to the incentive fishery unallocated portion. The co-op will notify NMFS when a vessel enters the incentive fishery quota pool.
- Option 2. The co-op's allocation of incentive species QS must be fished before gaining access to the unallocated portion of the incentive species quotas. The co-op members through a contractual coop agreement will address catch accounting amongst the co-op members.
- Option 3. For shareholders not participating in co-op, the unallocated incentive species are available for harvest once the individual IFQ holder's allocation of the incentive species has been used.

*(from 2.2.6 and 2.2.6.1 and 2.2.6.2 and 2.2.6.3)*

***Alternative 3 contains no provision for an incentive fishery.***

## **G-27. Sideboards**

GOA Groundfish sideboards under the crab rationalization plan, under the AFA, and the CGOA rockfish pilot project would be superseded by the GOA rationalization program allocations upon implementation.

On completion of a rationalization program in the BS, any sideboards from the GOA rationalization under this section will be superseded for the fleet subject to rationalization.

Participants in the GOA rationalized fisheries are limited to their aggregate historical participation based on GOA rationalized qualifying years in BSAI and SEO groundfish fisheries.

### **Alternative 2**

Vessels (Steel) and LLPs used to generate harvest shares used in a co-op may not participate in other federally managed open access fisheries in excess of sideboard allotments.

The Council should consider adding sideboards for the GOA jig fishery, which will not be included in the rationalization program.

Staff analysis of sideboard issues should examine the potential consequences of the creation of a double set of sideboards relating to BSAI fisheries for vessels already subject to AFA sideboards in BSAI fisheries.

*(from 2.2.2.12)*

### **Alternative 3**

Vessels (actual boats) and LLPs used to generate harvest shares used in a Co-op unless specifically authorized may not participate in other state and federally managed open access fisheries in excess of sideboard allotments.

*(from 3.9)*

## **G-28. Program Review and Data Collection**

### **Data collection**

A mandatory data collection program would be developed and implemented. The program would collect cost, revenue, ownership and employment data on a periodic basis to provide the information necessary to study the impacts of the program for this and other Management Councils. Details of this program will be developed in the analysis of the alternatives.

### **Program Review**

Preliminary program review at the first Council Meeting in the 3rd year and formal review at the Council meeting in the 5th year after implementation to objectively measure the success of the program, including benefits and impacts to harvesters (including vessel owners, skippers and crew), processors and communities, by addressing concerns, goals and objectives identified in the problem statement and the Magnuson Stevens Act standards. This review shall include analysis of post-rationalization impacts to coastal communities, harvesters and processors in terms of economic impacts and options for mitigating those impacts. Subsequent reviews are required every 5 years.

*(from 2.2.10 and 2.2.10.1 and 2.2.10.2 and 3.8 and 3.8.1 and 3.8.2)*

## **Trawl Gear Alternatives**

### **T-1. Transferability - Leasing**

#### **Alternative 2**

- Option 1: Apply leasing limitation only outside of cooperatives  
Option 2: Apply leasing limitation inside and outside of cooperatives

Leasing of QS is defined as the transfer of annual IFQ permit to a person who is not the holder of the underlying QS for use on any vessel and use of IFQ by an individual designated by the QS holder on a vessel which the QS holder owns less than 20% -- same as "hired skipper" requirement in halibut/sablefish program.

#### For trawl catcher vessels

- Option 1. No leasing of CV QS (QS holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the IFQ).  
Suboption: Allowing leasing by initial recipients of QS (grandfather clause)
- Option 2. Allow leasing of CV QS, but only to individuals and entities eligible to receive QS/IFQ by transfer.
- Option 3. For individuals and entities with CV QS, no leasing restrictions for the first three years. After this grace period, leasing will be allowed in the following calendar year if the QS holder is on board or owns 20 percent or greater of a vessel on which 30 percent of the primary species shares held by the QS holder in at least 2 of the most recent 4 years were harvested.

#### For trawl catcher processors

Allow leasing of CP QS, but only to individuals and entities eligible to receive QS/IFQ by transfer.

*(from 2.2.3.3.5)*

#### **Alternative 3**

Leasing of history is defined as the use of the resulting annual allocation by a person who is not the holder of the underlying history on any vessel and use of that annual allocation by an individual designated by the history holder on a vessel which the history holder owns less than 20% -- same as "hired skipper" requirement in halibut/sablefish program.

#### For trawl catcher vessels

- Option 1. No leasing of CV history (history holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the annual allocation).  
Suboption: Allowing leasing by initial recipients of history (grandfather clause)
- Option 2. Allow leasing of CV history, but only to individuals and entities eligible to receive history by transfer.
- Option 3. For individuals and entities with CV history, no leasing restrictions for the first three years. After this grace period, leasing will be allowed in the following calendar year if the history holder is on board or owns 20 percent or greater of a vessel on which 30 percent of the primary species history held by the history holder in at least 2 of the most recent 4 years were harvested.

#### For trawl catcher processors

Allow leasing of CP history, but only to individuals and entities eligible to receive history by transfer.

*(new from December 2005 meeting)*



*Under alternative 3, the Council should consider that vessel documentation requirements may prohibit some foreign owned processors from fishing any history held by the processor.*

*Under both of the alternatives, leasing requirements imposed on cooperative members could be monitored through requiring the cooperative to include compliance reporting in its annual report.*

## **T-2. Share Use – Owner-on-board**

### **Alternative 2**

- Option 1: Apply owner-on-board requirements only outside of cooperatives  
Option 2: Apply owner-on-board requirements inside and outside of cooperatives

For trawl catcher vessels

A range of 0-70% of the trawl quota shares initially issued to fishers/harvesters would be designated as “owner on board.”

All initial issues (individuals and corporations) would be grandfathered as not being required to be aboard the vessel to fish shares initially issued as “owner on board” shares. This exemption applies only to those initially issued quota shares

In cases of hardship (injury, medical incapacity, loss of vessel, etc.) a holder of "owner on board" quota shares may, upon documentation and approval, transfer/lease his or her shares a maximum period of 3 years out of any 10 year period.

(from 2.2.3.3.7)

*Alternative 3 contains no owner-on-board provision.*

*Owner-on-board requirements imposed on cooperative members could be monitored through requiring the cooperative to include compliance reporting in its annual report.*

*In the hardship exemption, the Council should clarify the exemption as being from owner on board requirements and leasing limitations.*

## **T-3. Excessive share caps – individual caps on use and holdings**

### **Alternative 2**

Caps will be expressed as QS units indexed to the first year of implementation.

- Option 1. Caps apply to all harvesting categories by species with the following provisions:
1. Apply individually and collectively to all harvest share holders in each sector and fishery.
  2. Percentage-caps by species and management area are as follows (a different percentage cap may be chosen for each fishery):

Trawl CV and/or CP (can be different caps)

Use cap based at the following percentile of catch history for the following species (i.e., 75th percentile represents the amount of harvest shares that is greater than the amount of harvest shares for which 75%

of the fleet will qualify) pollock, Pacific cod, deepwater flatfish, rex sole, shallow water flatfish, flathead sole, Arrowtooth flounder, northern rockfish, Pacific ocean perch, pelagic shelf rockfish

- Suboption 1. 75 %
- Suboption 2. 85%
- Suboption 3. 95 %

Option 2. Caps equal to a percentage that would allow contraction of QS holders in the fishery by 20%, 30% or 50% of the number of initially qualified QS recipients by species and sector.

#### Application of caps to intercooperative transfers

To effectively apply individual ownership caps, the number of shares or history that each cooperative member could hold and bring to cooperatives would be subject to the individual ownership caps (with initial allocations grandfathered). Transfers between cooperatives would be undertaken by the members individually, subject to individual ownership caps.

#### CP QS/IFQ conversion to CV QS/IFQ

CP shares converted to CV shares will count toward CV caps

Caps will be applied to prohibit acquisition of shares in excess of the cap.

(from 2.2.3.3.6)

### **Alternative 3**

History holdings of a co-op member shall be capped at:

- Option 1. 1% of the history by area, sector and species groups (pollock, Pacific cod aggregate rockfish, aggregate flatfish)
- Option 2. 5% of the history by area, sector and species groups
- Option 3. 20% of the history by area, sector and species groups
- Option 3 30% of the history by area, sector and species groups
- Option 4 no cap

Allocations to original issuees would be grandfathered at the original level of history.

(from 3.4.3)

***The Council should specify whether this provision will be implemented using an individual and collective rule (similar to halibut and sablefish IFQ and crab rationalization) or a threshold rule (similar to the AFA).***

#### CP history conversion to CV history

CP history and annual allocations converted to CV history and annual allocations will count toward CV caps

Caps will be applied to prohibit acquisition of history in excess of the cap. Conversion of CP history or annual allocations to CV history or annual allocations alone will not require a CP history holder or cooperative to divest CP history and annual allocations for exceeding CP caps.

(from 3.4.7.4)

***Alternative 3 contains no provision to apply caps to intercooperative transfers.***

*Under both alternatives, the current cap provision applies only to primary species. The Council should assess whether secondary species caps should be applied. This may depend, in part, on the nature of those allocations (i.e., whether they are severable from the primary species allocations).*

#### **T-4. Excessive share caps – vessel use caps**

##### **Alternative 2**

###### Individual vessel use cap

Vessel use caps on harvest shares harvested on any given vessel shall be set at

- i. 100%
- ii. 150%
- iii. 200%

the individual use cap for each species. Initial issues that exceed the individual or vessel use caps are grandfathered at their current level as of a control date of April 3, 2003, including transfers by contract entered into as of that date.

*(from 2.2.3.3.6)*

###### Cooperative vessel use cap

Co-op use caps for harvest shares on any given vessel shall be:

- Option 1. Set at the same level as the individual vessel level.
- Option 2. 3 times individual vessel use cap.
- Option 3. No use caps

*(from 2.4.4.2)*

##### **Alternative 3**

Vessel use caps on harvest shares harvested on any given vessel shall be set at

- i. 100%
- ii. 150%
- iii. 200%

the individual use cap for each species. Initial issues that exceed the individual or vessel use caps are grandfathered at their current level as of a control date of April 3, 2003, including transfers by contract entered into as of that date.

*(new from December 2005 meeting)*

*The “cooperative vessel use cap” from Alternative 2 is unnecessary since the Alternative 3 vessel cap applies to cooperatives (where all fishing of shares occurs).*

#### **T-5. Excessive share caps – vertical integration caps**

##### **Alternatives 2A High and 2B High**

Harvest shares initial recipients with more than 10% limited threshold ownership by licensed processors are capped at 115-150% of initial allocation of harvest CV shares.

*(from 2.2.3.3.4)*

## **Alternative 2C**

Up to 30% of CV shares shall be designated as “CVP” shares and eligible to be held by processors and CV recipients.

*(from 2.3.2)*

***To implement the alternative 2C provision for limiting processor holding of catcher vessel shares, the term “processor” will need to be defined.***

## **Alternative 3**

Any processor holdings of history, using the 10% limited threshold rule, are capped at:

- Option 1. initial allocation of harvest CV and CP shares
- Option 2. 115%-150% of initial allocation of CV history
- Option 3. 115%-150% of initial allocation of CP history
- Option 4. no cap

*(from 3.4.5)*

## **T-6. Excessive share caps – cooperative use caps**

### **Alternative 2**

Set co-op use caps at 25 to 100% of total TAC by species

*(from 2.4.4.1)*

### **Alternative 3**

Control of history or use of annual allocations by a co-op shall be capped at:

- Option 1. 15% by area, sector and species groups (pollock, Pacific cod aggregate rockfish, aggregate flatfish.
- Option 2. 25% by area, sector and species groups
- Option 3. 45% by area, sector and species groups
- Option 4. no cap

*(from 3.4.4)*

## **T-7. Overage Provisions**

### **Alternative 2**

A 7 day grace period after an overage occurs for the owner to lease sufficient IFQ to cover the overage. Failure to secure sufficient IFQ would result in forfeiture of the overages and fines.

- Option 1. Overages up to 15% or 20% of the last trip will be allowed— greater than a 15% or 20% overage result in forfeiture and civil penalties. An overage of 15% or 20% or less, results in the reduction of the subsequent year’s annual allocation or IFQ. Underages up to 10% of harvest shares (or IFQ).
- Option 2. Overage provisions would not be applicable in fisheries where there is an incentive fishery that has not been fully utilized for the year. (i.e., no overages would be charged if a harvest share (or IFQ) holder goes over his/her annual allocation (or IFQ) when incentive fisheries are still available).

(from 2.2.3.3.8)

## **T-8. Transferability – Eligibility to Receive**

### **Alternative 2**

Persons eligible to receive harvest history or shares by transfer must be:

For CP history/shares:

- 1) Entities eligible to document a vessel
- 2) Initial recipients of CV or C/P harvest shares
- 3) Community administrative entities eligible to receive shares/history by transfer

For CV history/shares:

- 1) Individuals eligible to document a vessel with at least 150 days of sea time
- 2) Initial recipients of CV or C/P harvest shares
- 3) Community administrative entities eligible to receive shares/history by transfer.

Definition of sea time:

Sea time in any of the U.S. commercial fisheries in a harvesting capacity.

(from 2.2.3.3 and 2.2.3.3.1)

### **Alternative 3**

Persons qualified to receive history by transfer include:

- 1) processors that associate with initial cooperatives and
- 2) 

Option 1.	US citizens who have had at least 150 days of sea time.
Option 2.	Entities that meet U.S. requirements to document a vessel.
Option 3.	Initial recipients of CV or C/P history
Option 4.	individuals who are U.S. citizens.

Definition of sea time:

Sea time in any of the U.S. commercial fisheries in a harvesting capacity.

(from 3.4.2.1 and 3.4.2.2)

## ***Alternative 2A – IFQ/Cooperatives with Processor License Limitation***

### **T2A-1. Voluntary Cooperatives**

Cooperative membership is not required to receive an annual harvest share allocation. (i.e., IFQ will be allocated to non-members)

(from 2.4.1)

### **T2A-2. Cooperative formation**

Co-ops can be formed between

- 1) holders of trawl catcher vessel harvest shares in an area
- 2) holders of catcher/processor harvest shares in an area

Cooperatives are required to have at least 4 distinct and separate harvesters (using the 10% threshold rule)

(from 2.4.2.1)

### **T2A-3. Cooperative/processor affiliations**

Option 1. No association required between processors and co-ops

Option 2. CV cooperatives must be associated with

- a) a processing facility
- b) a processing company

The associated processor must be:

- a) any processor
- b) a limited entry processing license holder

Processors can associate with more than one co-op

Note: A processor association will not be required for a C/P cooperative.

(from 2.4.2.1.1)

### **T2A-4. Movement between cooperatives**

Harvesters may move between cooperatives at:

- Option 1. the end of each year.
- Option 2. the expiration of the cooperative agreement.
- Option 3. no movement in the first two years

(from 2.4.5)

### **T2A-5. Duration of cooperative agreements**

- Option 1. 1 year
- Option 2. 3 years
- Option 3. 5 years

Suboption 1: Duration is minimum.

Suboption 2: Duration is maximum.

(from 2.4.2.3)

### **T2A-6. Rules Governing Cooperatives**

- Annual allocations of cooperative members would be issued to the cooperative.
- Co-op members may internally allocate and manage the co-op's allocation per the co-op membership agreement. Subject to any harvesting caps that may be adopted, member allocations may be transferred and consolidated within the co-op to the extent permitted under the membership agreement.
- Monitoring and enforcement requirements would be at the co-op level. Co-op members are jointly and severally responsible for co-op vessels harvesting in the aggregate no more than their co-op's allocation of primary species, secondary species and halibut mortality, as may be adjusted by interco-op transfers.

- Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Co-ops may penalize or expel members who fail to comply with their membership agreement.
- Processor affiliates cannot participate in price setting negotiations except as permitted by general antitrust law.
- Co-ops may engage in inter-cooperative transfers to the extent permitted by rules governing transfers of shares among sectors (e.g., gear groups, vessel types).
- Require that a cooperative accept membership of any eligible participant subject to the same terms and conditions that apply to other cooperative members.

*(from 2.4.3.1)*

### **T2A-7. Harvest Share Allocations – A share/B share allocations**

If a processor limited entry alternative is chosen, CV primary species harvest shares will be issued in two classes. Class A shares will be deliverable to a licensed processor. Class B shares will be deliverable to any processor as authorized under this program. Only the annual allocations will be subject to the Class A/Class B distinction. All long term shares or history will be of a single class.

Suboption : Processor affiliated vessels to receive entire allocation as A shares.

*(from 2.2.3.2.5)*

### **T2A-8. Provisions for Processor License Limitation**

Apply processor provisions generally at the company level.

50-100% of CV harvest share allocation will be reserved for delivery to any licensed trawl processor

The Council requests that staff provide a discussion paper addressing the effect of a use cap on the number of processors in a region.

*(from 2.3.1.1.1)*

### **T2A-10. Processor License Qualifications**

To qualify for a processor license, a processor must have purchased and processed a minimum amount of groundfish by region as described below in at least 4 of the following years:

- Option 1. 1995-2001
- Option 2. 1995-2002
- Option 3. 1998-2003
- Option 4. 2000-2004
- Option 5. 1995-2003

Eligible Processors – minimum annual processing

Trawl

- Suboption 1. 2000 mt
- Suboption 2. 1000 mt
- Suboption 3. 500 mt

Trawl and fixed gear eligible processors

Processors that meet criteria for both the trawl processor license and fixed gear processor licenses will be issued a single trawl/fixed gear license

Processor history would be credited to (and licenses would be issued to):

Operator – must hold a federal or state processor permit.

Custom processing history would be credited to the processor that purchased the fish as indicated on the fish ticket and paid for processing

*(from 2.3.1.2.1 and new from December 2005 meeting)*

***This provision may need revision to apply to this alternative. This also may need to be by management area (instead of “region” in the lead in).***

### **T2A-11. Transferability of eligible processor licenses**

Processor licenses can be sold, leased, or transferred.

Within the same region

*(from 2.3.1.2.3)*

### **T2A-12. Processing Use Caps**

Processing caps by processor license type (by CGOA and WGOA regulatory areas) on A share landings:

Option 1. Range 70% to 130% of TAC processed for all groundfish species for the largest licensed processor

Option 2. Processing use caps would be equal to a percentage that would allow contraction of processing companies in the fishery by 20%, 30%, or 50% of the number initially qualified processing companies

(Note: There is no limit on the amount of fish licensed processor can buy from the open B share classed fish)

Processing caps apply at the entity level.

*(from 2.3.1.2.4)*

### **T2A-13. License ownership restrictions on processors**

Option 1. No restrictions

Option 2. Trawl/fixed license holders cannot hold any additional fixed gear only licenses

*(from 2.3.1.2.6)*

## ***Alternative 2B – IFQ/Cooperatives with Processor Linkages***

### **T2B-1. Voluntary Cooperatives**

Cooperative membership is not required to receive an annual harvest share allocation. (i.e., IFQ will be allocated to non-members)

*(from 2.4.1)*

### **T2B-2. Cooperative formation**

Co-ops can be formed between

- 1) holders of trawl catcher vessel harvest shares in an area
- 2) holders of catcher/processor harvest shares in an area



Cooperatives are required to have at least 4 distinct and separate harvesters (using the 10% threshold rule)

(from 2.4.2.1)

### **T2B-3. Cooperative/processor affiliations**

Option 1. No association required between processors and co-ops

Option 2. CV cooperatives must be associated with

- a) a processing facility
- b) a processing company

The associated processor must be:

- a) any processor
- b) a limited entry processing license holder
- c) a limited entry processing license holder to which the share holder's shares are linked

Processors can associate with more than one co-op

Note: A processor association will not be required for a C/P cooperative.

(from 2.4.2.1.1)

### **T2B-4. Duration of cooperative agreements**

- |           |         |
|-----------|---------|
| Option 1. | 1 year  |
| Option 2. | 3 years |
| Option 3. | 5 years |

Suboption 1: Duration is minimum.

Suboption 2: Duration is maximum.

(from 2.4.2.3)

### **T2B-5. Movement between cooperatives**

Harvesters may move between cooperatives at:

- Option 1. the end of each year.
- Option 2. the expiration of the cooperative agreement.
- Option 3. no movement in the first two years

(from 2.4.5)

### **T2B-6. Rules Governing Cooperatives**

- Annual allocations of cooperative members would be issued to the cooperative.
- Co-op members may internally allocate and manage the co-op's allocation per the co-op membership agreement. Subject to any harvesting caps that may be adopted, member allocations may be transferred and consolidated within the co-op to the extent permitted under the membership agreement.
- Monitoring and enforcement requirements would be at the co-op level. Co-op members are jointly and severally responsible for co-op vessels harvesting in the aggregate no more than their co-op's allocation of primary species, secondary species and halibut mortality, as may be adjusted by interco-op transfers.

- Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Co-ops may penalize or expel members who fail to comply with their membership agreement.
- Processor affiliates cannot participate in price setting negotiations except as permitted by general antitrust law.
- Co-ops may engage in inter-cooperative transfers to the extent permitted by rules governing transfers of shares among sectors (e.g., gear groups, vessel types).
- Require that a cooperative accept membership of any eligible participant subject to the same terms and conditions that apply to other cooperative members.

(from 2.4.3.1)

### **T2B-7. Harvest Share Allocations – A share/B share allocations**

If a processor limited entry alternative is chosen, CV primary species harvest shares will be issued in two classes. Class A shares will be deliverable to a licensed processor *to which the shares are linked*. Class B shares will be deliverable to any processor as authorized under this program. Only the annual allocations will be subject to the Class A/Class B distinction. All long term shares or history will be of a single class.

Suboption : Processor affiliated vessels to receive entire allocation as A shares.

(from 2.2.3.2.5)

### **T2B-8. Provisions for Processor License Limitation**

Apply provisions generally at the facility (plant) level.

50-100% of CV harvest share allocation will be reserved for delivery to the linked licensed closed class trawl processor.

The Council requests that staff provide a discussion paper addressing the effect of a use cap on the number of processors in a region.

(from 2.3.1.1.1)

### **T2B-9. Processor License Qualifications**

To qualify for a processor license, a processor must have purchased and processed a minimum amount of groundfish by region as described below in at least 4 of the following years:

- Option 1. 1995-2001
- Option 2. 1995-2002
- Option 3. 1998-2003
- Option 4. 2000-2004
- Option 5. 1995-2003

Eligible Processors – minimum annual processing

- Suboption 1. 2000 mt
- Suboption 2. 1000 mt
- Suboption 3. 500 mt

Processor history would be credited to (and licenses would be issued to):

Operator – must hold a federal or state processor permit.

Custom processing history would be credited to the processor that purchased the fish as indicated on the fish ticket and paid for processing

If a processor meets the threshold for total purchased and processed groundfish for all their facilities combined, but does not meet the threshold for any one facility then the processor would be issued a license for the facility in which it processed most fish.

*(from 2.3.1.2.1)*

*This also may need to be by management area (instead of “region” in the lead in).*

**T2B-10. Linkage (Linkages apply by area)**

A harvester’s processor linked shares are associated with the licensed trawl processor to which the harvester delivered the most pounds of groundfish during the last \_\_\_ years of prior to 2004.

- i. 1
- ii. 2
- iii. 3

Processors with history at multiple facilities in a community may aggregate those histories for determining associations.

Option 1: If the processing facility with whom the harvester is associated is no longer operating in the community, and another processing facility within the community has not purchased the history, the harvester is eligible to deliver to

- i. any licensed processor
- ii. any licensed processor in the community
- iii. the licensed processor to whom the harvester delivered the second most pounds

Option 2: If the processing facility with whom the harvester is associated is no longer operating in the community, the harvester is eligible to deliver to

- i. any licensed processor
- ii. any licensed processor in the community
- iii. the licensed processor to whom the harvester delivered the second most pounds

The Council requests that staff provide a discussion paper addressing the effect of a use cap on the number of processors in a region.

*(from 2.3.1.1.2)*

**T2B-11. Movement between linked processors**

Any vessel that is linked to a processor, may with the consent of that processor, deliver A shares to another plant.

In the absence of consent, when a harvester moves from a linked processor, the harvesters shares are reduced 10% - 20% for a period of:

- i. 1 year
- ii. 2 years
- iii. 4 years

Suboptions:

- i. Penalty applies to A shares only.
- ii. Penalty applies to both A and B shares.

- A. Full penalty applies to each move
- B. Full penalty applies to the first move, subsequent moves are penalized at half of that rate.
- C. Full penalty applies only to the first transfer

The share reduction shall be redistributed to the shareholders associated with the processor that the shareholder left (if it continues to exist).

*(from 2.3.1.1.3)*

**T2B-12. Transferability of eligible processor licenses**

Processor licenses can be sold, leased, or transferred.  
 Within the same region

If the license is transferred outside the community of origin, then vessel linkages are broken and vessels are allowed to deliver to any licensed processor.

*(from 2.3.1.2.3)*

**T2B-13. License Transfers Among Processors**

- Option 1. any share association with that license will transfer to the processor receiving the license. All harvest share/history holders will be subject to any share reduction on severing the linkage, as would have been made in the absence of the transfer.
- Option 2. any share associated with the license will be free to associate with any licensed processor. Harvest share/history holders will be free to move among processors without share/history reduction.

*(from 2.3.1.2.3.1)*

**T2B-14. Processing Use Caps**

Processing caps by processor license type (by CGOA and WGOA regulatory areas) on A share landings:

- Option 1. Range 70% to 130% of TAC processed for all groundfish species for the largest licensed processor
- Option 2. Processing use caps would be equal to a percentage that would allow contraction of processing companies in the fishery by 20%, 30%, or 50% of the number initially qualified processing companies

(Note: There is no limit on the amount of fish licensed processor can buy from the open B share classed fish)

*(from 2.3.1.2.4)*

**T2B-15. License ownership restrictions on processors**

- Option 1. No restrictions
- Option 2. Trawl/fixed license holders cannot hold any additional fixed gear only licenses

*(from 2.3.1.2.6)*

## **Alternative 2C – IFQ/Cooperatives with Harvest Share Allocations to Processors**

### **T2C-1. Voluntary Cooperatives**

Cooperative membership is not required to receive an annual harvest share allocation. (i.e., IFQ will be allocated to non-members)

(from 2.4.1)

### **T2C-2. Cooperative formation**

Co-ops can be formed between

- 1) holders of trawl catcher vessel harvest shares in an area
- 2) holders of catcher/processor harvest shares in an area

Cooperatives are required to have at least 4 distinct and separate harvesters (using the 10% threshold rule)

(from 2.4.2.1)

### **T2C-3. Cooperative/processor affiliations**

Option 1. No association required between processors and co-ops

Option 2. CV cooperatives must be associated with

- a) a processing facility
- b) a processing company

The associated processor must be:

- a) any processor
- b) a limited entry processing license holder (*i.e., CVP holder*)

Processors can associate with more than one co-op

Note: A processor association will not be required for a C/P cooperative.

(from 2.4.2.1.1)

***The application of this provision is unclear. The provision could be interpreted as requiring cooperative association with a processor that holds CVP.***

### **T2C-4. Movement between cooperatives**

Harvesters may move between cooperatives at:

- Option 1. the end of each year.
- Option 2. the expiration of the cooperative agreement.
- Option 3. no movement in the first two years

(from 2.4.5)

### **T2C-5. Duration of cooperative agreements**

- Option 1. 1 year

- Option 2. 3 years
- Option 3. 5 years

Suboption 1: Duration is minimum.  
 Suboption 2: Duration is maximum.

*(from 2.4.2.3)*

### **T2C-6. Rules Governing Cooperatives**

- Annual allocations of cooperative members would be issued to the cooperative.
- Co-op members may internally allocate and manage the co-op's allocation per the co-op membership agreement. Subject to any harvesting caps that may be adopted, member allocations may be transferred and consolidated within the co-op to the extent permitted under the membership agreement.
- Monitoring and enforcement requirements would be at the co-op level. Co-op members are jointly and severally responsible for co-op vessels harvesting in the aggregate no more than their co-op's allocation of primary species, secondary species and halibut mortality, as may be adjusted by inter-co-op transfers.
- Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Co-ops may penalize or expel members who fail to comply with their membership agreement.
- Processor affiliates cannot participate in price setting negotiations except as permitted by general antitrust law.
- Co-ops may engage in inter-cooperative transfers to the extent permitted by rules governing transfers of shares among sectors (e.g., gear groups, vessel types).
- Require that a cooperative accept membership of any eligible participant subject to the same terms and conditions that apply to other cooperative members.

*(from 2.4.3.1)*

### **T2C-7. Processor Eligibility**

To qualify for a processor license, a processor must have purchased and processed a minimum amount of groundfish by region as described below in at least 4 of the following years:

- Option 1. 1995-2001
- Option 2. 1995-2002
- Option 3. 1998-2003
- Option 4. 2000-2004
- Option 5. 1995-2003

Eligible Processors – minimum annual processing

- Suboption 1. 2000 mt
- Suboption 2. 1000 mt
- Suboption 3. 500 mt

Processor history would be credited to (and licenses would be issued to):

Operator – must hold a federal or state processor permit.

Custom processing history would be credited to the processor that purchased the fish as indicated on the fish ticket and paid for processing

If a processor meets the threshold for total purchased and processed groundfish for all their facilities combined, but does not meet the threshold for any one facility then the processor would be issued a license for the facility in which it processed most fish.

*(from 2.3.1.2)*

***This provision may need revision to apply to this alternative. This also may need to be by management area (instead of “region” in the lead in).***

### **T2C-8. Processor Allocations**

Up to 30% of CV QS shall be designated as “CVP” shares and eligible to be held by processors and CV recipients. A portion of the CVP share allocation will be divided among eligible processors proportional to their history in the qualifying years used to determine processor eligibility. Any balance of CVP not distributed initially to processors shall be distributed proportionally to CV recipients.

*(from 2.3.2)*

***The term “CV recipients” is unclear. This is assumed to be persons eligible to acquire CV QS. The provision could be revised to read: Up to 30% of CV QS shall be designated as “CVP” shares and may be held by processors and persons eligible to acquire CV QS.***

***This provision should be revised to define the portion of CVP that will be allocated to processors.***

### **T2C-9. CVP Transferability**

CVP is transferable between eligible CV holders and /or processors.

*(from 2.3.2)*

***The use of the term eligible CV holders is confusing. Does this refer to “persons eligible to receive CV shares”.***

***To enforce this provision, “processors” will need to be defined.***

***Also, this provision is confusing given the redundant provision concerning the transfer of shares that follows. The second provision could be revised to cover leases.***

CVP shares may be transferred or leased to any entity eligible to receive CV QS by transfer.

*(from 2.3.2)*

### **T2C-10. CVP Use**

CVP shares may be fished on any catcher vessel and subject to existing share designations (*i.e., gear and vessel type*) and existing vessel use caps.

Any shareholder under this program is intended to comply with all existing laws concerning the documentation of vessels and entry of vessels to U.S. fisheries in fishing those shares. Shareholders unable to enter a vessel into U.S. fisheries may lease share holdings or use holdings through cooperative membership to the extent permitted by the program, but not in contravention of current law pertaining to entry of vessels in U.S. fisheries.

*(from 2.3.2)*

### **T2C-11. CVP Caps on Use and Holdings**

Caps of CVP will apply at the company level by management area and will be a 10-30% of the total pool of CVP shares available in the management area. Recipients of CVP that exceed the cap will be grandfathered.

*(from 2.3.2)*

### **T2C-12. Limit on Vertical Integration**

No processors (and processor affiliates using the 10% rule) may own or control CV quota shares (*other than CVP*). CVP initially issued to processor affiliates will be grandfathered.

*(from 2.3.2)*

*Application of this limit will require a definition of the term “processor”.*

### **T2C-13. CVP Regionalization**

CVP shares will be regionalized.

*(from 2.3.2)*

*The method for regionalization should be specified. CVP could be regionalized based on the location of processing that led to the allocation.*

## ***Alternative 3 – Cooperatives/Limited Access with Processor Associations***

### **T3-1. Voluntary Cooperatives**

Voluntary cooperatives may form between eligible harvesters in association with processors. Harvesters may elect not to join a cooperatives, and continue to fish in the LLP/Limited Access fishery.

*(from 3.3)*

### **T3-2. Allocations to Individuals and Cooperatives**

On joining a cooperative that complies with all requirements for an initial cooperative, an individual will be allocated catch history as generic Gulf History (GH).

Each cooperative will receive an annual allocation of Gulf Quota (GQ) based on the GH of its members.

*(from 3.3.1 and 3.3.2)*

### **T3-3. Cooperative Eligibility - Catcher Vessel Cooperatives**

Catcher vessel co-ops may be established within sectors between eligible harvesters in association with an eligible processor. A harvester is initially eligible to join a cooperative in association with the processor to which the harvester delivered the most pounds of primary species by area (Western Gulf, Central Gulf, West Yakutat) and region (North/South) during the

- a) qualifying years.
- b) most recent 1, 2, or 3 years from the qualifying years.
- c) last 4 years prior to 2004



Provisions applied to a, b, and c:  
For the following species groups:

- Pollock
- Pacific cod
- Aggregate rockfish
- Aggregate flatfish

(from 3.3.5)

#### **T3-4. Cooperative Formation - Catcher Vessel Cooperatives**

Cooperatives are required to have at least:

- Option 1. 4 distinct and separate harvesters (using the 10% threshold rule)
- Option 2. 50-75 percent of the eligible GH for each co-op associated with its processor  
Applies to CVs for processor associated cooperatives, if less than 4 distinct and separate harvesters are available to associate with the processor.
- Option 3. Any number of eligible harvesters within the sector (allows single person co-op)

(from 3.3.7)

#### **T3-5. Initial Cooperative Agreement Requirements**

Catcher vessel co-ops may be formed by eligible harvesters (the co-op) subject to the terms and conditions of a co-op membership agreement. In order to receive an allocation of GH under this program, co-ops must enter into a duly executed contractual agreement (Contract) with the processor the harvester is initially eligible to join a cooperative in associate with.

Contracts established under this section shall specify the terms and conditions for transferring GQ or GH from the cooperative, including mechanisms whereby a member exiting the co-op (or transferring GH from the co-op) compensates the remaining co-op members and/or the associated processor for exiting the co-op (or transferring GH from the co-op). Compensation can take on any form agreed to by the members and the associated processor, including permanent transfer of some or all GH generated by the existing participant to the remaining co-op members and/or the associated processor.

***Requiring an agreement among all cooperative members and the processor raises antitrust concerns. Typically, persons can only negotiate terms collectively, if they are members of an FCMA cooperative. This provision appears to require FCMA cooperative membership.***

Following the initial co-op period, new GH can be generated by eligible harvesters that have never been co-op members only by joining a co-op in association with the eligible processor pursuant to the terms of an agreement that meets the requirements for an initial co-op.

(from 3.3.11)

#### **T3-6. Duration of Initial Cooperative Agreements**

Duration of initial cooperative agreements:

- Option 1. 1 year
- Option 2. 2 years
- Option 3. 3 years
- Option 4. Any length agreed between the co-op participants.

(from 3.3.8)

### **T3-7. Catcher Vessel - Cooperative/processor associations**

Option 1: If the processing facility with whom the harvester *would be initially* associated is no longer operating in the community, and another processing facility within the community has not purchased the history, the harvester is eligible to deliver to

- i. any licensed processor
- ii. any licensed processor in the community (If there are no eligible processors in that community, the harvester may join a co-op in association with any eligible processor within the region.)
- iii. the licensed processor to whom the harvester delivered the second most pounds

Option 2: If the processing facility with whom the harvester *would be initially* associated is no longer operating in the community, the harvester is eligible to deliver to

- i. any licensed processor
- ii. any licensed processor in the community (If there are no eligible processors in that community, the harvester may join a co-op in association with any eligible processor within the region.)
- iii. the licensed processor to whom the harvester delivered the second most pounds

CV cooperatives must be associated with an eligible processing facility  
Processors can associate with more than one co-op.

Processors with history at multiple facilities in a community may aggregate those histories for determining associations.

The eligible processor is:

- 1) prior to satisfying an exit requirement, a processor that the harvester is initially eligible to associate with in a cooperative, and
- 2) after satisfaction of an exit requirement, any processor

*(from 3.3.9)*

### **T3-8. Cooperative Eligibility - Catcher Processor Cooperatives**

Catcher processor co-ops may be formed by eligible CPs within each CP sector. No processor affiliation is required for CP co-op formation.

*(from 3.3.6)*

### **T3-9. Cooperative Formation - Catcher Processor Cooperatives**

Cooperatives are required to have at least:

- Option 1. 4 distinct and separate harvesters (using the 10% threshold rule)
- Option 2. 50-100 percent of the GH of its sector.
- Option 3. Any number of eligible harvesters within the sector (allows single person co-op)

*(from 3.3.7)*

### **T3-10. Movement between cooperatives**

An initial cooperative formation period shall be established beginning with year one of program implementation and extended for the period identified below.

Option 1. period is 1 year

Option 2. period is 2 years

Option 3. period is 3 years

After the initial cooperative formation period, a holder of GH that meets the requirements of an initial cooperative agreement for exiting a cooperative may leave an initial cooperative and join a cooperative in association with any processor pursuant to a Contract that meets the requirements of rules governing cooperatives.

*(from 3.3.12)*

### **T3-11. Rules Governing Cooperatives**

The following provisions apply to all cooperatives:

- a. The harvesters that enter into a co-op membership agreement shall be the members of the co-op. The processor will be an associate of the cooperative but will not be a cooperative member.
- b. Except for CP cooperatives, a pre-season Contract between eligible, willing harvesters in association with a processor is a pre-requisite to a cooperative receiving an allocation of GQ. For an initial co-op, the Contract must meet the *initial cooperative agreement requirements*.
- c. The co-op membership agreement and the Contract will be filed with the RAM Division. The Contract must contain a fishing plan for the harvest of all co-op fish.
- d. Co-op members shall internally allocate and manage the co-op's allocation per the Contract.
- e. Subject to any harvesting caps that may be adopted, GH or GQ may be transferred and consolidated within the co-op to the extent permitted under the Contract.
- f. The Contract must have a monitoring program. Monitoring and enforcement requirements would be at the co-op level. Co-op members are jointly and severally responsible for co-op vessels harvesting in the aggregate no more than their co-op's allocation of primary species, secondary species and halibut PSC mortality, as may be adjusted by inter-cooperative transfers.
- g. Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Co-ops may penalize or expel members who fail to comply with their membership agreement.
- h. Co-op membership agreements will specify that processor affiliated vessels cannot participate in negotiations concerning price setting, code of conduct, mechanisms for expelling members, or exit agreements.
- i. Co-op membership agreements shall allow for the entry of other eligible harvesters into the co-op under the same terms and conditions as agreed to by the original agreement. Harvesters that have never been a member of a cooperative must enter an agreement that meets all requirements for an initial co-op, as specified under *initial cooperative agreement requirements*.

*(from 3.4.1)*

### **T3-12. General Provisions Concerning Transfers of GH and GQ.**

Co-ops may engage in inter-cooperative transfers (leases) of GQ during and after the initial co-op formation period.

During the initial cooperative formation period, GH transfers will be permitted between members of the same cooperative, but not between members of different cooperatives.

Following the initial co-op formation period, members of a co-op may transfer GH to members of other co-ops.

All transfers will be subject to such terms and conditions as may be specified in the applicable Contract and any ownership or use caps or other conditions as may be established pursuant to this program.

For persons that join cooperatives for the first time after the initial cooperative formation period, the limits on transfers shall apply for the same period of time as the initial cooperative formation period.

*(from 3.4.2)*

### **T3-13. Transfers by catcher processors**

Transfers of GH or leases of GQ across CP gear types is

- a) not permitted
- b) permitted.

*(from 3.3.10)*

*This provision is only required if CP history/shares will be treated differently from history/shares of other participants.*

### **T3-14. Use of Annual Allocations**

Any holders of history and cooperatives under this program are intended to comply with all existing laws concerning the documentation of vessels and entry of vessels to U.S. fisheries in fishing under the program. Holders of history unable to enter a vessel into U.S. fisheries may lease holdings or use holdings through cooperative membership to the extent permitted by the program, but not in contravention of current law pertaining to entry of vessels in U.S. fisheries.

*(from 3.3.11)*

### **T3-15. LLP/Limited Access Fishery**

The allocation for each sector of primary species, secondary species, and halibut PSC to the LLP/Limited Access fishery will be those amounts remaining after allocation to the co-ops. Harvesters that choose not to participate in a co-op may continue to fish in the LLP/Limited Access fishery.

In the limited access fishery directed fishing will be permitted for primary species only. The current system of MRAs will be used for managing catch of secondary species and unallocated species.

*(from 3.6)*

*MRAs may need to be adjusted to keep catch under the allocation.*

### **T3-16. Movement from a Cooperative to the LLP/Limited Access Fishery**

The LLP of any vessel that has entered a co-op and generated GH pursuant to this program may not be subsequently used, or transferred to another vessel, to fish in the LLP/Limited Access fishery for any primary **and** secondary species identified under this program unless all GH initially associated with the LLP is held by the LLP holder and is allocated to the LLP/Limited Access fishery.

Note: The intent of this provision is to prevent a vessel from entering a co-op, transferring its GH to the co-op and then subsequently taking its LLP and re-entering the open access fishery or transferring its LLP to another vessel to fish in the LLP/Limited Access fishery.

*(from 3.6, Issue 2)*

***The staff suggested correction is to use “and” in place of “or”. The Council also could consider including PSC requirements.***

### **T3-17. Processing Use Caps**

Processors shall be capped at the entity level.

No processor shall process more than:

- Option 1. 25% of total harvest by area and primary species groups in Section 3.3.5
- Option 2. 50% of total harvest by area and primary species groups in Section 3.3.5
- Option 3. 75% of total harvest by area and primary species groups in Section 3.3.5
- Option 4. no cap

Processors eligible *to associate with an initial cooperative* will be grandfathered.

*(from 3.4.6)*

## **Fixed Gear Alternatives**

### **F-1. Transferability - Leasing**

#### **Alternative 2**

- Option 1: Apply leasing limitation only outside of cooperatives
- Option 2: Apply leasing limitation inside and outside of cooperatives

Leasing of QS is defined as the transfer of annual IFQ permit to a person who is not the holder of the underlying QS for use on any vessel and use of IFQ by an individual designated by the QS holder on a vessel which the QS holder owns less than 20% -- same as "hired skipper" requirement in halibut/sablefish program.

#### **For fixed gear catcher vessels**

- Option 1. No leasing of CV QS (QS holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the IFQ).
  - Suboption: Allowing leasing by initial recipients of QS (grandfather clause)
- Option 2. Allow leasing of CV QS, but only to individuals and entities eligible to receive QS/IFQ by transfer.
- Option 3. For individuals and entities with CV QS, no leasing restrictions for the first three years. After this grace period, leasing will be allowed in the following calendar year if the QS holder is on board or owns 20 percent or greater of a vessel on which 30 percent of the primary species shares held by the QS holder in at least 2 of the most recent 4 years were harvested.

#### **For fixed gear catcher processors**

Allow leasing of CP QS, but only to individuals and entities eligible to receive QS/IFQ by transfer.

*(from 2.2.3.3.5)*

#### **Alternative 3**

Leasing of history is defined as the use of the resulting annual allocation by a person who is not the holder of the underlying history on any vessel and use of that annual allocation by an individual designated by the history holder on a vessel which the history holder owns less than 20% -- same as "hired skipper" requirement in halibut/sablefish program.

#### **For fixed gear catcher vessels**

- Option 1. No leasing of CV history (history holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the annual allocation).
  - Suboption: Allowing leasing by initial recipients of history (grandfather clause)
- Option 2. Allow leasing of CV history, but only to individuals and entities eligible to receive history by transfer.
- Option 3. For individuals and entities with CV history, no leasing restrictions for the first three years. After this grace period, leasing will be allowed in the following calendar year if the history holder is on board or owns 20 percent or greater of a vessel on which 30 percent of the primary species history held by the history holder in at least 2 of the most recent 4 years were harvested.

#### **For fixed gear catcher processors**

Allow leasing of CP history, but only to individuals and entities eligible to receive history by transfer.

*(new from December 2005 meeting)*

*Under alternative 3, the Council should consider that vessel documentation requirements may prohibit some foreign owned processors from fishing any history held by the processor.*

*Under both of the alternatives, leasing requirements imposed on cooperative members could be monitored through requiring the cooperative to include compliance reporting in its annual report.*

## **F-2. Share Use – Owner-on-board**

### **Alternative 2**

- Option 1: Apply owner-on-board requirements only outside of cooperatives  
Option 2: Apply owner-on-board requirements inside and outside of cooperatives

For fixed gear catcher vessels

A range of 0-80% of the fixed gear quota shares initially issued to fishers/harvesters would be designated as “owner on board.”

All initial issues (individuals and corporations) would be grandfathered as not being required to be aboard the vessel to fish shares initially issued as “owner on board” shares. This exemption applies only to those initially issued quota shares.

In cases of hardship (injury, medical incapacity, loss of vessel, etc.) a holder of "owner on board" quota shares may, upon documentation and approval, transfer/lease his or her shares a maximum period of 3 years out of any 10 year period.

(from 2.2.3.3.7)

*Alternative 3 contains no owner-on-board provision.*

*Owner-on-board requirements imposed on cooperative members could be monitored through requiring the cooperative to include compliance reporting in its annual report.*

*In the hardship exemption, the Council should clarify the exemption as being from owner on board requirements and leasing limitations.*

## **F-3. Excessive share caps – individual caps on use and holdings**

### **Alternative 2**

Caps will be expressed as QS units indexed to the first year of implementation.

- Option 1. Caps apply to all harvesting categories by species with the following provisions:
1. Apply individually and collectively to all harvest share holders in each sector and fishery.
  2. Percentage-caps by species and management area are as follows (a different percentage cap may be chosen for each fishery):

Longline and Pot CV and/or CP (can be different caps)  
based on the following percentiles of catch history for the following species:  
Pacific cod, pelagic shelf rockfish, Pacific ocean perch, deep water flatfish (if Greenland turbot is targeted), northern rockfish

Suboption 1.	75 %
Suboption 2.	85%
Suboption 3.	95 %

Option 2. Caps equal to a percentage that would allow contraction of QS holders in the fishery by 20%, 30% or 50% of the number of initially qualified QS recipients by species and sector.

Application of caps to intercooperative transfers

To effectively apply individual ownership caps, the number of shares or history that each cooperative member could hold and bring to cooperatives would be subject to the individual ownership caps (with initial allocations grandfathered). Transfers between cooperatives would be undertaken by the members individually, subject to individual ownership caps.

CP QS/IFQ conversion to CV QS/IFQ

CP shares converted to CV shares will count toward CV caps

Caps will be applied to prohibit acquisition of shares in excess of the cap.

(from 2.2.3.3.6)

**Alternative 3**

History holdings of a co-op member shall be capped at:

- Option 1. 1% of the history by area, sector and species groups (pollock, Pacific cod aggregate rockfish, aggregate flatfish)
- Option 2. 5% of the history by area, sector and species groups
- Option 3. 20% of the history by area, sector and species groups
- Option 3. 30% of the history by area, sector and species groups
- Option 4. no cap

Allocations to original issues would be grandfathered at the original level of history.

(from 3.4.3)

***The Council should specify whether this provision will be implemented using an individual and collective rule (similar to halibut and sablefish IFQ and crab rationalization) or a threshold rule (similar to the AFA).***

CP history conversion to CV history

CP history and annual allocations converted to CV history and annual allocations will count toward CV caps

Caps will be applied to prohibit acquisition of history in excess of the cap. Conversion of CP history or annual allocations to CV history or annual allocations alone will not require a CP history holder or cooperative to divest CP history and annual allocations for exceeding CP caps.

(from 3.4.7.4)

***Alternative 3 contains no provision to apply caps to intercooperative transfers.***

***Under both alternatives, the current cap provision applies only to primary species. The Council should assess whether secondary species caps should be applied. This may depend, in part, on the nature of those allocations (i.e., whether they are severable from the primary species allocations).***



#### **F-4. Excessive share caps – vessel use caps**

##### **Alternative 2**

###### Individual vessel use cap

Vessel use caps on harvest shares harvested on any given vessel shall be set at

- i. 100%
- ii. 150%
- iii. 200%

the individual use cap for each species. Initial issues that exceed the individual or vessel use caps are grandfathered at their current level as of a control date of April 3, 2003, including transfers by contract entered into as of that date.

*(from 2.2.3.3.6)*

###### Cooperative vessel use cap

Co-op use caps for harvest shares on any given vessel shall be:

- |           |   |
|-----------|---|
| Option 1. | Set at the same level as the individual vessel level. |
| Option 2. | 3 times individual vessel use cap.                    |
| Option 3. | No use caps   |

*(from 2.4.4.2)*

##### **Alternative 3**

Vessel use caps on harvest shares harvested on any given vessel shall be set at

- i. 100%
- ii. 150%
- iii. 200%

the individual use cap for each species. Initial issues that exceed the individual or vessel use caps are grandfathered at their current level as of a control date of April 3, 2003, including transfers by contract entered into as of that date.

*(new from December 2005 meeting)*

#### **F-5. Excessive share caps – vertical integration caps**

##### **Alternatives 2A High and 2B High**

Harvest shares initial recipients with more than 10% limited threshold ownership by licensed processors are capped at 115-150% of initial allocation of harvest CV shares.

*(from 2.2.3.3.4)*

##### **Alternative 2C**

Up to 30% of CV shares shall be designated as “CVP” shares and eligible to be held by processors and CV recipients.

*(from 2.3.2)*

***To implement the alternative 2C provision for limiting processor holding of catcher vessel shares, the term “processor” will need to be defined.***

*Alternative 2A for Low Producing fixed gear vessels contains no explicit limit on processor share holdings. Two rationales for not limiting processor share holdings are possible. First, provisions incompatible with processor share holding (such as leasing prohibitions and owner-on-board) are adequate to prevent processor share holding. Second, since the program contains no processor protection, vertical integration limits are not necessary.*

### **Alternative 3**

Any processor holdings of history, using the 10% limited threshold rule, are capped at:

- Option 1. initial allocation of harvest CV and CP shares
- Option 2. 115%-150% of initial allocation of CV history
- Option 3. 115%-150% of initial allocation of CP history
- Option 4. no cap

*(from 3.4.5)*

## **F-6. Excessive share caps – cooperative use caps**

### **Alternative 2**

Set co-op use caps at 25 to 100% of total TAC by species

*(from 2.4.4.1)*

### **Alternative 3**

Control of history or use of annual allocations by a co-op shall be capped at:

- Option 1. 15% by area, sector and species groups (pollock, Pacific cod aggregate rockfish, aggregate flatfish.
- Option 2. 25% by area, sector and species groups
- Option 3. 45% by area, sector and species groups
- Option 4. no cap

*(from 3.4.4)*

## **F-7. Block Program**

### **Alternative 2**

Preserving entry level opportunities for P. cod

Each initial allocation of P.cod harvest shares based on the final year of the qualifying period to fixed gear catcher vessels below the block threshold size would be a block of quota and could only be permanently sold or transferred as a block.

- Option 1 10,000 pounds constitutes one block
- Option 2 20,000 pounds constitutes one block
- Option 3 No Block Program

Suboption. Lowest producer harvest shares earned as a bycatch in the halibut sablefish ITQ program would be exempt from the block program

Eligible participants would be allowed to hold a maximum of:

- Option 1        1 block
- Option 2        2 blocks
- Option 3        4 blocks

Any person may hold:

- Option 1        One block and any amount of unblocked shares
- Option 2        Two blocks and any amount of unblocked shares
- Option 3        Four blocks and any amount of unblocked shares

*(from 2.2.7.1 and 2.2.7.2 and 2.2.7.3)*

***The suboption exempting allocations to halibut and sablefish ITQ holders could be removed, since the allocations to participants in that program are addressed in a separate section of the motion.***

## **F-8. Overage Provisions**

### **Alternative 2**

A 7 day grace period after an overage occurs for the owner to lease sufficient IFQ to cover the overage. Failure to secure sufficient IFQ would result in forfeiture of the overages and fines.

- Option 1. Overage up to 10% of the last trip will be allowed with rollover provisions for underages up to 10% of harvest shares (or IFQ).
- Option 2. Overage would not be applicable in fisheries where there is an incentive fishery that has not been fully utilized for the year. (i.e., no overages would be allowed if a harvest share (or IFQ) holder goes over his/her annual allocation (or IFQ) when incentive fisheries are still available).

*(from 2.2.3.3.8)*

## **F-9. Retention of halibut out of season**

### **Alternative 2**

Halibut incidentally caught may be retained outside the halibut season from Jan. 1 to start of commercial fishery. Any person retaining halibut must have adequate halibut IFQ to cover the landing. Retention is limited to (range 10-20%) of primary species.

- Option 1:    In all GOA areas.
- Option 2:    Limited to Areas 3A, 3B, and 4A.

The Council requests that staff notify the IPHC concerning these provisions.

*(from 2.2.5.5)*

## **F-10. Transferability – Eligibility to Receive**

### **Alternative 2**

Persons eligible to receive harvest history or shares by transfer must be:

For CP history/shares:

- 4) Entities eligible to document a vessel
- 5) Initial recipients of CV or C/P harvest shares
- 6) Community administrative entities eligible to receive shares/history by transfer

For CV history/shares:

- 4) Individuals eligible to document a vessel with at least 150 days of sea time
- 5) Initial recipients of CV or C/P harvest shares
- 6) Community administrative entities eligible to receive shares/history by transfer.

Definition of sea time:

Sea time in any of the U.S. commercial fisheries in a harvesting capacity.

*(from 2.2.3.3 and 2.2.3.3.1)*

### **Alternative 3**

Persons qualified to receive history by transfer include:

- 3) processors that associate with initial cooperatives and
- 4)
  - Option 1. US citizens who have had at least 150 days of sea time.
  - Option 2. Entities that meet U.S. requirements to document a vessel.
  - Option 3. Initial recipients of CV or C/P history
  - Option 4. individuals who are U.S. citizens.

Definition of sea time:

Sea time in any of the U.S. commercial fisheries in a harvesting capacity.

*(from 3.4.2.1 and 3.4.2.2)*

### **Alternative 2L – Fixed Gear Low Producer – IFQ/Cooperatives**

Applies only to low producing fixed gear vessels

Low producing vessels are exempt from delivery requirements

*(from 2.3.1.1.1)*

#### **F2L-1. Voluntary Cooperatives**

Cooperative membership is not required to receive an annual harvest share allocation. (i.e., IFQ will be allocated to non-members)

*(from 2.4.1)*

#### **F2L-2. Cooperative formation**

Co-ops can be formed between holders of low producing fixed gear catcher vessel harvest shares in an area.

*(from 2.4.2.1)*

Cooperatives are required to have at least 4 distinct and separate harvesters (using the 10% threshold rule)

*(from 2.4.2.2)*

### **F2L-3. Co-op/processor affiliations**

- Option 1. No association required between processors and co-ops
- Option 2. CV cooperatives must be associated with
- a) a processing facility
  - b) a processing company
- Processors can associate with more than one co-op

Note: A processor association will not be required for a C/P cooperative.

*(from 2.4.2.2.1)*

### **F2L-4. Movement between cooperatives**

Harvesters may move between cooperatives at:

- Option 1. the end of each year.
- Option 2. the expiration of the cooperative agreement.
- Option 3. no movement in the first two years

*(from 2.4.5)*

### **F2L-5. Duration of cooperative agreements**

- Option 1. 1 year
- Option 2. 3 years
- Option 3. 5 years

Suboption 1: Duration is minimum.

Suboption 2: Duration is maximum.

*(from 2.4.2.3)*

### **F2L-6. Rules Governing Cooperatives**

- Annual allocations of cooperative members would be issued to the cooperative.
- Co-op members may internally allocate and manage the co-op's allocation per the co-op membership agreement. Subject to any harvesting caps that may be adopted, member allocations may be transferred and consolidated within the co-op to the extent permitted under the membership agreement.
- Monitoring and enforcement requirements would be at the co-op level. Co-op members are jointly and severally responsible for co-op vessels harvesting in the aggregate no more than their co-op's allocation of primary species, secondary species and halibut mortality, as may be adjusted by inter-co-op transfers.
- Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Co-ops may penalize or expel members who fail to comply with their membership agreement.
- Processor affiliates cannot participate in price setting negotiations except as permitted by general antitrust law.
- Co-ops may engage in inter-cooperative transfers to the extent permitted by rules governing transfers of shares among sectors (e.g., gear groups, vessel types).
- Require that a cooperative accept membership of any eligible participant subject to the same terms and conditions that apply to other cooperative members.

(from 2.4.3.1)

## **F2L-7. Regionalization**

*It should be clarified whether regionalization applies under this alternative.*

## **Alternative 2HA – Fixed Gear High Producer - IFQ/Cooperatives with Processor License Limitation**

Applies only to high producing fixed gear catcher vessels and fixed gear catcher processors

### **F2HA-1. Voluntary Cooperatives**

Cooperative membership is not required to receive an annual harvest share allocation. (i.e., IFQ will be allocated to non-members)

(from 2.4.1)

### **F2HA-2. Cooperative formation**

Co-ops can be formed between

- 1) holders of high producing fixed gear catcher vessel harvest shares in an area
- 2) holders of catcher/processor harvest shares in an area

Cooperatives are required to have at least 4 distinct and separate harvesters (using the 10% threshold rule)

(from 2.4.2.1)

### **F2HA-3. Cooperative/processor affiliations**

Option 1. No association required between processors and co-ops

Option 2. CV cooperatives must be associated with

- a) a processing facility
- b) a processing company

The associated processor must be:

- a) any processor
- b) a limited entry processing license holder

Processors can associate with more than one co-op

Note: A processor association will not be required for a C/P cooperative.

(from 2.4.2.1.1)

### **F2HA-4. Movement between cooperatives**

Harvesters may move between cooperatives at:

- Option 1. the end of each year.
- Option 2. the expiration of the cooperative agreement.
- Option 3. no movement in the first two years

(from 2.4.5)

## **F2HA-5. Duration of cooperative agreements**

Option 1.	1 year
Option 2.	3 years
Option 3.	5 years

Suboption 1: Duration is minimum.

Suboption 2: Duration is maximum.

*(from 2.4.2.3)*

## **F2HA-6. Rules Governing Cooperatives**

- Annual allocations of cooperative members would be issued to the cooperative.
- Co-op members may internally allocate and manage the co-op's allocation per the co-op membership agreement. Subject to any harvesting caps that may be adopted, member allocations may be transferred and consolidated within the co-op to the extent permitted under the membership agreement.
- Monitoring and enforcement requirements would be at the co-op level. Co-op members are jointly and severally responsible for co-op vessels harvesting in the aggregate no more than their co-op's allocation of primary species, secondary species and halibut mortality, as may be adjusted by inter-co-op transfers.
- Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Co-ops may penalize or expel members who fail to comply with their membership agreement.
- Processor affiliates cannot participate in price setting negotiations except as permitted by general antitrust law.
- Co-ops may engage in inter-cooperative transfers to the extent permitted by rules governing transfers of shares among sectors (e.g., gear groups, vessel types).
- Require that a cooperative accept membership of any eligible participant subject to the same terms and conditions that apply to other cooperative members.

*(from 2.4.3.1)*

## **F2HA-7. Harvest Share Allocations – A share/B share allocations**

If a processor limited entry alternative is chosen, CV primary species harvest shares will be issued in two classes. Class A shares will be deliverable to a licensed processor. Class B shares will be deliverable to any processor as authorized under this program. Only the annual allocations will be subject to the Class A/Class B distinction. All long term shares or history will be of a single class.

Suboption : Processor affiliated vessels to receive entire allocation as A shares.

*(from 2.2.3.2.5)*

## **F2HA-8. Provisions for Processor License Limitation**

Apply processor provisions generally at the company level.

50-100% of CV harvest share allocation will be reserved for delivery to any licensed fixed gear processor

The Council requests that staff provide a discussion paper addressing the effect of a use cap on the number of processors in a region.

*(from 2.3.1.1.1)*

## **F2HA-9. Processor License Qualifications**

To qualify for a processor license, a processor must have purchased and processed a minimum amount of groundfish by region as described below in at least 4 of the following years:

- Option 1. 1995-2001
- Option 2. 1995-2002
- Option 3. 1998-2003
- Option 4. 2000-2004
- Option 5. 1995-2003

Eligible Processors – minimum annual processing

Fixed gear

- Suboption 1. 500 mt
- Suboption 2. 200 mt
- Suboption 3. 50 mt

Trawl and fixed gear eligible processors

Processors that meet criteria for both the trawl processor license and fixed gear processor licenses will be issued a single trawl/fixed gear license

Processor history would be credited to (and licenses would be issued to):

Operator – must hold a federal or state processor permit.

Custom processing history would be credited to the processor that purchased the fish as indicated on the fish ticket and paid for processing

*(from 2.3.1.2.1 and December 2005 meeting)*

*This also may need to be by management area (instead of “region” in the lead in).*

## **F2HA-10. Transferability of eligible processor licenses**

Processor licenses can be sold, leased, or transferred.

Within the same region

*(from 2.3.1.2.3)*

## **F2HA-11. Processing Use Caps**

Processing caps by processor license type (by CGOA and WGOA regulatory areas) on A share landings:

Option 1. Range 70% to 130% of TAC processed for all groundfish species for the largest licensed processor

Option 2. Processing use caps would be equal to a percentage that would allow contraction of processing companies in the fishery by 20%, 30%, or 50% of the number initially qualified processing companies

(Note: There is no limit on the amount of fish licensed processor can buy from the open B share classed fish)

Processing caps apply at the entity level.

*(from 2.3.1.2.4)*



## **F2HA-12. License ownership restrictions on processors**

- Option 1. No restrictions
- Option 2. Trawl/fixed license holders cannot hold any additional fixed gear only licenses

*(from 2.3.1.2.6)*

## ***Alternative 2HB –Fixed Gear High Producer - IFQ/Cooperatives with Processor Linkages***

Applies only to high producing fixed gear vessels and catcher processors

### **F2HB-1. Voluntary Cooperatives**

Cooperative membership is not required to receive an annual harvest share allocation. (i.e., IFQ will be allocated to non-members)

*(from 2.4.1)*

### **F2HB-2. Cooperative formation**

Co-ops can be formed between

- 1) holders of high producer fixed gear catcher vessel harvest shares in an area
- 2) holders of catcher/processor harvest shares in an area

Cooperatives are required to have at least 4 distinct and separate harvesters (using the 10% threshold rule)  
*(from 2.4.2.1)*

### **F2HB-3. Co-op/processor affiliations**

Option 1. No association required between processors and co-ops

Option 2. CV cooperatives must be associated with

- a) a processing facility
- b) a processing company

The associated processor must be:

- a) any processor
- b) a limited entry processing license holder
- c) a limited entry processing license holder to which the share holder's shares are linked

Processors can associate with more than one co-op

Note: A processor association will not be required for a C/P cooperative.

*(from 2.4.2.1.1)*

### **F2HB-4. Duration of cooperative agreements:**

- Option 1. 1 year
- Option 2. 3 years
- Option 3. 5 years

Suboption 1: Duration is minimum.

Suboption 2: Duration is maximum.

*(from 2.4.2.3)*

## **F2HB-5. Movement between cooperatives**

Harvesters may move between cooperatives at:

- Option 1. the end of each year.
- Option 2. the expiration of the cooperative agreement.
- Option 3. no movement in the first two years

*(from 2.4.5)*

## **F2HB-6. Rules Governing Cooperatives**

- Annual allocations of cooperative members would be issued to the cooperative.
- Co-op members may internally allocate and manage the co-op's allocation per the co-op membership agreement. Subject to any harvesting caps that may be adopted, member allocations may be transferred and consolidated within the co-op to the extent permitted under the membership agreement.
- Monitoring and enforcement requirements would be at the co-op level. Co-op members are jointly and severally responsible for co-op vessels harvesting in the aggregate no more than their co-op's allocation of primary species, secondary species and halibut mortality, as may be adjusted by inter-co-op transfers.
- Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Co-ops may penalize or expel members who fail to comply with their membership agreement.
- Processor affiliates cannot participate in price setting negotiations except as permitted by general antitrust law.
- Co-ops may engage in inter-cooperative transfers to the extent permitted by rules governing transfers of shares among sectors (e.g., gear groups, vessel types).
- Require that a cooperative accept membership of any eligible participant subject to the same terms and conditions that apply to other cooperative members.

*(from 2.4.3.1)*

## **F2HB-7. Harvest Share Allocations – A share/B share allocations**

If a processor limited entry alternative is chosen, CV primary species harvest shares will be issued in two classes. Class A shares will be deliverable to a licensed processor *to which the shares are linked*. Class B shares will be deliverable to any processor as authorized under this program. Only the annual allocations will be subject to the Class A/Class B distinction. All long term shares or history will be of a single class.

Suboption : Processor affiliated vessels to receive entire allocation as A shares.

*(from 2.2.3.2.5)*

## **F2HB-8. Provisions for Processor License Limitation**

Apply provisions generally at the facility (plant) level.

50-100% of CV harvest share allocation will be reserved for delivery to the linked licensed closed class fixed gear processor.

The Council requests that staff provide a discussion paper addressing the effect of a use cap on the number of processors in a region.

*(from 2.3.1.1.1)*

## **F2HB-9. Processor License Qualifications**

To qualify for a processor license, a processor must have purchased and processed a minimum amount of groundfish by region as described below in at least 4 of the following years:

- Option 1. 1995-2001
- Option 2. 1995-2002
- Option 3. 1998-2003
- Option 4. 2000-2004
- Option 5. 1995-2003

Eligible Processors – minimum annual processing

- Suboption 1. 2000 mt
- Suboption 2. 1000 mt
- Suboption 3. 500 mt

Processor history would be credited to (and licenses would be issued to):

Operator – must hold a federal or state processor permit.

Custom processing history would be credited to the processor that purchased the fish as indicated on the fish ticket and paid for processing

If a processor meets the threshold for total purchased and processed groundfish for all their facilities combined, but does not meet the threshold for any one facility then the processor would be issued a license for the facility in which it processed most fish.

*(from 2.3.1.2.1)*

*This also may need to be by management area (instead of “region” in the lead in).*

## **F2HB-10. Linkage (Linkages apply by area)**

A harvester’s processor linked shares are associated with the licensed fixed gear processor to which the harvester delivered the most pounds of groundfish during the last \_\_\_ years of prior to 2004.

- i. 1
- ii. 2
- iii. 3

Processors with history at multiple facilities in a community may aggregate those histories for determining associations.

Option 1: If the processing facility with whom the harvester is associated is no longer operating in the community, and another processing facility within the community has not purchased the history, the harvester is eligible to deliver to

- i. any licensed processor
- ii. any licensed processor in the community
- iii. the licensed processor to whom the harvester delivered the second most pounds

Option 2: If the processing facility with whom the harvester is associated is no longer operating in the community, the harvester is eligible to deliver to

- i. any licensed processor
- ii. any licensed processor in the community
- iii. the licensed processor to whom the harvester delivered the second most pounds

The Council requests that staff provide a discussion paper addressing the effect of a use cap on the number of processors in a region.

*(from 2.3.1.1.2)*

### **F2HB-11. Movement between linked processors**

Any vessel that is linked to a processor, may with the consent of that processor, deliver A shares to another plant.

In the absence of consent, when a harvester moves from a linked processor, the harvesters shares are reduced 10% - 20% for a period of:

- i. 1 year
- ii. 2 years
- iii. 4 years

Suboptions:

- i. Penalty applies to A shares only.
- ii. Penalty applies to both A and B shares.
  - A. Full penalty applies to each move
  - B. Full penalty applies to the first move, subsequent moves are penalized at half of that rate.
  - C. Full penalty applies only to the first transfer

The share reduction shall be redistributed to the shareholders associated with the processor that the shareholder left (if it continues to exist).

*(from 2.3.1.1.3)*

### **F2HB-12. Transferability of eligible processor licenses**

Processor licenses can be sold, leased, or transferred.

Within the same region

If the license is transferred outside the community of origin, then vessel linkages are broken and vessels are allowed to deliver to any licensed processor.

*(from 2.3.1.2.3)*

### **F2HB-13. License Transfers Among Processors**

- Option 1. any share association with that license will transfer to the processor receiving the license. All harvest share/history holders will be subject to any share reduction on severing the linkage, as would have been made in the absence of the transfer.
- Option 2. any share associated with the license will be free to associate with any licensed processor. Harvest share/history holders will be free to move among processors without share/history reduction.

*(from 2.3.1.2.3.1)*

### **F2HB-14. Processing Use Caps**

Processing caps by processor license type (by CGOA and WGOA regulatory areas) on A share landings:

- Option 1. Range 70% to 130% of TAC processed for all groundfish species for the largest licensed processor
- Option 2. Processing use caps would be equal to a percentage that would allow contraction of processing companies in the fishery by 20%, 30%, or 50% of the number initially qualified processing companies

(Note: There is no limit on the amount of fish licensed processor can buy from the open B share classed fish)

(from 2.3.1.2.4)

### **F2HB-15. License ownership restrictions on processors**

- Option 1. No restrictions
- Option 2. Trawl/fixed license holders cannot hold any additional fixed gear only licenses

(from 2.3.1.2.6)

## ***Alternative 2C – IFQ/Cooperatives with Harvest Share Allocations to Processors***

Applies to all fixed gear vessels

### **F2C-1. Voluntary Cooperatives**

Cooperative membership is not required to receive an annual harvest share allocation. (i.e., IFQ will be allocated to non-members)

(from 2.4.1)

### **F2C-2. Cooperative formation**

Co-ops can be formed between

- 1) holders of fixed gear catcher vessel harvest shares in an area
- 2) holders of catcher/processor harvest shares in an area

Cooperatives are required to have at least 4 distinct and separate harvesters (using the 10% threshold rule)

(from 2.4.2.1)

### **F2C-3. Co-op/processor affiliations**

- Option 1. No association required between processors and co-ops
- Option 2. CV cooperatives must be associated with
  - a) a processing facility
  - b) a processing company
 The associated processor must be:
  - a) any processor
  - b) a limited entry processing license holder (*i.e., CVP holder*)
 Processors can associate with more than one co-op

Note: A processor association will not be required for a C/P cooperative.

(from 2.4.2.1.1)

*The application of this provision is unclear. The provision could be interpreted as requiring cooperative association with a processor that holds CVP.*

#### **F2C-4. Movement between cooperatives**

Harvesters may move between cooperatives at:

- Option 1. the end of each year.
- Option 2. the expiration of the cooperative agreement.
- Option 3. no movement in the first two years

*(from 2.4.5)*

#### **F2C-5. Duration of cooperative agreements**

- Option 1. 1 year
- Option 2. 3 years
- Option 3. 5 years

Suboption 1: Duration is minimum.

Suboption 2: Duration is maximum.

*(from 2.4.2.3)*

#### **F2C-6. Rules Governing Cooperatives**

- Annual allocations of cooperative members would be issued to the cooperative.
- Co-op members may internally allocate and manage the co-op's allocation per the co-op membership agreement. Subject to any harvesting caps that may be adopted, member allocations may be transferred and consolidated within the co-op to the extent permitted under the membership agreement.
- Monitoring and enforcement requirements would be at the co-op level. Co-op members are jointly and severally responsible for co-op vessels harvesting in the aggregate no more than their co-op's allocation of primary species, secondary species and halibut mortality, as may be adjusted by inter-co-op transfers.
- Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Co-ops may penalize or expel members who fail to comply with their membership agreement.
- Processor affiliates cannot participate in price setting negotiations except as permitted by general antitrust law.
- Co-ops may engage in inter-cooperative transfers to the extent permitted by rules governing transfers of shares among sectors (e.g., gear groups, vessel types).
- Require that a cooperative accept membership of any eligible participant subject to the same terms and conditions that apply to other cooperative members.

*(from 2.4.3.1)*

#### **F2C-7. Processor Eligibility**

To qualify for a processor license, a processor must have purchased and processed a minimum amount of groundfish by region as described below in at least 4 of the following years:

- Option 1. 1995-2001
- Option 2. 1995-2002
- Option 3. 1998-2003

Option 4. 2000-2004

Option 5. 1995-2003

Eligible Processors – minimum annual processing

Suboption 1. 2000 mt

Suboption 2. 1000 mt

Suboption 3. 500 mt

Processor history would be credited to (and licenses would be issued to):

Operator – must hold a federal or state processor permit.

Custom processing history would be credited to the processor that purchased the fish as indicated on the fish ticket and paid for processing

If a processor meets the threshold for total purchased and processed groundfish for all their facilities combined, but does not meet the threshold for any one facility then the processor would be issued a license for the facility in which it processed most fish.

(from 2.3.1.2)

*This provision may need revision to apply to this alternative. This also may need to be by management area (instead of “region” in the lead in).*

#### **F2C-8. Processor Allocations**

Up to 30% of CV QS shall be designated as “CVP” shares and eligible to be held by processors and CV recipients. A portion of the CVP share allocation will be divided among eligible processors proportional to their history in the qualifying years used to determine processor eligibility. Any balance of CVP not distributed initially to processors shall be distributed proportionally to CV recipients.

(from 2.3.2)

*The term “CV recipients” is unclear. This is assumed to be persons eligible to acquire CV QS. The provision could be revised to read: Up to 30% of CV QS shall be designated as “CVP” shares and may be held by processors and persons eligible to acquire CV QS.*

*This provision should be revised to define the portion of CVP that will be allocated to processors.*

#### **F2C-9. CVP Transferability**

CVP is transferable between eligible CV holders and /or processors.

(from 2.3.2)

*The use of the term eligible CV holders is confusing. Does this refer to “persons eligible to receive CV shares”.*

*To enforce this provision, “processors” will need to be defined.*

*Also, this provision is confusing given the redundant provision concerning the transfer of shares that follows. The second provision could be revised to cover leases.*

CVP shares may be transferred or leased to any entity eligible to receive CV QS by transfer.

(from 2.3.2)

## **F2C-10. CVP Use**

CVP shares may be fished on any catcher vessel and subject to existing share designations (*i.e., gear and vessel type*) and existing vessel use caps.

Any shareholder under this program is intended to comply with all existing laws concerning the documentation of vessels and entry of vessels to U.S. fisheries in fishing those shares. Shareholders unable to enter a vessel into U.S. fisheries may lease share holdings or use holdings through cooperative membership to the extent permitted by the program, but not in contravention of current law pertaining to entry of vessels in U.S. fisheries.

*(from 2.3.2)*

## **F2C-11. CVP Caps on Use and Holdings**

Caps of CVP will apply at the company level by management area and will be a 10-30% of the total pool of CVP shares available in the management area. Recipients of CVP that exceed the cap will be grandfathered.

*(from 2.3.2)*

## **F2C-12. Limit on Vertical Integration**

No processors (and processor affiliates using the 10% rule) may own or control CV quota shares (*other than CVP*). CVP initially issued to processor affiliates will be grandfathered.

*(from 2.3.2)*

*Application of this limit will require a definition of the term “processor”.*

## **F2C-13. CVP Regionalization**

CVP shares will be regionalized.

*(from 2.3.2)*

*The method for regionalization should be specified. CVP could be regionalized based on the location of processing that led to the allocation.*

## ***Alternative 3L1 – Fixed Gear Low Producer – Sector Allocation with Limited Access Fishery***

Applies to low producing fixed gear vessels.

Exclude from co-op program, provide sector allocation and continue as an LLP fishery. *The sector allocation would be defined by G-6, G-7, and G-8.*

*(from 3.2)*

## ***Alternative 3L2 – Fixed Gear Low Producer – Cooperatives/Limited Access***

Applies to all fixed gear vessels - Applies all co-op rules except processor affiliation requirement for initial co-op formation (i.e. harvester co-op without processor association).

*(from 3.2)*



### **F3L2-1. Voluntary Cooperatives**

Voluntary cooperatives may form between eligible harvesters. Harvesters may elect not to join a cooperative, and continue to fish in the LLP/Limited Access fishery.

*(from 3.3)*

### **F3L2-2. Allocations to Individuals and Cooperatives**

On joining a cooperative that complies with all requirements for an initial cooperative, an individual will be allocated catch history as generic Gulf History (GH).

Each cooperative will receive an annual allocation of Gulf Quota (GQ) based on the GH of its members.

*(from 3.3.1 and 3.3.2)*

### **F3L2-3. Cooperative Eligibility - Catcher Vessel Cooperatives**

Catcher vessel co-ops may be established within sectors between eligible harvesters.

*(from 3.3.5)*

### **F3L2-4. Cooperative Formation - Catcher Vessel Cooperatives**

Cooperatives are required to have at least:

- Option 1. 4 distinct and separate harvesters (using the 10% threshold rule)
- Option 2. Any number of eligible harvesters within the sector (allows single person co-op)

*(from 3.3.7)*

### **F3L2-5. Initial Cooperative Agreement Requirements**

Catcher vessel co-ops may be formed by eligible harvesters (the co-op) subject to the terms and conditions of a co-op membership agreement.

*(from 3.3.1)*

*Note other provisions of initial cooperative formation are inapplicable because of exemption from processor associations.*

### **F3L2-6. Duration of Initial Cooperative Agreements**

Duration of initial cooperative agreements:

- Option 1. 1 year
- Option 2. 2 years
- Option 3. 3 years
- Option 4. Any length agreed between the co-op participants.

*(from 3.3.8)*

### **F3L2-7. Movement between cooperatives**

An initial cooperative formation period shall be established beginning with year one of program implementation and extended for the period identified below.

- Option 1. period is 1 year
- Option 2. period is 2 years
- Option 3. period is 3 years

After the initial cooperative formation period, a holder of GH may leave an initial cooperative and join another cooperative.

*(from 3.3.12 and 3.4.1)*

### **F3L2-8. Rules Governing Cooperatives**

The following provisions apply to all cooperatives:

- a. The harvesters that enter into a co-op membership agreement shall be the members of the co-op.
- b. The co-op membership agreement will be filed with the RAM Division. The Contract must contain a fishing plan for the harvest of all co-op fish.
- c. Co-op members shall internally allocate and manage the co-op's allocation per the cooperative agreement.
- d. Subject to any harvesting caps that may be adopted, GH or GQ may be transferred and consolidated within the co-op to the extent permitted under the Contract.
- e. The cooperative agreement must have a monitoring program. Monitoring and enforcement requirements would be at the co-op level. Co-op members are jointly and severally responsible for co-op vessels harvesting in the aggregate no more than their co-op's allocation of primary species, secondary species and halibut PSC mortality, as may be adjusted by inter-cooperative transfers.
- f. Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Co-ops may penalize or expel members who fail to comply with their membership agreement.
- g. Co-op membership agreements will specify that processor affiliated vessels cannot participate in negotiations concerning price setting, code of conduct, mechanisms for expelling members, or exit agreements.
- h. Co-op membership agreements shall allow for the entry of other eligible harvesters into the co-op under the same terms and conditions as agreed to by the original agreement.

*(from 3.4.1)*

### **F3L2-9. General Provisions Concerning Transfers of GH and GQ.**

Co-ops may engage in inter-cooperative transfers (leases) of GQ during and after the initial co-op formation period.

During the initial cooperative formation period, GH transfers will be permitted between members of the same cooperative, but not between members of different cooperatives.

Following the initial co-op formation period, members of a co-op may transfer GH to members of other co-ops.

All transfers will be subject to such terms and conditions as may be specified in the applicable cooperative agreement and any ownership or use caps or other conditions as may be established pursuant to this program.

For persons that join cooperatives for the first time after the initial cooperative formation period, the limits on transfers shall apply for the same period of time as the initial cooperative formation period.

*(from 3.4.2)*

### **F3L2-10. Use of Annual Allocations**

Any holders of history and cooperatives under this program are intended to comply with all existing laws concerning the documentation of vessels and entry of vessels to U.S. fisheries in fishing under the program. Holders of history unable to enter a vessel into U.S. fisheries may lease holdings or use holdings through cooperative membership to the extent permitted by the program, but not in contravention of current law pertaining to entry of vessels in U.S. fisheries.

*(from 3.3.11)*

*This provision may be unnecessary.*

### **F3L2-11. LLP/Limited Access Fishery**

The allocation for each sector of primary species, secondary species, and halibut PSC to the LLP/Limited Access fishery will be those amounts remaining after allocation to the co-ops. Harvesters that choose not to participate in a co-op may continue to fish in the LLP/Limited Access fishery.

In the limited access fishery directed fishing will be permitted for primary species only. The current system of MRAs will be used for managing catch of secondary species and unallocated species.

*(from 3.6)*

*MRAs may need to be adjusted to keep catch under the allocation.*

### **F3L2-12. Movement from a Cooperative to the LLP/Limited Access Fishery**

The LLP of any vessel that has entered a co-op and generated GH pursuant to this program may not be subsequently used, or transferred to another vessel, to fish in the LLP/Limited Access fishery for any primary **and** secondary species identified under this program unless all GH initially associated with the LLP is held by the LLP holder and is allocated to the LLP/Limited Access fishery.

Note: The intent of this provision is to prevent a vessel from entering a co-op, transferring its GH to the co-op and then subsequently taking its LLP and re-entering the open access fishery or transferring its LLP to another vessel to fish in the LLP/Limited Access fishery.

*(from 3.6, Issue 2)*

*The staff suggested correction is to use “and” in place of “or”. The Council also could consider including PSC requirements.*

### **F3L2-13. Processing Use Caps**

Processors shall be capped at the entity level.

No processor shall process more than:

Option 1. 25% of total harvest by area and primary species group

Option 2. 50% of total harvest by area and primary species group

Option 3. 75% of total harvest by area and primary species group

Option 4. no cap

Processors eligible *to associate with an initial cooperative* will be grandfathered.

Primary species groups are:

Pacific cod

Aggregate flatfish

Aggregate rockfish

*(from 3.4.6 and 3.3.5)*

### ***Alternative 3 – Cooperatives/Limited Access with Processors Associations***

Applies to all fixed gear vessels (catcher vessels and catcher processors)

#### **F3-1. Voluntary Cooperatives**

Voluntary cooperatives may form between eligible harvesters in association with processors. Harvesters may elect not to join a cooperatives, and continue to fish in the LLP/Limited Access fishery.

*(from 3.3)*

#### **F3-2. Allocations to Individuals and Cooperatives**

On joining a cooperative that complies with all requirements for an initial cooperative, an individual will be allocated catch history as generic Gulf History (GH).

Each cooperative will receive an annual allocation of Gulf Quota (GQ) based on the GH of its members.

*(from 3.3.1 and 3.3.2)*

#### **F3-3. Cooperative Eligibility - Catcher Vessel Cooperatives**

Catcher vessel co-ops may be established within sectors between eligible harvesters in association with an eligible processor. A harvester is initially eligible to join a cooperative in association with the processor to which the harvester delivered the most pounds of primary species by area (Western Gulf, Central Gulf, West Yakutat) and region (North/South) during the

- a) qualifying years.
- b) most recent 1, 2, or 3 years from the qualifying years.
- c) last 4 years prior to 2004

Provisions applied to a, b, and c:

For the following species groups:

- Pollock
- Pacific cod
- Aggregate rockfish
- Aggregate flatfish

*(from 3.3.5)*

### **F3-4. Cooperative Formation - Catcher Vessel Cooperatives**

Cooperatives are required to have at least:

- Option 1. 4 distinct and separate harvesters (using the 10% threshold rule)
- Option 2. 50-75 percent of the eligible GH for each co-op associated with its processor  
Applies to CVs for processor associated cooperatives, if less than 4 distinct and separate harvesters are available to associate with the processor.
- Option 3. Any number of eligible harvesters within the sector (allows single person co-op)

(from 3.3.7)

### **F3-5. Initial Cooperative Agreement Requirements**

Catcher vessel co-ops may be formed by eligible harvesters (the co-op) subject to the terms and conditions of a co-op membership agreement. In order to receive an allocation of GH under this program, co-ops must enter into a duly executed contractual agreement (Contract) with the processor the harvester is initially eligible to join a cooperative in associate with.

Contracts established under this section shall specify the terms and conditions for transferring GQ or GH from the cooperative, including mechanisms whereby a member exiting the co-op (or transferring GH from the co-op) compensates the remaining co-op members and/or the associated processor for exiting the co-op (or transferring GH from the co-op). Compensation can take on any form agreed to by the members and the associated processor, including permanent transfer of some or all GH generated by the existing participant to the remaining co-op members and/or the associated processor.

***Requiring an agreement among all cooperative members and the processor raises antitrust concerns. Typically, persons can only negotiate terms collectively, if they are members of an FCMA cooperative. This provision appears to require FCMA cooperative membership.***

Following the initial co-op period, new GH can be generated by eligible harvesters that have never been co-op members only by joining a co-op in association with the eligible processor pursuant to the terms of an agreement that meets the requirements for an initial co-op.

(from 3.3.11)

### **F3-6. Duration of Initial Cooperative Agreements**

Duration of initial cooperative agreements:

- Option 1. 1 year
- Option 2. 2 years
- Option 3. 3 years
- Option 4. Any length agreed between the co-op participants.

(from 3.3.8)

### **F3-7. Catcher Vessel - Cooperative/processor associations**

- Option 1: If the processing facility with whom the harvester **would be initially** associated is no longer operating in the community, and another processing facility within the community has not purchased the history, the harvester is eligible to deliver to
- i. any licensed processor

- ii. any licensed processor in the community (If there are no eligible processors in that community, the harvester may join a co-op in association with any eligible processor within the region.)
- iii. the licensed processor to whom the harvester delivered the second most pounds

Option 2: If the processing facility with whom the harvester *would be initially* associated is no longer operating in the community, the harvester is eligible to deliver to

- i. any licensed processor
- ii. any licensed processor in the community (If there are no eligible processors in that community, the harvester may join a co-op in association with any eligible processor within the region.)
- iii. the licensed processor to whom the harvester delivered the second most pounds

CV cooperatives must be associated with an eligible processing facility  
Processors can associate with more than one co-op.

Processors with history at multiple facilities in a community may aggregate those histories for determining associations.

The eligible processor is:

- 1) prior to satisfying an exit requirement, a processor that the harvester is initially eligible to associate with in a cooperative, and
- 2) after satisfaction of an exit requirement, any processor

*(from 3.3.9)*

### **F3-8. Cooperative Eligibility - Catcher Processor Cooperatives**

Catcher processor co-ops may be formed by eligible CPs within each CP sector. No processor affiliation is required for CP co-op formation.

*(from 3.3.6)*

### **F3-9. Cooperative Formation - Catcher Processor Cooperatives**

Cooperatives are required to have at least:

- Option 1. 4 distinct and separate harvesters (using the 10% threshold rule)
- Option 2. 50-100 percent of the GH of its sector.
- Option 3. Any number of eligible harvesters within the sector (allows single person co-op)

*(from 3.3.7)*

### **F3-10. Movement between cooperatives**

An initial cooperative formation period shall be established beginning with year one of program implementation and extended for the period identified below.

- Option 1. period is 1 year
- Option 2. period is 2 years
- Option 3. period is 3 years

After the initial cooperative formation period, a holder of GH that meets the requirements of an initial cooperative agreement for exiting a cooperative may leave an initial cooperative and join a cooperative in

association with any processor pursuant to a Contract that meets the requirements of rules governing cooperatives.

(from 3.3.12)

*Should specify rules applicable to catcher processors.*

### **F3-11. Rules Governing Cooperatives**

The following provisions apply to all cooperatives:

- a. The harvesters that enter into a co-op membership agreement shall be the members of the co-op. The processor will be an associate of the cooperative but will not be a cooperative member.
- b. Except for CP cooperatives, a pre-season Contract between eligible, willing harvesters in association with a processor is a pre-requisite to a cooperative receiving an allocation of GQ. For an initial co-op, the Contract must meet the *initial cooperative agreement requirements*.
- c. The co-op membership agreement and the Contract will be filed with the RAM Division. The Contract must contain a fishing plan for the harvest of all co-op fish.
- d. Co-op members shall internally allocate and manage the co-op's allocation per the Contract.
- e. Subject to any harvesting caps that may be adopted, GH or GQ may be transferred and consolidated within the co-op to the extent permitted under the Contract.
- f. The Contract must have a monitoring program. Monitoring and enforcement requirements would be at the co-op level. Co-op members are jointly and severally responsible for co-op vessels harvesting in the aggregate no more than their co-op's allocation of primary species, secondary species and halibut PSC mortality, as may be adjusted by inter-cooperative transfers.
- g. Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Co-ops may penalize or expel members who fail to comply with their membership agreement.
- h. Co-op membership agreements will specify that processor affiliated vessels cannot participate in negotiations concerning price setting, code of conduct, mechanisms for expelling members, or exit agreements.
- i. Co-op membership agreements shall allow for the entry of other eligible harvesters into the co-op under the same terms and conditions as agreed to by the original agreement. Harvesters that have never been a member of a cooperative must enter an agreement that meets all requirements for an initial co-op, as specified under *initial cooperative agreement requirements*.

(from 3.4.1)

### **F3-12. General Provisions Concerning Transfers of GH and GQ.**

Co-ops may engage in inter-cooperative transfers (leases) of GQ during and after the initial co-op formation period.

During the initial cooperative formation period, GH transfers will be permitted between members of the same cooperative, but not between members of different cooperatives.

Following the initial co-op formation period, members of a co-op may transfer GH to members of other co-ops.

All transfers will be subject to such terms and conditions as may be specified in the applicable Contract and any ownership or use caps or other conditions as may be established pursuant to this program.

For persons that join cooperatives for the first time after the initial cooperative formation period, the limits on transfers shall apply for the same period of time as the initial cooperative formation period.

(from 3.4.2)

### **F3-13. Transfers by catcher processors**

Transfers of GH or leases of GQ across CP gear types is

- a) not permitted
- b) permitted.

(from 3.3.10)

*This provision is only required if CP history/shares will be treated differently from history/shares of other participants.*

### **F3-14. Use of Annual Allocations**

Any holders of history and cooperatives under this program are intended to comply with all existing laws concerning the documentation of vessels and entry of vessels to U.S. fisheries in fishing under the program. Holders of history unable to enter a vessel into U.S. fisheries may lease holdings or use holdings through cooperative membership to the extent permitted by the program, but not in contravention of current law pertaining to entry of vessels in U.S. fisheries.

(from 3.3.11)

### **F3-15. LLP/Limited Access Fishery**

The allocation for each sector of primary species, secondary species, and halibut PSC to the LLP/Limited Access fishery will be those amounts remaining after allocation to the co-ops. Harvesters that choose not to participate in a co-op may continue to fish in the LLP/Limited Access fishery.

In the limited access fishery directed fishing will be permitted for primary species only. The current system of MRAs will be used for managing catch of secondary species and unallocated species.

(from 3.6)

*MRAs may need to be adjusted to keep catch under the allocation.*

### **F3-16. Movement from a Cooperative to the LLP/Limited Access Fishery**

The LLP of any vessel that has entered a co-op and generated GH pursuant to this program may not be subsequently used, or transferred to another vessel, to fish in the LLP/Limited Access fishery for any primary *and* secondary species identified under this program unless all GH initially associated with the LLP is held by the LLP holder and is allocated to the LLP/Limited Access fishery.

Note: The intent of this provision is to prevent a vessel from entering a co-op, transferring its GH to the co-op and then subsequently taking its LLP and re-entering the open access fishery or transferring its LLP to another vessel to fish in the LLP/Limited Access fishery.



(from 3.6, Issue 2)

***The staff suggested correction is to use “and” in place of “or”. The Council also could consider including PSC requirements.***

### **F3-17. Processing Use Caps**

Processors shall be capped at the entity level.

No processor shall process more than:

- Option 1. 25% of total harvest by area and primary species groups in Section 3.3.5
- Option 2. 50% of total harvest by area and primary species groups in Section 3.3.5
- Option 3. 75% of total harvest by area and primary species groups in Section 3.3.5
- Option 4. no cap

Processors eligible *to associate with an initial cooperative* will be grandfathered.

(from 3.4.6)

## **Jig Gear Alternatives**

### **Alternative J2 – Jig Sector Allocation – Open Access**

Jig Sector receives sector allocation and is prosecuted as an open access fishery. (*G-9 identifies the sector allocation*)

(from 2.2.1)

*The Council should note that the jig fishery is currently a limited access fishery under the LLP, with only vessels that do not exceed 26 feet exempt from the LLP requirement.*

### **Alternative J3A – Jig Sector Allocation**

Option for jig sector: jig sectors would be exempt from co-op provisions. (*G-9 identifies the sector allocation*)

(from 3.1)

*The Council should clarify whether this provision is intended institute an open fishery or continue the current limited access management.*

*The Council should note that the jig fishery is currently a limited access fishery under the LLP, with only vessels that do not exceed 26 feet exempt from the LLP requirement.*

### **Alternative J3B – Cooperatives/Limited Access with Processors Associations**

The provisions applicable to the fixed gear low producing catcher vessels could be used to develop this alternative, if the Council wished to pursue this alternative.

**North Pacific Fishery Management Council  
Gulf of Alaska Groundfish Rationalization  
Provisions relating to the IFQ halibut/sablefish fishery and Southeast Outside**

***IFQ provisions***

**IFQ-1. Management areas**

Applies to Sablefish areas SE, WY, CG, WG. Applies to halibut areas 2C, 3A, 3B, 4A.

**IFQ-2. Primary species**

P.cod, Greenland turbot, POP,

QS will be issued to the halibut/sablefish QS holder. Any QS/IFQ issues for these primary species will not be subject to regionalization, mandatory coop, closed class processor, or processor linkage provisions of GOA rationalization.

**IFQ-3. Secondary species**

RE/SR, Thornyheads, Pelagic shelf, Other Slope, Northern, and Other rockfish. Allocation to the halibut/sablefish IFQ fishery shall be determined by:

- A) Sablefish: Allocation based on the average rate and 75th percentile of observed bycatch rates, by area (the rate which 75% of observed sets did not exceed)
- B) Halibut: Allocation based on the average rate and 75th percentile of bycatch rates experienced in IPHC surveys by area (the rate which 75% of survey sets did not exceed).

The IPHC survey data will look at the years 1995-2002 and 1998-2002.

**IFQ-4. Management provisions for secondary species**

- a) Management of RE/SR, Thornyheads, Pelagic, Other Slope, Northern, and Other rockfish shall be  
Option 1: Managed in aggregate on an area basis using current MRA regulations.

Option 2: Allocated to individual sablefish or halibut QS owners proportional to their QS holdings. Secondary species QS can only be permanently transferred with the underlying parent QS, but IFQ may be leased across vessel categories and species within the halibut and sablefish IFQ program.

Suboption 1: Allow an individual to choose, on an annual basis, individual allocations or to participate in the common pool.

Suboption 2: Allow a 7 day grace period after an overage occurs for the owner to lease sufficient Secondary species IFQ to cover the overage. Failure to secure sufficient IFQ would result in forfeiture of the overage and fines.

- b) An estimate of non commercial use of secondary species will be made based on observer and IPHC data. Non commercial use of secondary species for gurdy bait will not require QS/IFQ.
- c) Require full retention of Secondary species listed under A.

***Southeast Outside provisions***

**SEO-1. Secondary Species**

SEO is exempt from GOA rationalization program except for the management of RE/SR, Thornyheads, and Other Slope as secondary species

## **SEO-2. Management provisions for secondary species**

Management provisions for secondary species

- a) Any QS/IFQ issued for these secondary species will not be subject to regionalization, mandatory coop, closed class processor, or processor linkage provisions of GOA rationalization
- b) Management of RE/SR, Thornyheads, and Other Slope rockfish shall be:
  - Option 1: Managed in aggregate on an area basis using current MRA regulations.
    - Suboption: separate allocations for each target fishery
  - Option 2: Allocated to the vessel owner or qualified lease holder as a ratio of target species
- c) Non commercial use of secondary species for gurdy bait will not require QS/IFQ.
- d) Develop sideboards for the SEO area