

## **IR/IU TECHNICAL COMMITTEE REPORT**

(August 2003)

The NPFMC's IR/IU Technical Committee (Committee) met at the Alaska Fishery Science Center in Seattle, August 25-27, to discuss a number of issues stemming from the June 2003 Council meeting. The Committee was chaired by Dr. Dave Hanson. Chris Oliver and Darrell Brannan (NPFMC), Marcus Hartley of Northern Economics, Jeff Hartman of NOAA Fisheries, and Kenneth Hansen from the Enforcement Division served as primary staff support for the Committee. Lauren Smoker (NOAA GC), Sue Salvesson (SF), and Bill Karp (Observer Program) were also in attendance. Committee members present were Bill Orr, Susan Robinson, Teresa Kandianis, Eric Olson, Dave Wood, Donna Parker, John Henderschedt, and Thorn Smith (for Gerry Merrigan). Others in attendance included Arni Thomson, Eric Hollis, Jan Jacobs, Craig Cross, Ed Luttrell, Bill Atkinson, Mark Lundsten, Terry Lietzel, Dave Benson, and Paul McGregor.

During the first half meeting the Committee addressed issues concerning implementation of the Groundfish Retention Standard (GRS) under Amendment C (approved in June), and the enforcement period change for pollock maximum retainable allowances (MRA)s. During the second half of the meeting the Committee discussed Sector Allocations and Non-AFA Trawl Cooperatives (proposed under Amendment A). The following summarizes the committee discussions and actions.

### **GROUNDFISH RETENTION STANDARD ISSUES**

#### **Certified Observer Stations**

NOAA Enforcement clarified that there would be a requirement that all vessels that would have to comply with the groundfish retention standard (GRS) would have to have a certified observer station in addition to motion compensated flow scales, and the requirement that 100 percent of the tows would have to be observed (see discussion below). Industry members indicated that they were fully aware of these requirements, although there was some question on the specifics of the observer station requirements.

Discussion continued around the question of the variability among affected vessels, and the ability to incorporate flexibility into the requirements. It was pointed out that only seven additional vessels would need to be certified under the program. In general it was believed that all of the affected vessels could meet the scale and observer station requirements, but the biggest expense would be the additional observer cost.

#### **Requirement that 100 Percent of Tows be Observed**

The Committee discussed the requirement that 100 percent of the tows will need to be observed to enforce the GRS, which could be accomplished through 'alternative catch monitoring plans', as opposed to 200% observer coverage. NOAA Fisheries reiterated that regardless of the 'alternative plan', the minimum requirement would be that 100 percent of tows would be observed. A single observer might be acceptable, but it was indicated that a single observer is limited to 9 hours per day of sampling and 12 hours per day of active duty. Therefore if the fishing vessel wishes to fish and process throughout the day then it is likely that two observers will be required. Committee members expressed a desire for NMFS to work with industry

Industry members of the Committee pointed out that the additional observer costs are likely to be very expensive and asked for clarification of the role of the observers. It was indicated that flow scales will provide an estimate of total catch weight, and the observer's species composition sample will provide an estimate of the proportion of non-groundfish in the tow. Since the denominator of the GRS is total groundfish catch, it is critical that the weight of non-groundfish be determined and subtracted from the denominator.

This point raised the suggestion that perhaps total catch should be used in the denominator rather than total groundfish, thereby eliminating the need for observation of 100% of the tows. NOAA Enforcement however indicated that the observers also served the function of monitoring whether all fish were being weighed and that no tampering of the scales had occurred. NOAA Enforcement also indicated that even with two observers in other fisheries, there have been reports of scale tampering.

The discussion then turned to the question of whether video monitoring of scales or the use of private security guards might also be considered an alternatives to observer monitoring. It was acknowledged that technology may exist to adequately monitor scales, but costs and feasibility of such a program were unknown. It was also pointed out that a consultant is currently engaged by the NPFMC to investigate technological issues such as video monitoring.

### **Benefits of 100 Percent of Tows Observed**

Other benefits of having 100 percent of tows observed were briefly discussed. It was pointed out that this level of observer coverage is likely to decrease the level of uncertainty in species composition estimates of catches, and would likely increase the amount of biological information available for fishery scientists. It was also indicated that the increased coverage would create a significant increase in the general public's perception of that the bycatch issue was being monitored.

However, from a statistical perspective it was noted that the improved accuracy of total catch estimates resulting from an increase from 50 percent of tows observed to over 90 percent observed may not significantly decrease the cumulative sampling error around the estimate of total groundfish catch. The lack of improvement is due to the fact that the original sample size (up to 600 tows/year) is quite large.

### **Strategies to Comply with GRS in 2007 and Beyond**

In response to a request by NOAA Fisheries, the Committee discussed potential operational strategies that industry might employ to comply with the GRS. It was generally agreed that with the approval of the change in pollock MRA enforcement periods, compliance to GRS in 2005 and 2006 will not be a major problem (though 75% retention would be a challenge for some individual vessels), but meeting the 80 percent standard in 2007 and 85 percent standard in 2008 is seen by many in the industry as difficult and costly. Suggested strategies to meet the GRS requirements included switching to larger mesh, moving into the Aleutians to target cod as a single species fishery, possibly fishing for more yellowfin sole in the early part of the year, and perhaps limiting participation in the Atka mackerel fishery. The idea behind these strategies would be to start the year in fisheries with relatively low discard rates, this would allow vessels to build up a retention basis against which they could fish in less "pure" fisheries later in the year. Each of these strategies were also noted as being likely to increase the costs of participating in the groundfish fisheries.

It was also suggested that changing the GRS enforcement period so that it runs from July through June could make it easier for some vessels to comply. Boats that currently target the Atka mackerel fishery early in the

## **Incorporation of Small Vessels (<125') Under GRS**

A list of potential options for incorporating small vessels under the GRS was distributed by staff to the Committee. Discussion focused on the impracticality of using certified scales, observer stations, and observers for 100 percent of tows on vessels < 125'. The Committee discussed and modified the list, finishing with a recommendation to forward these to the Council as potential options for consideration. Some of these options will work only if a less stringent monitoring program is deemed acceptable. No options were included that required certified flow scales on these smaller vessels. The Committee stressed their consensus that compliance with the GRS will be difficult and costly without a cooperative for the non-AFA trawl CP sector, particularly the <125' vessels. The Committee also indicated that the list was not exhaustive and that other options could be developed. Finally the Committee noted that it might be reasonable to phase in the GRS, as described in #6, for all vessels not just those < 125'.

1. Use the same monitoring program as in Status quo—30% observer coverage, no scales.
2. Use the same monitoring program as in Status quo—30% observer coverage, no scales, but note that FMP language applies to all vessels. The FMP language could include an agreement that in order to participate in groundfish fisheries all discard data will be made public on an individual vessel basis.
3. Rely on self reporting - and 30% coverage as currently used.
4. 100% of hauls observed but no flow scales
5. Change from a groundfish retention standard to a total catch retention standard.
6. Phase in a program for vessels < 125 after an experimental program on vessels > 125' to correlate:
  - a. estimates variance between scale weight and volumetrics,
  - b. estimate error rates in groundfish and non-groundfish proportions,
  - c. estimate variance between actual PRRs and standard PRRs,
  - d. estimate variance in actual product weights and product weight from box counts.

The experimental results would be used to modify enforcement requirements for vessels < 125, or conceivably on larger vessels as well.

7. Consider the use of video monitoring for enforcement, noting a number of unresolved issues, paying particular attention to confidentiality and FOIA-bility.

## **Maximum Catch Criteria for Continued Exemption of Small Vessels**

The question of whether a maximum catch standard for the small vessel exemption should be reopened was discussed. It was noted that vessels in the <125' class were not able to easily or efficiently modify catching or processing capacity to increase removals or discards of groundfish. Therefore, it was not considered to be necessary to incorporate an additional catch threshold to constrain catches of this vessel group beyond the technical and economic constraints that presently exist. Some members of the Committee believed the maximum catch criteria for exemption from GRS may have merit if applied to all vessels, not just those < 125'.

## MAXIMUM RETAINABLE ALLOWANCE (MRA) ISSUES

### **Draft Proposed Regulations**

Draft proposed regulations implementing the enforcement period change for the MRA were distributed by NOAA Fisheries and discussed by the Committee. The Committee had no significant comment on the proposed regulations.

### **Options to Insure That Total Pollock Catch by Non-AFA Trawl CPs Does Not Increase**

The Committee discussed options to limit total pollock catch by the non-AFA Trawl, and were provided detailed information by staff regarding catch and retention rates by quarter. The options discussed would establish protocols for setting the Incidental Catch Allowance (ICA) for pollock and would impose a prohibition against directed fishing for pollock (pollock exceeds 50 percent of catch in a tow) at any time during a trip. The information provided by staff indicated that there is not currently a problem in this regard, but that a specific DFS as proposed would not hurt anyone. There was lengthy discussion among the committee members, but no consensus to forward the specific proposal to the Council. However, it was recommended that an annual report on pollock incidental catch (bycatch and retention rates) be provided to the Council, with the intent for a regulatory amendment change if warranted. Further, the committee recommends that if changes are made to the ICA, over the current 3.5% for example, NOAA Fisheries should document that such change was consistent with the intent of the Council's MRA actions in June 2003, and whether such changes were attributable to increased harvesting of pollock by a given sector, or other factors.

## AMENDMENT A

The Committee discussed the refinement of components and options for amendments that would create BSAI sector allocations (Amendment A-1, or 80-a) and Non-AFA Trawl CP cooperatives (Amendment A-2, or 80-b).

### **Sector Allocation Issues (A-1) - Amendment #80-a**

Sector allocation issues were considered first. Sector allocation provisions were divided into two major issues and provided to the Committee. The Committee discussed the provisions, made changes and recommended they be forwarded to the Council (The approved provisions are included in Appendix A).

Issue 1 defines the sectors and the participation requirements a vessel must meet to qualify for a sector. The Committee members reviewed the list of sectors and discussed the impacts of having separate allocations to the Non-AFA Trawl CV sector and the AFA Trawl CV sector and decided not to alter the sectors being considered for an allocation. They also agreed to retain the six options that define the years used to determine whether a vessel met the minimum landings requirements. Three options (0mt, 50mt, and 250mt) were added to the list of minimum landings requirements to qualify to participate in a sector. These alternatives were added because the Committee felt that a broader set of options was needed to reflect the historic participation of all sectors being considered for an allocation. The Committee also clarified that the minimum landings requirements recommended in the package would be based on the vessel's total catch over the time period.

Given the minimum landing requirements being considered to qualify for a sector, the Committee discussed what happens to vessels that do not qualify. It is envisioned that sector eligibility will be reflected as an endorsement on a groundfish license. Persons that hold a license with no sector endorsements will not be

The rules for defining the species being allocated to a sector and the amount of each sector's allocation were discussed under Issue 2. During that discussion, two options listing the species to be included in the sector allocations were added to Component 4. The options are the same as those previously included in the Non-AFA Trawl CP sector's cooperative allocation. One of the options would only allocate target species. If bycatch species are not allocated to sectors, those species will be harvested from an open access pool and managed under the status quo. The Committee then requested that the analysis include a discussion of using ICA's to manage bycatch for all species except Pacific cod and pollock.

The Committee reviewed the methods for determining the percentage of total catch that each sector would be allocated. Members of the Committee felt that retained catch divided by TAC was not an appropriate allocation method, and **recommends to the Council that it be removed from the list of options**. Much of the concern expressed by the Committee centered around potential "squid-box" issues and management of the portion of the TAC that is not assigned to a particular sector (unallocated fish).

The Committee noted that the analysis of alternatives changing CDQ percentages needs to be thorough. Members were concerned that the CDQ portion of the analysis would be scaled back because of the magnitude of the overall amendment package and the short time line for completion.

Members of the **Committee recommended that the amendments for the sector allocation and Non-AFA Trawl CP cooperatives be inextricably linked**. However, they did agree that sector allocations could be implemented first if that regulatory process works faster once both amendments are approved by the SOC.

#### **Non-AFA Trawl CP Cooperatives (A-2) - Amendment #80-b**

Alternatives for developing Non-AFA Trawl CP cooperatives were discussed next. Several changes were made to the list of components and options that was provided to the Committee. Those changes are reflected in the revised list of options that is attached in Appendix B. In addition to those changes the Committee discussed whether vessels <125' LOA would be allowed to join the cooperative if they are not subject to the IR/IU GRS. This issue will be discussed in the analysis, and will consider factors such as the use of flow scales on a vessel and observer coverage levels.

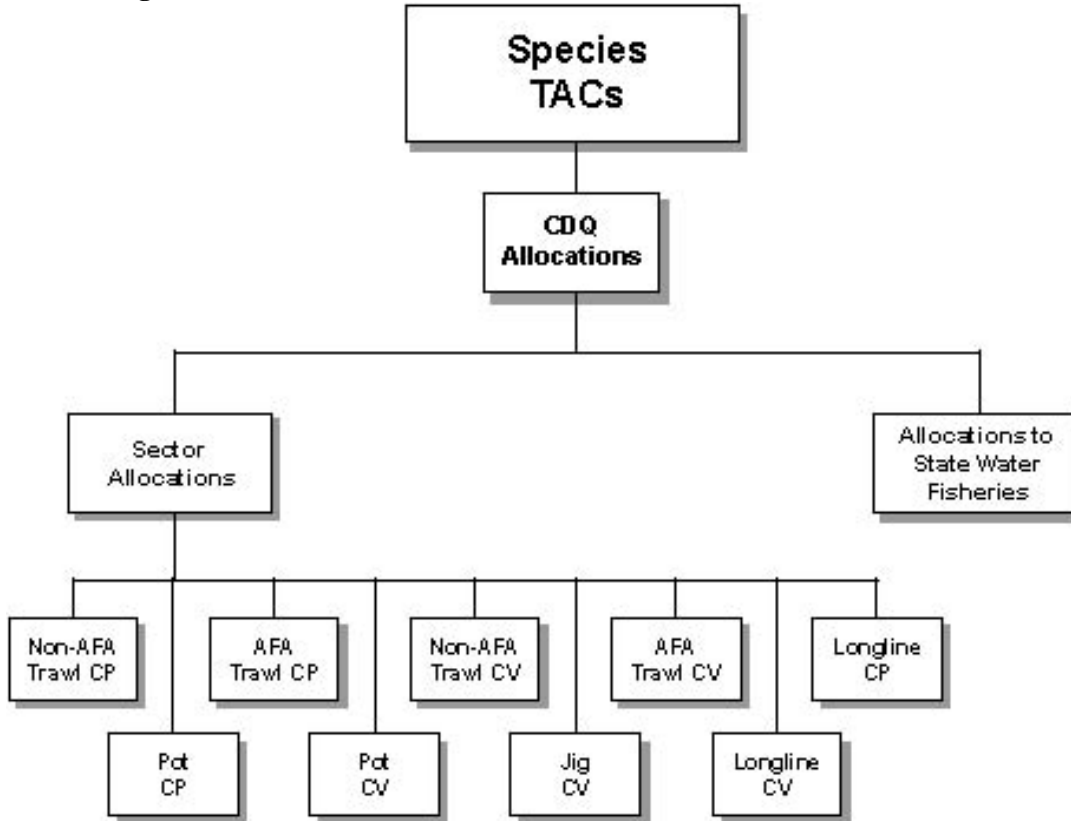
A review of the "bookend" alternatives that are being considered to aid the analysis processes were discussed next. Those alternatives were modified from their original construction and new alternatives are attached to these minutes as Appendix C.

#### **Committee review of non-coop alternatives**

At NMFS' request, the Committee provided several reasons why rationalization through the proposed cooperative program designs constitute a reasonable range of alternatives for this analysis (as opposed, for example, to an individual quota based program, including (1) the efficiency of cooperatives for privately negotiating internal allocations; (2) the built in protections for processing investments; (3) the well documented success of existing AFA cooperative program; (4) inability of a quota based program to create tradeable quota for bycatch fisheries; (5) government costs associated with setting up and managing quota based programs; and, (6) advantage of a cooperative to adapt and be flexible to new allocation problems.

harvesting their sector's allocation and then moving into the state-water fishery and increasing their harvest. Several options were discussed to prohibit that activity, but no alternatives to address that potential problem were recommended by the Committee. A second concern was that the selection of any new BSAI state waters fisheries for groundfish could eliminate the incentive for a sector to create a cooperative, thus reducing the effectiveness of the proposed rationalization program. The Committee did recommend that if a state-waters fishery is implemented in the BSAI, the allocation to the state-waters fishery should be taken out of the TAC before the sector allocations are made. That would result in all sectors proportionately bearing the cost of funding that fishery. A visual representation of the recommended allocation process is shown in Figure 1.

**Figure 1. Recommended Allocation Process for State Water Fisheries**



## Appendix A:

Notes on keys to reading this document: **Bolded and underlined** text represents an option that the IRIU Committee recommends should be added to the list of components and options the Council developed during their June meeting. The Committee recommends deleting **highlighted text** from the Council's list of components and options.

### Components and Options for Amendment 80.a—BSAI Sector Allocations

#### Introduction

The IRIU analytical team recommends that the sector allocations of BSAI groundfish and PSC limits be separated from the action of establishing a non-AFA Trawl CP Cooperative Program, but packaged under the same FMP amendment—Amendment 80.a would provide for sector allocations and Amendment 80.b would establish a non-AFA Trawl CP Cooperative Program. The reason for the separation is that the sector allocations encompass all sectors in the BSAI, while the formation of the cooperative program pertains only to the non-AFA Trawl CP sector.

Furthermore, the IRIU analytical team presumes that at a minimum sector allocations need to be approved before at the same time as establishing a non-AFA Trawl CP Cooperative Program. The timing of approval is important because two conditions for the successful private negotiation of cooperatives are: 1) well-defined sectors each consisting of a sufficiently small number of vessels, and 2) allocations of groundfish and/or PSC limits that are available only to the vessels in each sector.

#### Amendment 80—BSAI Sector Allocations

##### Issue 1: Sector Definitions

For purposes of groundfish and PSC apportionment to sectors, the following sectors will be defined:

Non-AFA Trawl CPs	AFA Trawl CPs	Non-AFA Trawl CVs	AFA Trawl CVs	Longline CPs
Pot CPs	Pot CVs	Longline CVs	Jig CVs	

*Note that this action does not contemplate changing fixed gear sector definitions for Pacific Cod, which were defined in Amendment 67.*

Component 1 Determines whether a vessel because of its use of multiple gears over time may be part of more than one sector.

Option 1.1 A vessel may qualify for more than one sector.

**Suboption 1.1.1** **Vessels will lose that catch history in sectors for which they do not qualify, but the sector will retain that catch history.**

**Suboption 1.1.2** **Vessels will retain that catch history in sectors for which they do not qualify, and may assign that catch to any sector for which they do qualify.**

Option 1.2 A vessel will only be eligible to participate in one sector. Catches of vessels that are not eligible for the sector will not be included in the sector's apportionment. Each vessel's sector will be determined by:

Suboption 1.2.1 The sector in which it has the highest level of participation during the years used for the sector definitions.

Suboption 1.2.2 The sector in which it most recently participated during the years used for the sector definitions.

Component 2 Vessels will be determined to be eligible for a given sector if they meet minimum landings requirements (see the next component) in the years selected from the following:

- Option 2.1 1995-1997
- Option 2.2 1995-2002
- Option 2.3 1997-2002
- Option 2.4 1998-2002
- Option 2.5 1999-2002
- Option 2.6 2000-2002

Component 3 Vessels will be determined to be eligible for a given sector if, during the previously specified sets of years, the vessel meets the minimum landings criteria selected from the following:

- Option 3.1** **0 MT**
- Option 3.2** **50 MT**
- Option 3.3 100 MT
- Option 3.4** **250 MT**
- Option 3.5 500 MT
- Option 3.6 1,000 MT

## **Issue 2: Sector Allocations of Groundfish in the BSAI**

Sector-level apportionments of groundfish (excluding pollock and any other species for which an allocation could create a “squid-box situation”) will be accomplished in the Bering Sea by choosing preferred options (and suboptions) from each of the components listed below. *NOTE: Inserting new components 4 and 5 has changed the component numbers for the remaining components relative to previous Council documents.*

### **Component 4 Identifies which species will be included in the sector allocations**

**Option 4.1** **Include all groundfish species except pollock already allocated to AFA fishery cooperatives.**

**Suboption 4.1.1** **Exclude certain species to prevent allocations that are so small that they preclude sectors from harvesting their allocation of species typically taken in directed fisheries. Allocations of species that are excluded would be allocated as they are under status quo, and managed as in the following component.**

**Option 4.2** **Include only the following target species—Pacific cod, yellowfin sole, rock sole, flathead sole, Atka mackerel, Greenland turbot, AI Pacific ocean perch. Species could be added or deleted through an amendment process. Allocations of species that are excluded would be allocated as they are under status quo, and managed as in the following component.**

**Suboption 4.2.1** **(Added by staff) Sectors that do not participate in target fisheries for a species in this option would not be allocated sector specific apportionments for that species. These species would be managed as in the following component.**

### **Component 5 Management of non-target species.**

**Option 5.1** **Use the current management system.**

**Option 5.2** **Use ICAs for all non-target species—ICAs would be managed as soft caps.**

**Option 5.3** **Use ICAs for all non-target species—ICAs would be managed as hard caps.**

*NOTE: Components 6 and 7 were restructured to capture both issues addressed under the old Component 4*



Component 6 Sector Allocation Calculation (*after deductions for CDQs*):

- Option 6.1 Allocations each species allocated to the sector, each sector shall be allocated the percentage of the TAC that is equal to the average over the years specified in the following component of the annual percentage of harvest by vessels in the sector, relative to the amount of that species harvested by all vessels in all sectors.<sup>1</sup>

Component 7 Sector Catch History Years

- Option 7.1 1995–1997  
 Option 7.2 1995–2002  
 Option 7.3 1995–2002, excluding 2000 because of the injunction  
 Option 7.4 1998–2002  
 Option 7.5 1998–2002, excluding 2000 because of the injunction  
 Option 7.6 2000–2002

Component 8 For purposes of apportionments, annual catch percentages will be defined using one of the following:

- Option 8.1 Total catch of the sector over total catch by all sectors  
 Option 8.2 Retained catch of the sector over retained catch by all sectors

**Option 8.3 Retained catch of the sector over the TAC**

**Option 8.4 Total catch of the sector over the TAC**

*Note: The Committee only recommends including Option 8.4 if the Council keeps Option 8.3.*

Component 9 Pacific cod allocations will be determined as follows:

- Option 9.1 Pacific cod shall be allocated in the same method used to allocate the other targeted species. This option would supercede all existing apportionments of Pacific cod in the BSAI, including splits among the fixed gear sectors. *It is presumed this was the intent of the Council when approving this option of the IRIU motion in April. If the Council's intent was to modify allocations to fixed gear as a single sector, then Council should provide additional guidance to the analytical team.*
- Option 9.2 Pacific cod shall be allocated based on apportions in regulation with an additional split of the Trawl CP apportionment as follows:
- Non-AFA Trawl CPs will be allocated 18.3 percent of the Pacific cod TAC available for the after deduction for the CDQ program.
  - AFA Trawl CPs will be allocated 5.2 percent of the Pacific cod TAC available for the after deduction for the CDQ program.
- Option 9.3 Pacific cod shall be allocated based on splits currently in regulation, but reducing trawl CV and trawl CP apportionments and increasing the apportionment to the fixed gear sector by the average of the percentages of the

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<sup>1</sup>The equation shown describes the allocation for a given sector, species, and year:  
 where:

$x$  is the sector,  
 $y$  is the species,  
 $z$  is the year for which the allocation is to be determined,  
 $n$  is the year used in the allocation determination (starting with year  $N_1$  and ending with year  $N_2$ ),  
 $C_{n,x,y}$  is the catch of species  $y$  by vessels in sector  $x$  in year  $n$ ,  
 $TAC_{y,z}$  is Total Allowable Catch for species  $y$  in year  $z$ , and  
 $A(x,y,z)$  is the allocation for a given sector ( $x$ ), species ( $y$ ), and year ( $z$ ).

$$A(x, y, z) = TAC_{y,z} \cdot \frac{\sum_{n=N_1}^{N_2} C_{n,x,y}}{\sum_{x=1}^X \sum_{n=N_1}^{N_2} C_{n,x,y}}$$

TAC (after CDQ apportionments) that were rolled over from trawl to fixed gear during the years in the suboptions below. The increased allocation to the fixed gear sector would be divided among fixed gear sectors according to trawl rollover provisions in existing regulations.<sup>2</sup> Allocation of the remaining trawl CV and CP apportionments would be based on either Option 9.1 or 9.2.

- Suboption 9.3.1 1995–1997
- Suboption 9.3.2 1995–2002
- Suboption 9.3.3 1995–2002, excluding 2000 because of the injunction
- Suboption 9.3.4 1998–2002**
- Suboption 9.3.5 1998–2002, excluding 2000 because of the injunction.
- Suboption 9.3.6 2000–2002

- Option 9.4 Pacific cod shall be allocated among fixed gear sectors based on the allocations approved in BSAI Amendment 77 (see Table 3.27 on page 110 of the public review draft of Amendment 77). Allocation of the Trawl apportionment between AFA and non-AFA sectors would be based on Option 9.1 or 9.2.

Component 10 CDQ Allocations shall be removed from the TACs prior to allocation to sectors at percentage amounts equal to one of the following.

- Option 10.1 7.5% of the TAC of each species in the program
- Option 10.2 10% of the TAC of each species in the program
- Option 10.3 15% of the TAC of each species in the program
- Option 10.4 20% of the TAC of each species in the program

**Component 11** **If, in the future, there is a specific allocation to a state water fishery in the BSAI, the allocation would be deduction from the TAC before the allocations to specific sectors are calculated. (Added by staff based on committee concerns—See Figure 1 in the committee minutes).**

### **Issue 3: Sector Allocations of Prohibited Species Catch Limits in the BSAI**

Sector allocations of PSC Limits in the BSAI will be accomplished by choosing preferred options and suboptions from the following list of components.

Component 12 Prohibited speices bycatch allowances shall be initially assigned to fishery groups (e.g. the rock sole/flathead sole/other flatfish group) based on the relative bycatch apportionments for the years used to determine the groundfish sector apportionments, expressed as a percentage of the total PSC allowance. *(In other words a weighted average of the of the PSC apportionment to each fishery group would be estimated and express as a percentage of the the PSC)*

- Option 12.1 Each sector shall be initially assigned an amount of each PSC allowance by fishery group based on each sector's historic rates during the period used to determine groundfish apportionments, relative to the total use of the PSC allowance during that same period. For example, if the Non-AFA Trawl CPs used 40 percent of the halibut PSC used by the trawl fleet in the Pacific cod fishery during the period used to determine groundfish apportionments, the Non-AFA Trawl CPs would be initially assigned 40 percent of the halibut PSC initially assigned to Pacific cod trawl fisheries. The overall PSC allocations

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<sup>2</sup>The current regulation (approved under Amendment 64) apportions 95 percent of trawl rollover to Longline CPs and 5 percent to Pot vessels. Amendment 77 which is slated to supercede Amendment 64, proposes to continue the same split of trawl rollovers.

could be reduced or kept at current levels by applying one of the following percentages to the overall PSC limit.

Suboption 12.1.1	60%
Suboption 12.1.2	75%
Suboption 12.1.3	90%
<b><u>Suboption 12.1.4</u></b>	<b><u>95%</u></b>
Suboption 12.1.5	100%

Option 12.2 Apportion PSC allowances to sectors in proportion to groundfish apportionments to sectors determined above.

*For example, if the Non-AFA Trawl CPs are allocated 33.9 percent of the trawl apportionment of Pacific cod, the Non-AFA Trawl CPs would be allocated 33.9 percent of the halibut PSC allowance made for trawl Pacific cod.*

## Appendix B:

### Amendment 80.b—Establishment of a Non-AFA Trawl CP Cooperative Program

#### The Purpose of the Non-AFA Trawl CP Cooperative Program

The purpose of the program is to reduce discards in the Non-AFA Trawl CP Sector by promulgating regulations that facilitate private negotiation of fishery cooperatives among vessels in that sector. When the race for fish is eliminated by the formation of a cooperative, fishermen are able to fish more cleanly, as they can fish in a less hurried fashion and avoid or discontinue fishing in areas where the catch of unwanted species is high without losing any competitive advantage. Furthermore, a cooperative may encourage collective efforts by industry to reduce incidental catch. For example, a cooperative may restrict the harvest of target species in areas of high incidental catch to member vessels with low retention rates as an incentive to promote cleaner fishing practices. In addition, the infrastructure of a cooperatives facilitates the exchange of fishing information (e.g., the location on “hotspots”) among fishermen, which can lead to reductions in discards. Without the benefits offered by a cooperative it is unlikely that vessels in the Non-AFA Trawl CP Sector will be able to meet Council discard reduction goals and still maintain economic viability.

This amendment divides the allocations of groundfish and/or PSC limits to the Non-AFA Trawl CP Sector between two pools of vessels—one pool is for vessels in the Non-AFA Trawl CP Sector that join a cooperative and the other is for vessels in the sector that choose to stay out of the cooperative system and fish in an “open access” fishery. Vessels in a given pool will be allowed to continue to participate in target fisheries subject to PSC limits as long as the pool’s PSC limits have not been attained. Similarly, vessels in a given pool will be allowed to continue to participate in target fisheries subject to attainment of groundfish catch limits. Once a pool has attained a particular PSC or groundfish catch limit, vessels in that pool will be restricted as per existing regulations.

#### Components of a Non-AFA Trawl CP Cooperative Program

***NOTE: Bullets added to this section represent cooperative components that the committee felt did not need additional alternatives. The addition of a bullet usually corresponds with the committee’s recommendation to drop a component from the list of components and options that follow the bullets.***

There are alternative ways to design a Non-AFA Trawl CP Cooperative Program, but each way is made up of a set of components that when taken together define a program. Some of the program components have various options (under Component 1, for example, the groundfish species included in the program may vary), but other components do not. These “single-option” components are common for any cooperative program that might be developed, and are listed below.

- The Program would limit its scope to selected groundfish and prohibited species catches with trawl gear by vessels in the Non-AFA Trawl CP Sector in the BSAI. Groundfish species not included in the program as well as other non-specified fish species or marine resources would not be explicitly managed within the Program, although other regulations regarding these other marine resources would not be superceded.
- The Program will not supercede pollock and Pacific cod IRIU programs, nor will it supercede the Groundfish License Limitation Program. All vessels participating in the program will need to have trawl endorsements with general licenses for BSAI. Length limits within the license will also be enforced such that any new vessel entering the fishery may not exceed the Maximum Length Overall (MLOA) specified on the license.
- Any non-trawl or non-BSAI catches of vessel that are considered part of the non-AFA Trawl CP Sector will not be included in the Program, but would not necessarily be excluded from other rationalization programs.
- New PSC limits for the following species will be created and allocated to the non-AFA trawl catcher processor sector.

- BSAI non-AFA trawl catcher processor multi-species halibut cap consisting of an apportionment of species identified in Component 1.
- BSAI non-AFA trawl catcher processor multi-species red king crab cap consisting of an apportionment of the current Pacific cod trawl cap and caps for the flatfish fisheries.
- BSAI non-AFA trawl catcher processor multi-species snow crab (*C. opilio*) cap consisting of an apportionment of the current Pacific cod trawl cap and caps for the flatfish fisheries (includes apportionments of the trawl sablefish/turbot/arrowtooth limits).
- BSAI non-AFA trawl catcher processor multi-species Tanner crab (*C. bairdi*) Zone 1 cap consisting of an apportionment of the current Pacific cod trawl cap and caps for the flatfish fisheries.
- BSAI non-AFA trawl catcher processor multi-species Tanner crab (*C. bairdi*) Zone 2 cap consisting of an apportionment of the current Pacific cod trawl cap and caps for the flatfish fisheries.
- **Disposition of groundfish species not allocated to the Non-AFA Trawl CP sector would not change from the status quo.**
- **Bycatch limits for non-specified species or marine resources specifically for this program would not be established. However, should unreasonable bycatch or other interactions occur, specific regulations to minimize impacts will be considered.**
- **A Groundfish LLP is required for a Sector Eligibility Endorsement for the Non-AFA Trawl CP Cooperative program.**
- Annual allocations to the cooperative that result from catch histories of participating vessel will be transferable among cooperative members. Such transfers would not need to be approved by NOAA Fisheries. Any member vessel of the cooperative will be eligible to use the catch history of any other member vessel regardless of vessel length.
- Permanent transfers of Sector Eligibility Endorsements would be allowed if transferred with the associated Groundfish LLP. Sector Eligibility Endorsement and associated catch histories would not be separable or divisible. All transfers must reported to NOAA Fisheries in order to track who owns the Sector Eligibility Endorsements. The purchaser must be eligible to own a fishing vessel under MarAd regulations or any person who is currently eligible to own a vessel. *NOTE: This bullet is the result of up cleaning up the language in two bullets from the old version.*
- **The GRS would be enforced on the cooperative as an aggregate and on the open access vessels as individuals. If the cooperative cannot meet the standard in the aggregate over a period of two years then the standard would be imposed on individual vessels within the cooperative.**
- Vessels participating in the open access portion of the program will be subject to all the same regulations they would be without the Program including all restrictions of the LLP and the Groundfish Retention Standards (Amendment 79) if they are approved.
- **A cooperative created under this program must have adequate internal rules. Evidence of binding private contracts and remedies for violations of contractual agreements are required to be provided to NOAA Fisheries. The cooperative must demonstrate an adequate mechanism for monitoring and reporting prohibited species and groundfish catch. Vessels participating in the cooperative must agree to abide by all cooperative rules and requirements.**
- Specific requirements for reporting, monitoring and enforcement requirements, and observer protocols will be developed for vessels participating in the cooperative portion of the Program in rulemaking process and will not be the purview of the cooperative. The NPFMC and the Non-AFA Trawl CP Sector need to specify their goals and objectives for in-season monitoring and for program evaluation. Recordkeeping and reporting portions of the program can then be developed to ensure that goals and objectives of the program are met in a cost effective manner.

- Review of the non-Trawl CP program will be accomplished by requiring a detailed annual report from any cooperative formed. Fishery managers will review the annual report and determine if the program is functioning as desired. It is recommended that in-depth assessments of program could be undertaken under the auspices of the Council/NOAA Fisheries be undertaken periodically (every three years, for example). Such in-depth studies will report the accomplishments of the program and indicate whether any changes are necessary.
- Socioeconomic data collection programs have been included in AFA, and crab rationalization programs, and are proposed in the GOA Rationalization program. Therefore the analytical team assumes that a socioeconomic data collection initiative would be developed and implemented under the Non-AFA Trawl CP Cooperative Program. The collection would include cost, revenue, ownership and employment data on a periodic basis to provide the information necessary to study the impacts of the program. Details of the collection will be developed in the analysis of the alternatives.

### **Specific Components & Options that Combine to Create Alternative Non-AFA Trawl CP Programs**

By choosing options from each of the following 8 components, the Council can develop specific alternative programs for the non-AFA Trawl CP Sector. The analytical team believes that the components and options below are the minimum necessary for the successful development of the Program. It is possible that some of the options listed could be eliminated by the Council, if it is determined that a particular option is unreasonable or impractical. It is also possible for the Council to add other options to this list as they desire. For comparison, the original decision point number is included for each of the remaining components.

**Component 1** Identifies which species will be allocated among the non-AFA trawl catcher processor sector.

**Option 1.1** Include all groundfish species for which trawling is allowed, except pollock already allocated to AFA fishery cooperatives.

**Suboption 1.1.1** Exclude certain species to prevent allocations that are so small that they preclude persons from harvesting their allocation of species that are typically taken in directed fisheries. Allocations of groundfish species that are excluded would be regulated as they are under the status quo.

**Option 1.2** Include only the following target species—Pacific cod, yellowfin sole, rock sole, flathead sole, Atka mackerel, Greenland turbot, AI Pacific Ocean perch. Species could be added or deleted through an amendment process. Allocations of groundfish species that are excluded would be regulated as they are under the status quo.

**Option 1.3** **Include only PSC species. All groundfish species allocations would be regulated as in the current status quo.**

**Component 2** **Determines the disposition of incidental catch allowances of pollock for the Non-AFA Trawl CP Sector. (Formerly DP 2.)**

**Option 2.1** **Status Quo: A predetermined percentage of the pollock TAC is set aside for use as incidental catch. Up until the point the incidental catch set-aside has been caught, all pollock must be retained up to the MRB amount. After the incidental catch set-aside has been caught, pollock can not be retained by non-AFA vessels. The MRA is monitored and enforced such that a violation at any point in time can be prosecuted.**

**Option 2.2** **A predetermined percentage of the pollock TAC is set aside for use as incidental catch. Up until the point the incidental catch set-aside has been caught, all pollock must be retained up to the MRB amount. After the incidental catch set-aside has been caught, pollock can not be retained by non-AFA vessels. In addition, NOAA**

Fisheries manages ICA for pollock as it does now (Option 2.1) but adjusts the MRB percentage to insure that the historical bycatch requirements of pollock in the non-pollock fisheries are not exceeded. MRB percentage adjustments can be made by NOAA Fisheries either in-season or inter-annually to discourage increased bycatch (incidental catch) of pollock should pollock harvest amounts indicate that this is occurring. The MRB percentage could be 0 - 49% subject to the stipulation that non-AFA vessels are not engaged in directed fishing for pollock at any point in their fishing trips. The intent of this approach is to allow increased retention of pollock without increasing the relative bycatch requirements of the non-pollock fisheries.

**Option 2.3**

A predetermined percentage of the pollock TAC is set aside for use as incidental catch. Up until the point the incidental catch set-aside has been caught, all pollock must be retained up to the MRB amount. After the incidental catch set-aside has been caught, pollock can not be retained by non-AFA vessels. In addition, NOAA Fisheries manages ICA for pollock as it does now (Option 2.1) but adjusts the MRB percentage to insure that the historical bycatch requirements of pollock in the non-pollock fisheries are not exceeded. MRB percentage adjustments can be made by NOAA Fisheries either in-season or inter-annually to discourage increased bycatch (incidental catch) of pollock should pollock harvest amounts indicate that this is occurring. The MRB percentage could be 0 - 49% subject to the stipulation that non-AFA vessels are not engaged in directed fishing for pollock at any point in their fishing trips. The intent of this approach is to allow increased retention of pollock without increasing the relative bycatch requirements of the non-pollock fisheries. In addition, the way MRB compliance is accounted for in fishing trips could be modified. Currently, it is enforced at any point in a trip. Alternatively, enforcement of MRB compliance could occur at other time periods. The intent of this approach is to allow increased retention of pollock without increasing the relative bycatch requirements of the non-pollock fisheries.

Component 3 Establishes procedures for reducing prohibited species catch limits for the non-AFA Trawl CPs Sector.

Option 3.1 No change in overall amount of the current PSC limits.

Option 3.2 Reductions in the PSC limit for halibut is accomplished by taxing in-season non-permanent transfers of PSC within the cooperative. The halibut PSC limit is restored to its original level the following year

Suboption 3.2.1 Transfers of PSC after August 1 are not taxed .

Suboption 3.2.2 Only un-bundled transfers of PSC are taxed.

Option 3.3 Reduce halibut PSC limits by 5% when PSC limits are linked to estimated biomass levels.

**Component 4 Determines how a GRS (Amendment C) is applied. (Formerly DP 6.)**

**Option 4.1** Impose a GRS on the cooperative as an aggregate and on the open access vessels as individuals. If the cooperative cannot meet the standard in the aggregate over a period of two years then the standard would be imposed on individual vessels within the cooperative.

**Option 4.2** Impose a GRS on all individual vessels in the non-AFA Trawl CP sector from the outset.

Component 5 Identifies the vessels that are in the non-AFA trawl CP sector which would receive Sector Eligibility Endorsements. (It may be that some vessels identified as part of the sector in Amendment 80.a, may not be issued Sector Eligibility Endorsements.) Owners of each

qualified vessel would be issued a Sector Eligibility Endorsement that will be attached to that vessel's LLP identifying it as a member of the non-AFA Trawl CP Sector.

Option 5.1 Non-AFA Fishing vessels registered under MarAd regulations and any other vessels eligible to participate in fish harvesting in the Alaska EEZ are eligible for a sector endorsement to be attached to their groundfish license.

Suboption 5.1.1 In addition, vessels must have caught 500 mt. of groundfish with trawl gear and processed that fish between 1998-2002

Suboption 5.1.2 In addition, vessels must have caught 1,000 mt. of groundfish with trawl gear and processed that fish between 1998-2002

Suboption 5.1.3 In addition, vessels must have caught 500 mt. of groundfish with trawl gear and processed that fish between 1997-2002

Suboption 5.1.4 In addition, vessels must have caught 1,000 mt. of groundfish with trawl gear and processed that fish between 1997-2002

*The original list included 100 mt and 150 mt, but subsequent analysis indicates that these lower levels have no impact on the number of qualified vessels.*

Component 6 Establishes the percentage of eligible vessels that must join a cooperative before the cooperative is allowed to operate. No later than December 1 of each year, an application must be filed with NOAA fisheries by the cooperative with a membership list for the year. In order to operate as a cooperative, members, as a percent of eligible non-AFA Trawl CPs, must be:

Option 6.1 At least 51 percent

Option 6.2 At least 67 percent

Option 6.3 At least 75 percent

Option 6.4 At least 80 percent

**Option 6.5 At least 90 percent**

Component 7 Determines the method of allocation of PSC limits and groundfish between the cooperative and open access pools.

Option 7.1 Catch history is based on total catch

Option 7.2 Catch history is based on total retained catch

Component 8 Determines which years of catch history are used in the calculation. The allocation of groundfish between the cooperative and open access pool is proportional to the catch history of groundfish in the vessels included in each pool. Applicable PSC limits are allocated between the cooperative and open access pool in same proportions as those species that have associated PSC limits. The catch history as determined by the option selected under this component will be indicated on the Sector Eligibility Endorsement which indicates the vessel's membership in the Non-AFA Trawl CP Sector. The aggregate histories will then applied to whichever either the cooperative or the open access pool.

Option 8.1 1995-2002

Option 8.2 1995-2002, but each vessel drops its lowest annual catch during this period

Option 8.3 1998-2002

Option 8.4 1998-2002, but each vessel drops its lowest annual catch during this period

Option 8.5 1999-2002

Option 8.6 1999-2002, but each vessel drops its lowest annual catch during this period

Option 8.7 2000-2002.



Option 8.8 2000-2002, but each vessel drops its lowest annual catch during this period

**Component 9** Establishes restrictions on permanent transfers of Sector Eligibility Endorsements. *(Formerly DP 15.) It is presumed that annual allocations within a cooperative may be transferred among participating vessels.*

**Option 9.1** Sector Eligibility Endorsements are transferable with the associated Groundfish LLP. All transfers must reported to NOAA Fisheries in order to track who owns endorsements for purposes of determining cooperative and open access pool sizes.

**Option 9.2** Sector Eligibility Endorsements and associated LLPs are not transferable for the first three years of the program. *(This option may be critical if a sector apportionment is not attained and an interim Program based only on PSCs is created.)*

**Component 10** Determines who may purchase a Sector Eligibility Endorsement. *(Formerly DP 16.)*

**Option 10.1** The purchaser must be eligible to own a fishing vessel under MarAd regulations or any person who is currently eligible to own a vessel.

**Option 10.2** The purchaser must own a vessel that is eligible to join the cooperative.

**Component 11** Determines if excessive share limits are established in the non-AFA trawl catcher processor sector.

**Option 11.1** There is no limit on the consolidation in the non-AFA trawl catcher processor sector.

**Option 11.2** Consolidation in the non-AFA trawl CP sector is limited such that no single company can harvest more than a fixed percentage of the overall sector apportionment. Companies that exceed the cap in the initial allocation would be grandfathered.

**Component 12** Establishes measures to mitigate negative impacts of the cooperative on fisheries not included in the cooperative program (e.g. fisheries in the GOA).

**Option 12.1** Sideboards for cooperative members would be established by regulation using the same years used to calculate the apportionment of PSC and groundfish between the cooperative and open access pool until such time as these other fisheries are rationalized, when the allocations determined in these newly rationalized fisheries.

**Option 12.2** The cooperative is required to prohibit members in the aggregate from exceeding their maximum percent of harvests in other target fisheries. Sideboards would not be established by regulation. This restriction would be discussed in the annual report of the cooperative submitted to the Council and NOAA Fisheries.

## Appendix C:

### Preliminary Identification of Alternative Actions for Amendment 80.b

Based on various combinations of the program components described above, the IR/IU analytical team identified a number of possible alternative actions that could be considered in an EA/RIR/IRFA for Amendment 80.b. In addition to the status quo/no action alternative (Alternative 1), three alternatives were identified that are designed to facilitate private negotiation of fishery cooperatives among vessels in the Non-AFA Trawl CP Sector. Two of these alternatives (Alternative 2 and Alternative 3) are similar in that they would both allocate groundfish as well as PSC limits to a cooperative, but the alternatives differ with respect to the amount of flexibility offered in the formation and operation of a cooperative.

Both alternatives that facilitate the formation of a cooperative involve a two-step allocation of groundfish and PSC limits. During the first step an allocation of the total allowable catches (TACs) for specified groundfish and PSC limits are made to the Non-AFA Trawl CP Sector (Amendment 80.b). During the second step allocations made to the Non-AFA Trawl CP Sector are divided between vessels that join a cooperative and vessels that choose to stay out of the cooperative system and fish in an “open access” fishery.

The two alternatives facilitating the formation of a cooperative have this two-step allocation process in common as well as all of the bulleted components listed above. The two alternatives differ in terms of:

- of the species allocated to a cooperative
- the eligibility criteria for cooperative membership
- mandated bycatch reductions for eligible vessels
- division of the allocation of groundfish and PSC limits between the cooperative and open access pools
- the minimum percentage of eligible vessels that must agree to form a cooperative before a cooperative is allowed to operate;
- excessive share provisions;
- imposition of sideboards.

The differences among the alternatives are summarized in Table 1. The table does not include components that both alternatives have in common—these are listed as bulleted items beginning on page 1.

**Table 1. Summary of Possible Alternatives in the EA/RIR/IRFA for Amendment 80.b.**

Issue	Alternative 2	Alternative 3
Groundfish species allocated to the Non-AFA Trawl Catcher Processor Sector	Pacific cod, yellowfin sole, rock sole, flathead sole, Atka mackerel, Greenland turbot, AI Pacific Ocean perch. Species may be added or deleted by a FMP amendment. All groundfish species for which trawling is allowed except pollock allocated under AFA.	Other species may be excluded to prevent allocations that are so small that they preclude persons from harvesting their allocation of species that are typically taken in directed fisheries.
PSC limits for the Non-AFA Trawl Catcher Processor Sector	No change from status quo	The PSC limit for halibut is reduced by 5 percent when PSC limits are linked to estimated biomass levels.
Definition of the Non-AFA Trawl Catcher Processor Sector (this component defines the eligibility criteria for cooperative membership)	Non-AFA vessels that meet the AFA requirements for ownership of a US fishing vessel as implemented in MarAd and USCG regulations (including vessels that were exempted under MarAd regulations) and caught with trawl gear and processed 1000 mt of groundfish between 1998-2002.	Non-AFA vessels that meet the AFA requirements for ownership of a US fishing vessel as implemented in MarAd and USCG regulations (including vessels that were exempted under MarAd regulations) and caught with trawl gear and processed 1000 mt of groundfish between 1997-2002.

Issue	Alternative 2	Alternative 3
Minimum percentage of eligible non-AFA trawl catcher processors that must join a cooperative before a cooperative is allowed to operate.	A minimum of 51 percent. A cooperative must annually submit an application with a membership list to NOAA Fisheries prior to December 1.	A minimum of 90 percent. A cooperative must annually submit an application with a membership list to NOAA Fisheries prior to December 1.
Division of the allocation to the Non-AFA Trawl Catcher Processor Sector between the cooperative and open access pools	The historical catch of specified groundfish of each vessel eligible to join a cooperative is determined based on retained catch from 2000-2002, but each vessel drops its lowest annual catch during this period. The aggregate histories are applied to whichever pool vessels choose. The allocations of PSC limits and specified groundfish are proportional to the aggregate histories in each pool.	The historical catch of specified groundfish of each vessel eligible to join a cooperative is determined based on total catch from 1998-2002. The aggregate histories are applied to whichever pool vessels choose. The allocations of PSC limits and specified groundfish are proportional to the aggregate histories in each pool.
Restrictions on consolidation in the non-AFA trawl catcher processor sector	No excessive share limits.	No single individual, corporation or other entity may harvest, through a fishery cooperative or otherwise, more than a fixed percentage of the sector allocation. A grandfather provision will be included for companies that exceed the excessive share limit.
Measures to mitigate negative impacts of a cooperative on other fisheries	A cooperative is required to prohibit members in the aggregate from exceeding their maximum percent of harvests in other target fisheries. Sideboards are not established by regulation.	Sideboards for cooperative members are established by regulation using the same years used to calculate the apportionment of PSC limits and groundfish between the cooperative and open access pools until such time as other fisheries are rationalized, when the allocations approved in the applicable rationalization program will be used.