

**Gulf Pacific cod sector splits and LLP latency  
North Pacific Fishery Management Council  
February 2007**

At its December 2006 meeting, the Council directed staff to provide a discussion paper exploring the goals, objectives, elements and options of a division of the Gulf of Alaska Pacific cod fishery among various sectors. In addition, the Council requested staff to develop a discussion paper that would be used to initiate an action to identify latent licenses for removal from fisheries in the Gulf. The Council also requested staff to include a discussion of the interaction of these possible actions with the ongoing action to remove latent licenses from the trawl fisheries in the Bering Sea/Aleutian Islands and Gulf trawl fisheries. This paper is intended to respond to the Council’s request.

To simplify the discussion, this paper is separated into two sections. The first section concerns the division of Pacific cod fishery among various sectors. The second section of the paper concerns the removal of latent licenses from Gulf fisheries.

**Pacific cod sector split**

This section of the paper examine possible goals, objectives, elements, and options for dividing the Pacific cod TAC among sectors in the Gulf of Alaska. The section begins with a brief, background description of the Gulf of Alaska Pacific cod fisheries.

**Background**

To gain some perspective on the fishing of Gulf of Alaska Pacific cod, this section provides a brief description of the Gulf fisheries that harvest Pacific cod. Three separate area TACs are identified for Gulf of Alaska Pacific cod, Western Gulf, Central Gulf, and Eastern Gulf.

The Western Gulf and Central Gulf TACs are divided seasonally, with 60 percent of each TAC allocated to the A season and 40 percent of each TAC allocated to the B season. The A season for fixed gear vessel begins on January 1<sup>st</sup>, the trawl gear A season opens on January 20<sup>th</sup>. The A season ends on June 10<sup>th</sup>. The B season begins on September 1<sup>st</sup> and ends November 1 for trawl gear and at the end of the year for non-trawl gear. This seasonal distribution of catch was implemented as a Steller sea lion protection measure. The TACs are not divided among gear types, but are divided between the inshore and offshore, with 90 percent allocated to the inshore component and 10 percent allocated to the offshore component.<sup>1</sup>

Gear	A season (60 percent)		B season (40 percent)	
	begins on	ends on	begins on	ends on
Fixed Trawl	January 1 January 20	June 10	September 1	December 31

In general, inseason managers monitor catch in the fishery, timing the closure of the directed fishery to allow full harvest of the TAC. To meet that goal, the closure must be timed to leave only enough of the TAC to support incidental catch in other fisheries during the remainder of the season.<sup>2</sup> So, managers attempt to time the A season closure to have a sufficient portion of the A season TAC available for incidental catch until the A season ends on June 10<sup>th</sup>. Any A season overage or incidental catch between

<sup>1</sup> Under regulation, 20 percent of the TAC of each Gulf species (including Pacific cod) can be held in reserve for later allocation to accommodate bycatch. In recent years, NOAA Fisheries has allocated the reserves as part of the annual specifications process.

<sup>2</sup> If catch were to exceed the TAC, managers would put the species on PSC status, under which no retention would be permitted.

the end of the A season (June 10<sup>th</sup>) and the beginning of the B season (September 1<sup>st</sup>) is accounted for against the B season TAC. Incidental catch when the direct fishery is closed is limited as a maximum retainable allowance (MRA). An MRA limits the amount of a non-directed species catch that may be retained to a percentage of directed species catch. For Pacific cod, the MRA with respect to all directed species is 20 percent. So, when Pacific cod is not open for directed fishing, a vessel may retain Pacific cod in an amount up to 20 percent of its catch of species that are open for directed fishing.<sup>3</sup> Also, Pacific cod is an Improved Retention/Improved Utilization species. So, all catch must be retained, if open for directed fishing, and all catch up to the MRA must be retained, if closed to directed fishing.

In addition to the Pacific cod allocations, halibut Prohibited Species Catch (PSC) apportionments are important to the Pacific cod fishery, particularly the trawl sector. In the Gulf, halibut harvests in the Pacific cod fishery are accounted for against the applicable halibut PSC allowance. Separate halibut mortality allowances may be made to trawl, hook-and-line, and pot gear. In recent years, the pot gear fisheries have received no allowance, as halibut mortality is negligible in the current pot fisheries. Halibut mortality is apportioned seasonally to both the hook-and-line and trawl fisheries. The hook-and-line allowance is divided into three periods, January 1<sup>st</sup> to June 10<sup>th</sup> (the A season for Pacific cod), June 10<sup>th</sup> to September 1<sup>st</sup>, and September 1<sup>st</sup> to December 31<sup>st</sup> (the B season for Pacific cod). The trawl halibut PSC apportionment is divided not only seasonally, but also between the shallow-water species complex (pollock, Pacific cod, shallow-water flatfish, flathead sole, Atka mackerel, skates, and “other species”) and the deep-water species complex (all other species, which includes Pacific ocean perch, northern rockfish, pelagic shelf rockfish, and deep-water flatfish). Seasonally, shallow-water trawl halibut PSC is divided into four periods, January 20<sup>th</sup> to April 1<sup>st</sup>, April 1<sup>st</sup> to July 1<sup>st</sup>, July 1<sup>st</sup> to September 1<sup>st</sup>, and September 1<sup>st</sup> to October 1<sup>st</sup>. In addition, a separate apportionment that is not divided between shallow-water and deep-water is available for use from October 1<sup>st</sup> to December 31<sup>st</sup>.

Managers monitor halibut PSC catch in the Pacific cod fishery and close the directed fishery, if the available halibut PSC mortality apportionment is fully used. After such a closure, the directed fishery is typically reopened when the next apportionment of PSC becomes available. In recent years, managers have been compelled to close the directed trawl fishery on occasion because of constraining halibut PSC apportionments.

Entry to the Pacific cod fishery in federal waters is limited under the License Limitation Program (LLP).<sup>4</sup> Licenses are issued with either a catcher vessel designation (which allows harvests) or catcher processor designation (which allows harvests and onboard processing). The inshore and offshore components, however, cannot simply be distinguished as catcher vessels and catcher processors, respectively. Instead the components are distinguished by processor type, with the inshore component comprised of shore plants, stationary floating processors, and vessels less than 125 feet in length that process less than 126 metric tons (in round-weight equivalents) per week of pollock and Gulf Pacific cod in the aggregate.<sup>5</sup> Under this construction, two aspects of the regulations allow catcher processors license holders to participate in the inshore sector. First, a catcher processor license may be used to operate as a catcher vessel in the inshore fishery, delivering catch to a shore plant or floating processor. Second, a catcher processor less than 125 feet in length may choose to operate in the inshore sector by limiting its processing to less than 126 metric tons per week.<sup>6</sup>

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<sup>3</sup> Pacific cod catch is also retained in the halibut and sablefish IFQ program. Vessels fishing IFQ are required to retain Pacific cod up to the MRA, except if Pacific cod is on PSC status.

<sup>4</sup> A description of the LLP is included in the section of this paper concerning latent licenses.

<sup>5</sup> Incidental catch of Pacific cod in the halibut and sablefish IFQ fishery is accounted against the TAC corresponding to the processor type (i.e., inshore or offshore).

<sup>6</sup> An additional exemption allows catcher vessels less than or equal to 60 feet in length in the inshore component to process onboard up to 1 mt of catch per day on vessels.

Contemporaneously with the fishery in federal waters (3 nm to 200 nm), the State of Alaska opens its waters (0 nm to 3 nm) to directed fishing for Pacific cod. This fishery in State waters (referred to as the ‘parallel fishery’) is prosecuted under the same rules as the federal fishery with catch counted against the federal TAC. In addition, the State of Alaska manages its own Pacific cod fisheries inside of 3 nm (referred to as the ‘State water fishery’), which is allocated a portion of the federal TAC. The State water fishery is open only to pot and jig vessels. Table 1 summarizes the allocations and seasons in the State water fisheries in the Central Gulf and Western Gulf. State fisheries are managed to a guideline harvest level (GHL), which limits total catch in the fishery in a manner similar to TAC limitation of harvests in the federal fisheries. State water GHLs are specified as a portion of the federal TAC, which can be increased annual if the GHL is fully fished. Currently, all GHLs are at the maximum amount permitted by State regulation, with the exception of the Prince William Sound fishery. The Prince William Sound GHL is at its regulatory minimum, because the fishery has not fully utilized that allocation.

**Table 1. State water Pacific cod fisheries in the Gulf of Alaska.**

Area	Season opening	Current GHL	Allocation		
			Pot gear (all vessels)	Pot gear (vessels over 58 feet)	Jig gear
Prince William Sound	7 days after federal closure	10 percent of Eastern Gulf TAC	up to 60 percent*	up to 60 percent	up to 100 percent
Cook Inlet	24 hours after federal closure	3.75 percent of Central Gulf TAC	75 percent*	up to 25 percent	25 percent*
Kodiak	7 days after federal closure	12.5 percent of Central Gulf TAC	50 percent*	up to 25 percent	50 percent*
Chignik	March 1	8.75 percent of the Central Gulf TAC	90 percent*	none	10 percent*
South Peninsula	7 days after federal closure	25 percent of the Western Gulf TAC	up to 85 percent*	none	up to 100 percent

\*Subject to rollover, which occurs if the other gear type does not use the portion of the GHL available to it.

Fisheries in the State waters (including both the parallel fishery and the State water fishery) are not subject to license limitation. Both the parallel fishery and the State water fishery are prosecuted by both vessels that have LLP licenses for the federal fishery and vessels that have no federal LLP license.

To gain a general perspective on the distribution of catch in the Central Gulf and Western Gulf,

Table 2 and Table 3 show preliminary estimates of catch by gear and operation types from 1995 to 2003. Information in these tables will be updated in a manner that corresponds to elements and options adopted by the Council, if the Council advances this action.

**Table 2. Pacific cod catch in Western Gulf by Gear, Fishery, License, and Operation, (in hundreds of metric tons) 1995-2003.**

Gear	Fishery	Catcher processor catch			Catcher vessel catch			All vessels
		Vessels with licenses*	Vessels without licenses	Total	Vessels with licenses*	Vessels without licenses	Total	Total
Jig	EEZ	-	-	-	0.2	0.2	0.4	0.4
	Parallel	-	-	-	2.2	7.4	9.6	9.6
	State	-	-	-	8.3	37.9	46.2	46.2
Hook-and-Line	EEZ	341.1	40.6	381.7	0.5	25.3	25.8	407.5
	Parallel	-	-	-	1.1	1.0	2.1	2.1
	State	-	-	-	-	-	-	-
Pot	EEZ	25.0	8.1	33.1	91.0	45.5	136.5	169.7
	Parallel	-	-	-	205.8	48.2	254.0	254.0
	State	-	-	-	268.2	28.2	296.4	296.4
Trawl	EEZ	39.4	4.4	43.9	792.3	13.1	805.4	849.2
	Parallel	-	-	-	174.1	3.2	177.3	177.3
	State	-	-	-	-	-	-	-
<b>Total</b>		<b>405.5</b>	<b>53.2</b>	<b>458.7</b>	<b>1543.7</b>	<b>209.9</b>	<b>1753.7</b>	<b>2212.4</b>

\*Includes permanent and interim licenses.

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Source: ADF&G Fish tickets and Weekly Processor Reports.

**Table 3. Pacific cod catch in Central Gulf by Gear, Fishery, License, and Operation (in hundreds of metric tons) 1995-2003.**

Gear	Fishery	Catcher processor catch			Catcher vessel catch			All vessels
		Vessels with licenses*	Vessels without licenses	Total	Vessels with licenses*	Vessels without licenses	Total	Total
Jig	EEZ	-	-	-	0.8	0.3	1.0	1.0
	Parallel	-	-	-	6.2	7.5	13.6	13.6
	State	-	-	-	23.1	41.8	64.9	64.9
Hook-and-Line	EEZ	38.4	**	38.4	319.5	23.1	342.6	381.0
	Parallel	-	-	-	124.3	21.9	146.2	146.2
	State	-	-	-	-	-	-	-
Pot	EEZ	18.4	25.8	44.2	403.8	56.2	460.1	504.3
	Parallel	-	-	-	299.2	35.0	334.2	334.2
	State	-	-	-	234.5	42.9	277.4	277.4
Trawl	EEZ	145.1	21.4	166.5	1553.4	50.6	1604.0	1770.5
	Parallel	-	-	-	34.6	1.6	36.1	36.1
	State	-	-	-	-	-	-	-
<b>Total</b>		<b>201.8</b>	<b>47.3</b>	<b>249.1</b>	<b>2999.2</b>	<b>280.9</b>	<b>3280.1</b>	<b>3529.2</b>

\*Includes permanent and interim licenses.

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\*\*Withheld for confidentiality. Totals exclude this amount.

Source: ADF&G Fish tickets and Weekly Processor Reports.

### **Purpose and Need**

The first step in any action is to define the goals or objectives of the action. If the Council wishes to proceed with a Pacific cod sector split in the Gulf of Alaska, defining its purpose and need will aid in defining appropriate alternatives.

The need for a sector division of the Pacific cod TACs in the Gulf could arise from several factors. Under the current management each sector's members must compete for a share of the TAC not only with other members of the sector, but also with members of other sectors. This competition across sectors can complicate efforts of some sectors to achieve improvements in their fishing. The need for the

restructuring likely arises from these challenges in general, but could be more specifically enumerated in the purpose and need statement to focus alternatives.

Generally, the purpose and need statement could include factors such as:

- The need to eliminate the race between sectors to maintain harvest share
- The need to reduce impact of incidental harvests on the distribution of catch among sectors
- The need to provide each sector with an allocation that will reduce intrusion by other sectors
- The need to reduce gear conflicts
- The need to increase the ability of sectors to comply with management needs, including bycatch reduction, PSC limitations, and Steller sea lion restrictions
- The need to improve economic and social stability within and among sectors and for service providers
- The need to preserve historic dependence of sectors on the fishery.

To the extent that the action is intended to address interaction among the sectors, the purpose and need statement could provide some indication of the characteristics that are integral to sector definition, which may include gear type, operation type (catcher vessel/catcher processor), or vessel length, or some combination of these factors. For example, the fixed gear vessels may be pressured to intensify effort early in the season to maximize their share of the TAC harvested prior to trawl vessels entering the fishery in late January. Similarly, the effort of large vessels could limit the ability of smaller participants to effectively participate in the fisheries. Additionally, entry level opportunities for small vessel fleets could be limited, if large vessels are able to quickly catch the entire TAC. Similar interactions could occur between catcher vessels and catcher processors. These interactions could occur in the directed fishery, but also through incidental catch after the directed fishery is closed. This pressure to fish for a share of the TAC could contribute to incidental catch, by limiting the incentive of a sector to reduce incidental catch. A complete statement of purpose and need should identify (or provide the basis for identifying) sector characteristics.

### **Elements and Options**

The Council could choose to develop elements and options for several aspects of sector allocations. The specific elements and options should be tailored to address issues identified in the purpose and need statement.

### **Areas**

The first step in developing sector allocations is to determine the management areas to include in the alternatives. The justification for dividing a TAC among sectors is that the TAC is fully utilized and the various sectors impinge on one another through their harvest activity. If a TAC is not fully utilized, a division of the TAC is unlikely to address any sectoral interactions. In recent years, the Pacific cod TACs in the Western Gulf and Central Gulf have been fully harvested. In the Eastern Gulf, less than 10 percent of the TAC has been taken in recent years. Given the low level of harvests in the Eastern Gulf, division of the TAC among sectors in that area may be unnecessary and could prevent the full harvest of the TAC, if the division does not match the future interest in gear use and effort. Areas that could be selected for options are:

### ***Provisions defining areas***

*Eastern Gulf*

*Central Gulf*

*Western Gulf*

## ***Relevant provisions in the Gulf rationalization package***

*Central Gulf*  
*Western Gulf*  
*West Yakutat*

### **Sectors**

For purposes of dividing the TAC, sectors should be defined in a manner that addresses the issues identified in the problem statement. For example, if sector stability across gear types is the prime concern, the division of the TAC should be defined in a manner that addresses the differences in fishing pressures across gear types. Variation in factors such as effort levels and catch per unit effort could be used to identify appropriate sectors. Using this approach trawl gear could be distinguished from fixed gear. In addition, fixed gear could be divided into separate gear types (i.e., longline, pot, and jig). In general sectors could be defined based on gear type, operation type, processing sector, vessel size, and combinations of thereof.

Catcher vessels could be distinguished from catcher processors (or the inshore component from the offshore component), if the different operation type is believed to contribute to competition and instability across these fleets. In defining the program, the Council should consider how the current inshore/offshore distinction is delineated, with small catcher processors permitted to fish the inshore TAC. The purpose of allowing limited onboard processing from the inshore component is to protect relatively small catcher processors from large catcher processors that may quickly take the entire offshore TAC. Removing this distinction could work to the detriment of these smaller catcher processors. If the current rule is maintained, history of catcher processors fishing in the inshore component could be counted toward the inshore allocation. If these small catcher processors are not permitted to fish the inshore TAC, removing small catcher processor history from the inshore TAC would acknowledge the historic dependency of small catcher processors on that allocation.

Depending on the current effort levels and catching power, a fixed gear sector could be defined by vessel size. In the Bering Sea and Aleutian Islands, a separate allocation is made to longline and pot catcher vessels under 60 feet. If a ‘vessel length-based’ allocation were to be considered in the Gulf, the Council could consider using a smaller threshold, as Gulf fisheries are typically prosecuted by smaller vessels than Bering Sea and Aleutian Islands fisheries. Such a distinction is applied in the LLP, under which vessels of less than 32 feet are not required to have an LLP license for the groundfish fisheries in the Bering Sea and Aleutian Islands, while vessels of less than 26 feet are not required to have an LLP license for the groundfish fisheries in the Gulf. In considering whether a small vessel allocation is appropriate, the Council should also consider that a few relatively powerful vessels may have a substantial share of the small vessel historic catch. Establishing a separate allocation for small vessels could severely disadvantage these vessels, making a TAC based primarily on their catch history available to a large number of small vessels in what could be a developing sector. In addition, the Council should consider whether a distinction is necessary given the opportunities in the parallel fishery and the State water fisheries, neither of which are subject to license limitation.

### ***Sector definitions***

*Gear*

*Trawl*

*Fixed*

*Longline*

*Pot*

*Jig*

Operation type  
Catcher vessel  
Catcher processor

Vessel length

**Relevant provisions in the Gulf rationalization package**

Sectors are defined as:

*Trawl catcher processor*  
*Trawl catcher vessel*  
*Longline catcher processor*  
*Longline catcher vessel*  
*Pot catcher processor*  
*Pot catcher vessel*  
*Jig*

Options could define:

*Low producing longline catcher vessels – vessels with catch below the mean or 75<sup>th</sup> percentile*  
*Low producing pot catcher vessels – vessels with catch below the mean or 75<sup>th</sup> percentile*  
*Suboption: only vessels below the catch threshold and less than 60 feet in length would be defined as low producers*

The objective of the ‘low producer’ distinction in the rationalization program was to exempt small operators from provisions creating processor protections that are typically not present in sector allocations. Vessel length and operation size distinctions, however, could be used to provide small operator and entry level opportunities.

**Criteria for determining allocations**

The Council has used a variety of criteria for establishing the sector allocations. Most often, historical catches are examined to determine relative dependence of the various fleets on the fisheries subject to the TAC division. Typically, the Council has considered historical catch over a few time periods, with the intention of balancing historic and recent dependency. In some instances, the options have allowed a sector to drop its lowest catch year, if an event disrupted fishing in that year. It is possible that the disruption that arose when Steller sea lion restrictions were implemented could justify exclusion of a year from consideration.

Catch histories

In developing historical catch estimates, the Council should also specify the catch that is to be considered. The Council at times has credited total catch (including discards) in determining catch histories. In other instances, the Council has chosen to only credit retained catch. Crediting only retained catch is generally favored, particularly for species that have relatively high market value, like Pacific cod. At times, the Council has also elected to exclude meal from certain estimates of historical catch. The exclusion of meal has usually been adopted when a certain segment would be particularly disadvantaged by the inclusion of meal in calculations. Specifically, small catcher processors without meal plants could be disadvantaged. The distinction is most relevant, if reliable estimates of the amount of catch that is committed to meal production are available. Generally, these estimates can be generated for catcher processors through Weekly Processing Reports. Less reliable estimates are available for shore-based plants. Fish tickets, at times, designate catch as ‘destined for meal production’. This estimate, however, is not particularly reliable and likely underestimates the amount of catch used in meal production. In the options for allocations in the Gulf rationalization program meal was excluded.



Most often, the Council has based allocations on catch of a sector during a period of years divided by catch of all sectors during those years. At times (to accommodate particular circumstances), the Council has chosen to base an allocation on a sector's average annual percent of catch (i.e., determine the sector's percent of catch for each year, then determine the average of those percentages). The use of an average annual percent is typically justified when annual catch has relatively large variations. Large TAC fluctuations or changes in circumstances across years (such as changes in area closures) could justify consideration of using average annual percentages for determining allocations.

Lastly, the allocation to the trawl sector should be decreased by allocation to participants in that sector in the Central Gulf rockfish pilot program during the tenure of that program. Since this allocation is already fixed as a percentage of the Central Gulf Pacific cod TAC, the simplest method of accommodating the allocation would be to reduce the trawl allocation by the percentage of the allocation to the pilot program for the life of that program.

### ***Provisions for defining catch history allocations***

#### ***Sector catch histories***

*Identify years*

*Identify number of years that can be dropped (if any)*

#### ***Qualifying catch***

*Retained catch or total catch (including discards)*

*Include meal or exclude meal*

#### ***Balancing provision***

*Decrease trawl allocation by the allocation to the rockfish pilot program (during the tenure of that program)*

### ***Relevant provisions in the Gulf rationalization package***

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

*95-01 drop 1, on a species by species basis*

*95-02 drop 1, on a species by species basis*

*95-02 drop 2, on a species by species basis*

*98-02 drop 1, on a species by species basis*

*98-03 drop 1, on a species by species basis*

*Suboption: Consider only A season harvests for 2001 and 2002.*

*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.*

*Qualified catch is from:*

*Option 1: 3-200 miles*

*Option 2: 3-200 miles, plus 0-3 miles parallel history*

*Suboption: catch history determined based on a percentage of retained catch per year*

The rationale for excluding catch in the parallel fishery would not seem to apply to this action, since the sector allocations would apply to fishing in the federal fishery, as well as the parallel fishery.

### **Approaches to accommodate future growth and provide entry opportunities**

If a sector provides entry opportunity or is in a developmental stage, the Council could supplement the allocation to that sector to allow for growth. Under this approach, allocations to some sectors could be based on historic use, while other sectors receive allocations based on other criteria. The Gulf

rationalization alternatives included a provision that would allocate the jig sector between 100 percent and 200 percent of its historic catch.

Growth could also be accommodated for a small and growing sector by allowing the sector to increase its catch over time. This could be accomplished in a few ways. The Gulf rationalization alternatives package includes a provision that would account for catch in the jig sector in a manner similar to sport catch in the halibut fishery (which allows for growth up to a specific cap). Under this approach, jig sector portion of the TAC would be estimated before the season opened based on the previous year's catch, but would not be limited unless it approached the overall cap. The disadvantage of this approach is that it reduces certainty and could cause delays in the TAC setting process. Conservative TAC setting would likely result in managers reserving the amount of the cap for the sector to avoid potential overages.

Growth could also be accommodated for a small and growing sector by allowing the allocation to that sector to be increased over time, once that sector fully utilizes its allocation. Under this approach, an allocation could be increase incrementally within a range, each time the sector fully utilizes its allocation. For example, the allocation to a sector could be increased by one-half of one percent each time a sector fully uses its allocation. Growth could be limited by setting a maximum percent that the sector's allocation could reach.

#### ***Provisions to supplement allocations***

##### *Supplement historic allocation*

*One time increase in allocation*

*Flexible growth within a cap*

*Incremental increases (with possible cap)*

#### ***Relevant provisions in the Gulf rationalization package***

*Jig fishery would receive an allocation of Pacific cod based on its historic landings in the qualifying years*

*100% - 200% of history*

*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 Pacific cod by area:*

*100% - 200%*

#### **Reallocation of unused allocations**

Although the Council could intend to accommodate growth in its alternatives, setting aside a portion of the TAC for a sector that would not fully utilize that allocation for some time could result in a harvestable portion of the TAC being left in the water. To avoid leaving a portion of the TAC unharvested the Council could use a rollover provision or a provision that makes an allocation available to other sectors after a set date. To implement such a provision, after a certain date, NOAA Fisheries would assess whether a sector is likely to fully utilize its allocation. If NOAA Fisheries projects that a portion of the allocation would remain unharvested, either a) the portion that is estimated to be unused could be reallocated to another sector, or b) one or more sectors could be permitted to catch any portion of the allocation that is unused. The difference between a rollover and the provision that would make the allocation available to other sectors is that the allocation would remain open to the original sector. Having the allocation remain open to the original sector could minimize disruption to the sector, particularly if it is a growing sector. This approach would also simplify inseason management, since it would require no action on the part of managers (unlike a direct rollover, which requires FR notice). The more direct rollover would be appropriate, if the sector that leaves quota is choosing not to fish because of other opportunities or because PSC is unavailable to harvest the rollover species. In that case, leaving the allocation available to the original sector is unlikely to deprive the sector of catch. If the Council were to adopt a provision that allowed incremental growth, provisions for rollovers for that sector could be

avoided. The Council could choose specific timing for a rollover (or making a TAC available to different sectors), or leave that up to the discretion of NOAA Fisheries. More specific guidance could add certainty to these reallocations.

### ***Reallocation of unused allocations***

#### ***Rollovers***

*Specify order of preference for the rollovers – i.e., from which sector to which sector*

*Specify timing for any rollover*

#### ***Allowing harvest of an allocation by other sectors***

*Specify which sectors allocations would come available and which sectors would be permitted to fish the allocations*

*Specify timing of opening*

### ***Relevant provisions in the Gulf rationalization package***

*None*

### **Seasonal distribution of allocations**

The simplest means of distributing catch across the A and B seasons would be to apply the existing 60 percent A season/40 percent B season distribution to each sector allocation. Any other distribution is likely to require extensive analysis to ensure adequate protection of Steller sea lion populations. If the Council wishes to examine other distributions, it should specify its approach. These options could be proposed to the Steller sea lion mitigation committee and incorporated into the ongoing consultation. Alternatively, any distribution that varies from the current seasonal distribution would need to be addressed through a separate consultation. In the absence of other direction from the Council, staff will assume that it wishes to maintain the current seasonal distribution for all sectors.

### **Measures to improve quality and product value**

Some stakeholders may view the development of sector allocations as an opportunity to improve quality and product value. Management changes most often contribute to achieving these goals by slowing the race for fish, allowing participants time to better care for their catch or develop higher value products. If allocations are structured to prevent effort levels in one sector from affecting participants in another sector, the sector allocations, in and of themselves, could facilitate some of these improvements. Additional measures, such as trip limits or other effort limits, could be implemented with intent to improve quality and value. While these limitations could lead to improved product value, they also could increase costs (particularly during periods of relatively high fuel prices). Whether these types of provisions are appropriate for incorporation into an action concerning sector allocations depends on the Council's purpose and need statement. Effort limits would be ancillary to this action, if the Council elects to adopt a problem statement that intends to protect sectors from interactive effects of multiple sectors fishing from a common TAC. Analysis of trip limits or other effort limitations of that type could substantially extend the time needed to develop and analyze alternatives.

### **Measures to reduce bycatch and address habitat concerns**

Bycatch reduction and habitat protection could also be incorporated into the action to divide Gulf Pacific cod TACs among different sectors. The relationship between actions intended to protect the various sectors from interactive effects of fishing from a common TAC and measures to address bycatch or habitat concerns is not clear. If the Council wishes to incorporate measures of this type into this action, its purpose and need statement should be drafted broadly to include these interests. Some stakeholders believe that the inclusion of bycatch reduction provisions in the rationalization program alternatives was justified since that change in management would increase the ability of participants to address bycatch concerns and managers to impose accountability for individual actions. Sector allocations provide substantially less flexibility for participants and no individual level allocations with which to enforce

bycatch limitations. In addition, the Council should consider how these provisions would interact with other actions that are under consideration. The Council should also consider whether the development of bycatch and habitat protections might be better addressed in an agenda item focused on those issues, rather than in a manner that is ancillary to an allocation decision.

### **Incentives to change gear**

Provisions to create incentives for participants to change gear types could also be included in this action. As with other ancillary provisions, the purpose and need statement would need to be appropriately drafted to include these interests and provide the rationale for their inclusion. Depending on the specific provisions adopted, the action could require redefinition of LLP eligibility (i.e., allowing movement from trawl gear to fixed gear or differentiating fixed gear types). Provisions for gear changes will need to be carefully developed to create the incentive for changing gears, without countering the greater purpose of the action (i.e., to insulate the different sectors from effects of other sectors). For example, a provision that creates a large incentive for vessels to switch from one gear type to another could lead the entering vessels to encroach on the sector allocation intended for the long term participants in the “attracting sector”. Two means of addressing this could be undertaken. First, the allocation to the attracting sector could be increased at the start of the program. This larger allocation could be viewed as unfair, but if the goal is to create an incentive for gear switching to the sector, the best means for creating the incentive would be by increasing the allocation to the sector. Alternatively, with each participant moving to the attracting sector a portion of the TAC could be shifted from the “departing sector” to the attracting sector. This approach, however, could be deemed unfair, unworkable, or overly complicated for several reasons. If a uniform portion of the TAC is shifted with each move, long term, successful participants in the departing sector would be least likely to change gear. Less successful (or even intermittent) participants might leave as a simple means of seeking a better opportunity in the attracting sector.<sup>7</sup> The fairness of equating less successful (or dependent) participants with more successful (or dependent) participants could be questioned. If, instead, a system were developed that would give each participant a history (or participation) determined portion of the TAC to transfer to the attracting sector, the development of that apportionment would resemble the allocations in a share-based rationalization program (which seems beyond the scope of this action). Ultimately, the development of a system that creates fair incentives for participants to change gear types is likely to greatly complicate and extend the time to develop alternatives in this action. An effective provision must balance the need to cover the burden of the entering vessel against the cost to the departing sector of the movement of that vessel, while creating a reasonable incentive for the change. Since the incentive should be large enough to cover any the investment in learning and capital to support the change, it is possible that the cost to the departing sector could exceed the individual benefit arising from the move.

### **Removal of latent License Limitation Program licenses**

This section of the paper examines possible goals, objectives, elements, and options for removing latent License Limitation Program (LLP) licenses from Gulf of Alaska fisheries. The section begins with a brief, background description of the LLP.

#### **Background - The LLP**

The LLP limits access to the groundfish and crab fisheries in the Bering Sea, Aleutian Islands, and Gulf of Alaska.<sup>8</sup> In the mid to late 1990s, the Council developed the LLP to address capacity concerns and take a first step toward rationalization of the groundfish fisheries under its management. Fishing under the program began in 2000. The LLP established criteria for the issuance of licenses to persons based on

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<sup>7</sup> In some cases, a license could be endorsed for both sectors. The method of dealing with these participants fairly could be more complicated.

<sup>8</sup> Amendment 39 to the BSAI groundfish plan and Amendment 41 to the groundfish plan for the GOA established the LLP. The rules governing the LLP are contained in 50 CFR 679.4(k).

fishing history of vessels. This discussion briefly summarizes the primary provisions applicable to the trawl participants. Further detail could be provided in a future paper (or in the analysis) at the Council's discretion.

The LLP defined a general qualification period (GQP) and an endorsement qualification period (EQP) both of which must have been satisfied for a management subarea for a vessel owner to have received a license. Vessels that met requirements for more than one subarea endorsement were issued a single, non-severable LLP license with multiple area endorsements. GQP and EQP criteria differ across areas and subareas, and include a variety of exceptions meant to address specific circumstances in the different areas.

**Trawl LLP License Endorsements and Designations**

**Area endorsements** – Each license carries one or more LLP area endorsements authorizing entry to fisheries in those LLP areas (BS, AI, CG, WG, or SEO).

**Operation-type designations** – Each license carries a designation for either catcher processor operation or catcher vessel operation. A catcher processor may choose to operate as a catcher vessel, delivering its catch to shore.

**Gear designation** – Each license carries a gear designation, trawl and/or non-trawl, authorizing its entry in fisheries for the designated gear.

**MLOA designation** – Each license carries a maximum LOA designation, limiting the length of the vessel that can use the license.

**Non-severability** – The endorsements and designations of a license are non-severable and only transfer with the license.

**AFA LLP licenses** – Licenses derived from AFA vessel histories cannot be transferred to non-AFA vessels.

Table 4 shows the primary GQP and EQP requirements applicable to trawl vessels in the various BSAI and GOA subareas. In general, the endorsements and EQP catch requirements apply to a single subarea. However, the Central Gulf endorsement and EQP catch requirements treat the Central Gulf area and West Yakutat district as a single LLP endorsement area. So, catch in either the Central Gulf or West Yakutat would qualify a vessel for a Central Gulf endorsement, which in turn, qualifies a vessel to participate in the Central Gulf and West Yakutat. EQP requirements differ across the different endorsement areas.<sup>9</sup>

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<sup>9</sup> Notably, persons fishing only inside 3 nm (i.e., in state waters only) were eligible for an LLP license based on their state water participation. However, persons that never acquired a federal fisheries permit (FFP), required for participation in fisheries in federal waters, were issued LLPs that are not transferable from the originating vessel.

**Table 4. General LLP license issuance criteria.**

<b>Management Area</b>	<b>GQP requirement (Jan. 1, 1988 – June 27, 1992)</b>	<b>Endorsement Area</b>	<b>Vessel length and operation</b>	<b>EQP requirement (Jan. 1, 1992 – June 17, 1995)</b>
<b>Bering Sea/ Aleutian Islands</b>	One landing	Bering Sea	All vessels	One landing
		Aleutian Islands		One landing
<b>Gulf of Alaska</b>	One landing	Western Gulf	CVs ≥ 125' and CPs ≥ 60'	One landing in at least two calendar years
			125' > CVs and CPs < 60'	One landing
		Central Gulf (inc. Central Gulf and West Yakutat)	All vessels ≥ 60'	One landing in at least two calendar years
			All vessels < 60'	One landing

In addition to the different area endorsements, LLP licenses also carry a designation for operation type (i.e., catcher processor or catcher vessel), gear (trawl or non-trawl), and vessel length. LLP licenses were issued catcher processor designations, if groundfish were processed on the vessel during the period from January 1, 1994 through June 17, 1995 or the last calendar year of the EQP. It is important to recognize that licenses of either operation type (i.e., catcher vessel or catcher processor) authorize participation as a catcher vessel. So, removing inactive catcher vessel licenses will not affect the potential entry of holders of catcher processor licenses to the catcher vessel sector.<sup>10</sup>

Each license carries a gear designation (trawl or non-trawl) based on the gear used on the vessel during the period beginning January 1, 1988 through June 17, 1995. If a vessel used both trawl and non-trawl gear during this period, its license was designated for both gear types.

Lastly, each license carries an MLOA, identifying the maximum vessel LOA for use of the license. For vessels 125 feet or greater in length on June 24, 1992, the MLOA is the vessel length. For vessels under 125 feet in length on that date, the MLOA is the lesser of 1.2 times the LOA or 125 feet. If a vessel was under reconstruction on June 24, 1995, the basis for determining the MLOA is the vessel's length on completion of the reconstruction. In addition, vessels under 60 feet on June 17, 1995 (or under construction on that date with a reconstructed LOA under 60 feet) cannot have an MLOA greater than 60 feet; vessels under 125 feet on June 17, 1995 (or under construction on that date with a reconstructed LOA under 125 feet) cannot have an MLOA greater than 125 feet; and vessels under construction on that date with a reconstructed LOA over 125 feet will have an MLOA equal to the vessel's reconstructed length.

<sup>10</sup> This transition could occur one of two ways. First, a catcher processor licenses can be voluntarily (and irreversibly) converted to a catcher vessel license. In addition, a catcher processor may choose to deliver its catch to shore.

Generally, a vessel participating in groundfish fisheries in federal waters in the BSAI or GOA is required to have an LLP license with the applicable area endorsement and designated for the gear (trawl or non-trawl) and operation type (catcher processor or catcher vessel) and of sufficient MLOA.<sup>11</sup>

License operation type	Gear type used for harvests	Pacific cod harvest threshold	Pacific cod endorsement
catcher vessel	hook-and-line or jig	7.5 mt in one year from 1995 to 1999	hook-and-line catcher vessel
	pot or jig	100,000 pounds in each of any two years from 1995 to 1999	pot catcher vessel
catcher processor	hook-and-line	270 mt in any one year from 1996 to 1999	hook-and-line catcher processor
	pot	300,000 pounds in each of any two years from 1995 to 1998	pot catcher processor

In the fixed gear Pacific cod fishery in the Bering Sea and Aleutian Islands, an additional gear specific/operational endorsement applies to licenses. Various catch requirements were applied to vessels to qualify for the different endorsements. Notably, a jig catcher vessel could qualify for either a hook-and-line catcher vessel or pot catcher vessel endorsement, provided the vessel met the catch threshold for the endorsement. A few other specific aspects of the development of the endorsements are worth consideration. Since the LLP had not been implemented during the catch qualifying period the program used a vessel basis for determining qualification. Catch from a vessel that did not qualify for an LLP license could be attributed to a vessel that did qualify for an LLP license if the same person owned the history of both vessels (except that the catch of a single vessel could not be used to qualify multiple license for an endorsement). In addition, the program counted only retained catch that was landed, excluding catch used for personal bait. Any vessel under 60 feet is exempt from the endorsement requirements. The action also contained provisions allowing the owner of a sunken vessel to stack history of that vessel with the history of a replacement vessel to meet the catch threshold and a provision to address unavoidable circumstances. Although the action only limited entry to the Pacific cod fishery, the Bering Sea and Aleutian Islands catcher processor capacity reduction act (which was part of the Consolidated Appropriations Act of 2005) extended the scope of the endorsements for catcher processors to several other species, specifically Atka mackerel, flathead sole, Pacific ocean perch, rock sole, Greenland turbot, and yellowfin sole. These provisions have yet to be implemented.

A number of past (as well as pending) actions have an effect on the environment for effort limitation in the BSAI and GOA groundfish fisheries. First and most important, the segmentation of fisheries by sector contributes to impacts of entry of latent effort. Sectors that receive exclusive allocations and have constraining limits on access are less likely to be affected by entry. The adverse impacts of entry of latent capacity are exacerbated for sectors with substantial latent capacity, if other sectors receive allocations that are not affected by the increase in effort. Two effects contribute to this impact. First, exclusive allocations leave less of the TAC available to the sectors not receiving those allocations, concentrating the impact of entry of latent effort. Second, exclusive allocations (especially when accompanied by new entry limits) reduce the number of fisheries available to latent effort, further contributing to the impact of entry of latent effort. The actions under Amendment 80 (non-AFA trawl catcher processor sector allocation and cooperative program) and Amendment 85 (Pacific cod sector allocations) have the effect of limiting the dispersal of impacts of entry. Both of these actions could leave some sectors exposed to the effects of increases in trawl catcher vessel effort. Under Amendment 85, trawl catcher vessels receive an exclusive

<sup>11</sup> A few exceptions to the requirement for an LLP license allow some fishing without an LLP. Most pertinent to this action, a person fishing exclusive in state waters (i.e., inside 3 nm) is not required to have an LLP. In addition, vessels of 26 feet or less LOA in the GOA and vessels of 32 feet or less LOA in the BSAI are not required to have an LLP license.



allocation of Pacific cod. Participants in the trawl catcher vessel Pacific cod fishery (both AFA vessels and non-AFA vessels) could be affected by any increase in trawl catcher vessel effort. Under Amendment 80, the exclusive allocation to the non-AFA catcher processors would leave a portion of the TAC of the five Amendment 80 species (i.e., yellowfin sole, rock sole, other flatfish, Atka mackerel, and Pacific ocean perch) available to all other sectors. These allocations are unlikely to support directed fisheries for species other than Atka mackerel and yellowfin sole. These sectors (primarily, the AFA trawl catcher processors, AFA trawl catcher vessels, and non-AFA trawl catcher vessels) would be vulnerable to entry of latent catcher vessels. In a broader sense, as opportunities for entry are foreclosed, latent participants wishing to reenter have access to fewer fisheries. So, those sectors and fisheries that remain accessible are especially vulnerable to impacts of entry. Trawl catcher vessels in the BSAI and GOA have expressed a concern that their interests could be severely affected by entry of holders of latent licenses.

The AFA also impacts the distribution of effects of entry of holders of latent licenses in a few ways. To understand these impacts requires an understanding of the limits on AFA participation in fisheries (other than the BSAI pollock fisheries). Most AFA vessels are subject to sideboards in the BSAI non-pollock fisheries and GOA fisheries. The sideboards work to allow NMFS to determine what fisheries are open to directed fishing and do not limit incidental catch of species not open to directed fishing. The total catch of these vessels should be effectively limited by the sideboards. Some smaller AFA catcher vessels (i.e., less than 125 feet LOA) with limited BSAI pollock history (i.e., less than 1,700 mt during 1995-1997) are exempt from certain sideboards. Catcher vessels meeting the size and pollock catch criteria with at least 30 landings in the BSAI Pacific cod fishery during 1995-1997 are exempt from the sideboard in that fishery. Nine vessels have qualified for this exemption. In addition, meeting the size and pollock catch criteria with more than 40 groundfish landings in the GOA during 1995-1997 are exempt from the GOA sideboards. Sixteen vessels have qualified for this exemption. Catch of these exempt vessels was not included in calculating the applicable sideboard limit. To further protect non-AFA GOA groundfish participants, GOA sideboard exempt AFA vessels have agreed through the intercooperative agreement that the GOA exemption will only apply to vessels that do not lease any of their BSAI pollock allocation. This agreement is intended to prevent an exempt vessel from using leasing to increase its catch in the GOA, while receiving the benefit of its AFA pollock allocation. Lastly, LLP licenses derived from the history of an AFA vessel cannot be transferred to a non-AFA vessel. This prohibition prevents holders of AFA vessel LLPs from transferring an LLP to a non-AFA vessel, resulting in an increase in effort in fisheries other than the BSAI pollock fishery. The combination of sideboard limits together with this prohibition on transfer of LLPs to non-AFA vessels appears to prevent any potential increase in effort by AFA vessels (beyond the level used to determine the AFA sideboards) that would necessitate the removal of latent AFA licenses from either BSAI or GOA fisheries.

Some participants in fisheries other than the BSAI pollock fisheries, however, believe that any action to remove latent licenses should include the removal of latent AFA licenses to protect current participants from any potential increase in effort from AFA vessels (beyond their current effort level in the fisheries). Without eliminating inactive AFA licenses, it is possible for AFA licenses that are currently inactive to reenter the fisheries. While this increase in effort would be subject to the sideboard limitations, the reentry of effort by AFA vessels could result in increases in catch by AFA vessels when compared to the recent post-AFA implementation years.

More pertinent to the fixed gear sector is the rationalization of the Bering Sea and Aleutian Islands crab fisheries. In development of that program, the Council elected to impose sideboards on only the Gulf of Alaska fisheries. Pot vessels generally participate in only crab and cod fisheries. As a result, the only perceived increase in opportunity arising from the crab rationalization program was thought to be in the Pacific cod fisheries in the Gulf that are prosecuted in January, when the Bering Sea *C. opilio* fishery is

typically prosecuted. Only recipients of initial allocations<sup>12</sup> in the Bering Sea *C. opilio* fishery are subject to the sideboards. The sideboards limit vessels in the aggregate to their historic share of the retained catch from 1996 to 2000 of Gulf of Alaska Pacific cod and other Gulf of Alaska groundfish (excluding Pacific cod and fixed gear sablefish). Vessels that have limited history in the Gulf groundfish fisheries – less than 50 mt of catch from 1996 to 2000 – are prohibited from directed fishing for Pacific cod in the Gulf. Vessels that landed less than 100,000 pounds of Bering Sea *C. opilio* and more than 500 mt of Pacific cod in the Gulf from 1996 to 2000 are exempt from the sideboards.

Table 5, Table 6, and Table 7 show counts of non-trawl catcher vessel licenses by endorsement area, MLOA 60 feet and under, and trawl designation for catcher vessels, catcher processors, and all operation types. The tables show that the Central Gulf has the most LLP endorsed non-trawl licenses (most of which are limited for use on vessels 60 feet or less in length). Less than one-fourth of the over 900 Central Gulf licenses carry endorsements for the Bering Sea or the Western Gulf. The Western Gulf has in excess of 250 endorsed non-trawl licenses. More than half of these licenses are also endorsed for use in either the Bering Sea or Central Gulf. As might be expected, a large percent of the Gulf eligible catcher processor licenses carry endorsements for the Bering Sea and Aleutian Islands. And, relatively few of the catcher processor licenses in are for vessels under 60 feet.

**Table 5. Non-trawl catcher vessel LLP licenses by endorsement area, MLOA 60 feet or under, and trawl designation.**

Catcher vessel non-trawl licenses License endorsement area	Licenses that also have an endorsement (or designation) for						
	Aleutian Islands	Bering Sea	Central Gulf	Western Gulf	Southeast Outside	MLOA of 60 feet or under	trawl
Aleutian Islands	81	70	63	64	15	26	16
Bering Sea		296	162	159	32	112	62
Central Gulf			888	178	180	707	115
Western Gulf				268	43	158	79
Southeast Outside					712	682	9

Source: NFMS LLP license database (January 11, 2007)

**Table 6. Non-trawl catcher processor LLP licenses by endorsement area, MLOA 60 feet or under, and trawl designation.**

Catcher processor non-trawl licenses License endorsement area	Licenses that also have an endorsement (or designation) for						
	Aleutian Islands	Bering Sea	Central Gulf	Western Gulf	Southeast Outside	MLOA of 60 feet or under	trawl
Aleutian Islands	78	76	43	32	2	0	14
Bering Sea		84	47	33	3	1	15
Central Gulf			51	28	5	5	8
Western Gulf				33	3	1	4
Southeast Outside					7	5	0

Source: NFMS LLP license database (January 11, 2007)

<sup>12</sup> Since allocations in the program are based on catch history associated with a license, the sideboard is constructed to limit catch using the license. This is done by sideboarding any vessel the catch of which led to a share allocation and any vessel named on the license that arose from the catch history of the vessel that led to that allocation.

**Table 7. Non-trawl LLP licenses by endorsement area, MLOA 60 feet or under, and trawl designation.**

All non-trawl licenses License endorsement area	Licenses that also have an endorsement (or designation) for						
	Aleutian Islands	Bering Sea	Central Gulf	Western Gulf	Southeast Outside	MLOA of 60 feet or under	trawl
<b>Aleutian Islands</b>	<b>159</b>	146	106	96	17	26	30
<b>Bering Sea</b>		<b>380</b>	209	192	35	113	77
<b>Central Gulf</b>			<b>939</b>	206	185	712	123
<b>Western Gulf</b>				<b>301</b>	46	159	83
<b>Southeast Outside</b>					<b>719</b>	687	9

Source: NFMS LLP license database (January 11, 2007)

### **Purpose and Need**

As with most actions, the first step in defining appropriate alternatives is the development of a clear purpose and need statement. In this case, the purpose of the action is generally to remove the potential for latent capacity to enter the fisheries. The purpose and need statement should go beyond a simple statement of the need to remove capacity to better define the scale of the problem of latent capacity and the specific needs that would be addressed by the action. For example, the purpose could be simply to remove licenses that have shown no or very minimal activity to ensure that entry does not occur in a fully utilized fishery. Alternatively, the action could impose more rigid standards to ensure that those that have regular dependence on the fisheries are not impinged on by license holders that sporadically participate in the fisheries. The purpose and need statement should provide some guidance for the defining the level of specificity in the action. For example, a general concern that latent licenses could reenter the Gulf groundfish fisheries would suggest that the action could remove latent licenses using broad and general criteria (i.e., licenses with less than a certain number of landings would be voided). Alternatively, if the action is intended to protect newly defined sector allocations of Pacific cod, the purpose and need statement would focus efforts toward the development of a different, more specifically defined set of alternatives. These could include options that make gear designations more specific (e.g., pot or hook and line, rather than fixed) or area specific gear designations (such as “Western Gulf fixed gear”. Some provisions that could be included in purpose and need statement are:

- Gulf fisheries are fully utilized
- Current participants have long term investments and dependence on the fisheries
- Potential reentry of latent license to Gulf fisheries could disrupt stability, harm investments, and interfere with expectations

If the Council believes that generality of license endorsements and designations increases potential for disruption, it could add provisions similar to the following:

- The development of gear specific sector allocations, together with the current general “fixed gear” license designation, creates the potential for participants to encroach on the allocations of another sector
- The absence of area specific gear designations allow participants with minimal participation in an area to encroach on sector allocations based primarily on the catch history of others

## **Elements and Options**

The elements and options under consideration for the removal of latent licenses should be developed to address the Council's purpose and need statement. So, depending on concerns raised by the purpose and need statement, the Council could choose to adopt elements and options that simply remove licenses that have no (or very limited) use in recent years or redefine the system of endorsements by developing more specific gear designations and attach gear and operational designations to area endorsements. This section outlines possible elements and options that the Council could adopt for analysis. To simplify the process of defining elements for consideration, this paper reviews different aspects of possible elements and options independently. In developing its suite of alternatives, the Council should consider interactive effects of the different elements and options and how those interactions might address issues identified in the purpose and need statement.

## **Sectors**

One of the first considerations in developing a scope for this action is for the Council to define the sectors that will be affected by this action. As a starting point, the Council should assess whether the action will affect only fixed gear licenses or whether trawl licenses will be included in the action.<sup>13</sup> Inclusion of trawl licenses in this action could be deemed appropriate, if the parallel action that would establish Pacific cod sector allocations is believed to exacerbate effects of latent licenses on that (or those) sector(s).

The Council should also assess whether the action will restructure the LLP, by redefining parts of the system of gear and operation designations and area endorsements. Such an action could parallel Amendment 67 in the Bering Sea and Aleutian Islands fixed gear Pacific cod fishery, which defined gear and operation specific endorsements (i.e., pot cv, pot cp, longline cv, and longline cp) for Pacific cod in the Bering Sea and Aleutian Islands. That action, however, left the non-trawl designations unaffected for both vessels that met and vessels that did not meet the threshold catch requirements for specific Pacific cod endorsements. If the Council wished to approach the issue in a simpler manner, it could choose to add more specific endorsements for fixed gear participation (i.e., distinguishing pot, hook-and-line, and jig). Additionally, the Council could use this action to link area endorsements and gear designations. This could be accomplished at the Gulf level. For example, a general requirement that a license meet a fixed gear catch or landing requirement in the Gulf could be applied for maintaining and endorsement for future fixed gear use in the Gulf. The requirement could instead be more specifically applied at the endorsement area level providing separate gear designation/area endorsements for each Gulf endorsement area (i.e., Central Gulf and Western Gulf).<sup>14</sup> Under this approach, a license would have to meet specific catch or landings thresholds with fixed gear in an endorsement area to maintain its authorization to fish with that gear in the area.

The Council should also assess how this action will affect operation designations and the interaction with gear designations and area endorsements. The Council could choose to integrate gear and operation designations, establishing specific gear and operation type thresholds for maintaining license designations. For example, the Council could require a license to meet a specific threshold for catch with pot gear that was also processed on board for that license to maintain a catcher processor pot endorsement. If desired, this type of requirement could be applied on a management subarea basis, effectively creating gear/operation type/subarea endorsements. If the Council elects to distinguish operation types (using catcher vessel and catcher processor endorsements), it should clearly state whether

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<sup>13</sup> If trawl vessels are included, the Council should provide clear guidance concerning the interaction of this action with the ongoing action to remove latent trawl licenses from the fisheries it manages.

<sup>14</sup> If the Council wishes to extend this action to Southeast Outside endorsements, the Council should specify that intent. Since this action evolved from the Gulf rationalization action (which excluded Southeast Outside fisheries), this paper has focused on the endorsement areas of the Central Gulf (which includes West Yakutat) and Western Gulf.

participants in one sector will be permitted to operate in the other sector. Under the current LLP, licenses with catcher processor designations authorize a vessel to operate as either a catcher vessel or a catcher processor. If this action is developed simultaneously with history-based sector allocations of Pacific cod, historic dependence could be acknowledged by crediting catch history of a vessel to its sector (or the sector from which the catch came). So, if small catcher processors are allowed to continue to fish the inshore TAC, their dependence on that fishery would be reflected by counting their inshore catch toward the inshore sector allocation. If small catcher processors are excluded from the inshore sector, acknowledgement of their historic dependence would require crediting that history to a catcher processor (or offshore component). Allocations cannot be fully coordinated with eligibility (if catcher processors are permitted to fish on the inshore allocation), since some catcher processors have moved between the inshore component and offshore component.

Depending on the specific problem identified in the Council purpose and need statement, the Council could also add species to the endorsement/designation requirements (similar to the Bering Sea Aleutian Islands fixed gear Pacific cod licensing). The application of a species-based endorsement could be justified, if the Council perceives a need to restrict access to only that species fishery. This approach would allow license holders to pursue opportunities for other species that are subject to less fishing effort. The application of species level endorsements could complicate management in a few ways. Since the species endorsement would limit targeting, it is possible that some participants may perceive an opportunity to use retained incidental catch to supplement their catch revenue in less lucrative target fisheries. Policing and constraining incidental catch of vessels not carrying the endorsement could be complicated, since discards above the MRA are allowed in the current limited entry fishery. This problem is likely to be more pronounced than any similar problem in the Bering Sea and Aleutian Islands fisheries, since fewer local vessels participate in those fisheries and fewer vessels participate in the parallel fisheries in those areas. The development of species endorsements also complicates license administration, particularly if those endorsements are advanced for many different species.

In summary, a starting point for developing options to remove latent licenses from Gulf fisheries is to define sectors that would be affected by the action. These sectors could be those currently identified in the LLP or could expand on the current LLP sector definitions to incorporate more specificity.

### ***Sector definitions***

#### *Area*

*Western Gulf*

*Central Gulf (current endorsement includes West Yakutat)*

*Southeast Outside (closed to trawl gear)*

#### *Gear*

*Trawl*

*Fixed*

*Hook-and-line*

*Pot*

*Jig*

#### *Operation type*

*Catcher vessel*

*Catcher processor*

#### *Vessel length*

### ***Relevant provisions in the Gulf rationalization package***

*Sectors are defined as:*

*Trawl catcher processor*  
*Trawl catcher vessel*  
*Longline catcher processor*  
*Longline catcher vessel*  
*Pot catcher processor*  
*Pot catcher vessel*  
*Jig*

*Options could define:*

*Low producing longline catcher vessels – vessels with catch below the mean or 75<sup>th</sup> percentile*  
*Low producing pot catcher vessels – vessels with catch below the mean or 75<sup>th</sup> percentile*  
*Suboption: only vessels below the catch threshold and less than 60 feet in length would be defined as low producers*

*Area designations include:*

*Central Gulf (currently endorsement includes West Yakutat)*  
*Western Gulf*

The Council should specify the extent to which it intends to integrate area, gear, and operation type designations and endorsements. The decision to integrate these different license characteristics should be derived from the purpose and need statement and the extent to which the division of sectors defined by license designations and endorsements are necessary to effectively meet the needs identified. For example, if the intent of this action is to protect vessels using a particular gear and operation type from an influx of vessels that have historically used another gear or operation type, it may be necessary to extend limitations with specific endorsements and designations that prohibit cross over among sectors. On the other hand, if the action is only intended to insulate trawl and fixed gear vessels from the actions of each other, it may be adequate to simply define trawl and fixed gear sectors.

### **Qualifying period**

In developing actions to remove latent capacity, the Council has typically specified a period of years during which participants would need to meet specific participation thresholds to retain eligibility. A number of factors have typically influenced the development of qualifying year options. Actions to remove latent capacity are often based on dependence on the fisheries. Dependence is often best reflected by regular participation across a period of years. Years are defined to include both historic and recent participation. Historic participation is viewed as a reflection of dependence, while recent participation is a reflection of current activity.

Administration of the program could be complicated by including the years 2000 and 2001 in the qualification period. During that time period, the vessel using an LLP license was not required to be formally designated. Since no official record of license use exists for that period, application of landing or catch requirements during that period would rely on less uniform documentation (e.g., individual affidavits). So, exclusion of 2000 and 2001 from the qualification period would simplify and increase reliability of administration.

### ***Provisions for defining qualifying period***

*Identify years*

### ***Relevant provisions in the Gulf rationalization package***

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

95-01

95-02

95-02

98-02

98-03

### **Catch or participation thresholds**

To remove latent capacity from the fisheries, the Council will need to specify appropriate catch or participation thresholds, which must be met to maintain eligibility to participate. The original LLP thresholds were specified as landing requirements (with requirements of one landing in each of one or two calendar years). The thresholds for fixed gear Pacific cod endorsements in the Bering Sea and Aleutian Islands were catch thresholds, which required a vessel to meet a specific retained catch threshold in each of one or two calendar years. Annual catch thresholds in that action ranged from 7.5 metric tons to 270 metric tons. The trawl latency action currently under consideration by the Council contains threshold options of one or two landings. In general, higher thresholds are applied to catcher processors than to catcher vessels. If quantities of catch requirements are applied and the action includes trawl licenses, higher catch quantities might be appropriate for trawl qualification than for fixed gear. Depending on the scope of this action, and whether endorsements or designations are developed for different fixed gear types and operations, the Council could specify appropriate levels for the different gear qualifications.<sup>15</sup> Usually, the Council requires participation in a subset of the qualification period to allow for unforeseen circumstances or some movement among fisheries. Alternatively, the Council could require participation during the qualifying period to meet some aggregate threshold (for all activity during the entire period).

Depending on the thresholds established by the Council and the availability of entry opportunities under the revised LLP eligibility, the Council could adopt some exemptions from this action. The exemptions could be equivalent to the current Gulf LLP exemption (which allows vessels under 26 feet to participate in the Gulf limited access fisheries without a license) or could expand on those exemptions by allowing vessels that meet certain criteria (such as length limitations) to participate without a license. The extent of any exemption should depend on the structure of the program and the extent of opportunities within the program. An alternative to simple exemptions for small vessels could be lower catch thresholds for licenses with small MLOAs. Such a structure could be appropriate, if opportunities in the parallel fisheries and State water fisheries are perceived to be adequate for an entrant that wishes to develop operations. These participants could either decide that opportunities in the parallel and State water fisheries are sufficient or move to larger scale fisheries in federal waters by purchasing a license. If participants in fisheries in State waters are to move on to federal fisheries, the availability of licenses allowing for that transition is critical. In developing this action, the Council will need to balance the interests of those wishing to limit entry to fisheries, who desire stability and protection of their investments, against potential future entrants, who wish to ensure adequate opportunity.

In considering the application of catch thresholds, the Council should specify whether those thresholds should be based on total catch (including discards) or only retained catch. Retained catch is likely a better indicator of dependence, as discards provide no direct return. Analytically, retained catch thresholds can be more precisely applied, as discards of catcher vessels are typically estimated based on extrapolations of at sea discards from observer data. In addition, the Council could consider whether catch used in meal production should count toward satisfying a threshold. The Council has excluded meal from some

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<sup>15</sup> In the Pacific cod endorsement program in Bering Sea and Aleutian Islands jig vessel catch could be applied to meeting pot gear endorsements. If the Council wishes to allow catch with one gear type to qualify a license for use of another gear type, it should clearly outline those requirements.

allocation programs based on the rationale that meal is a relatively low value product and its inclusion could disadvantage some small catcher processors that do not have meal production capacity.

The Council should also consider the catch that can be applied to meet qualifications. Clearly, catch in the federal fishery should apply toward meeting the threshold. The Council could also allow parallel fishery catch and State water fishery catch to apply toward the threshold. Since the parallel fishery is prosecuted simultaneously with the federal fishery, some vessels likely participate in both fisheries during the course of a season (and even during a fishing trip). This interaction could be argued to justify consideration of parallel fishery catch for qualification. The State water fishery is prosecuted independently from the federal fisheries based on its own guideline harvest level. As a result, inclusion of this catch in defining participation thresholds seems less appropriate. A possible rationale for inclusion of State water catch is that the vessels participating in those fisheries also participate in the federal fisheries.

In some past actions that require participants to meet catch thresholds to remain eligible for a fishery, the Council has asked staff to develop illustrative tables showing the distribution of catch from which thresholds can be identified. If the Council wishes, staff could produce tables from which options could be developed. A set of tables could be developed that could be used to identify options for both catch thresholds and landings thresholds.

***Provisions for defining catch thresholds***

*Identify threshold as:*

*Quantity of catch (retained or total catch)*

*Number of landings*

*Define whether the threshold must be met:*

*In one or more of the defined qualifying years*

*In the aggregate during all of the qualifying years*

*Define qualifying catch*

*Federal fisheries*

*Parallel fisheries*

*State water fisheries*

*Define whether any gear or vessel length exemptions to meeting criteria will be created*

***Relevant provisions in the Gulf rationalization package***

*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.*

*Qualified catch is from:*

*Option 1: 3-200 miles*

*Option 2: 3-200 miles, plus 0-3 miles parallel history*

*Suboption: catch history determined based on a percentage of retained catch per year*

Qualifying period options in the Gulf rationalization program include provisions to drop one or two years. These provisions reflect the need to consider that unexpected circumstances can affect regular participants. In this action, the provisions could be tailored to require catch thresholds to be met on some subset of the qualifying years.



**Conclusion**

To proceed with this action, the Council should first establish its purpose and need statement. The Council could either develop a single purpose and need statement (encompassing both sector allocations of Pacific cod and removal of latent effort) or two purpose and need statements, one for each action. The interrelatedness of the actions could support development of a single amendment covering both issues. The purpose and need statement should be focused to identify specific problems that motivate the action, which, in turn, will serve to guide the development of specific elements for consideration. In addition, the Council could preliminarily define sectors and request further information from staff that could be used to finalize alternatives at a future meeting. This approach would likely provide the Council with the opportunity to develop its purpose, then fashion alternatives in an appropriate and predictable manner to address that purpose.