


MEMORANDUM

TO: Council and AP Members
FROM: Chris Oliver 
Executive Director
DATE: November 27, 2006
SUBJECT: Gulf of Alaska Groundfish Rationalization

ESTIMATED TIME 8 HOURS

ACTION REQUIRED

Review alternatives and options and revise as appropriate

BACKGROUND

At its April 2003 meeting, the Council adopted a motion preliminarily defining alternatives for the rationalization of the Gulf of Alaska groundfish fisheries. Since that meeting, the Council has undertaken the process of refining the alternatives for analysis.

To assist the Council with the continuing process of refining the alternatives for analysis, staff has provided a brief discussion paper that includes the problem statement and describes the structure of the alternatives (Item C-4(a)). Separate alternatives are defined for each sector (i.e., catcher processors, trawl catcher vessels, pot catcher vessels, hook-and-line catcher vessels, and jig vessels). The alternatives applicable to each sector are defined through specific elements and options that are set out in "Gulf Rationalization Alternatives" (April 2006). In addition to the options defining the provisions governing the various sectors, the Council has developed two sets of options applicable to community programs and reduction of crab and salmon bycatch. These provisions are contained in "Gulf of Alaska Rationalization Community Provisions" (December 12, 2005) and "Bycatch Reduction Alternatives for Salmon and Crab Species" (June 2005), respectively. These three documents, which together comprise all elements and options, are attached as Item C-4(b).

December 2006
Gulf of Alaska Rationalization
Statement of Purpose and Need and Overview of Alternative Structures

This paper is intended to assist the Council and the public with the process of developing alternatives to rationalization the Gulf of Alaska groundfish fisheries. The paper briefly describes the process used by the Council to date to develop rationalization alternatives. The paper then sets out the Council's problem statement, which is intended to outline the Council's purpose for undertaking this management change. Brief descriptions of the different alternative structures developed by the Council to date are included. Lastly, the paper identifies some of the elements and options that are currently under consideration for inclusion in the different alternatives. These elements and options are specifically set out in "Gulf Rationalization Alternatives" (April 2006), "Gulf of Alaska Rationalization Community Provisions" (December 12, 2005), and "Bycatch Reduction Alternatives for Salmon and Crab Species" (December 2004), which are attached and should be consulted for assessing specific provisions.

Process used to develop alternatives

At its April 2003 meeting, the Council adopted a problem statement and motion preliminarily defining alternatives for the rationalization of the Gulf of Alaska groundfish fisheries. Since that meeting, the Council has undertaken a process of refining the alternatives to meet the objectives identified in the problem statement. In addition, the Council took public testimony at its June 2006 meeting in Kodiak, which should be considered in the further development of alternatives.

To facilitate appropriate management of Gulf fisheries, the Council has developed separate alternative structures for the different sectors – catcher processors, trawl catcher vessels, pot catcher vessels, longline catcher vessels, and jig vessels. In selecting options to refine the alternatives to advance for analysis, the Council should also assess the range of alternatives that are created. Each alternative should meet the Council's purpose and need statement, should be feasible, and should be distinguishable from each other alternative. The Council should therefore consider using its selection of options to distinguish the alternatives from each other, but only to the extent that maintains the integrity of each alternative under the problem statement. Since the alternatives as defined to date are distinct, the Council may select the same option for each of the alternatives, if that option best satisfies the objectives of the purpose and need statement.

Statement of Purpose and Need

The statement of purpose and need is an integral part of the process of developing alternatives for analysis and selection of a preferred alternative. The purpose and need statement is intended to briefly and comprehensively identify the specific objectives of the proposed action and the broader underlying social needs that are to be addressed. by the proposed action. Through this statement, the range of alternatives can be limited to those that reasonably and practicably address the cited purposes and needs.

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

The Council is proposing a new management regime that rationalizes groundfish fisheries in the Gulf of Alaska west of 140 degrees longitude and rockfish bycatch east of 140 degrees longitude. A rationalization program includes policies and management measures that may increase the economic efficiency of GOA groundfish fisheries by providing economic incentives to reduce excessive capital investment. These management measures would apply to those species, or groups of species identified by the Council as benefiting from additional economic incentives that

may be provided by rationalization. This rationalization program would not modify the hook-and-line sablefish fishery currently prosecuted under the IFQ Program, except for management of associated groundfish bycatch.

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

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

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

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

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

The Alternative Structures

The alternative structures for each of these sectors are summarized below in separate tables, along with a brief narrative overview of each alternative.

Catcher processor alternatives

The two catcher processor rationalization alternatives are outlined in Table 1.

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

	Alternative 2	Alternative 3
Program type	IFQ/cooperative	Sector allocation and cooperatives
Long term share allocations	Shares allocated to individuals by gear type	Sector allocation with harvest histories allocated to individuals in cooperatives
Sector definition	All catcher processors	CP trawl, CP longline, CP pot
Annual allocations	individual or cooperative	cooperatives or limited access
Processor Provisions	CP Provisions (no processor provisions)	CP Provisions (no processor provisions)
Fishing opportunity for non-members of cooperatives	IFQs with option for PSC reduction	limited access with option for PSC reduction

Alternative 1 (not shown in the table) is the **status quo**, under which the LLP and limited access fishing would be maintained.

Alternative 2 would create a **cooperative/IFQ** program, under which individuals would be allocated shares, by gear type. Share holders would be permitted to form cooperatives, including cooperatives among holders of shares for different gear, although limits on transfers of shares between gear types could be applied. Share holders that choose not to join cooperatives would receive their allocations as individual quota, with a possible reduction in their PSC allocations.

Under **Alternative 3**, a **cooperative/limited access** program, individuals would be credited with their qualifying catch history, and allocations would be made to the three different catcher processor sectors: the trawl sector, the longline sector, and the pot sector. Holders of qualified history would be eligible to join a cooperative within their sector, and the cooperative would receive annual harvest allocations based on the history of its members. Holders of qualified history that choose not to join a cooperative would be permitted to fish in a limited access fishery that will receive an aggregate allocation based on the qualified histories of sector members that choose not to join a cooperative. The PSC allocation to the limited access fishery could be reduced.

Trawl catcher vessel alternatives

Table 2 outlines the Council's four rationalization alternatives for the trawl catcher vessel sector.

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

	Alternative T2A	Alternative T2B	Alternative T2C	Alternative T3
Program type	IFQ/cooperative with license limitation for processors	IFQ/cooperative with license limitation for processors and harvest share/processor linkage	IFQ/cooperative with processor allocation	Sector allocation and cooperatives with processor associations
Long term share allocations	Shares allocated to individuals	Shares allocated to individuals	Shares allocated to individuals	Sector allocation with harvest histories allocated to individuals in cooperatives
Sector definition	trawl CV	trawl CV	trawl CV	trawl CV
Annual allocations	individual or cooperative	individual or cooperative	individual or cooperative	cooperatives or limited access
Processor Provisions	50 - 100 percent of annual allocations required to be delivered to licensed processors	50 - 100 percent of annual allocations required to be delivered to linked processors and and share reduction penalty to change processor linkage	allocation of 10 - 30 percent of harvest shares to qualified processors	processor association with negotiated terms
Fishing opportunity for non-members of cooperatives	IFQs subject to processor license limitation delivery requirement (with option for PSC reduction)	IFQs subject to processor linkage delivery requirement (with option for PSC reduction)	IFQs	limited access with option for PSC reductions

Alternative 1 (not shown in the table) is the **status quo**, which would continue the LLP and limited access fishing.

Alternative T2A would create a **co-op/IFQ with processor limited entry** program, under which individuals would be allocated harvesting shares. A percentage (50-100 percent) of each harvester's allocation would be required to be delivered to a processor holding a limited entry license. Processor licensing would be based on historic processing. Share holders would be permitted to form cooperatives to manage their members' allocations. Share holders that choose not to join a cooperative would receive their allocations as individual quota with a possible reduction in their PSC allocations.

Alternative T2B would create a **co-op/IFQ with processor linkages** program. As with Alternative T2A, individuals would be allocated harvesting shares, and processors would receive limited entry licenses. Additionally, the program would create a system of harvester/processor linkages. These linkages would require the share holder to deliver a specific percentage (50-100 percent) of landings to the processor to which the share holder is linked, as determined by the share holder's landings history. To change the processor with which a holder's shares are linked, a share reduction penalty would apply. Share holders would be permitted to form cooperatives to manage their allocations. Share holders that choose not to join a cooperative would receive individual allocations (which would be subject to the processor linkage), but may, as a result, be subject to a reduction in their PSC allocations.

Alternative T2C would create a **co-op/IFQ with allocations of harvest shares to processors**. Under this alternative, individuals would be allocated harvesting shares, however a portion of the harvest share pool (between 10 and 30 percent) would be allocated to processors based on their processing history. Share holders would be permitted to form cooperatives, with non-cooperative members receiving individual allocations.

Alternative T3 is a **co-op/limited access program with processor linkages**. The alternative creates a history-based cooperative program, under which cooperatives would receive annual harvest allocations based on the qualified histories of their members. Cooperatives would be required to be associated with a processor, but the details of that relationship (including the terms for ending the relationship) would be determined by negotiations among the cooperative members and the processor. Initially, each holder of qualified history would be eligible to join a cooperative associated with the processor to which the holder delivered the most pounds during a specified time period. Holders of qualified history that choose not to join a cooperative would be permitted to fish in a limited access fishery that would receive an aggregate allocation based on the histories of non-members of cooperatives. The allocation of PSC to the limited access fishery could be reduced.

Pot gear catcher vessel alternatives

Table 3 outlines the Council's alternatives for the pot catcher vessel sector (with the exception of the status quo alternative). The Council has specified 7 alternatives that would apply to all or a portion of the fixed gear sector. In general, these alternatives follow a structure similar to applicable to the trawl catcher vessel sector, with the exception of three additional alternatives that would apply to "low producing" pot catcher vessels.

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

	Alternative P2L	Alternative P2HA	Alternative P2HB	Alternative P2C	Alternative P3L1	Alternative P3L2	Alternative P3
Program type	IFQ	IFQ/cooperative with license limitation for processors	IFQ/cooperative with license limitation for processors and processor linkage	IFQ/cooperative with processor allocation	Sector allocation with limited access	Sector allocation and cooperatives	Sector allocation and cooperatives with processor associations
Long term share allocations	Shares allocated to individuals	Shares allocated to individuals	Shares allocated to individuals	Shares allocated to individuals	Sector allocation	Sector allocation with harvest histories allocated to individuals in cooperatives	Sector allocation with harvest histories allocated to individuals in cooperatives
Sector definition	low producing pot gear CV	high producing pot gear CV	high producing pot gear CV	pot gear CV	low producing pot gear CV	low producing pot gear CV	pot CV or high producing pot gear CV
Annual allocations	individual or cooperative	individual or cooperative	individual or cooperative	individual or cooperative	limited access	cooperatives or limited access	cooperatives or limited access
Processor Provisions	no processor provisions	50 - 100 percent of annual allocations required to be delivered to licensed processors	50 - 100 percent of annual allocations required to be delivered to linked processors and and share reduction penalty to change processor linkage	allocation of 10 - 30 percent of the harvest share pool to processors	no processor provisions	no processor provisions	processor association with negotiated terms
Fishing opportunity for non-members of cooperatives	IFQs	IFQs subject to processor license limitation delivery requirement	IFQs subject to processor linkage delivery requirement	IFQs	limited access	limited access	limited access

Alternative 1 is the **status quo** (not shown in the table), which would continue the LLP limited access fishery.

Alternative P2L would create a **co-op/IFQ** program that would apply to only the “low producing” members of the pot catcher vessel sector. These would be participants that receive allocations either below the average, or below the 75th percentile, of pot catcher vessel allocations. Individuals would be allocated harvesting shares, and share holders would be permitted to form cooperatives to coordinate harvest activities. Share holders who choose not to join a cooperative would receive individual allocations.

Alternative P2HA would a **co-op/IFQ with processor limited entry** program similar to Alternative T2A for the trawl catcher vessel sector. This alternative would apply only to the “high producing” members of the pot catcher vessel sector, i.e, those participants that receive allocations either at or above the average, or at or above the 75th percentile, of pot catcher vessel allocations. Individuals would be allocated harvesting shares, and a percentage (50-100 percent) of each harvester’s allocation would be required to be delivered to a processor holding a limited entry license. Processor licensing would be based on historic processing. Share holders would be permitted to form cooperatives to manage their members’ allocations. Share holders that choose not to join a cooperative would receive their allocations as individual quota.¹

Alternative P2HB would create a **co-op/IFQ with processor linkages** program similar to Alternative T2B for trawl catcher vessels, and applying to the “high producing” members of the pot catcher vessel sector. Individuals would be allocated harvesting shares, and processors would receive limited entry licenses. Additionally, the program would also create a system of harvester/processor linkages. These linkages would require the share holder to deliver a specific percentage (50-100 percent) of landings to the processor to which the share holder is linked, as determined by the share holder’s landings history. To change the processor with which a holder’s shares are linked, a share reduction penalty would apply. Share holders would be permitted to form cooperatives to manage their allocations. Share holders that choose not to join a cooperative would receive individual allocations (which would be subject to the processor linkage).

Alternative P2C would create a **co-op/IFQ with allocations of harvest shares to processors** program similar to Alternative T2C for trawl catcher vessels. Under this alternative, individuals would be allocated harvesting shares, however a portion of the harvest share pool (between 10 and 30 percent) would be allocated to processors based on their processing history. Share holders would be permitted to form cooperatives, with non-cooperative members receiving individual allocations.

Alternative P3L1 would create a **limited access** fishery for the “low producing” pot catcher vessel sector (similar to the current LLP limited access fishery). The only difference between the current LLP management and this alternative would be the exclusive sector allocation to pot catcher vessels. Currently, the seasonal inshore TACs are shared with all trawl and non-trawl vessels.

Alternative P3L2 would create a **co-op/limited access program** with no processor provisions for the “low producing” pot catcher vessel sector. The alternative creates a history-based cooperative program, under which cooperatives would receive annual harvest allocations based on the qualified histories of their members. Cooperatives could deliver their catch to any processor without limitation. Each holder of qualified history would be eligible to join any cooperative. Holders of qualified history that choose not to join a cooperative would be permitted to fish in a limited access fishery that would receive an aggregate allocation based on the histories of non-members of cooperatives.

¹ The pot sector is not subject to halibut PSC limits, so the halibut PSC reduction penalty is not applicable to this sector.

Alternative P3 would create a co-op/limited access program with processor linkages program similar to Alternative T3 for trawl catcher vessels. The alternative creates a history-based cooperative program, under which cooperatives would receive annual harvest allocations based on the qualified histories of their members. Cooperatives would be required to be associated with a processor, but the details of that relationship would be determined by negotiations among the cooperative members and the processor. Initially, each holder of qualified history would be eligible to join a cooperative associated with the processor to which the holder delivered the most pounds during a specified time period. Holders of qualified history that choose not to join a cooperative would be permitted to fish in a limited access fishery that would receive an aggregate allocation based on the histories of non-members of cooperatives.

Hook-and-line catcher vessel alternatives

Table 4 outlines the Council's alternatives for the hook-and-line catcher vessel sector. The Council has specified 6 alternatives that would apply to all or a portion of the hook-and-line gear sector. The structure of alternatives is identical to those specified for the pot sector, and in general, is similar to that of the trawl catcher vessel sectors, with the exception of an alternative that would create an IFQ program for "low producing" hook-and-line catcher vessels.

Table 4. Modified Gulf of Alaska groundfish rationalization alternatives – hook-and-line catcher vessels

	Alternative L2L	Alternative L2HA	Alternative L2HB	Alternative L2C	Alternative L3L1	Alternative L3L2	Alternative L3
Program type	IFQ	IFQ/cooperative with license limitation for processors	IFQ/cooperative with license limitation for processors and processor linkage	IFQ/cooperative with processor allocation	Sector allocation with limited access	Sector allocation and cooperatives	Sector allocation and cooperatives with processor associations
Long term share allocations	Shares allocated to individuals	Shares allocated to individuals	Shares allocated to individuals	Shares allocated to individuals	Sector allocation	Sector allocation with harvest histories allocated to individuals in cooperatives	Sector allocation with harvest histories allocated to individuals in cooperatives
Sector definition	low producing longline gear CV	high producing longline gear CV	high producing longline gear CV	longline gear CV	low producing longline gear CV	low producing longline gear CV	longline gear CV or high producing longline CV
Annual allocations	individual or cooperative	individual or cooperative	individual or cooperative	individual or cooperative	limited access	cooperatives or limited access	cooperatives or limited access
Processor Provisions	no processor provisions	50 - 100 percent of annual allocations required to be delivered to licensed processors	50 - 100 percent of annual allocations required to be delivered to linked processors and share reduction penalty to change processor linkage	allocation of 10 - 30 percent of the harvest share pool to processors	no processor provisions	no processor provisions	processor association with negotiated terms
Fishing opportunity for non-members of cooperatives	IFQs	IFQs subject to processor license limitation delivery requirement (with option for PSC reduction)	IFQs subject to processor linkage delivery requirement (with option for PSC reduction)	IFQs	limited access	limited access with option for PSC reductions	limited access with option for PSC reductions

Alternative 1 is the status quo (not shown in the table), which would continue the LLP and limited access fishery.

Alternative L2 Low would create a co-op/IFQ program that would apply to only the "low producing" members of the hook-and-line catcher vessel sector, similar to Alternative P2 Low for the pot catcher vessel sector. These would be participants that receive allocations either below the average, or below the 75th percentile, of hook-and-line catcher vessel allocations. Individuals would be allocated harvesting shares, and share holders would be permitted to form cooperatives to coordinate harvest activities. Share

holders who choose not to join a cooperative would receive individual allocations, with no penalty to their PSC allocation.

Alternative L2A High would be a **co-op/IFQ with processor limited entry** program similar to Alternatives T2A and P2A High for the trawl and pot catcher vessel sectors. This alternative would apply only to the “high producing” members of the hook-and-line catcher vessel sector, i.e., those participants that receive allocations either at or above the average, or at or above the 75th percentile, of hook-and-line catcher vessel allocations. Individuals would be allocated harvesting shares, and a percentage (50-100%) of each harvester’s allocation would be required to be delivered to a processor holding a limited entry license. Processor licensing would be based on historic processing. Share holders would be permitted to form cooperatives to manage their members’ allocations. Share holders that choose not to join a cooperative would receive their allocations as individual quota with a possible reduction in their PSC allocations.

Alternative L2B High would create a **co-op/IFQ with processor linkages** program similar to Alternatives T2B and P2B High for trawl and pot catcher vessels, and applying to the “high producing” members of the hook-and-line catcher vessel sector. Individuals would be allocated harvesting shares, and processors would receive limited entry licenses. Additionally, the program would also create a system of harvester/processor linkages. These linkages would require the share holder to deliver a specific percentage (50-100%) of landings to the processor to which the share holder is linked, as determined by the share holder’s landings history. To change the processor with which a holder’s shares are linked, a share reduction penalty would apply. Share holders would be permitted to form cooperatives to manage their allocations. Share holders that choose not to join a cooperative would receive individual allocations (which would be subject to the processor linkage), but may, as a result, be subject to a reduction in their PSC allocations.

Alternative L2C would create a **co-op/IFQ with allocations of harvest shares to processors** program similar to Alternatives T2C and P2C for trawl and pot catcher vessels. Under this alternative, individuals would be allocated harvesting shares, however a portion of the harvest share pool (between 10 and 30 percent) would be allocated to processors based on their processing history. Share holders would be permitted to form cooperatives, with non-cooperative members receiving individual allocations.

Alternative L3L1 would create a **limited access fishery** for the “low producing” longline catcher vessel sector (similar to the current LLP limited access fishery (and Alternative P3L1 for pot catcher vessels)). The only difference between the current LLP management and this alternative would be the exclusive sector allocation to longline catcher vessels. Currently, the seasonal inshore TACs are shared with all trawl and non-trawl vessels.

Alternative L3L2 would create a **co-op/limited access program** with no processor provisions (similar to Alternative P3L2 for pot catcher vessels) for “low producing” longline catcher vessels. The alternative creates a history-based cooperative program, under which cooperatives would receive annual harvest allocations based on the qualified histories of their members. Cooperatives could deliver their catch to any processor without limitation. Each holder of qualified history would be eligible to join any cooperative. Holders of qualified history that choose not to join a cooperative would be permitted to fish in a limited access fishery that would receive an aggregate allocation based on the histories of non-members of cooperatives. The allocation of PSC to the limited access fishery could be reduced.

Alternative L3 would create a **co-op/limited access program with processor linkages** program similar to Alternatives T3 and P3 for trawl and pot catcher vessels. The alternative creates a history-based cooperative program, under which cooperatives would receive annual harvest allocations based on the qualified histories of their members. Cooperatives would be required to be associated with a processor,

but the details of that relationship would be determined by negotiations among the cooperative members and the processor. Initially, each holder of qualified history would be eligible to join a cooperative associated with the processor to which the holder delivered the most pounds during a specified time period. Holders of qualified history that choose not to join a cooperative would be permitted to fish in a limited access fishery that would receive an aggregate allocation based on the histories of non-members of cooperatives. The allocation of PSC to the limited access fishery could be reduced.

Jig vessel alternatives

Table 5 outlines the Council's alternatives for the jig sector.

Table 5. Modified Gulf of Alaska groundfish rationalization alternatives – jig vessels

	Alternative J2	Alternative J3A	Alternative J3B
Program type	Sector allocation with open access	Sector allocation with limited access	Sector allocation and cooperatives
Long term share allocations	Sector allocation	Sector allocation	Sector allocation with harvest histories allocated to individuals in cooperatives
Sector definition	jig CV	jig CV	jig CV
Annual allocations	sector allocation	sector allocation	cooperatives only
Processor Provisions	no processor provisions	no processor provisions	<i>processor association with negotiated terms</i>
Fishing opportunity for non-members of cooperatives	no cooperative allocations	no cooperative allocations	limited access with option for PSC reductions

Alternative 1 is the **status quo** (not shown in the table), which would continue the LLP and limited access fishery. Under the current LLP program, vessels that are less than 26' LOA are exempt from the LLP requirement.

Under **Alternative J2**, an **open access program**, the jig catcher vessel sector would receive a specified sector allocation of Pacific cod, which would be prosecuted as an open access fishery. This alternative differs from the status quo in two respects. First, the jig catcher vessel sector would receive an exclusive allocation under this alternative. Second, the fishery would be prosecuted as an open access fishery (rather than a limited access fishery).

Under **Alternative J3A**, a **limited access program**, the jig sector would receive a specified sector allocation of Pacific cod, which would be prosecuted as a limited access fishery. The Council motion does not currently specify eligibility criteria for the limited access fishery. This alternative could differ from the status quo in two respects. First, the jig catcher vessel sector would receive an exclusive allocation. Second, entry criteria for the fishery could differ from the current LLP license requirement.

Alternative J3B, a **cooperative/limited access program**, has been identified but not developed for the jig sector. The Alternative 3 structure generally creates a history-based cooperative program, under which cooperatives would receive annual harvest allocations based on the qualified histories of their members. Depending on the structure developed, cooperatives could be required to be associated with a processor, with the details of that relationship would be determined by negotiations among the cooperative members

and the processor. If cooperative/processor associations are included in the alternative, each holder of qualified history would be eligible to join a cooperative associated with the processor to which the holder delivered the most pounds during a specified time period. Holders of qualified history that choose not to join a cooperative would be permitted to fish in a limited access fishery that would receive an aggregate allocation based on the histories of non-members of cooperatives. The allocation of PSC to the limited access fishery could be reduced.

Alternatives in Need of Further Definition

The Council developed specific provisions to define the alternatives outlined above over the course of several meetings. In addition, the Council also indicated a willingness to consider broadening the scope of alternatives to include alternatives containing some of the following provisions:

- Limited duration harvesting quota shares
 - Duration of initially allocated shares of variable lengths
 - Expiration/reissuance of shares on staggered, cyclical basis
- Processor linkages that expire on a graduated basis over a limited number of years
- Community linkages, rather than processor linkages, for single- processor communities or regions
- Subalternatives for formation and dissolution of processor linkages:
 - Linkage based on the processor to whom the harvester delivered the most groundfish poundage (all species combined)
 - Linkage based on the processor to whom the harvester delivered the most poundage by species (Pacific cod, pollock, other species possibly at different processors)
 - Linkage based on recent groundfish deliveries of any amount, above a minimum threshold (harvester's choice of processor)
- No processor linkages

The Council could choose to further define specific provisions of one or more of these alternatives at this time.

Elements and Options under Consideration

The Council motion has constructed alternatives using specific elements and options in order to meet the stated need and purpose of this action. The following is a summary of the some of the provisions under consideration for inclusion in one or more alternative:

- Apply to all GOA management areas except for Southeast Outside (some changes in rockfish incidental catch management would affect Southeast Outside fisheries) (G-1, SEO-1, and SEO-2)
- Apply to all groundfish fisheries in GOA except IFQ sablefish (some changes in rockfish incidental catch management would affect halibut and sablefish IFQ fisheries) (G-1, G-2, IFQ-1, IFQ-2, IFQ-3, IFQ-4)
- For each gear type, allocate select primary (i.e., directed) and secondary (i.e., non-directed) groundfish species (G-2)
- Allocate shares based on individual catch history of primary species, during identified qualifying years (G-8, G-9, and G-10)
- Allocate secondary species based on fleet incidental catch rates (G-11)
- Allocate a prohibited species catch allowance for halibut (G-12)

- Establish a portion of the TAC to be allocated to fisheries inside of 3 nm, that will be subject to State management (G-3)
- Establish an entry level fishery for non-trawl catcher vessels (G-2)
- Establish parameters for incentive fisheries for groundfish species that are currently underutilized (G-24)
- Establish sideboards to limit participants in the GOA rationalized fisheries to their aggregate historical participation in other Alaska fisheries (G-25)
- Establish regional landings requirements (G-22)
- Include communities quota purchase or community allocation provisions (Community provisions motion)
- Include skipper and/or crew allocations or license limitation (Skipper and crew provisions and G-23)
- Additional reductions of salmon and crab bycatch (Salmon and crab bycatch motion)
- Include share transferability (G-14, G-15, G-16, G-17, G-18)
- Include leasing limits (T-1; P-1; L-1)
- Include owner-on-board requirement for the longline sector (L-2)
- Establish excessive share caps for individuals, vessel use, vertical integration, cooperatives (T-2, T-3, T-4, T-5; P-2, P-3, P-4, P-5; L-3, L-4, L-5, L-6)

Gulf Rationalization Alternatives – showing all provisions and options
NPFMC Motion
April 2006

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Intent Statements

Problem Statement

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

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

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

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

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

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

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

Statement of intent concerning alternative 3

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

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

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

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

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

Upon formation of a cooperative, members may dissolve their relationship with that cooperative subject to the dissolution terms and either: a) join a different cooperative, b) transfer their residual quota to a different cooperative or individual, or c) move into limited access. The rules for such movement, including compensation to other members of the co-op and the associated processor are part of the contract agreement. New processors can enter the fishery at any time, and following the initial co-op formation period, harvesters can form co-ops with those processors.

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

Requested Input, Discussion Papers, and Analysis

Placeholder alternatives regarding processor linkages and limited duration quota shares

The Council intends to accept public input concerning the potential development of the following alternatives for analysis:

Limited duration harvesting quota shares

Duration of initially allocated shares of variable lengths

Expiration/reissuance of shares on staggered, cyclical basis

Processor linkages that expire on a graduated basis over a limited number of years

Community linkages, rather than processor linkages, for single- processor communities or regions

Subalternatives for formation and dissolution of processor linkages:

Linkage based on the processor to whom the harvester delivered the most groundfish poundage (all species combined)

Linkage based on the processor to whom the harvester delivered the most poundage by species (Pacific cod, pollock, other species possibly at different processors)

Linkage based on recent groundfish deliveries of any amount, above a minimum threshold (harvester's choice of processor)

No processor linkages

Skipper and crew provisions to be further developed

The Council recommends consideration of the following list of possible objectives for skipper and crew provisions:

- 1) promote and sustain stable skipper and crew employment levels
- 2) establish skipper and crew share holdings
- 3) compensate skippers and crew that lose employment as a result of consolidation
- 4) maintain current level of negotiating leverage for future skippers and crew
- 5) ensure current (or experienced) skippers and crew receive priority in future employment in the fisheries;
- 6) ensure a portion of the quota pool is held by active skippers and crew.

The Council recommends that the following list alternatives and program elements as a starting point for development of additional Skipper and Crew Provisions to complement the current provisions already included in the Gulf Rationalization Alternatives document.

Alternative 1

Allocation of Quota to Skippers and Crew

1. Skipper and Crew Quota Allocation Program Elements
 - a. Shares to be allocated based on:
 - i. Species
 1. Primary
 2. Secondary
 - ii. Gear type
 - iii. Portion of total pool
 - b. Division of allocated shares between skippers and crew:
 - i. Eligibility for an initial allocation (may differ for skippers and crew)
 - ii. Criteria for allocation of shares (may differ for skippers and crew)
 - c. Use requirements

- i. Owner on board
- d. Eligibility to receive by transfer
 - i. Active participation
- e. Provisions governing leases
 - i. Hardships

Alternative 2

Establish a Skipper and Crew License Program

1. Skipper/Crew License program Elements
 - a. Sectors subject to the license system
 - i. Gear type
 - ii. Vessel type
 - b. License eligibility for initial entrants on implementation
 - i. Skippers
 - ii. Crew
 - c. License eligibility for new entrants after implementation
 - i. Skippers
 - ii. Crew
2. Percent of catch subject to Licensed Skipper or Crew requirement:
 - a. Species
 - i. Primary
 - ii. Secondary
 - b. Level of application for:
 - i. Cooperatives
 - ii. Share holder
 - iii. vessel

Other Council data requests and directives to staff

Should the fixed gear longline sector and/or the fixed gear jig sector wish to modify current alternatives for GOA Groundfish rationalization they should provide direction to the AP and Council. It is not the Council's intent to have these sectors impact the timeframe for decision regarding rationalization of the pot and trawl sectors.

The Council requests that staff provide:

- 1) Distributions of Quota share by Area and Sector for aggregate rockfish and aggregate flatfish species groups for LLP catch history from 3 to 200 miles (EEZ, excludes parallel fish catch) for purposes of excessive share caps.
- 2) Distributions of Quota share by Area and Sector for pollock, Pacific cod, aggregate rockfish and aggregate flatfish species groups for LLP catch history from 0 to 200 miles (includes parallel fish catch) for purposes of excessive share caps.
- 3) Provide the number of potentially qualifying licenses by processing entity for 2A
- 4) Provide the number of potentially qualifying facility licenses by processing entity for alternative 2B
- 5) Potential Association combinations between processors and vessels for alternative 2 & 3

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

Include in the analysis a discussion of the history from 1) 0-200 miles (including parallel history), 2) 3-200 miles, and 0-200 miles, including parallel history and state water fishery history.

The analysis will assess AFA vessels as a group.

Alternatives

List of the Alternatives

Provisions labeled **G** are general provisions that apply to all sectors and alternatives. A second set of provisions are labeled by gear types: **T** – trawl gear, **P** – pot gear, **L** – longline (or hook-and-line) gear, and **J** – jig gear). Provisions applicable to a single alternative are labeled using the following abbreviations:

Trawl Alternatives

T2A – IFQ/Cooperatives with Processor License Limitation
T2B – IFQ/Cooperatives with Processor Linkages
T2C – IFQ/Cooperatives with Harvest Share Allocations to Processors
T3 – Cooperatives/Limited Access with Processor Associations

Pot Gear Alternatives

P2L – Low Producer – IFQ/Cooperatives
P2HA – High Producer – IFQ/Cooperatives with Processor License Limitation
P2HB – High Producer – IFQ/Cooperatives with Processor Linkages
P2C – IFQ/Cooperatives with Harvest Share Allocations to Processors
P3L1 – Low Producer – Sector Allocation with Limited Access Fishery
P3L2 – Low Producer – Cooperatives/Limited Access
P3 – Cooperatives/Limited Access with Processor Associations

Hook-and-Line Gear Alternatives

L2L – Low Producer – IFQ/Cooperatives
L2HA – High Producer – IFQ/Cooperatives with Processor License Limitation
L2HB – High Producer – IFQ/Cooperatives with Processor Linkages
L2C – IFQ/Cooperatives with Harvest Share Allocations to Processors
L3L1 – Low Producer – Sector Allocation with Limited Access Fishery
L3L2 – Low Producer – Cooperatives/Limited Access
L3 – Cooperatives/Limited Access with Processor Associations

Jig Gear Alternatives

J2 – Open Access
J3A – Jig Sector Allocation
J3B – Cooperatives/Limited Access with Processor Associations (the motion is unclear concerning whether this alternative applies to the jig sector)

List of Provisions Referencing the Catcher Processor Sector

G-5 – catcher processor share designations
G-14 – transfer of shares across gear types
G-15 – catcher processor transfers to catcher vessels
G-21 – processing of catcher vessel catch by catcher processors

T-2 – individual share caps
T-4 – vertical integration caps
T-5 – cooperative caps
T-7 – eligibility to receive shares by transfer
T2A-2 – cooperative formation
T2A-3 – catcher processor cooperative exemption from processor association
T2B-2 – cooperative formation
T2B-3 – catcher processor cooperative exemption from processor association
T2C-2 – catcher processor cooperative exemption from processor association
T3-8 – cooperative eligibility
T3-9 – cooperative formation threshold
T3-11 – catcher processor cooperative exemption from processor association

P-2 – individual share caps
P-4 – vertical integration caps
P-5 – cooperative caps
P-8 – eligibility to receive shares by transfer
P2HA-2 – cooperative formation
P2HA-3 – catcher processor cooperative exemption from processor association
P2HB-2 – cooperative formation
P2HB-3 – catcher processor cooperative exemption from processor association
P2C-2 – catcher processor cooperative exemption from processor association
P3-8 – cooperative eligibility
P3-9 – cooperative formation threshold
P3-11 – catcher processor cooperative exemption from processor association

L-1 – limits on leasing
L-3 – individual share caps
L-5 – vertical integration caps
L-6 – cooperative caps
L-10 – eligibility to receive shares by transfer
L2HA-2 – cooperative formation
L2HA-3 – catcher processor cooperative exemption from processor association
L2HB-2 – cooperative formation
L2HB-3 – catcher processor cooperative exemption from processor association
L2C-2 – catcher processor cooperative exemption from processor association
L3-8 – cooperative eligibility
L3-9 – cooperative formation threshold
L3-11 – catcher processor cooperative exemption from processor association

General Provisions – Apply to all rationalization alternatives

G-1. Management Areas

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

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

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

G-2. Species

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

Trawl:

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

Longline:

Pacific cod
WGOA deep water flatfish

Pot:

Pacific cod

Jig:

Pacific cod

Entry Level Fishery: Pacific Ocean perch, Northern Rockfish and pelagic shelf rockfish for non-trawl catcher vessels

- An annual set aside for CV non-trawl gear capped at 2-5% of each of these target rockfish species
- The set aside will begin at 1% of the annual TAC
- The set aside amount will increase by one percentage point the following year in which the set aside quota is reached.

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

Trawl:

Thornyhead
Roughey
Shortraker
Other slope rockfish
Atka mackerel
sablefish

Longline:

- Thornyhead
- Rougheye
- Shortraker
- Other slope rockfish
- Atka mackerel

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

Unallocated species will be managed under the existing MRA system and will be accommodated in the annual TAC-setting process.

G-3. State and Parallel Fishery Allocation

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

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

G-4. Sector/Gear Designations

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

CV trawl
CV longline
CV pot
jig

- Option: Separate low producing CV longline and CV pot into high producing vessels and low producing vessels
- Low producing catcher vessel sector is
- Suboption 1. fixed gear catcher vessels less than average qualified harvest history by gear and area
 - Suboption 2. fixed gear catcher vessels that are below the 75th percentile in qualified harvest history by gear and area
 - Suboption 3. **(applicable only to Alternative 3)** fixed gear catcher vessels under 60 feet that are below the 75th percentile of primary species qualified harvest history by gear and area.
- High producing catcher vessels are the remainder and are divided into a catcher vessel longline and catcher vessel pot sector. Sector definitions apply throughout Alternative 3.

G-5. Catcher Vessel/Catch Processor Designation Criteria

Alternative 2

Harvest share sector designations:

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

Alternative 3

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

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

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

Option 1: determined by the aggregate of all species

Option 2: determined by primary species groupings in Section 3.3.5

G-6. Sector Allocations for Trawl, Pot, and Hook-and-Line Gears – Primary Species, Secondary Species, and Halibut PSC

Alternative 2 and 3

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

G-7. Sector Allocations – Jig Sector

Option 1. The jig fishery would receive an allocation of Pacific cod based on its historic landings in the qualifying years

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

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

Suboption: Cap jig harvest at ___% of current harvest by Pacific cod by area:

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

Option 3. _____ % of TAC

G-8. Individual Allocations – Eligibility

LLP participation

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

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

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

- Option 2. Non-LLP (State water parallel fishery) participation
- Suboption 1. Any individual who has imprinted a fish ticket making non-federally permitted legal landings during a State of Alaska fishery in a state waters parallel fisheries for species under the rationalized fisheries.
 - Suboption 2. Vessel owner at time of non-federally permitted legal landing during a State of Alaska fishery in a state waters parallel fisheries for species under the rationalized fisheries.

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

G-9. Individual allocations – Qualifying landing criteria

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

Qualified catch is from:

- Option 1: 3-200 miles
- Option 2: 3-200 miles, plus 0-3 miles parallel history

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

G-10. Individual Allocations – Qualifying periods

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

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

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

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

G-11. Individual allocations – Secondary Species

Alternative 2

- Option 1. Share Allocations
Allocate shares to all fishermen based on fleet bycatch rates by gear:
 Suboption 1. based on average catch history by area and target fishery
 Suboption 2. based on 75th percentile by area by target fishery
Allocation of shares will be adjusted pro rata to allocate 100% of the annual TAC for each bycatch species.
 Suboption. Division of catch history would be determined in Option 1 above between gear types upon implementation of the program. Secondary species may be allocated to individuals or cooperatives for one gear type (i.e., trawl) with other gear types maintaining status quo management (i.e., species managed with MRAs, where fisheries status changes from bycatch to prohibited once the gear type's quota allocation is reached).
- Option 2. Retain these species on bycatch status for all gear types with current MRAs.

Alternative 3

- Option 1: Allocation of secondary species to and within cooperatives and to the limited access is based on the distribution of primary species history of individual cooperative members and the sector's average catch during the sector allocation qualifying period by area and primary species target fishery.
- Option 2: Maintain current MRA management for secondary species.

G-12. Individual allocations – Halibut PSC

Alternative 2

- Share allocations (if applicable to the sector and gear type)
Each recipient of fishing history would receive an allocation of halibut mortality (harvest shares) based on their allocation of the primary species shares. Secondary species would receive no halibut allocation.
Initial allocation based on average halibut bycatch by directed primary species during the qualifying years. Allocations will be adjusted pro rata to equal the existing halibut PSC cap.
By sector average bycatch rates by area by gear:
 Option 1. Both sectors
 Option 2. Catcher Processor/Catcher Vessel

Hook and line sector

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

Trawl Sector

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

Alternative 3

- Option 1. Allocation of halibut PSC to and within cooperatives is based on the distribution of primary species history of individual cooperative members and the sector's average catch during the sector allocation qualifying period by area and primary species target fishery.
- Option 2. Maintain current PSC management for halibut.

G-13. Individual allocations – Halibut PSC reductions outside of cooperatives

Alternative 2

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

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

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

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

Alternative 3

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

- Option 1: a. 0 percent
b. 10 percent
c. 20 percent
d. 30 percent
- Option 2: a. 0 percent
b. 5 percent beginning on the date of program implementation;
an additional 5 percent beginning on the second year of program implementation;
an additional 10 percent beginning on year 5 of program implementation; and

Note: this reduction may differ by sector

G-14. Transferability - Gear Restrictions

Alternative 2

Harvest gear restrictions apply to primary species only.

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

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

Alternative 3

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

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

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

- a) not permitted
- b) permitted.

G-15. Transferability - Vessel Type Restrictions

Alternative 2

Restrictions on transferability of CP harvest shares:

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

When CP shares are redesignated as CV shares:

CP harvest shares retain their gear designation upon transfer.

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

Alternative 3

Option 1. Restrictions on transferability of CP harvest shares:

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

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

- Suboption 1. all CP shares
- Suboption 2. trawl CP shares
- Suboption 3. longline CP shares

It is the intent of the NPFMC that this provision not apply to transfers between the first degree of kindred.

G-16. Transferability – Secondary Species

Permit transfer of secondary species QS

- Option 1. Primary species shares and secondary species shares are non-separable and must be transferred as a unit.
- Option 2. Primary species shares and secondary species shares are separable and may be transferred separately; they are fully leasable across gear type and sector and are allocated annually based on primary species allocation.

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

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

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

G-17. Transferability – Halibut PSC – Long term transfers

Option 1. Groundfish primary species QS/history and Halibut PSC QS/history are non-separable and must be transferred as a unit

Suboption: exempt Pacific cod

Option 2. Groundfish primary species harvest shares (QS) and Halibut PSC QS/history are separable and may be transferred separately

G-18. Transferability – Halibut PSC – Annual transfers

Alternative 2

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

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

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

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

G-19. Retention requirements (rockfish, sablefish and Atka mackerel)

Alternative 2

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

G-20. Limited processing for CVs

Alternative 2

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

G-21. Processing by Catcher Processors

Alternative 2

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

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

G-22. Regionalization

Alternative 2

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

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

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

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

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

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

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

CGOA Pollock (area 620 and 630)

CGOA aggregate flatfish,

CGOA aggregate rockfish and

CGOA Pacific cod.

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

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

Option 1. the preferred individual allocation qualifying period

Option 2. 1999 – 2002

Alternative 3

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

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

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

Catcher processor history is not subject to regionalization.

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

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

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

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

CGOA Pollock (area 620 and 630),

CGOA aggregate flatfish,
CGOA aggregate rockfish, and
CGOA Pacific cod.
CGOA trawl sablefish will be regionalized based on all landing of primary species in the CGOA associated with the license during regionalization qualifying period.

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

- Option 1. the years 1999-2002.
- Option 2. consistent with the qualifying period under cooperative formation in Section 3.3.5

G-23. Skipper/Crew

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

- Option 1. No skipper and/or crew provisions
- Option 2. Establish license program for certified skippers. For initial allocation Certified Skippers are either:
 - i. Vessel owners receiving initial QS or harvest privileges; or
 - ii. Hired skippers who have demonstrated fishing experience in Federal or State groundfish fisheries in the BSAI or GOA for 3 out of the past 5 years as documented by a CFEC permit and signed fish tickets and/or appropriate NMFS documentation (starting date for five years is 2003).
 - Suboption 1. include crew in the license program.
 - Suboption 2. require that new Certified Skippers licenses accrue to individuals with demonstrated fishing experience (Groundfish – BSAI/GOA, state or federal waters) similar to halibut/sablefish program.

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

- Option 3. (**Applies to Alternative 2 only**) Allocate to skippers and/or crew
 - Suboption 1. Initial allocation of 5% shall be reserved for captains and/or crew
 - Suboption 2. Initial allocation of 10% shall be reserved for captains and/or crew
 - Suboption 3. Initial allocation of 15% shall be reserved for captains and/or crew

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

G-24. Incentive species

Alternative 2 and Alternative 3

Incentive species are:

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

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

Allocation of incentive species

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

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

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

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

Eligibility to fish in the incentive fisheries

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

Catch accounting for and entry to the incentive fisheries

Use of allocated QS and incentive fishery quota

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

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

G-25. Sideboards

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

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

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

Alternative 2

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

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

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

Alternative 3

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

G-26. Program Review and Data Collection

Data collection

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

Program Review

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

Trawl Gear Alternatives

T-1. Transferability - Leasing

Alternative 2 and 3

Active participation requirements for trawl CVs (leasing restrictions):

1. For initial issuants of trawl QS/GH who receive initial allocations of Pcod, pollock, or aggregate rockfish primary species less than:

- a. 60th percentile
- b. 65th percentile
- c. 70th percentile
- d. 75th percentile

Their initial allocation of primary species trawl QS/GH can be leased freely for the first 3 years of the program.

2. For initial issuants of trawl QS/GH who receive initial allocations greater than the amount established above in 2 of 3 most recent years:

- a. 30%
- b. 40%
- c. 50%

of their aggregate primary species trawl QS/GH for Pcod, pollock, and aggregate rockfish must either (a) be fished by a vessel which the trawl QS/GH holder owns at least

- Option 1. 20%
- Option 2. 30%
- Option 3. 40%
- Option 4. >50%

of, or (b) fished on a vessel with the trawl QS/GH holder on board.

3. After 3 years from the start of this rationalization program, the above option 2 applies to all QS/GH holders.

(i.e. 75th percentile represents the amount of harvest shares that is greater than the amount of harvest shares for which 75% of the fleet will qualify.)

Leasing requirements imposed on cooperative members will be monitored by the cooperative. Compliance will be reported in the cooperative annual report.

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

T-2. Excessive share caps – individual caps on use and holdings

Alternative 2 and 3

History holdings of an individual shall be capped at:

- Option 1. 1% of the history by area, sector and species groups (pollock, Pacific cod aggregate rockfish, aggregate flatfish)
- Option 2. 3% of the history by area, sector and species group
- Option 3. 5% of the history by area, sector and species group
- Option 4. 20% of the history by area, sector and species group
- Option 5. 30% of the history by area, sector and species group
- Option 6. no cap

Allocations to original issuees would be grandfathered at the original level of history. Apply individually and collectively to all harvest share holders in each sector and fishery.

Different caps can be chosen in the CV sector and the CP sector.

CP history conversion to CV history

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

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

T-3. Excessive share caps – vessel use caps

Alternative 2 and 3

Individual vessel use cap (applies within and outside of co-ops)

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

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

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

T-4. Excessive share caps – vertical integration caps

Alternatives 2A High and 2B High

Harvest shares initial recipients with more than 10% limited threshold ownership by licensed processors are capped at 115-150% of initial allocation of harvest CV shares (by species group/area/sector).

Alternative 2C

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

Alternative 3

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

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

by species group/area/sector.

T-5. Excessive share caps – cooperative use caps

Alternative 2 and 3

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

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

Separate caps can be chosen for the CV and CP sector.

T-6. Overage Provisions

Alternative 2

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

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

T-7. Transferability – Eligibility to Receive

Alternative 2

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

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

Definition of sea time:

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

Alternative 3

Persons qualified to receive history by transfer include:

- 1) processors that associate with initial cooperatives and
- 2) for CP/CV history/shares:
 - a. entities eligible to document a vessel
 - b. initial recipients of CV or CP harvest shares
 - c. community administrative entities eligible to receive shares/history by transfer
 - d. individuals eligible to document a vessel with at least 150 days of sea time

Definition of sea time:

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

Alternative T2A – IFQ/Cooperatives with Processor License Limitation

T2A-1. Voluntary Cooperatives

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

T2A-2. Cooperative formation

Co-ops can be formed between

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

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

T2A-3. Cooperative/processor affiliations

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

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

T2A-4. Movement between cooperatives

Harvesters may move between cooperatives at:

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

T2A-5. Duration of cooperative agreements

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

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

T2A-6. Rules Governing Cooperatives

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

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

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

T2A-8. Provisions for Processor License Limitation

Apply processor provisions generally at the company level.

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

T2A-9. Processor License Qualifications

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

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

Eligible Processors – minimum annual processing for trawl

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

Trawl and fixed gear eligible processors

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

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

Operator – must hold a federal or state processor permit.

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

A licensed processor may operate an unlimited number of facilities under one license.

T2A-10. Transferability of eligible processor licenses

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

T2A-11. Processing Use Caps

Processing caps at the entity level by processor license type (Western Gulf; Central Gulf & West Yakutat (combined)) on A share landings:

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

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

Processing caps apply at the entity level.

Initial issues that exceed the processor use cap are grandfathered at their current level.

T2A-12. License ownership restrictions on processors

(Applies at the entity level) by region

Processors may acquire additional licenses so that they hold a combination of licenses allowing them to process 'A' shares from both the fixed gear and trawl gear sectors. Owners of fixed licenses can buy trawl/fixed licenses, owners of trawl/fixed may not buy additional licenses.

Alternative T2B – IFQ/Cooperatives with Processor Linkages

T2B-1. Voluntary Cooperatives

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

T2B-2. Cooperative formation

Co-ops can be formed between

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

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

T2B-3. Cooperative/processor affiliations

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

Option 2. CV cooperatives must be associated with

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

The associated processor must be:

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

Processors can associate with more than one co-op

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

T2B-4. Duration of cooperative agreements

Option 1. 1 year

Option 2. 3 years

Option 3. 5 years

Suboption 1: Duration is minimum.

Suboption 2: Duration is maximum.

T2B-5. Movement between cooperatives

Harvesters may move between cooperatives at:

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

T2B-6. Rules Governing Cooperatives

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

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

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

T2B-8. Provisions for Processor License Limitation

Apply provisions generally at the facility (plant) level.

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

T2B-9. Processor License Qualifications

To qualify for a processor license, a processor must have purchased and processed a minimum amount of groundfish by area (Western Gulf; Central Gulf & West Yakutat (combined)) and region as described below in at least 4 of the following years:

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

Eligible Processors – minimum annual processing

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

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

Operator – must hold a federal or state processor permit.

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

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

T2B-10. Linkage (Linkages apply by area)

A harvester's processor linked shares are associated with the licensed fixed or trawl processor to which the harvester delivered the most pounds of primary groundfish species by area (Western Gulf; Central Gulf & West Yakutat (combined)) and region (North/South) during the

- a) qualifying years.
- b) most recent 1, 2, or 3 years from the qualifying years.
- c) last ___ years of prior to 2004.
 - i. 1
 - ii. 2
 - iii. 3

Suboption:

A harvester is initially eligible to join a cooperative in association with a processor who processed
a) 80% or b) 90%

of the harvesters eligible history. If no processor processed this percentage of a harvester's eligible history, the harvester linked shares are with the processor that processed the most qualified landings and the processor that processed the second most qualified landings on a pro rata basis

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

Option 1: If the processing facility with whom the harvester's shares would be linked is no longer operating in the community, and another processing facility within the community has not purchased the history, the harvester is eligible to establish a share linkage with another processor in the following order:

- 1) The licensed processor to whom the harvester delivered the second most pounds in the community as long as that processor accounts for at least 20% of harvester's history
- 2) Any licensed processor in the community
- 3) The licensed processor to whom the harvester delivered the second most pounds in the region
- 4) Any licensed processor in the region

Option 2: If the processing facility with whom the harvester's shares would be linked is no longer operating in the community, the harvester is eligible to establish a share linkage with another processor in the following order:

- 1) The licensed processor to whom the harvester delivered the second most pounds in the community as long as that processor accounts for at least 20% of harvester's history

- 2) Any licensed processor in the community
- 3) The licensed processor to whom the harvester delivered the second most pounds in the region
- 4) Any licensed processor in the region

T2B-11. Movement between linked processors

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

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

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

Suboptions:

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

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

T2B-12. Transferability of eligible processor licenses

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

If the license is transferred outside the community of origin, then share linkages are broken and shares may be linked to any licensed processor within the same community or, if no processor exists in the community, within the same region.

T2B-13. License Transfers Among Processors (in the same community)

- Option 1. Any share association with that license will transfer to the processor receiving the license. All harvest share/history holders will be subject to any share reduction on severing the linkage, as would have been made in the absence of the transfer.
- Option 2. Any share association with that license will transfer to the processor receiving the license. All harvest share/history holders will be subject to any share reduction at the full penalty for movement the first year; for the second year, half penalty applies to change the processor association. Harvest share holders would be allowed to develop a new association with a licensed processor within the same community if another processor is in the community or if no processor in the community within the same region.
- Option 3. Any share association with that license will transfer to the processor receiving the license. All harvest share/history holders will be subject to any share reduction at the full penalty for the first year; for the second year, no penalty applies to change the processor association. Harvest share holders would be allowed to develop a new association with a licensed processor within the same community if another processor is in the community or if no processor in the community within the same region.

T2B-14. Processing Use Caps

Processing caps apply at the entity level by processor license type (by CGOA and WGOA regulatory areas) on A share landings:

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

(Note: There is no limit on the amount of fish licensed processor can buy from the open B share classed fish) Initial issues that exceed the processor use cap are grandfathered at their current level.

T2B-15. License ownership restrictions on processors

Applies at the entity level by region

- Option 1. A maximum of one facility license
- Option 2. A maximum of two facility licenses
- Option 3. A maximum of three facility licenses
- Option 4. An unlimited number of facility licenses

Initial issues that exceed the license ownership cap are grandfathered at their current level.

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

T2C-1. Voluntary Cooperatives

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

T2C-2. Cooperative formation

Co-ops can be formed between

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

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

T2C-3. Cooperative/processor affiliations

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

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

T2C-4. Movement between cooperatives

Harvesters may move between cooperatives at:

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

T2C-5. Duration of cooperative agreements

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

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

T2C-6. Rules Governing Cooperatives

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

T2C-7. Processor Eligibility

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

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

Eligible Processors – minimum annual processing

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

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

Operator – must hold a federal or state processor permit.

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

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

T2C-8. Processor Allocations

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

T2C-9. CVP Transferability

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

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

T2C-10. CVP Use

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

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

T2C-11. CVP Caps on Use and Holdings

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

T2C-12. Limit on Vertical Integration

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

T2C-13. CVP Regionalization

CVP shares will be regionalized.

Alternative T3 – Cooperatives/Limited Access with Processor Associations

T3-1. Voluntary Cooperatives

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

T3-2. Allocations to Individuals and Cooperatives

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

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

T3-3. Cooperative Eligibility - Catcher Vessel Cooperatives

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

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

Provisions applied to a, b, and c:

For the following species groups:

Option 1:

- Pollock
- Pacific cod
- Aggregate rockfish
- Aggregate flatfish

Option 2: All groundfish

Suboption: A harvester is initially eligible to join a cooperative in association with a processor who processed

- a) 80%
- b) 90%

of the harvesters eligible history. If no processor processed this percentage of a harvester's eligible history, the harvester can enter into initial cooperatives with the processor that processed the most qualified landings and, the processor that processed the second most qualified landings on a pro rata basis.

T3-4. Cooperative Formation - Catcher Vessel Cooperatives

Cooperatives are required to have at least:

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

T3-5. Initial Cooperative Agreement Requirements

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

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

Following the initial co-op period, new GH can be generated by eligible harvesters that have never been co-op members only by joining a co-op and entering into a Contract with the processor the harvester is initially eligible to join a cooperative in association with. The Contract must meet the harvester/processor contract requirements for initial co-op membership.

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

T3-6. Duration of Initial Cooperative Agreements

Duration of initial cooperative agreements:

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

Different options may apply to CV and CP coops

T3-7. Catcher Vessel - Cooperative/processor associations

- Option 1: If the processing facility with whom the harvester would be initially associated is no longer operating in the community, and another processing facility within the community has not purchased the history, the harvester is eligible to deliver to in the following order
- 1) The processor to whom the harvester delivered the second most pounds in the community as long as that processor accounts for at least 20% of harvester's history
 - 2) Any processor in the community
 - 3) The processor to whom the harvester delivered the second most pounds in the region
 - 4) Any processor in the region
- Option 2: If the processing facility with whom the harvester would be initially associated is no longer operating in the community, the harvester is eligible to deliver to in the following order
- 1) The processor to whom the harvester delivered the second most pounds in the community as long as that processor accounts for at least 20% of harvester's history
 - 2) Any processor in the community
 - 3) The processor to whom the harvester delivered the second most pounds in the region
 - 4) Any processor in the region

CV cooperatives must be associated with an eligible processing facility

Processors can associate with more than one co-op.

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

The eligible processor is:

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

T3-8. Cooperative Eligibility - Catcher Processor Cooperatives

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

T3-9. Cooperative Formation - Catcher Processor Cooperatives

Cooperatives are required to have at least:

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

T3-10. Movement between cooperatives

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

- Option 1. no initial formation period (0 years)
- Option 2. period is 1 year
- Option 3. period is 2 years
- Option 4. period is 3 years

Different options may apply to CV and CP sectors

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

T3-11. Rules Governing Cooperatives

The following provisions apply to all cooperatives:

- a) The harvesters that enter into a co-op membership agreement shall be the members of the co-op. The processor will be an associate of the cooperative but will not be a cooperative member.
- b) Except for CP cooperatives, a pre-season Contract between an eligible, willing harvesters in association with a processor is a pre-requisite to cooperative membership and a cooperative receiving an allocation of GQ based on the history of that harvester. For an initial co-op, the Contract must meet the initial cooperative agreement requirements.
- c) The co-op membership agreement and the Contract will be filed with the RAM Division. The cooperative agreement must contain a fishing plan for the harvest of all co-op fish.
- d) Co-op members shall internally allocate and manage the co-op's allocation per the cooperative agreement.
- e) Subject to any harvesting caps that may be adopted, GH or GQ may be transferred and consolidated within the co-op to the extent permitted under the cooperative agreement.

- f) The cooperative agreement must have a monitoring program. Monitoring and enforcement requirements would be at the co-op level. Co-op members are jointly and severally responsible for co-op vessels harvesting in the aggregate no more than their co-op's allocation of primary species, secondary species and halibut PSC mortality, as may be adjusted by inter-cooperative transfers.
- g) Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Co-ops may penalize or expel members who fail to comply with their membership agreement.
- h) The cooperatives formed under this program are harvest associations that are intended only to conduct and coordinate harvest activities of their members and are not FCMA cooperatives. Processor affiliated vessels will be permitted to join harvest cooperatives. Co-op membership agreements will specify that processor affiliated harvesters cannot participate in price setting negotiations, except as permitted by general antitrust law, code of conduct, mechanisms for expelling members, or exit agreements, except as permitted by general antitrust law.
- i) Co-op membership agreements shall allow for the entry of other eligible harvesters into the co-op under the same terms and conditions as agreed to by the original cooperative agreement. Harvesters that have never been a member of a cooperative must enter an agreement that meets all requirements for an initial co-op, as specified under initial cooperative agreement requirements.
- j) The cooperatives formed under this program are harvest associations that are intended only to conduct and coordinate harvest activities of their members and are not FMCA cooperatives. Processor affiliated vessels will be permitted to join harvest cooperatives.

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

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

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

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

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

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

T3-13. Use of Annual Allocations

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

T3-14. LLP/Limited Access Fishery

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

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

T3-15. Movement from a Cooperative to the LLP/Limited Access Fishery

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

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

T3-16. Processing Use Caps

Processors shall be capped at the entity level.

No processor shall process more than:

- Option 1. 25% of total harvest by area, sector and species group
- Option 2. 50% of total harvest by area, sector and species group
- Option 3. 75% of total harvest by area, sector and species group
- Option 4. no cap
- Option 5. no cap in areas with two or fewer processors.

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

There is no limit on the amount of fish that an eligible processor can buy from the open access fishery.

Pot Gear Alternatives

P-1. Transferability - Leasing

Alternative 2 and 3

Active participation requirements for trawl CVs (leasing restrictions):

1. For initial issuants of pot QS/GH who receive initial allocations of Pacific cod less than:
 - a. 60th percentile
 - b. 65th percentile
 - c. 70th percentile
 - d. 75th percentile

Their initial allocation of primary species pot QS/GH can be leased freely for the first 3 years of the program.

2. For initial issuants of pot QS/GH who receive initial allocations greater than the amount established above in 2 of 3 most recent years:
 - a. 30%
 - b. 40%
 - c. 50%

of their aggregate primary species pot QS/GH for Pacific cod must either (a) be fished by a vessel which the pot QS/GH holder owns at least

Option 1. 20%

Option 2. 30%

Option 3. 40%

Option 4. >50%

of, or (b) fished on a vessel with the pot QS/GH holder on board.

3. After 3 years from the start of this rationalization program, the above paragraph 2 applies to all QS/GH holders.
(i.e. 75th percentile represents the amount of harvest shares that is greater than the amount of harvest shares for which 75% of the fleet will qualify.)

Leasing requirements imposed on cooperative members will be monitored by the cooperative. Compliance will be reported in the cooperative annual report.

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

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

P-2. Excessive share caps – individual caps on use and holdings

Alternative 2 and 3

Holdings of pot gear Pacific cod shares/history by an individual in each area shall be capped at:

Option 0.5%

Option 1. 1%

Option 2. 3%

Option 3. 5%

Option 4. 20%

Option 5. 30%

Option 6. no cap

Allocations to original issuees would be grandfathered at the original level of history.
Apply individually and collectively to all harvest share/history holders in the pot sector.

CP history conversion to CV history

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

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

P-3. Excessive share caps – vessel use caps

Alternative 2 and 3

Individual vessel use cap (applies within and outside co-ops)

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

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

of the individual use cap for pot gear Pacific cod by area. Initial issuees that exceed the individual or vessel use caps are grandfathered at their current level as of a control date of April 3, 2003, including transfers by contract entered into as of that date.

P-4. Excessive share caps – vertical integration caps

Alternatives 2A High and 2B High

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

Alternative 2C

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

Alternative 3

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

- Option 1. initial allocation of harvest CV and CP shares of pot gear Pacific cod by area
- Option 2. 115%-150% of initial allocation of CV history of pot gear Pacific cod by area
- Option 3. 115%-150% of initial allocation of CP history of pot gear Pacific cod by area
- Option 4. no cap

P-5. Excessive share caps – cooperative use caps

Alternative 2 and 3

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

- Option 1. 15% by area.
- Option 2. 25% by area.
- Option 3. 45% by area.
- Option 4. no cap

Different caps can be chosen for CPs and CV

P-6. Block Program

Alternative 2

Preserving entry level opportunities for Pacific cod

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

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

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

Eligible participants would be allowed to hold a maximum of:

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

Any person may hold:

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

P-7. Overage Provisions

Alternative 2

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

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

P-8. Transferability – Eligibility to Receive

Alternative 2

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

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

Definition of sea time:

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

Alternative 3

Persons qualified to receive history by transfer include:

- 1) processors that associate with initial cooperatives and

- 2) For CP/CV history shares:
 - a) Entities eligible to document a vessel
 - b) Initial recipients of CV or CP harvest shares
 - c) Community administrative entities eligible to receive shares/history by transfer
 - d) Individuals eligible to document a vessel with at least 150 days of sea time

Definition of sea time:

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

Alternative P2L – Pot Low Producer – IFQ/Cooperatives

Applies only to low producing fixed gear vessels
 Low producing vessels are exempt from delivery requirements

P2L-1. Voluntary Cooperatives

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

P2L-2. Cooperative formation

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

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

P2L-3. Co-op/processor affiliations

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

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

P2L-4. Movement between cooperatives

Harvesters may move between cooperatives at:

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

P2L-5. Duration of cooperative agreements

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

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

P2L-6. Rules Governing Cooperatives

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

P2L-7. Regionalization

It should be clarified whether regionalization applies under this alternative.

Alternative P2HA – Pot High Producer - IFQ/Cooperatives with Processor License Limitation

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

P2HA-1. Voluntary Cooperatives

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

P2HA-2. Cooperative formation

Co-ops can be formed between

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

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

P2HA-3. Cooperative/processor affiliations

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

Option 2. CV cooperatives must be associated with

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

The associated processor must be:

- a) any processor
 - b) a limited entry processing license holder
- Processors can associate with more than one co-op

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

P2HA-4. Movement between cooperatives

Harvesters may move between cooperatives at:

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

P2HA-5. Duration of cooperative agreements

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

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

P2HA-6. Rules Governing Cooperatives

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

P2HA-7. Harvest Share Allocations – A share/B share allocations

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

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

P2HA-8. Provisions for Processor License Limitation

Apply processor provisions generally at the company level.

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

P2HA-9. Processor License Qualifications

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

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

Eligible Processors – minimum annual processing for fixed gear

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

Trawl and fixed gear eligible processors

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

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

Operator – must hold a federal or state processor permit.

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

P2HA-10. Transferability of eligible processor licenses

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

P2HA-11. Processing Use Caps

Processing caps by processor license type (Western Gulf; Central Gulf & West Yakutat (combined)) on A share landings:

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

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

Processing caps apply at the entity level.

P2HA-12. License ownership restrictions on processors

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

Alternative P2HB –Pot High Producer - IFQ/Cooperatives with Processor Linkages

Applies only to high producing fixed gear vessels and catcher processors

P2HB-1. Voluntary Cooperatives

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

P2HB-2. Cooperative formation

Co-ops can be formed between

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

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

P2HB-3. Co-op/processor affiliations

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

Option 2. CV cooperatives must be associated with

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

The associated processor must be:

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

Processors can associate with more than one co-op

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

P2HB-4. Duration of cooperative agreements:

Option 1. 1 year

Option 2. 3 years

Option 3. 5 years

Suboption 1: Duration is minimum.

Suboption 2: Duration is maximum.

P2HB-5. Movement between cooperatives

Harvesters may move between cooperatives at:

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

P2HB-6. Rules Governing Cooperatives

- Annual allocations of cooperative members would be issued to the cooperative.

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

P2HB-7. Harvest Share Allocations – A share/B share allocations

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

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

P2HB-8. Provisions for Processor License Limitation

Apply provisions generally at the facility (plant) level.

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

P2HB-9. Processor License Qualifications

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

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

Eligible Processors – minimum annual processing

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

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

Operator – must hold a federal or state processor permit.

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

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

P2HB-10. Linkage (Linkages apply by area)

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

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

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

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

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

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

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

P2HB-11. Movement between linked processors

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

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

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

Suboptions:

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

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

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

P2HB-12. Transferability of eligible processor licenses

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

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

P2HB-13. License Transfers Among Processors

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

P2HB-14. Processing Use Caps

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

Option 1. Range 70% to 130% of TAC processed of pot gear Pacific cod by area for the largest licensed processor

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

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

P2HB-15. License ownership restrictions on processors

Option 1. No restrictions

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

Alternative P2C – Pot IFQ/Cooperatives with Harvest Share Allocations to Processors

Applies to all fixed gear vessels

P2C-1. Voluntary Cooperatives

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

P2C-2. Cooperative formation

Co-ops can be formed between

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

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

P2C-3. Co-op/processor affiliations

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

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

P2C-4. Movement between cooperatives

Harvesters may move between cooperatives at:

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

P2C-5. Duration of cooperative agreements

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

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

P2C-6. Rules Governing Cooperatives

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

P2C-7. Processor Eligibility

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

- Option 1. 995-2001
- Option 2. 995-2002
- Option 3. 998-2003
- Option 4. 000-2004
- Option 5. 995-2003

Eligible Processors – minimum annual processing

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

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

Operator – must hold a federal or state processor permit.

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

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

P2C-8. Processor Allocations

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

P2C-9. CVP Transferability

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

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

P2C-10. CVP Use

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

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

P2C-11. CVP Caps on Use and Holdings

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

P2C-12. Limit on Vertical Integration

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

P2C-13. CVP Regionalization

CVP shares will be regionalized.

Alternative P3L1 – Pot Low Producer – Sector Allocation with Limited Access Fishery

Applies to low producing fixed gear vessels.

Exclude from co-op program, provide sector allocation and continue as an LLP fishery.

Alternative P3L2 – Pot Low Producer – Cooperatives/Limited Access

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

P3L2-1. Voluntary Cooperatives

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

P3L2-2. Allocations to Individuals and Cooperatives

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

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

P3L2-3. Cooperative Eligibility - Catcher Vessel Cooperatives

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

P3L2-4. Cooperative Formation - Catcher Vessel Cooperatives

Cooperatives are required to have at least:

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

P3L2-5. Initial Cooperative Agreement Requirements

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

P3L2-6. Duration of Initial Cooperative Agreements

Duration of initial cooperative agreements:

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

P3L2-7. Movement between cooperatives

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

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

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

P3L2-8. Rules Governing Cooperatives

The following provisions apply to all cooperatives:

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

P3L2-9. General Provisions Concerning Transfers of GH and GQ.

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

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

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

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

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

P3L2-10. Use of Annual Allocations

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

P3L2-11. LLP/Limited Access Fishery

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

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

P3L2-12. Movement from a Cooperative to the LLP/Limited Access Fishery

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

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

P3L2-13. Processing Use Caps

Processors shall be capped at the entity level.

No processor shall process more than:

- Option 1. 25% of total harvest by area of pot gear Pacific cod
- Option 2. 50% of total harvest by area of pot gear Pacific cod
- Option 3. 75% of total harvest by area of pot gear Pacific cod
- Option 4. no cap

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

Alternative P3 – Pot Cooperatives/Limited Access with Processors Associations

Applies to all fixed gear vessels (catcher vessels and catcher processors)

P3-1. Voluntary Cooperatives

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

P3-2. Allocations to Individuals and Cooperatives

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

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

P3-3. Cooperative Eligibility - Catcher Vessel Cooperatives

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

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

P3-4. Cooperative Formation - Catcher Vessel Cooperatives

Cooperatives are required to have at least:

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

P3-5. Initial Cooperative Agreement Requirements

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

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

Following the initial co-op period, new GH can be generated by eligible harvesters that have never been co-op members only by joining a co-op and entering into a Contract with the processor the harvester is initially eligible to join a cooperative in association with. The Contract must meet the harvester/processor contract requirements for initial co-op membership.

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

P3-6. Duration of Initial Cooperative Agreements

Duration of initial cooperative agreements:

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

P3-7. Catcher Vessel - Cooperative/processor associations

- Option 1: If the processing facility with whom the harvester would be initially associated is no longer operating in the community, and another processing facility within the community has not purchased the history, the harvester is eligible to deliver to
- i. any licensed processor
 - ii. any licensed processor in the community (If there are no eligible processors in that community, the harvester may join a co-op in association with any eligible processor within the region.)
 - iii. the licensed processor to whom the harvester delivered the second most pounds
- Option 2: If the processing facility with whom the harvester would be initially associated is no longer operating in the community, the harvester is eligible to deliver to
- i. any licensed processor
 - ii. any licensed processor in the community (If there are no eligible processors in that community, the harvester may join a co-op in association with any eligible processor within the region.)
 - iii. the licensed processor to whom the harvester delivered the second most pounds

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

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

The eligible processor is:

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

P3-8. Cooperative Eligibility - Catcher Processor Cooperatives

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

P3-9. Cooperative Formation - Catcher Processor Cooperatives

Cooperatives are required to have at least:

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

P3-10.Movement between cooperatives

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

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

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

P3-11.Rules Governing Cooperatives

The following provisions apply to all cooperatives:

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

P3-12.General Provisions Concerning Transfers of GH and GQ.

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

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

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

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

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

P3-13. Use of Annual Allocations

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

P3-14. LLP/Limited Access Fishery

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

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

P3-15. Movement from a Cooperative to the LLP/Limited Access Fishery

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

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

P3-16. Processing Use Caps

Processors shall be capped at the entity level.

No processor shall process more than:

- Option 1. 25% of total harvest by area of pot gear Pacific cod
- Option 2. 50% of total harvest by area of pot gear Pacific cod
- Option 3. 75% of total harvest by area of pot gear Pacific cod
- Option 4. no cap

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

Hook-and-Line Gear Alternatives

L-1. Transferability - Leasing

Alternative 2

For Hook and Line (HAL) catcher vessels

Apply leasing limitation inside and outside of cooperatives

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

Option 1. Allow leasing of up to (5%, 10%, 15%, 20%) of CV QS, but only to individuals and entities eligible to receive QS/IFQ by transfer.

For Hook and Line (HAL) CPs

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

Alternative 3

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

For Hook and Line (HAL) catcher vessels

Option 2. Allow leasing of up to (5%, 10%, 15%, 20%) of CV primary species history, but only to individuals and entities eligible to receive history by transfer.

For Hook and Line (HAL) catcher processors

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

L-2. Share Use – Owner-on-board

Alternative 2

For Hook and Line (HAL) catcher vessels

Apply owner-on-board requirements inside and outside of cooperatives

(80%, 85%, 90%, 95%) of the fixed gear primary species quota shares initially issued to fishers/harvesters would be designated as "owner on board."

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

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

L-3. Excessive share caps – individual caps on use and holdings

Alternative 2 and 3

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

- Option 1. .5% of the history by area and primary species
- Option 2. 1% of the history by area and primary species (Pacific cod and WGOA deep water flatfish)
- Option 3. 3% of the history by area and primary species (Pacific cod and WGOA deep water flatfish)
- Option 4. 5% of the history by area and primary species
- Option 5. 20% of the history by area and primary species
- Option 6. 30% of the history by area and primary species
- Option 7. no cap

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

CP history conversion to CV history

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

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

L-4. Excessive share caps – vessel use caps

Alternative 2 and 3

Individual vessel use cap

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

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

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

L-5. Excessive share caps – vertical integration caps

Alternatives 2A High and 2B High

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

Alternative 2C

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

Alternative 3

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

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

L-6. Excessive share caps – cooperative use caps

Alternative 2 and 3

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

- Option 1. 15% by primary species and area (Pacific cod and WGOA flatfish).
- Option 2. 25% by primary species and area
- Option 3. 45% by primary species and area
- Option 4. no cap

L-7. Block Program

Alternative 2 and 3

Preserving entry level opportunities for Pacific cod

Holders of High Producer (unblocked) QS can not acquire additional Low producer (blocked) QS (no divestment required)

All initially allocated Low producer shares will be blocked shares

Initial allocations of blocked shares will be allocated as blocks of or less than a specific size.

- *For example: If a Low Producer issuant receives an initial allocation of 115,000 lbs and if the Council establishes maximum block size to be 20,000 lbs the initial issuant would receive five (5) 20,000 blocks and one (1) 15,000 lb block.*

Blocked shares can be combined into larger blocks up to:

1. 10,000 lbs
2. 20,000 lbs
3. 30,000 lbs
4. Other limit to be determined after analysis describes the impacts of this option
Suboption. Low producer harvest shares earned as a bycatch in the halibut sablefish ITQ program would be exempt from the block program and will be issued as unblocked shares

Eligible participants would be allowed to hold a maximum of:

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

Suboption for all options in this section: Original issuants are eligible to hold any number of originally issued blocks, but may not acquire more than the allowable limit.

Any person may hold:

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

L-8. Overage Provisions

Alternative 2 and 3

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

Overages up to 10% of the last trip will be allowed with rollover provisions for underages up to 10% of harvest shares (or IFQ).

Overages would not be applicable in fisheries where there is an incentive fishery that has not been fully utilized for the year. (i.e., no overages would be allowed if a harvest share (or IFQ) holder goes over his/her annual allocation (or IFQ) when incentive fisheries are still available).

L-9. Retention of halibut out of season

Alternative 2 and 3

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

Option 1: In all GOA areas.

Option 2: Limited to Areas 3A, 3B, and 4A.

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

L-10. Transferability – Eligibility to Receive

Alternative 2

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

For CP history/shares:

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

For CV history/shares:

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

Definition of sea time:

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

Alternative 3

Persons qualified to receive history by transfer include:

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

Definition of sea time:

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

Alternative L2L – Hook-and-Line Gear Low Producer – IFQ/Cooperatives

Applies only to low producing fixed gear vessels

Low producing vessels are exempt from delivery requirements

L2L-1. Voluntary Cooperatives

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

L2L-2. Cooperative formation

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

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

L2L-3. Co-op/processor affiliations

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

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

L2L-4. Movement between cooperatives

Harvesters may move between cooperatives at:

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

L2L-5. Duration of cooperative agreements

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

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

L2L-6. Rules Governing Cooperatives

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

L2L-7.Regionalization

It should be clarified whether regionalization applies under this alternative.

Alternative L2HA – Hook-and-Line Gear High Producer - IFQ/Cooperatives with Processor License Limitation

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

L2HA-1. Voluntary Cooperatives

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

L2HA-2. Cooperative formation

Co-ops can be formed between

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

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

L2HA-3. Cooperative/processor affiliations

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

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

L2HA-4. Movement between cooperatives

Harvesters may move between cooperatives at:

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

L2HA-5. Duration of cooperative agreements

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

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

L2HA-6. Rules Governing Cooperatives

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

L2HA-7. Harvest Share Allocations – A share/B share allocations

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

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

L2HA-8. Provisions for Processor License Limitation

Apply processor provisions generally at the company level.

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

L2HA-9. Processor License Qualifications

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

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

Eligible Processors – minimum annual processing for fixed gear

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

Trawl and fixed gear eligible processors

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

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

Operator – must hold a federal or state processor permit.

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

L2HA-10. Transferability of eligible processor licenses

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

L2HA-11. Processing Use Caps

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

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

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

Processing caps apply at the entity level.

L2HA-12. License ownership restrictions on processors

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

Alternative L2HB – Hook-and-Line Gear High Producer - IFQ/Cooperatives with Processor Linkages

Applies only to high producing fixed gear vessels and catcher processors

L2HB-1. Voluntary Cooperatives

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

L2HB-2. Cooperative formation

Co-ops can be formed between

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

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

L2HB-3. Co-op/processor affiliations

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

- Option 2. CV cooperatives must be associated with
- a) a processing facility
 - b) a processing company
- The associated processor must be:
- a) any processor
 - b) a limited entry processing license holder
 - c) a limited entry processing license holder to which the share holder's shares are linked
- Processors can associate with more than one co-op

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

L2HB-4. Duration of cooperative agreements:

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

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

L2HB-5. Movement between cooperatives

Harvesters may move between cooperatives at:

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

L2HB-6. Rules Governing Cooperatives

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

L2HB-7. Harvest Share Allocations – A share/B share allocations

If a processor limited entry alternative is chosen, CV primary species harvest shares will be issued in two classes. Class A shares will be deliverable to a licensed processor to which the shares are linked. Class B shares

will be deliverable to any processor as authorized under this program. Only the annual allocations will be subject to the Class A/Class B distinction. All long term shares or history will be of a single class.

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

L2HB-8. Provisions for Processor License Limitation

Apply provisions generally at the facility (plant) level.

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

L2HB-9. Processor License Qualifications

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

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

Eligible Processors – minimum annual processing

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

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

Operator – must hold a federal or state processor permit.

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

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

L2HB-10. Linkage (Linkages apply by area)

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

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

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

- Option 1: If the processing facility with whom the harvester is associated is no longer operating in the community, and another processing facility within the community has not purchased the history, the harvester is eligible to deliver to
- i. any licensed processor
 - ii. any licensed processor in the community
 - iii. the licensed processor to whom the harvester delivered the second most pounds

- Option 2: If the processing facility with whom the harvester is associated is no longer operating in the community, the harvester is eligible to deliver to
- i. any licensed processor
 - ii. any licensed processor in the community
 - iii. the licensed processor to whom the harvester delivered the second most pounds

L2HB-11. Movement between linked processors

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

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

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

Suboptions:

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

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

L2HB-12. Transferability of eligible processor licenses

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

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

L2HB-13. License Transfers Among Processors

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

L2HB-14. Processing Use Caps

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

- Option 1. Range 70% to 130% of TAC processed by primary species and area for the largest licensed processor

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

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

L2HB-15. License ownership restrictions on processors

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

Alternative L2C – Hook-and-Line IFQ/Cooperatives with Harvest Share Allocations to Processors

Applies to all fixed gear vessels

L2C-1. Voluntary Cooperatives

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

L2C-2. Cooperative formation

Co-ops can be formed between

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

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

L2C-3. Co-op/processor affiliations

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

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

L2C-4. Movement between cooperatives

Harvesters may move between cooperatives at:

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

L2C-5. Duration of cooperative agreements

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

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

L2C-6. Rules Governing Cooperatives

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

L2C-7. Processor Eligibility

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

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

Eligible Processors – minimum annual processing

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

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

Operator – must hold a federal or state processor permit.

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

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

L2C-8. Processor Allocations

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

L2C-9. CVP Transferability

CVP is transferable between eligible CV holders and /or processors.
CVP shares may be transferred or leased to any entity eligible to receive CV QS by transfer.

L2C-10. CVP Use

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

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

L2C-11. CVP Caps on Use and Holdings

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

L2C-12. Limit on Vertical Integration

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

L2C-13. CVP Regionalization

CVP shares will be regionalized.

Alternative L3L1 – Hook-and-Line Gear Low Producer – Sector Allocation with Limited Access Fishery

Applies to low producing fixed gear vessels.

Exclude from co-op program, provide sector allocation and continue as an LLP fishery.

Alternative L3L2 – Hook-and-Line Gear Low Producer – Cooperatives/Limited Access

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

L3L2-1. Voluntary Cooperatives

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

L3L2-2. Allocations to Individuals and Cooperatives

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

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

L3L2-3. Cooperative Eligibility - Catcher Vessel Cooperatives

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

L3L2-4. Cooperative Formation - Catcher Vessel Cooperatives

Cooperatives are required to have at least:

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

L3L2-5. Initial Cooperative Agreement Requirements

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

L3L2-6. Duration of Initial Cooperative Agreements

Duration of initial cooperative agreements:

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

L3L2-7. Movement between cooperatives

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

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

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

L3L2-8. Rules Governing Cooperatives

The following provisions apply to all cooperatives:

- a) The harvesters that enter into a co-op membership agreement shall be the members of the co-op.
- b) The co-op membership agreement will be filed with the RAM Division. The Contract must contain a fishing plan for the harvest of all co-op fish.

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

L3L2-9. General Provisions Concerning Transfers of GH and GQ.

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

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

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

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

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

L3L2-10. Use of Annual Allocations

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

L3L2-11. LLP/Limited Access Fishery

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

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

L3L2-12. Movement from a Cooperative to the LLP/Limited Access Fishery

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

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

L3L2-13. Processing Use Caps

Processors shall be capped at the entity level.

No processor shall process more than:

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

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

Alternative L3 – Hook-and-Line Gear Cooperatives/Limited Access with Processors Associations

Applies to all fixed gear vessels (catcher vessels and catcher processors)

L3-1. Voluntary Cooperatives

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

L3-2. Allocations to Individuals and Cooperatives

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

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

L3-3. Cooperative Eligibility - Catcher Vessel Cooperatives

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

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

Provisions applied to a, b, and c:

For the following species groups:

- Pacific cod
- Western GOA deep water flatfish

L3-4. Cooperative Formation - Catcher Vessel Cooperatives

Cooperatives are required to have at least:

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

L3-5. Initial Cooperative Agreement Requirements

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

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

Following the initial co-op period, new GH can be generated by eligible harvesters that have never been co-op members only by joining a co-op and entering into a Contract with the processor the harvester is initially eligible to join a cooperative in association with. The Contract must meet the harvester/processor contract requirements for initial co-op membership.

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

L3-6. Duration of Initial Cooperative Agreements

Duration of initial cooperative agreements:

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

L3-7. Catcher Vessel - Cooperative/processor associations

- Option 1: If the processing facility with whom the harvester would be initially associated is no longer operating in the community, and another processing facility within the community has not purchased the history, the harvester is eligible to deliver to
 - i. any licensed processor
 - ii. any licensed processor in the community (If there are no eligible processors in that community, the harvester may join a co-op in association with any eligible processor within the region.)
 - iii. the licensed processor to whom the harvester delivered the second most pounds

- Option 2: If the processing facility with whom the harvester would be initially associated is no longer operating in the community, the harvester is eligible to deliver to
- i. any licensed processor
 - ii. any licensed processor in the community (If there are no eligible processors in that community, the harvester may join a co-op in association with any eligible processor within the region.)
 - iii. the licensed processor to whom the harvester delivered the second most pounds

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

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

The eligible processor is:

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

L3-8. Cooperative Eligibility - Catcher Processor Cooperatives

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

L3-9. Cooperative Formation - Catcher Processor Cooperatives

Cooperatives are required to have at least:

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

L3-10. Movement between cooperatives

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

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

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

L3-11. Rules Governing Cooperatives

The following provisions apply to all cooperatives:

- a) The harvesters that enter into a co-op membership agreement shall be the members of the co-op. The processor will be an associate of the cooperative but will not be a cooperative member.
- b) Except for CP cooperatives, a pre-season Contract between an eligible, willing harvester in association with a processor is a pre-requisite to cooperative membership and a cooperative receiving an allocation of GQ based on the history of that harvester. For an initial co-op, the Contract must meet the initial cooperative agreement requirements.

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

L3-12. General Provisions Concerning Transfers of GH and GQ.

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

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

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

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

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

L3-13. Use of Annual Allocations

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

L3-14. LLP/Limited Access Fishery

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

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

L3-15. Movement from a Cooperative to the LLP/Limited Access Fishery

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

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

L3-16. Processing Use Caps

Processors shall be capped at the entity level.

No processor shall process more than:

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

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

Jig Gear Alternatives

Alternative J2 – Jig Sector Allocation – Open Access

Jig Sector receives sector allocation and is prosecuted as an open access fishery.

Alternative J3A – Jig Sector Allocation

Option for jig sector: jig sectors would be exempt from co-op provisions.

Alternative J3B – Cooperatives/Limited Access with Processors Associations

The provisions applicable to the fixed gear low producing catcher vessels could be used to develop this alternative, if the Council wished to pursue this alternative.

Provisions relating to the IFQ halibut/sablefish fishery

IFQ-1. Management areas

Applies to Sablefish areas SE, WY, CG, WG. Applies to halibut areas 2C, 3A, 3B, 4A.

IFQ-2. Primary species

P.cod, Greenland turbot, POP

QS will be issued to the halibut/sablefish QS holder. Any QS/IFQ issues for these primary species will not be subject to regionalization, mandatory coop, closed class processor, or processor linkage provisions of GOA rationalization.

IFQ-3. Secondary species

RE/SR, Thornyheads, Pelagic shelf, Other Slope, Northern, and Other rockfish.

Allocation to the halibut/sablefish IFQ fishery shall be determined by:

- A) Sablefish: Allocation based on the average rate and 75th percentile of observed bycatch rates, by area (the rate which 75% of observed sets did not exceed)
- B) Halibut: Allocation based on the average rate and 75th percentile of bycatch rates experienced in IPHC surveys by area (the rate which 75% of survey sets did not exceed).

The IPHC survey data will look at the years 1995-2002 and 1998-2002.

IFQ-4. Management provisions for secondary species

- a) Management of RE/SR, Thornyheads, Pelagic, Other Slope, Northern, and Other rockfish shall be:
 - Option 1: Managed in aggregate on an area basis using current MRA regulations.
 - Option 2: Allocated to individual sablefish or halibut QS owners proportional to their QS holdings. Secondary species QS can only be permanently transferred with the underlying parent QS, but IFQ may be leased across vessel categories and species within the halibut and sablefish IFQ program.
 - Suboption 1: Allow an individual to choose, on an annual basis, individual allocations or to participate in the common pool.
 - Suboption 2: Allow a 7 day grace period after an overage occurs for the owner to lease sufficient Secondary species IFQ to cover the overage. Failure to secure sufficient IFQ would result in forfeiture of the overage and fines.
- b) An estimate of non commercial use of secondary species will be made based on observer and IPHC data. Non commercial use of secondary species for gurdy bait will not require QS/IFQ.
- c) Require full retention of Secondary species listed under A.

Provisions for Southeast Outside

SEO-1. Secondary Species

SEO is exempt from GOA rationalization program except for the management of RE/SR, Thornyheads, and Other Slope as secondary species.

SEO-2. Management provisions for secondary species

Management provisions for secondary species

- a) Any QS/IFQ issued for these secondary species will not be subject to regionalization, mandatory coop, closed class processor, or processor linkage provisions of GOA rationalization
- b) Management of RE/SR, Thornyheads, and Other Slope rockfish shall be:
 - Option 1: Managed in aggregate on an area basis using current MRA regulations.
Suboption: separate allocations for each target fishery
 - Option 2: Allocated to the vessel owner or qualified lease holder as a ratio of target species
- c) Non commercial use of secondary species for gurdy bait will not require QS/IFQ.
- d) Develop sideboards for the SEO area

Gulf of Alaska Rationalization Community Provisions *Revised as of December 12, 2005*

It is the Council's intent that the Community Fisheries Quota (CFQ) Program and the Community Purchase Program (CPP) be the subject of standalone staff analysis for future inclusion in GOA groundfish rationalization alternatives as appropriate. The intent is not to create these programs as a trailing amendment, but to implement them at the same time GOA rationalization goes into effect.

Bering Sea/Aleutian Islands communities (CDQ or otherwise) and communities adjacent to the Eastern GOA regulatory area Southeast Outside District (except Yakutat) will not be included in any Gulf rationalization community provision programs.

PURPOSE: The Council recognizes the importance of providing economic stability for communities historically dependent upon GOA groundfish fisheries. Consistent with the guidance provided by the Consolidated Appropriations Act of 2001, National Standard 8, and the National Research Council Report, the Council acknowledges that rationalization programs can have significant impacts on fishing-dependent communities. Community provisions are intended to address community impacts resulting from rationalization and seek to provide economic stability or create economic opportunity in fishing-dependent communities, and provide for the sustained participation of such communities.

C 1. Community Fisheries Quota (CFQ) Program

The CFQ program would allocate groundfish quota (CFQ) to qualified applicants representing eligible Gulf communities, in order to use that allocation to provide benefits to communities. The intent of the CFQ program is to mitigate the economic impacts of Gulf groundfish rationalization on small (less than 1500), isolated GOA communities with a historical dependence on groundfish. Further, it is the intent of the program to sustain current participation and access to the fisheries by those communities.

C 1.1 Administrative Entity

The administrative entity representing one or more eligible communities must be a non-profit entity qualified by NMFS. The administrative entity shall be:

- Option 1. A single Gulf-wide administrative entity.
- Option 2. An administrative entity for each GOA groundfish management area. (One WG entity and one CG entity. The CG entity includes CG and WY communities.)
 - Suboption 1. Community membership in each entity may be adjusted based on common culture and history considerations.
- Option 3. An administrative entity representing a group of communities with common culture and history.

If Option 2 is selected, the initial allocation of CFQ would be such that WG CFQ is allocated to the management entity representing WG communities, and CG and WY CFQ is allocated to the management entity representing CG and WY communities.

If Option 2 Suboption 1 or Option 3 is selected, the CFQ for a specific management area (WG, CG, WY) would be initially allocated to the management entity representing communities located in that area based on: 1) equal basis and/or 2) population. No more than 50% of the CFQ for any area can be allocated to the entity on an equal basis.

C 1.2 Board Representation of the Administrative Entity

The administrative entity shall be comprised of a Board of Directors as follows:

- Option 1. (Applicable with C 1.1, Options 1 – 3). Equal Board membership established by an equal number of appointed representatives from each Community Quota Entity's (CQE's) member communities. (Should the CQE represent more than one community, the CQE would appoint representatives to the administrative entity for each member community.)
- Option 2. (Applicable with C 1.1, Option 1). A 13-member Board represented by members of CQEs by region as follows: Aleutians East Borough (3 reps); Lake and Peninsula Borough (3 reps); Kodiak Borough (3 reps); Yakutat (1 rep); Chugach (2 reps); Cook Inlet (1 rep).
- Option 3. (Applicable with C 1.1, Option 1): The makeup of the administrative entity's Board of Directors shall reflect population, local participants' harvest history, and geography.

C 1.3 Eligible Communities

- Option 1. Population (based on 2000 U.S. Census) of less than 1,500 but not less than 25
- Option 2. Geography
 - a. Coastal communities without road connections to larger community highway network
 - b. Communities on the south side of the Alaska Peninsula that are adjacent to Central and Western GOA management areas (including Yakutat) within 5 nautical miles from the water, but not to include Bering Sea communities
- Option 3. Historic Participation in Groundfish Fisheries
 - a. Communities with residents having any Gulf (WG, CG, WY) groundfish commercial permit and fishing activity as documented by CFEC in the last ten years (1993 – 2002)

C 1.4 Species

- Option 1. All rationalized groundfish species including PSC
- Option 2. Pollock and Pacific cod and associated species necessary to prosecute the allocation of pollock and Pacific cod

C 1.5 Allocation

CFQ awarded to an administrative entity cannot be permanently transferred.

- Option 1. 5% of annual TAC
- Option 2. 10% of annual TAC
- Option 3. 15% of annual TAC

C 1.6 Timing of the CFQ Allocation

- Option 1. 100% of the CFQ is allocated at the implementation of the program
- Option 2. 66% of the CFQ is allocated at the implementation of the program
- Option 3. 50% of the CFQ is allocated at the implementation of the program
- Option 4. 33% of the CFQ is allocated at the implementation of the program

Under Options 2 – 4, there is a guarantee that 20% of the remaining allocation to the CFQ Program will be made each year, such that all of the CFQ would be allocated to the program after a 5-year period. The following suboptions are applicable to Options 2 – 4:

- Suboption 1. Remainder CFQ to be allocated from a 10% reduction of QS at first transfer (sale). If the annual minimum allocation has not been reached through transfer, the remainder will be 'funded' by creating new QS and adding it to the QS pool(s).
 - i. Attenuation at first transfer of QS does not apply to gift transfers between family members (first degree of kin).
- Suboption 2. Remainder CFQ to be allocated from a 5% reduction of QS at first transfer (sale). If the annual minimum allocation has not been reached through transfer, the remainder will be 'funded' by creating new QS and adding it to the QS pool(s).
 - i. Attenuation at first transfer of QS does not apply to gift transfers between family members (first degree of kin).

C 1.7 Harvesting of Shares

Harvesting of shares is limited to residents of any eligible community, and an appeals process will be established to ensure that any allocation decisions comply with procedural due process concerns. The administrative entity may lease quota share to eligible community residents with vessels owned by, retained under a contractual arrangement with, or on which a community resident has an employment contract. However, residents of eligible communities located in a specific management area (WG, CG, WY) should receive priority over other qualified applicants in the leasing of community quota used in that specific management area.

C 1.8 Individual Use Caps and Vessel IFQ Caps

An individual leasing CFQ and use of CFQ on a vessel shall be limited as follows (caps would be species specific and exclusive of any quota individually owned):

- Option 1. No individual QS use caps and vessel IFQ caps for fishing CFQ
- Option 2. An amount equal to the individual QS use caps and vessel IFQ caps in the rationalized Gulf groundfish fishery
- Option 3. An amount equal to an approximation of what is needed for viable participation in the fishery (to be specified later)
- Option 4. An amount equal to 150% of the individual QS use caps and vessel IFQ caps in the rationalized Gulf groundfish fishery

Suboption 1 (applies to Options 2 – 4):

Use (25%, 50%, or 75%) of the selected use cap for Pacific cod. This cap is inclusive of any quota individually owned.

C 1.9 Sector Designation

All IFQ resulting from QS held by communities shall be designated for use on catcher vessels.

C 1.10 Landing Requirements

Landing requirements will be applied on a species specific basis.

- Option 1. CFQ shall have regional landing requirements proportional to the regional landing requirements applied for the remainder of QS issued for that species.
- Option 2. 50% - 100% of the CFQ shall have regional landings requirements
 - Suboption 1. in perpetuity
 - Suboption 2. for a period of 5 years
 - Suboption 3. for a period of 10 years

C 1.11 Use of Lease Proceeds by Administrative Entity

Use of lease proceeds is restricted to administrative expenses.

- Option 1. and purchase of additional GOA groundfish quota shares
- Option 2. and fisheries related investments
- Option 3. and investments in the economic development and social well being of member communities
- Option 4. and distribution to member community CQEs

(Applicable to Option 4.) Use of CFQ lease proceeds by member community CQEs is restricted to administrative expenses and:

- Suboption 1. purchase of additional quota shares
- Suboption 2. fisheries related investments
- Suboption 3. investments in the economic development and social well being of member communities

C 1.12 Distribution of Lease Proceeds to Member Communities

- Option 1. The administrative entity is not required to annually distribute lease proceeds to member community CQEs
- Option 2. The administrative entity is required to annually distribute lease proceeds to member community CQEs in an amount equal to or exceeding:
 - Suboption 1. 10% annual lease income after administrative expenses
 - Suboption 2. 20% annual lease income after administrative expenses
 - Suboption 3. 30% annual lease income after administrative expenses

C 1.13 Allocation Basis for Lease Proceeds

- Option 1. Lease income would be distributed at sole discretion of administrative entity.
- Option 2. 0% - 100% of the annual lease income distributed by the administrative entity to member community CQEs would be distributed amongst qualified communities on an equal basis.
- Option 3. 0% - 100% of the annual lease income distributed by the administrative entity to member community CQEs would be distributed amongst qualified communities on a pro rata basis based on population.

C 1.14 Qualification of Administrative Entity

The administrative entity must submit a detailed statement of eligibility to NMFS and the State prior to being qualified. The State may comment on the statement of eligibility but does not have a formal role. The required elements of the eligibility statement will be in regulation and, at a minimum, include:

- Option 1. identification of the community CQEs represented by the administrative entity
- Option 2. allocation criteria between regions, communities, and fishermen
- Option 3. documentation concerning accountability to the communities represented by the administrative entity.
- Option 4. procedures used to solicit requests from residents to lease CFQ
- Option 5. criteria used to determine the distribution of CFQ leases among qualified community residents and the relative weighting of those criteria.

C 1.15 Administrative Oversight

An annual report submitted to NMFS and the NPFMC detailing the use of QS by the administrative entity. The report should include findings of the administrative entity related to community resident vessel ownership, community resident contractual relationships with a vessel owner, and community resident employment on a vessel, in its leasing of CFQ to community residents. The required elements and timing of the report will be outlined in regulation.

C 2. Community Purchase Program

The CPP would allow a defined set of eligible communities to organize an administrative entity to purchase, hold, and use Gulf groundfish quota share within the rationalization program. In contrast to receiving an initial allocation, this provision would designate an administrative entity representing eligible communities as an eligible quota shareholder under the rationalization program, and that entity would be allowed to purchase GOA groundfish shares on the open market.

The purpose of the CPP is to provide the eligible communities with the opportunity to sustain their participation in the rationalized fisheries through the acquisition of Gulf groundfish fishing privileges. Further, it is the intent of the program to maintain and enhance current participation and access to Gulf groundfish fisheries by those communities.

C 2.1 Administrative Entity

The administrative entity representing a community or communities must be a non-profit entity qualified by NMFS, and may include administrative entities established under the BSAI Crab Rationalization Program for the community of Kodiak, Community Fisheries Quota (CFQ) administrative entities, a community quota entity under GOA Am. 66, or a non-profit established by the community of Cordova or Cold Bay, using criteria similar to Am. 66 qualification of CQEs.

C 2.2 Eligible Communities¹

- Option 1. Population (based on 2000 U.S. Census)
 - a. Less than 1,500 but not less than 25
 - b. Less than 7,500 but not less than 25

- Option 2. Geography
 - a. Coastal communities without road connections to larger community highway network
 - b. Communities on the south side of the Alaska Peninsula that are adjacent to Central and Western GOA management areas (including Yakutat) within 5 nautical miles from the water, but not to include Bering Sea communities included under the western Alaska CDQ Program.

- Option 3. Historic Participation in Groundfish Fisheries
Communities with residents having any commercial permit and fishing activity as documented by CFEC in the last ten years (1993 – 2002).
 - a. Communities with residents having any Gulf (WG, CG, WY) groundfish commercial permit and fishing activity as documented by CFEC in the last ten years (1993 – 2002)

- Option 4. GOA (WG, CG, WY) communities eligible under GOA Am. 66

C 2.3 Qualification of Administrative Entity

The administrative entity must submit a detailed statement of eligibility to NMFS and the State prior to being qualified. The State may comment on the statement of eligibility but does not have a formal role. The required elements of the eligibility statement will be in regulation and, at a minimum, include:

¹Should the City of Kodiak meet the eligibility criteria selected at final action, residents of Chiniak, Kodiak Station, and Womens Bay would be allowed to lease quota from the administrative entity representing the City of Kodiak. Should the City of Seldovia meet the eligibility criteria selected at final action, residents of Seldovia Village would be allowed to lease quota from the administrative entity representing the City of Kodiak.

- Option 1. allocation criteria between regions, communities, and fishermen
- Option 2. documentation concerning accountability to the communities represented by the administrative entity.
- Option 3. procedures used to solicit requests from residents to lease quota
- Option 4. criteria used to determine the distribution of leases among qualified community residents and the relative weighting of those criteria.

C 2.4 Administrative Oversight

A report submitted to NMFS and the NPFMC detailing the use of QS by the administrative entity. The required elements and timing of the report will be outlined in regulation and, at a minimum, include:

- Option 1. A summary of business, employment, and fishing activities under the program.
- Option 2. A discussion of any corporate changes that alter the representational structure of the entity.
- Option 3. Discussion of known impacts to resources in the area.

C 2.5 Ownership/Use Caps²

Individual community Gulf groundfish QS/GH cap on purchased quota:

- Option 1. 3%
- Option 2. An amount equal to the individual cap in the general program by species
- Option 3. An amount equal to two times the individual cap in the general program by species
- Option 4. An amount equal to three times the individual cap in the general program by species

Aggregate community Gulf groundfish QS/GH cap on purchased quota:

- Option 1. 10%
- Option 2. 15%
- Option 3. 20%
- Option 4. 30%
- Option 5. 45%
- Option 6. No aggregate cap

Suboption 1 (applies to Options 1 – 5): Split the aggregate cap between communities eligible for the CFQ Program and communities not eligible for the CFQ Program. Any purchases by the CFQ management entity(ies) would be applied toward the CFQ community aggregate cap.

C 2.6 Harvesting of Shares

Harvesting of shares is limited to residents of any eligible community. The administrative entity may lease quota share to eligible community residents with vessels owned by, retained under a contractual arrangement with, or on which a community resident has an employment contract. However, residents of eligible communities located in a specific management area (WG, CG, WY) should receive priority over other qualified applicants in the leasing of community quota used in that specific management area.

²Note: It may be necessary to limit community acquisition of quota with a particular block and/or gear designation.

Bycatch Reduction Alternatives for Salmon and Crab Species (as modified in June 2005)

Chinook Salmon

Alternative 1: Status Quo (no bycatch controls).

Alternative 2: Trigger bycatch limits for salmon. Specific areas with high bycatch (or high bycatch rates) are closed seasonally (could be for an extended period of time) if or when a trigger limit is reached by the pollock fishery.

Alternative 3: Seasonal closure to all trawl fishing in areas with high bycatch or high bycatch rates.

Alternative 4: Voluntary bycatch coop for hotspot management.

Other Salmon

Alternative 1: Status Quo (no bycatch controls).

Alternative 2: Trigger bycatch limits for other salmon. Specific areas with high bycatch (or high bycatch rates) are closed for the remainder of the year if or when a trigger limit is reached by the pollock trawl fishery (and potentially additional areas for flatfish trawling).

Alternative 3: Seasonal closure to all trawl fishing in areas with high bycatch or high bycatch rates.

Alternative 4: Voluntary bycatch coop for hotspot management.

Tanner Crab

Alternative 1: Status Quo (no bycatch controls).

Alternative 2: Trigger bycatch limits for Tanner crab. Specific areas with high bycatch (or high bycatch rates) are closed for the remainder of the year if or when a trigger limit is reached by:

- Options: a) trawl flatfish fishery
- b) all bottom trawling
- c) groundfish pot

Alternative 3: Year-round closure in areas with high bycatch or high bycatch rates of Tanner crab by gear type.

Alternative 4: Voluntary bycatch coop for hotspot management.

Red King Crab

Alternative 1: Status Quo (no additional bycatch controls).

Alternative 2: Trigger bycatch limits for red king crab. Specific areas with high bycatch (or high bycatch rates) are closed to flatfish trawling for the remainder of the year if or when a trigger limit is reached by the flatfish fishery.

Alternative 3: Year-round bottom trawl closure in areas with high bycatch or high bycatch rates of red king crab.

Alternative 4: Voluntary bycatch coop for hotspot management.

July 17, 2006

605 West 4th
Suite 306
Anchorage
Alaska 99501-2252

Dear NPFMC:

My name is Natasha Hayden I have been a life long resident of Alaska and was born and raised in Kodiak. My husband is half owner in a longline vessel that can presently enter in the open cod fishery in the Gulf of Alaska.

I disagree with the results that rationalizing our fisheries has on our fishermen and our communities. Rationalization effectively gives away the rights to fish in our waters to a select few business owners. Some of the negative results of rationalization are that the only people who can afford to pay the exorbitant prices for purchasing quotas can enter into the fishery, crew shares are reduced by 75%, and small boat owners and their crew are prevented from making a living by fishing of their own waters. One of the largest negative impacts of rationalization has been the reduction of crew members and their annual salaries. Because of the quota owners' ability to lease their shares, 50 – 75 percent of the gross is paid out to them. Therefore, hired skippers and crews have to catch four times as much fish simply to make the same amount of earnings while virtually all that money leaves Alaskan communities.

It is common knowledge that the majority of quota owners do not even set foot in Alaska any longer. They are allowed the lease their quotas for a minimum of 50% of the gross catch and if they decide to sell then they are instantly made millionaires. The Bering Sea Crab Rationalization allowed quota owners to lease their quota for 75% to other boats. Now the catching boats are still fishing in the middle of winter time, during the harshest weather the Bering Sea can offer, harvesting 4 times the amount of crab while the crews are making a fraction of their previous salaries.

The main participants that want rationalization of the Gulf of Alaska are the trawl fleet. They have spent the last 15 years building larger boats, making them wider, longer, and faster. They have built larger nets and increased their fish carrying capacity. All of these things have resulted in an extremely intense competition between the boats. Often they will have one or two days to make or break their season. If they miss on the first try then they have lost their opportunity to make money or break even. Because of this, they want you to rationalize the fishery so they will be guaranteed a set amount of fish and money every year. There are no guarantees in fishing. The boat owners should not be rewarded for being able to afford to build bigger, faster, more powerful boats. People should be allowed to have an opportunity to make a living and support their families without the industry being monopolized by an elite few.

Keep the fishery open to all gear types but restrict the harvesting. Take some of the successful elements of existing programs and implement them in a new management system. Some of the tools for better management could be to require vessels to carry paid observers, set daily catch limits and overall trip limits, and implement a fish tax that will support proper management of the fishery. Those using trawling gear should be required to use nets with a maximum capacity of 50,000 lbs, or a similar amount. Trip limits could be on the order of 100,000 to 200,000 lbs with the same for their daily catch limits. Restrict the open fishing times to be conducted between Monday and Thursday and require fish landings be made between 6:00 am and 6:00 pm,

July 17, 2006

giving management time to evaluate catches made that week and make decisions accordingly. Making such changes will extend the fishing seasons and give all participants an opportunity to make a living.

If you decide to go against the wishes of the majority of members of the fishing community, than there are some safeguards that could be implemented to prevent some of the disastrous affects on our communities. These include regulating the quotas allotted to fisherman so that they cannot be leased to other fisherman, requiring that the quota holder be the person to catch the fish, and to only allow quotas to pass from one generation to the next. If for some reason the quota holder is not able to participate in the fishery, their share will be returned to the state for re-evaluation every 3 years.

It is mine and my family's belief that if you continue down the path of privatizing one of Alaska's greatest natural resources, you would do a severe injustice to those of us who are proud to call coastal Alaska our home.

Sincerely,

Natasha Hayden

Natasha Hayden
Ex-Fisherman
Wife of a Fisherman
Daughter of a Fisherman
Mother of Future Fishermen

RECEIVED
NOV 28 2006

N.P.F.M.C.

**CITY OF KODIAK
RESOLUTION NUMBER 06-35a**

**A RESOLUTION OF THE CITY OF KODIAK PROVIDING FURTHER
COMMENTS TO THE NORTH PACIFIC FISHERY MANAGEMENT COUNCIL
ON GULF OF ALASKA RATIONALIZATION**

WHEREAS, the harvesting and processing sectors of the Kodiak fishing community are substantially engaged in and substantially dependent upon Gulf of Alaska groundfish fisheries; and

WHEREAS Kodiak's economic and social health is intimately dependent upon the community's sustained participation in all aspects of the Gulf groundfish fisheries; and

WHEREAS the City of Kodiak has made substantial investments in support of and in reliance upon the Gulf groundfish fishery, such as water system improvements and expansion, and port and harbor improvements and expansion; and

WHEREAS the North Pacific Fishery Management Council (NPFMC) has developed a suite of fishery allocation alternatives for the Gulf of Alaska groundfish fisheries, and is working toward adoption of a preferred alternative for implementation; and

WHEREAS allocating exclusive harvesting and/or processing privileges promotes consolidation in the fishing fleet and the processor sector, which can improve efficiency, but which can also result in skippers, crew members, and processing workers bearing the costs of consolidation without fully sharing in the related benefits; and

WHEREAS fishery rationalization may create opportunities and incentives to produce more and higher value products, it also changes the distribution of fishery revenues among participants with resulting disruptive effects on the communities in which they live; and

WHEREAS by awarding harvesting and/or processing privileges, fishery allocations make possible orderly harvesting and processing, but it also facilitates the migration of landings to communities with infrastructure advantages (such as road system access) and creates barriers to entry for later generations of fishery participants; and

WHEREAS, as a result, it is essential that the potential adverse affects of Gulf groundfish rationalization be identified and analyzed, and that adjustments be made to mitigate the potential adverse effects of Gulf groundfish rationalization on Kodiak prior to any program implementation; and

WHEREAS, it is the City of Kodiak's intent that a full and frank exchange of information and opinions concerning Gulf groundfish rationalization take place among the constituencies of the City that would be most directly affected by such program, if adopted; and to the extent possible, to encourage the development of consensus among these constituencies concerning the preferred elements and options of such program; and

WHEREAS, the City of Kodiak and the Kodiak Island Borough joined together to appoint a Gulf of Alaska Groundfish Rationalization Task Force to provide a forum for the full and frank exchange of information and opinions concerning Gulf groundfish rationalization and

an opportunity for the development of consensus on preferred elements and options of a Gulf groundfish rationalization program, should it move forward; and

WHEREAS, while the Task Force is continuing to work, they have recently provided the City Council with a number of recommendations that the City Council is actively endorsing.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Kodiak, Alaska, that the City of Kodiak hereby requests that the North Pacific Fishery Management Council suspend action on Gulf of Alaska groundfish rationalization (pursuant to City of Kodiak Resolution 05-45a) until, at least, such time as the NPFMC has conducted its eighteen-month review of the Bering Sea crab rationalization program and the public has had an opportunity to evaluate and comment on the impacts of crab rationalization and to evaluate the NPFMC's adjustments, if any, to the crab rationalization program;

BE IT FURTHER RESOLVED that the Council of the City of Kodiak, Alaska, requests that the NPFMC take the following Gulf groundfish management actions as soon as possible, notwithstanding the NPFMC's suspension of any further action on Gulf groundfish rationalization:

1. Initiate a discussion paper exploring the goals and objectives of an allocation of Gulf Pacific cod among gear groups
2. Initiate a phase-out of the offshore sector in the Gulf of Alaska
3. Initiate a discussion paper on identifying and removing latent licenses from the Gulf groundfish sectors that are subject to the License Limitation Program

CITY OF KODIAK


MAYOR

ATTEST:


CITY CLERK

Adopted: November 9, 2006

Polar Star, Inc.

Patrick J. Pikus, President
P.O. Box 2843 Kodiak, AK 99615
907-486-5258 pikus@ptialaska.net

November 29, 2006

Ms. Stephanie Madsen, Chair
North Pacific Fishery Management Council
605 West 4th Ave., Ste. 306
Anchorage, AK 99501

RECEIVED

NOV 29 2006

N.P.F.M.C.

RE: Agenda item C-4: Gulf of Alaska groundfish rationalization.

Dear Chair Madsen:

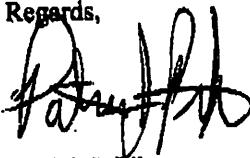
I own and operate the 58 foot F/V Polar Star, which participates in the federal pot pacific cod fishery here in the Gulf of Alaska. I have been an Alaskan fisherman since 1972, and I have fished for p-cod since 1991. This fishery is important to my livelihood and to the economic health of many gulf communities.

The management of the GOA groundfish fisheries needs to change. During the last p-cod season, I personally observed vessels participating in the GOA pot p-cod fishery that would normally have been in the Bering Sea, a result of Bering Sea crab rationalization. Displaced boats and fishermen from other fisheries are beginning to move into the GOA; we are beginning to be impacted negatively by the rationalization of fisheries elsewhere in the state. If something is not done to protect the local, historical participants of the GOA groundfish fisheries, our economic livelihood will be imperiled. Given that the GOA rationalization plan is more or less stalled at the present time for a variety of reasons, I ask that the council look for some other means to protect the historical GOA groundfish participants.

One potential avenue to protect the historical GOA fishermen is through sector splits. If the council deems this a viable approach and begins to pursue a sector split option, I ask that the council consider the following points. First, in any sector split all of the sectors must be treated equally and move forward together. The intent of the sector split should not be to move any one sector closer to rationalization than any of the others. Also, it should be the intent of the council to preserve the historical participation of the various sectors. To that end, I believe that the years used to determine the split should not include the years where the Stellar sea lion mitigation measures were implemented. In the GOA rationalization document (element G-10, Individual Allocations- Qualifying periods) the option that I believe best captures historical participation is option 1, 95-01 drop 1.

Thank you for your consideration.

Regards,



Patrick J. Pikus
Polar Star, Inc.

NPMC
Stephanie Madsen

In regards to GOA rationalization, most options still have processor linkage. I'd wager to say that you will not find many Americans that would say its ok to give rights to America's fish to foreign companies. You just do not have the support of the American people on this. If you want to proceed with some type of rationalization then first you need to deal with the processor linkage either through regionalization or some other way. You neither have the support of the people of the United States or the right to give foreign companies rights to our nation's resources.

As far as sector splits go, in your discussions, I hope it is taken in account that every environmentalist group, plus the President of the United States, say hard on bottom trawling needs to stop. To allocate cod fish to the drag fleet when there is a perfectly good, clean alternative in pot fishing would seem counterproductive.

Thank you for letting me express my opinion. I hope it is taken into consideration when making your decisions.

Sincerely,

Pete Hannah
Kodiak Fisherman
28 years - trawl, pot and long-line, LLP endorsement

RECEIVED
NOV 29 2006
N.P.F.M.C.

To: North Pacific Fisheries Management Council

From: Fish Heads, an advocacy group for healthy coastal economies

Re: C-1 GOA Rationalization

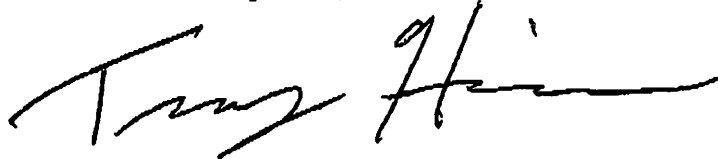
Madame Chair, Members of the Council:

In light of the unforeseen negative effects of rationalization programs to date we strongly urge the Council to **halt all progress on GOA rationalization until the following actions are taken:**

1. An objective and in depth study is done examining the socioeconomic effects of privatization programs on the community (including the Bering Sea Crab rationalization program) to determine whether such programs are in the public's best interest.
2. An objective and in depth study is done examining the effects of privatization on processors to replace the one done by Professor Matulich, in order to correct the errors in his work pointed out by the Government Accountability Office.
3. That members of the NPFMC and its Advisory Panel agree to recuse themselves from voting on matters in which their own interests or the interests of their employers are at stake.
4. That the legal basis for a one hundred percent privatization of a public resource be reexamined carefully and debated publicly.

To continue work toward a sector split before fixing what is wrong with rationalization is a waste of time. Let's fix the cart, and then hitch up the horse.

Respectfully Submitted,



Terry Haines Representative Fish Heads

CREWMEN'S ASSOCIATION

'The fishermen that actually fish'

Boots, not suits

Steve Branson
President/janitor
Box 451 Kodiak, AK
99615
907 539 5610

To; NPFMC and AP members

Re; GOA rationalization/privatization

RECEIVED
NOV 29 2006
N.P.F.M.C.

I want

I want to own the fish in the ocean. Not just for this year, or a few years, or until I die, but for the rest of time. That way I will be able to retire and just lease out my access rights and live in a warmer climate and never have to fish again. Eventually I'll pass on ownership of the uncaught fish to my children, who will be the new lords of quota, employing the lower classes to harvest for them. Unless I choose to sell my quota to whatever entity bids highest. What would I care if a few large corporations bought up the majority of our nations fisheries resource rights? Others have been given such rights, its not fair if I don't get them too.

I want to own the Market and have exclusive rights to all the fish delivered in the gulf. I want no competition. I want no bidding wars with other buyers as it might hurt my bottom line. I want boats to be forced to deliver only to me. Others have been given such rights, it's not fair unless I get them too.

Both of these arguments are ridiculous.

It amazes me that so many would seriously make arguments to these ends.

No more privatization. Go back and undo the injustice already forced on us.

Don't let greed drive the management of our fisheries resources.

Steve Branson



North Pacific Fishery Management Council

AGENDA C-4
Supplemental
DECEMBER 2006

Stephanie Madsen, Chair
Chris Oliver, Executive Director



605 W. 4th Avenue, Suite 306
Anchorage, AK 99501-2252

Telephone (907) 271-2809

Fax (907) 271-2817

Visit our website: <http://www.fakr.noaa.gov/npfmc>

November 29, 2006

Honorable Sarah Palin, Governor-Elect
Transition Office
Anchorage, Alaska

Dear Governor-Elect Palin:

Thank you for your letter yesterday regarding Gulf of Alaska rationalization. As you note, we are scheduled to resume discussion of this issue at our upcoming meeting next week, after a lengthy hiatus, and the focus of our discussion would be on simply reassessing where we are in the overall landscape. No major decisions are expected to be made at this time relative to Gulf rationalization, though in response to your concerns, I expect the future nature and speed of our progress on this issue will be part of those discussions by the Council.

Because our Council agendas are set a month in advance of our meetings, approved by the Council membership, and published in the FEDERAL REGISTER as required by law, it is not possible to remove this as an agenda item at this time. Additionally, many members of the public and fishing industry have made travel and other plans to attend this meeting, specifically for discussions of this agenda item.

It may well be that the Council hearing from these constituencies, and taking into account the concerns expressed in your letter, will help us determine an appropriate schedule and course of action that best accommodates those concerns. Indeed, there may be smaller, interim measures, such as beginning the discussion of possible sector splits, which although not part of rationalization, may be prudent to initiate at this time in order to better allow for a delayed consideration of the larger issue, consistent with your request.

On behalf of the Council, I want you to know that we are eager to work with your Administration, all affected members of the fishing industry, and dependent Alaska coastal communities to ensure we craft appropriate and effective management programs. We share your concern that any future rationalization program is carefully discussed and designed well before any plan is considered for approval. We will take your concerns into serious account as we discuss this issue at our December meeting, and look forward to working with you in future Council deliberations on this important issue.

Please contact me or the Council's Executive Director, Chris Oliver, if you or your staff have further questions with regard to this or any other fisheries issues before the Council.

Sincerely,

Stephanie D. Madsen

Stephanie D. Madsen
Chair



November 28, 2006

Honorable Stephanie Madsen
Chair, North Pacific Fishery Management Council
605 W 4th Avenue, Suite 306
Anchorage, AK 99501-2252

Re: Agenda for the December 6th to December 12th 2006 Council Meeting

Dear Ms. Madsen:

The Agenda for the upcoming meeting of the North Pacific Fishery Management Council (NPFMC) under Item C, New or Continuing Business, indicates that the Council will be considering Gulf of Alaska (GOA) Rationalization (Item C-4).

The implementation of rationalization programs and their potential impact of the fishing community in Alaska are of real and genuine interest to my new Administration. The effects of crab rationalization were dramatic. For example, one study estimates that crab rationalization resulted in the loss of approximately 1350 crab fishing jobs.

As Governor-Elect, I have both the duty and the desire to work with the Council to ensure that future rationalization programs are carefully discussed, designed and implemented. I would, therefore, ask that the Council defer discussion of this issue until October, 2007 so my Administration can have time to work with the Council in a constructive and meaningful manner. I would request that GOA Rationalization be moved to a subsequent Council meeting.

I am concerned that the Council, by making GOA Rationalization a formal Agenda item just two days after the start of the new Administration, may unintentionally create a situation which is not in the best interests of all parties.

I thank you for your consideration of this request and look forward to your reply.

Sincerely,

A handwritten signature in black ink, appearing to read "Sarah Palin". The signature is fluid and cursive, with a long, sweeping underline.

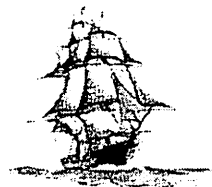
Sarah Palin
Governor-Elect

Public Testimony Sign-Up Sheet

Agenda Item C-4 GOA Rationalization

	NAME (PLEASE PRINT)	AFFILIATION
1	Joe Sullivan	Mundt Mac / Kodiak
2	Melvin Larsen	Temptation Inc
3	Stephen Toufen	Groundswell Fisheries Movement
4	STEVE DRAGE	404 FISHERMAN
5	KEN Hollawn/Jeff Stephens	Fisherman
6	Theresa Peterson	AMEC
7	Steve Branson	crewmen's Association
8	SHAWN C. DOCHTSMANN	FISHERMAN / PUBLIC ADVOCATE
9	Julie Benny	AGDB
10	Ron Kawonmeh	F/W Sylvia Star
11	Alexis Kwachka	F/W No Pain +
12	DARIN LESPRZAN	Alaska TIA Association
13	MIKE AFFIILI	U G OAP
14	STAN BLANSAN	crew member Assoc
15	Terry Haines	Fish heads
16	Tim Henkel	DSFU
17	JORDAN MAY	PORT COMM.
18	DAVID MARTIN	
19		
20		
21		
22		
23		
24		
25		

NOTE to persons providing oral or written testimony to the Council: Section 307(1)(I) of the Magnuson-Stevens Fishery Conservation and Management Act prohibits any person "to knowingly and willfully submit to a Council, the Secretary, or the Governor of a State false information (including, but not limited to, false information regarding the capacity and extent to which a United State fish processor, on an annual basis, will process a portion of the optimum yield of a fishery that will be harvested by fishing vessels of the United States) regarding any matter that the Council, Secretary, or Governor is considering in the course of carrying out this Act.



179th. Plenary session
NPFMC
Dec 6-12, 2006
Anchorage Hilton Hotel

Remember Dec. 7 1941
on this Dec. 7 2006

Testimony of Jordan May
Captain, Cook Inlet Tug and Barge
Port Commissioner, Mat-Su Borough

Re: C-4 GOA Ground fish Rationalization

Madam Chair
Council Members
and Secretary

My name is Jordan May. Currently I run a tugboat here in Anchorage and I also serve on the Mat-Su Borough Port Commission. I began my career fishing Kodiak salmon in the early 1980's, working for my high school principal and making my way through the ranks, fishing halibut, Black cod, Grey cod, Baridi, and Opilio crab by the millions of pounds. In fact fishing on the vessel "Eldan" we landed the largest statewide halibut catch for the late 80s with 250,000 lbs. in a couple of 24 hr. openers. We also caught 30% of the entire tanner quota in that record cold winter of 1989. That year the ADFG extended the season due to savage, cold weather, storm conditions, boats sinking and public pressure from Kodiaks' wives and families.

Some management decisions are not easy and I appreciate those of you charged with making policy.

I think management and the council have done a decent job of managing our overall fish stocks in the past. We could be here today with no fish to divide, like many other countries. I guarantee the technology is available to mop the sea floor spic and span if some fishermen were just provoked by a quota.

Looking back over a 25 year career at sea, the jig fishery was probably the most rational fishery that I participated in. I know that while attempting to manage the oceans many resources we sometimes have to trade one problem for another. While some of the privatization plans have proven effective others have had strange, unpredictable consequences. With the halibut IFQ it seems like most of the original recipients sold their quotas and moved to Palm Springs; leaving the Bank as the first stop for the next fisherman who can buy a pound of halibut for 10-20 dollars. The original recipient, has been taken out of the equation and paid, the new IFQ owner now has the burden of buying what was free to the former fisherman, plus still carrying out the salty task of catching the fish. Again you still have to go catch the fish as before except you have the Bank now as a new shoreside partner.

I understand why a guy who paid ten dollars for a pound of halibut is concerned with sports fishing. And I understand why people move to Palm Springs.

With the Pollock and crab Out West the result appears similar, except instead of being safer or more rational it's now MacDonald's style wages for the "Deadliest Catch" style of work. Maybe the 1,300 out of work crewmembers are the smart ones.

It's interesting that Governor Knowles mentioned Crab privatization as his biggest regret and admitted it doesn't work as advertised for the fishing crews and villages. If the Gulf of Alaska goes to a privatized system I would expect the same results to follow.

When you say Gulf of Alaska, I think of Kodiak and all the coastal villages. It's rumored that 90% of these people oppose Gulf Ratz. Alaska has a full plate of precarious issues and we have the responsibility to proceed slowly with any major changes in management at this time.

Therefore I suggest this council follow Governor Palins lead and wait a year to see where the ball lands. Analyze the past programs another season. Wait until the FBI probes are resolved. Most of us have read this mornings headlines. Then see if a plan fits Alaskans and especially those coastal communities who are hit so hard with job loss from these rational fish programs.

If I'm wrong, we've only lost a year and we can still adjust management. If I'm right well we may be saving Palm Springs from more great Alaskans.

Jordan May

179th Plenary Session
North Pacific Management Council
December 6-12, 2006
Anchorage Hilton Hotel

Testimony for the Alaska Jig Association

RE: C-4 GOA Groundfish Rationalization

Madame Chair, Council members, Secretary, and U.S. Citizens,

My name is Darius Kasprzak, and I am a Kodiak fisherman who has harvested GOA groundfish in all gear sectors for the past several decades. Today, I am testifying on behalf of the Alaska Jig Association, representing about 70 vessels.

We are not against a FMP (fishery management plan) change for GOA groundfish, but we adamantly oppose the council's rationalization plans in so much as they amount to privatization. We endorse the status quo as best for our harvesters and communities, and recommend utilizing regulatory tools such as time/trip/gear limits, limited entry, changes to existing openings and closures, and observer or video monitoring to fine-tune the system. We believe that the judicial use of these easily implemented regulatory tools alone would adequately address and resolve all the issues contained within the problem statement, with minimal disruption to stakeholders.

We oppose the privatization of our groundfish stocks as such measures violate MSA national standards 4, 5, 8, and 9, and are in essence illegal. Furthermore, we request that the council stand down from any and all rationalization/privatization planning in the state of Alaska until they can rectify the serious but repairable procedural shortcomings of the council process, as detailed by the Government Accountability Office (GOA) in their recent congressional report (GOA-06-289). Measures to comply with GOA recommendations include restructuring the stakeholder participation process and adopting a core set of principles.

In addition, we find it to be self-evident that the current dominant council voting bloc, including the chair, holds specific vested interest in GOA rationalization as they individually represent powerful mega-trawl and foreign-owned processor entities. We feel that for the current council voting membership to be involved in groundfish allocation decisions displays an unconscionable conflict of interest.

We remind the council of their recent June meeting in Kodiak, which is the community that would be most drastically affected under GOA privatization. Hours of public testimony revealed approximately 90% staunch opposition to the council's rationalization plans. At this point, we are not assured that the council has taken the public's overwhelming majority stance into due consideration.

We resist marginalization, as the jig sector is unique among gear types. We provide the most opportunity for entry level participants utilizing a given amount of TAC (total allowable catch), promoting economic viability to harvesters, processors, and communities. We are the most ecologically sound gear sector, as our smaller vessels harvest at a slower pace and can flexibly move and adapt to MSA requirements to protect habitat and avoid endangered species. Our user group has the most participants with the lowest amount of bycatch, and almost zero mortality of discarded bycatch due to short gear soak time. Our lightweight, quickly retrievable gear poses minimal impact to the ocean floor. We execute our fishery in fair weather, and hold a significant safety record. Our small vessel fleet delivers product within our region, promoting economic community stability. Also, we produce some of the finest, freshest consumer products available.

It is with this last point in mind that we oppose processor linkages. Owing to our comparatively small individual harvests, jiggers above all other gear types need to be able to niche market their quality product for maximum economic sustainability. We believe that processor linkages will unjustly undercut price competition and limit new product development, resulting in artificially depressed ex-vessel prices for all gear sectors.

We maintain that processor linkages revert control of the fishery resources back to the foreign entities that dominated them near completely before passage of the original Magnuson Act. It seems foolhardy and shortsighted to relinquish control of a protein source as large as the GOA to foreign corporations, regardless of the massive monetary gain to a limited number of stakeholders.

Instead of processor linkages, we recommend regionalization to protect processor interests, ensuring that product is landed at processor communities instead of passing them by. Processor linkages would aid and abet foreign corporations to obtain cartel status. In stark contrast, regionalization would foster healthy competition and innovation between existing and future processors within a community, while still allowing entrepreneurial independent fishermen to niche market their product.

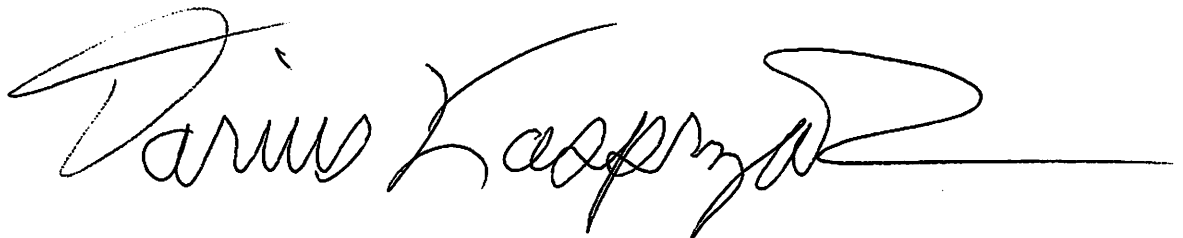
We are opposed to sector splits, as locking TAC into a specific gear type may hamper necessary evolution of the GOA groundfish fishery in a rapidly changing world. For example, historical catch rates and volumes by gear sectors may prove irrelevant in an era of unaffordable fuel coupled with drastically relocated or diminished fish stocks due to global climate change.

However, if sector splits are to be implemented, we advocate that each of the four established gear sectors receive an equal share of TAC. This TAC would consist of target species only (such as cod) with bycatch calculated for under MRA (maximum retainable amount) as in current fashion. Each sector's share of unharvested TAC would be subject to a Sept.1 rollover into the other sectors.

Also, we maintain that a significant portion of TAC be reserved solely for experimental gear types, streamlining the evolution of fishing techniques that best benefit harvesters, communities, and processors while diligently protecting habitat and ecosystems in accordance with MSA national standards.

In conclusion, we believe that the council should look to the future, instead of the past, in formulating an FMP for GOA groundfish.

Madam chair and council, thank you for consideration of our concerns.

A handwritten signature in black ink, reading "Travis Kasprzyk". The signature is fluid and cursive, with a long horizontal line extending to the right from the end of the name.



Alaska Marine Conservation Council

Box 101145, Anchorage Alaska 99510
(907) 277-5357 • (fax) 277-5975
amcc@akmarine.org • www.akmarine.org

Theresa Peterson

December 2006
Agenda C-4

A Clear Vision for the Future of Cod

Alaska Marine Conservation Council recommends the following concepts be included for analysis in a discussion paper addressing sector splits in the GOA groundfish fishery. These recommendations have come from a variety of fishermen and residents in the community of Kodiak as measures to pursue, despite some differences of opinion about whether sector splits are the appropriate avenue to address concerns in the Gulf. We recommend including the following in a discussion paper:

- Narrow the topic of sector splits to the directed Pacific cod fishery only.
- Present a clear definition of the purpose, objectives and goals of a Pacific cod sector split.
- Consider methods and means for reducing bycatch in a cod sector split. Consider incentives for gear conversion.
- Consider measures to improve habitat conservation. One approach would be to look at options currently included in the Gulf rationalization documents geared toward reducing Tanner crab bycatch.
- Consider methods to produce the highest quality, highest value product. Consider time, trip and gear restrictions to slow the fishing down if necessary to achieve this.
- Consider a jig sector apportionment similar to the Bering Sea jig sector.
- Build in a sunset provision to accommodate a proper evaluation and appropriate modification to ensure stated goals and objectives are being met.

Submitted by
Julie Bonney

Dear Madam Chairman and Members of the Council,

I own and operate a 58' trawler out of Sand Pt. AK. I apologize that I am not there to testify in person, as I had intended, but needed to leave Anchorage Sat. night.

To be honest, I am disappointed that G.O.A. Rationalization has stalled, yet again. Please remember, the problems that make most of us, which are actually invested and participate in Gulf, want this, have not gone away. We are doing most every thing wrong in the way that the fishery is being conducted. It is wrong economically, it is wrong environmentally. This is why, as a stop gap measure, I support the motion out of the A.P. to study a gear sector split and the reduction of LLPs. As a trawler, if we were not competing with other gear groups, we could, at least, agree on fishing at a more optimum time. Thus reducing bycatch and reducing costs. This measure would also stop the erosion of the trawlers historic percentage since the implantation of sea lion restrictions.

Time is not on our side, so I would request that council prioritize this action and get it finalized in a timely fashion, in other words, as soon as possible.

Most Respectfully

Tom Evich

F/V Karen Evich



State of Alaska
Goals for the Gulf of Alaska Groundfish Fisheries
November 2006

PREAMBLE

The North Pacific Fishery Management Council is considering whether to rationalize the groundfish fisheries of the Gulf of Alaska (GOA). Reasons offered include threats to incomes, jobs, and ineffective utilization of the groundfish resources from problems associated with derby or "olympic-style" fisheries, even under license-limitation programs (LLPs). These problems, which include excess harvesting, processing capacity, and poor economic returns for participants, occur to varying degrees within different areas and gear types of the GOA groundfish fisheries. Unintended impacts of previous fishery management policies in state and federal waters in the region, economic dislocation of salmon fishermen seeking diversified fishing opportunities, Steller sea lion mitigation measures, and other environmental factors have contributed to these problems. Such threats to GOA fisheries require innovative solutions based upon shared fisheries goals and incorporation of lessons learned from previous rationalization programs.

Shared Goals for Gulf of Alaska Groundfish Fisheries

The State of Alaska has three overarching goals for all fisheries, which we believe are generally shared by harvesters, processors, and the citizens of Alaska's coastal communities. We believe these core values are appropriate to guide the future of the GOA fisheries.

First, the fishery resources should be managed to achieve optimum sustained yield while minimizing adverse impacts to the marine ecosystem.

Second, the fishery resources should be managed in a manner that realizes the greatest value from the fishery and provides economic opportunity and community stability for those involved.

Third, the fishery resources should be managed to bring the greatest share of that value to Alaskans and Alaska.

For harvesters this means reasonable access to entry and promising career options for individuals as owners, skippers, and crew of small, medium, and large vessels, greater product value, greater safety, cost efficient operations, and opportunities for professional crew. To the degree possible, absentee ownership should be discouraged.

For processors and marketers, this requires policies that will help spread fishing and processing seasons over a longer period of the year to provide a dependable supply of product, increased product utilization that enables value-added production, and optimum

infrastructure utilization. There should also be clear entry opportunities for those who can enhance the market potential and economic value of the GOA fishery resources. Achieving these goals can provide important benefits to processing firms, but needs to be balanced in a manner that does not drive up costs to processors or dissipates their economic returns.

For communities, employment spread over a longer season fosters stability in labor markets and offers families a more secure employment and income base. There need to be safeguards against excess consolidation. Any successful plan must foster economic stability while allowing for the play of market forces in purchasing and processing product.

Future Management Considerations for GOA Groundfish Fisheries in Alaska State Waters

Implementation of a GOA groundfish federal rationalization program will affect state-managed groundfish fisheries in several ways. The State of Alaska is primarily concerned about the potential for additional or more intense fishing effort in GOA state-managed groundfish fisheries from vessels participating in the federal rationalization program. It also appears that, even without federal rationalization, some GOA state waters groundfish fisheries are experiencing capacity and economic problems similar to those in the federal fisheries.

Achieving the proper balance between competing social and economic objectives should be given due consideration in the development of future management decisions for GOA groundfish fisheries in the state waters of Alaska, as well as any future federal rationalization program.

For any quota-based federal rationalization program, the State of Alaska continues to believe it is appropriate for the North Pacific Fishery Management Council (NPFMC) to allocate GOA groundfish history earned by LLP holders in parallel state waters fisheries. Under a coordinated state/federal management program, this parallel history could be fished inside or outside of three miles.

Regardless of any allocation of history, the State of Alaska reserves the ability to allocate fish in its waters. The State is currently developing options for GOA groundfish management in state waters. In developing these options, the State is strongly considering the compatibility of state and federal management. Options for state-managed groundfish fisheries may include history-based allocations inside three miles and mechanisms for harvest of federal quota in state waters (e.g., the Aleutian Islands sablefish model).

If the State of Alaska develops its own history-based program inside three miles, it will not credit history that is already credited in a federal GOA groundfish rationalization program (e.g., parallel fishery history).

North Pacific Fishery Management Council

AGENDA C-4
Supplemental
DECEMBER 2006

Stephanie Madsen, Chair
Chris Oliver, Executive Director



605 W. 4th Avenue, Suite 306
Anchorage, AK 99501-2252

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November 29, 2006

Honorable Sarah Palin, Governor-Elect
Transition Office
Anchorage, Alaska

Dear Governor-Elect Palin:

Thank you for your letter yesterday regarding Gulf of Alaska rationalization. As you note, we are scheduled to resume discussion of this issue at our upcoming meeting next week, after a lengthy hiatus, and the focus of our discussion would be on simply reassessing where we are in the overall landscape. No major decisions are expected to be made at this time relative to Gulf rationalization, though in response to your concerns, I expect the future nature and speed of our progress on this issue will be part of those discussions by the Council.

Because our Council agendas are set a month in advance of our meetings, approved by the Council membership, and published in the FEDERAL REGISTER as required by law, it is not possible to remove this as an agenda item at this time. Additionally, many members of the public and fishing industry have made travel and other plans to attend this meeting, specifically for discussions of this agenda item.

It may well be that the Council hearing from these constituencies, and taking into account the concerns expressed in your letter, will help us determine an appropriate schedule and course of action that best accommodates those concerns. Indeed, there may be smaller, interim measures, such as beginning the discussion of possible sector splits, which although not part of rationalization, may be prudent to initiate at this time in order to better allow for a delayed consideration of the larger issue, consistent with your request.

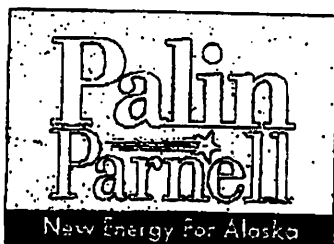
On behalf of the Council, I want you to know that we are eager to work with your Administration, all affected members of the fishing industry, and dependent Alaska coastal communities to ensure we craft appropriate and effective management programs. We share your concern that any future rationalization program is carefully discussed and designed well before any plan is considered for approval. We will take your concerns into serious account as we discuss this issue at our December meeting, and look forward to working with you in future Council deliberations on this important issue.

Please contact me or the Council's Executive Director, Chris Oliver, if you or your staff have further questions with regard to this or any other fisheries issues before the Council.

Sincerely,

Stephanie D. Madsen

Stephanie D. Madsen
Chair



November 28, 2006

Honorable Stephanie Madsen
Chair, North Pacific Fishery Management Council
605 W 4th Avenue, Suite 306
Anchorage, AK 99501-2252

Re: Agenda for the December 6th to December 12th 2006 Council Meeting

Dear Ms. Madsen:

The Agenda for the upcoming meeting of the North Pacific Fishery Management Council (NPFMC) under item C, New or Continuing Business, indicates that the Council will be considering Gulf of Alaska (GOA) Rationalization (Item C-4).

The implementation of rationalization programs and their potential impact of the fishing community in Alaska are of real and genuine interest to my new Administration. The effects of crab rationalization were dramatic. For example, one study estimates that crab rationalization resulted in the loss of approximately 1350 crab fishing jobs.

As Governor-Elect, I have both the duty and the desire to work with the Council to ensure that future rationalization programs are carefully discussed, designed and implemented. I would, therefore, ask that the Council defer discussion of this issue until October, 2007 so my Administration can have time to work with the Council in a constructive and meaningful manner. I would request that GOA Rationalization be moved to a subsequent Council meeting.

I am concerned that the Council, by making GOA Rationalization a formal Agenda item just two days after the start of the new Administration, may unintentionally create a situation which is not in the best interests of all parties.

I thank you for your consideration of this request and look forward to your reply.

Sincerely,

A handwritten signature in black ink, appearing to read "Sarah Palin". The signature is fluid and cursive, with a long horizontal stroke at the end.

Sarah Palin
Governor-Elect