


MEMORANDUM

TO: Council, SSC, and AP Members

FROM: Chris Oliver 
Acting Executive Director

DATE: May 22, 2001

SUBJECT: GOA Rationalization

ESTIMATED TIME 2 HOURS

ACTION REQUIRED

Receive committee report.

BACKGROUND

The GOA Rationalization Committee met on May 15-16, 2001 for its third meeting to develop recommendations to rationalize the GOA groundfish fisheries. The committee has developed three problem statements for Council consideration. In April, the Council adopted a problem statement to rationalize the GOA groundfish fisheries (Item C-8(a)). At its May meeting, the committee revised its two other problem statements: (1) to eliminate latent licenses; and (2) effects of parallel State water fisheries on rationalizing Federal fisheries.

The minutes of its meeting are attached (Item C-8(b)). An analytical strawman was revised for Council review upon recommendation of the committee and is attached to the minutes. In summary, the committee did not achieve a consensus position on how to rationalize the GOA groundfish fisheries; however, it identified the following priorities:

1. Request tables of elements and options for GOA Pacific cod, pollock, rockfish, and flatfish fisheries to prepare an analysis as a first step to eliminate latent licenses.
2. The committee discussed but did not reach consensus on:
 - Tools to allow co-ops to occur:
 - a. gear allocations for each fishery
 - b. PSC and bycatch allocations for each fishery
 - c. sideboards between GOA and BSAI
 - More applicable to the at-sea fleet, rather than catcher vessel issue (but could be if GOA is rationalized)
 - State water fisheries
 - The committee encourages the Council to provide further guidance on future development of the W/C/WY rockfish strawman as an example of a "simple" fishery.
 - Individual vessel level decisions as delineated by NMFS staff in its email (summarized in minutes).
3. State parallel fishery problem statement is overriding but does not need immediate steps to be taken.

GULF RATIONALIZATION DRAFT PROBLEM STATEMENT

The Gulf of Alaska (GOA) ecosystem is complex and productive, supporting diverse communities of fish, seabirds, marine mammals, fishermen, processors and coastal communities. The Magnuson-Stevens Act (MSA) charges the Council with minimizing bycatch, protecting habitat, preventing overfishing, promoting safety at sea and enhancing opportunities for fishery-dependent communities.

Increasing participation in Gulf of Alaska fisheries, as well as increasing catching and processing capacity, have intensified the race for fish with attendant problems of high bycatch, decreased safety, and reduced product value. In addition there are concerns about sea lion recovery, consequences of Bering Sea crab reductions, spillover effects from the American Fisheries Act (AFA), and habitat conservation requirements. All of these factors have made achieving MSA goals difficult and force re-evaluation of the status quo.

Amendments to the MSA, passed by Congress in December of 2000, called for the North Pacific Fishery Management Council to examine the Gulf of Alaska groundfish fisheries to determine whether rationalization is needed. The statute specifically requires the Council to analyze individual fishing quotas, processor quotas, cooperatives and quotas held by communities and to include an economic analysis of the impact of all rationalization options on communities, processors, and the fishing fleet.

Alternative strategies for fisheries management in the Gulf need to be analyzed as required by the MSA amendments. These strategies must be developed in an open and accessible public process.

Specific objectives for GOA rationalization implementation include:

1. Meeting MSA conservation requirements (bycatch avoidance, habitat conservation, prevention of overfishing);
2. Improved ability of industry to adjust to ecosystem measures such as spatial and temporal management for sea lion protection;
3. Promotion of safety at sea;
4. Increase utilization and improved product quality;
5. Community stability, including fish tax revenue;
6. Maintaining the character of an independent harvester fleet while allowing for meaningful reduction of excess capacity;
7. Fostering of a healthy, competitive processing environment;
8. Protecting both the harvesting and primary processing sectors from losing the value of those existing investments and maintain the existing market balance between the two;
9. Provide opportunities for coastal communities to directly participate in the economic benefits of the fisheries;
10. Recognize historic and recent participation; and
11. Accountability through performance reviews.

The examination will include an economic analysis of the impact of all options on communities, processors and fishing vessel owners and crews.

**GOA Rationalization Committee
Minutes
May 15-16, 2001**

The committee convened at approximately 10 am on May 15, 2001. Members in attendance were: Chairman Dave Hanson, Craig Cochran, Mike Martin, Dale Schwarzmiller, Julie Bonney for Chris Blackburn, John Henderschedt, Dorothy Childers, Kris Norosz, Paula Brogdon, Joe Plesha, Joe Childers, Jeff Stephan, and Beth Stewart for Dick Jacobsen. Members not in attendance were Sue Aspelund, Tom Suryan, Ken Roemhildt, and Arne Fuglvog. Staff in attendance were Jane DiCosimo (Council), Marcus Hartley (Northern Economics), and Kate Troll (for the State of Alaska). Four members of the public were in attendance.

General Discussion of Framework Managment

NOAA General Counsel. Staff requested legal guidance from NOAA General Counsel on whether the Council could legally proceed with developing a "framework" or blueprint for rationalizing groundfish fisheries in the GOA FMP (see Attachment 1). Lisa Lindeman and Susan Auer responded orally to Chairman Hanson and Jane DiCosimo on the morning of the meeting. They responded that there was no legal impediment to "frameworking" the FMP, but that would entail a full analysis of any rationalization program included in the FMP. "Frameworking" results in an automatic action once a trigger is achieved (e.g., specifications), rather than an IFQ program or cooperatives. Outside the narrow, bureaucratic definition of "frameworking," the GOA FMP does not prohibit the industry from forming a cooperative once a TAC allocation is made to a gear sector (so long as all participants are in the cooperative). If one member does not participate, a cooperative is not possible because NMFS would have no direction for allocating to the open access pool and the co-op.

They cautioned the committee on a few issues related to GOA rationalization:

- use an objective standard for defining the fishery (don't limit it to those participants who can work well together (e.g., vessels and processors);
- address conservation requirements of the MSA;
- may need additional authorization (e.g., legislation) to form cooperatives;
- may need Justice to rule on anti-trust issues.
- generally, the FMP would require the following to authorize a cooperative:
 - A. limited entry;
 - B. area endorsement;
 - C. gear allocation; and
 - D. a specific allocation to a cooperative;

NMFS Sustainable Fisheries. Kent Lind and Sue Salvesson also provided some guidance on policy via an email prior to the meeting. Their comments are summarized in the following text. If the Council wishes to proceed with an AFA approach for the GOA, there are basically two preconditions necessary for co-ops to form. First, there must be a discrete closed class of vessels without latent licenses floating around so that the participants in a particular fishery have certainty that their co-op won't be disrupted by new entrants. Second, there must be discrete quotas for the co-op to manage. In the GOA, neither of these two preconditions exist. The LLP program is far too leaky for any group of vessels fishing in a particular area to have certainty that they have a closed class. Also, GOA TACs are not currently set up for management by a group of vessels in a particular area. Except for pollock, they are mostly PSC-driven and not subdivided by gear type.

If the committee wanted to proceed with cooperatives, it may wish to examine ways to tighten up the LLP program so that LLP licenses more closely match the fishery groupings that would logically form co-ops. NMFS would need to revise the TAC allocation system so that the TAC and PSC allocations match the same groups of vessels. The committee also would need to "define" various fisheries to rationalize (e.g., by area, gear type, species/complex, vessel size).

Once those two objectives are achieved, then individual groups of fishermen in different regions of the GOA would be free to pursue whatever type of rationalization that they wanted. Different approaches could emerge in different areas of the GOA and the lack of consensus of approach in one area would not prevent fishermen in other areas from proceeding on their own pace.

There are two other lessons learned from the AFA. The first one is that any move towards rationalization needs to be comprehensive and cover all areas and all fisheries. If you only do one fishery, then you get into sideboard issues where you need to protect the non-rationalized fisheries from spillover from the rationalized fisheries. And the sideboards themselves become as complicated to deal with as a comprehensive program would have been in the first place. Displaced vessels and capital will always flood into the last remaining open fisheries. So we cannot, for example, create a rationalization program for one area without addressing where the displaced and retired vessels will move.

The second lesson learned from the AFA is that it's a lot faster and more flexible if industry and the co-ops take responsibility for most of the individual vessel issues. For the most part, NMFS still manages the BSAI pollock fishery as if it was an open access fishery. All of the individual vessel level management is handled by the co-ops and the inter-coop managers. Any program that requires NMFS to track vessel activity and enforce quotas at an individual vessel level will be hugely more expensive and complex than one in which we track aggregate quotas like in the BSAI pollock fishery, especially where PSC limits are involved.

Finally, NMFS could become overwhelmed by expectations for monitoring and managing an increased number of small quotas to the extent GOA TACs and PSC limits are apportioned among an increased number of competing user groups. As we have seen through the SSL RPA exercise, management of small quotas becomes impractical in some cases and likely would result in preemption of some fisheries altogether. However, to the extent that governing statute/frameworking provides for an allocation scheme to user groups in a manner that allows for individual or group accountability of catch and reporting (i.e., IFQs or coops), then NMFS is much more able to meet monitoring and enforcement expectations. However, the downside to these sort of programs has been increased costs to industry to comply with increased observer or reporting costs. These costs result from our need to verify catch reported by specific user groups or individuals who can control how and when they fish without competition. The closer we get to an IFQ/CDQ type program, the more stringent the verification needs and higher the costs of the monitoring program to industry.

Initial Committee Approach. The committee identified a general approach to rationalize the GOA fisheries to begin its deliberations. It initially identified the steps needed to rationalize (#1 below) and how to rationalize (#2 below) the fisheries.

1. Rationalize each GOA fishery
 - a. latent licenses
 - i. years
 - ii. landings
 - b. gear allocation for each fishery
 - i. identify parameters
 - c. PSC and bycatch allocations for each fishery
 - d. sideboards between GOA and BSAI?

- More applicable to the at-sea fleet, rather than catcher vessel issue (but could be if GOA is rationalized)
- State water fisheries

2. Rationalize fisheries by either:
 - a. defining fisheries:
 - i. species targets: pollock, cod, POP, PSR, northerns, OSR, DWF, SWF
 - ii. fishery-related (e.g., what groups of boats target or by deep water and shallow water complexes)
 - b. approach
 - i. strawman (blueprint), and allow fisheries to rationalize through cooperatives
 - ii. All fisheries simultaneously (sideboards are unnecessary)

The committee discussed whether GOA flatfish fisheries should be rationalized since they are controlled by halibut bycatch and are not fully harvested. Flatfish may be viewed by some as a shelter as a result of RPA closures. Also, PSC limits are fully subscribed, and rationalizing them may allow for greater harvest of target species compared with static PSC limits.

Elements and Options for a GOA Trawl Rockfish Rationalization Program

Marcus Hartley presented the draft elements and options paper for rationalizing Western/Central/West Yakutat GOA rockfish that was prepared by the subcommittee (see Attachment 2). The committee did not reach consensus on whether to recommend that the Council initiate the draft for analysis, but did recommend forwarding it to the Council for its review.

The committee provided numerous recommendations for changes to the draft document. Some of these are listed below. A revised version of the paper will be provided to the committee and Council for the June Council meeting.

- ◆ The committee did not reach consensus on whether to include an option for analysis to initially issue shares to hired skippers and recommended that a separate committee be appointed to discuss this issue.
- ◆ The committee noted the following notes to the rockfish template, if it were applied to other GOA groundfish:
 1. Rockfish* -closed prior to Court injunction; no catcher vessel participation prior to 1996
 2. Pollock, P. cod* - may wish to delete 2000 from 1.2.4 catch history because of effects of SSL RPAs
- ◆ The committee discussed the ability of converting unused Prohibited Species Catch Quotas to other open access fisheries. Julie Bonney provided the following text for committee consideration:

Any unused trawl halibut PSC cap apportioned to the rationalized fishery would be rolled over to the other trawl fisheries. The remaining PSC cap for that year would be made available upon the completion of the rationalized fishery. Rolling over the unused cap would allow these other trawl fisheries, which have traditionally not had enough halibut PSC cap available, to harvest additional TAC. For example, the rationalized trawl rockfish fishery would end on September 15. The remaining halibut PSC apportioned to this fishery would then be rolled over to the fourth quarter, October 1, halibut PSC release for the deep and shallow flatfish fisheries.

- ◆ While there was considerable discussion on whether to add an option to require second generation QS holders to be owner-on-board, the majority of members did not support adding such an option to the analysis because it is a primarily corporate-owned fishery.
- ◆ The committee discussed extensively and chose not to add a range for Prohibited Species Catch Quotas for analysis because it would be detrimental to the smaller processors and continue a race to process .
- ◆ The committee agreed to not analyze sideboards under 2.1.6 because it did not have the same concerns about increased participation in the rockfish fisheries as it would for pollock of Pacific cod.
- ◆ Dorothy Childers proposed additional elements for analysis (Attachment 3).
 1. Bycatch provision. Status quo is incorporated into Strawman 1.1.7. There was no consensus to proceed with a stair step reduction. The reduction pool is included in 1.1.8.
 2. Habitat provision. There was no consensus to include a habitat plan in the rationalization analysis. EFH will be considered separately by the Council to develop an EIS/RIR/IRFA for EFH for all FMPs.
 3. Observer coverage. The committee suggested exploring a primarily federally-funded program for <125 ft vessels in a brief discussion in the analysis, by deferring this issue to the Observer Committee which is already exploring observer issues.
- ◆ Duncan Fields proposed a community allocation to meet National Standard 8 and NRC recommendations to include all stakeholders in initial allocation (Attachment 4). Other goals of the program would address:
 1. economic development;
 2. fished by community members;
 3. community stability

The committee recommended analyzing a community allocation of 5, 7.5 and 10 percent under 3.1.3. It deleted 3.1.5 (requiring an LLP license) because an IFQ program would subsume the LLP program and modified 3.1.5.1 to analyze a range of no requirement or requirement to be a community resident. Change 3.1.6 have no sunset.

Joe Childers proposed a GOA groundfish rationalization proposal. The committee discussed aspects of the program (Attachment 5).

The pertinent aspects to the proposal are:

1. A voluntary (opt in/ opt out) cooperative proposal that includes harvesters and processors.
2. Co-op eligibility for harvesters and processors established by a recency requirement
3. Co-op formation hinges on successful establishment of :
 - a. A profit sharing plan contract
 - b. A fishing plan
4. No closed classes established
5. Coop eligibility open to all gear types
6. A trial (2 year program)

The committee noted that this proposal is a good example of a cooperative effort by a select fishery, but that it might require Congressional action to implement because of constraints under the MSA that prohibit cooperative and IFQ approaches to rationalization. This proposal is responsive to the language in the Stevens rider that encourages analysis of various rationalization concepts. It is a timely attempt to address an emergency situation developing in the GOA resulting from SSL RPAs.

The committee encourages the WGOAF to continue development of its proposal to address co-ops for pollock and Pacific cod in the GOA under the Council's overall GOA rationalization approach. The committee supports the WGOAF approach to cooperative rationalization in the GOA, but does not endorse the specifics of the proposal.

Committee statement: The Council should continue to work on an overall comprehensive rationalization plan for all GOA groundfish species. However, the time delay due to the IFQ moratorium causes a short term need to address GOA pollock and P cod fisheries in order to relieve large social and economic disruptions resulting from Steller sea lion RPAS.

The committee/Council wants a greater opportunity to develop reasonable, compatible comprehensive rationalization plans for the entire GOA through the Council process. Therefore, short term programs which will ultimately be subsumed by an overall GOA rationalization plan, should not constrain development of an overall Gulf wide rationalization approach. The Council should address recency requirements in the short term, as first step in development of comprehensive rationalization for the Gulf of Alaska groundfish fisheries.

Committee statement: While the Council would continue to work on an overall plan to rationalize all GOA groundfish species, there is a need to address short term action to address pollock and P cod fisheries to relieve large social and economic disruptions as a result of the Steller sea lion RPAS. The committee/Council would want a greater opportunity to come up with reasonably compatible plans through the Council, which should not be constrained in the development of short term programs that would ultimately be subsumed by an overall approach to rationalizing groundfish in the GOA. The time delay under the IFQ moratorium would result in large social disruptions. **The Council should address recency requirements in the short term.**

Review of June 2000 Council suite of elements and options for GOA P cod rationalization. In June 2000, the Council adopted a suite of alternatives to rationalize GOA P. cod. Council staff previously prepared a discussion paper of the data for P. cod. The committee recommends that staff expand that discussion paper for GOA pollock, rockfish and flatfish to address recency requirements. The committee did not endorse development of the Council motion for BSAI P. cod trawl fisheries in its recommendations. The committee added "...and made a landing in the GOA in 1999 and 2000" to all alternatives to limit the universe of vessels to existing fleet.. AP list may include license that H&G fleet considers out of the fishery ("latent").

The committee revised its latent license problem statement:

**GOA Rationalization Committee Recommendation to
consider the need to rationalize the State parallel fisheries**

Latent licenses represent a risk of increased capitalization in currently over-capitalized groundfish fisheries. By reducing this risk, a solid foundation for potential additional future fisheries rationalization can be established.

In order to eliminate latent LLP permits, the committee recommends that the Council initiate a request for proposals for recency criteria for the groundfish fisheries. While the committee focused its discussions on Gulf fisheries, it acknowledges the merit of addressing the problem of latent licenses on an Alaska-wide basis (GOA, BS, AI).

The committee notes that the primary objective of a groundfish recency requirement is the elimination of currently unused LLP permits and the possibility that those permits might be used to bring new or inactive capital into the fishery.

The committee hopes that by initiating the process to eliminate latent licenses as soon as possible, final regulations can be in place by January 1, 2003. The committee does not endorse the industry recommendations but forwards them for public comment.

Review of State parallel fisheries problem statement

The committee revised its previous problem statement on the State parallel groundfish fisheries.

**State parallel fisheries problem statement
Revised Draft Problem Statement**

Dual State and Federal management responsibilities for groundfish fisheries could confound Federal attempts to rationalize the GOA groundfish fisheries. Currently, vessels without valid License Limitation Program licenses can and do fish in state waters during Federal openings. In most cases, certainly in the pollock and Pacific cod fisheries, Federally licensed vessels fish in both state and Federal waters. Finally, there is a state waters P. cod fishery for pot and jig gear with vessel size limits which occurs after the Federal fishery.

If the Council proceeds with GOA groundfish rationalization, those vessels that do not qualify under the LLP will still be able to fish during the Federal fishery as long as they remain in state waters. Closing state waters during the Federal fishery would prevent this practice, however this solution imposed an unnecessary burden on the vessels qualified under the LLP. Therefore, the GOA Rationalization Committee recommends that the Council work closely with the Alaska Department of Fish and Game and the Commercial Fisheries Entry Commission to develop a solution to the problems that will certainly arise if this is not addressed.

Tasking Priorities.

The committee acknowledged that a unified committee position on how to rationalize the GOA groundfish fisheries (the IFQ moratorium notwithstanding (e.g., PQs, CDQs)) would not be forthcoming; however, it identified the following priorities:

1. Request that AKFIN(?) prepare tables of elements and options to eliminate latent licenses in GOA Pacific cod, pollock, rockfish, and flatfish fisheries to prepare an analysis as a first step (Attachment 5).
2. The committee discussed but did not reach consensus on (the Council may wish to provide further guidance on whether it wishes the committee to continue its effort but would require additional guidance on general approaches):
 - Tools to allow coops to occur:
 - a. gear allocations for each fishery
 - b. PSC and bycatch allocations for each fishery
 - c. sideboards between GOA and BSAI?
 - More applicable to the at-sea fleet, rather than catcher vessel issue (but could be if GOA is rationalized)
 - State water fisheries
 - Rockfish strawman as an example of elements and options to develop a rationalization approach in the GOA cod and pollock fisheries (for both harvesters and processors) to address Stevens rider as well as recognize the urgency of impacts of SSL RPAs. The committee encourages the Council to provide further guidance on future development of the strawman as an example of a "simple" fishery.
 - Individual vessel level decisions as delineated by NMFS staff in its email.
3. State parallel fishery problem statement is overriding but does not need immediate steps to be taken.

Fax Memorandum

Date: April 19, 2001

To: Lisa Lindeman

From: Marcus Hartley
Northern Economics

Jane DiCosimo
North Pacific Council

No. of pages: 2

Re: GOA Framework for Rationalization

At its March meeting, the NPFMC GOA Rationalization Committee requested legal guidance from NOAA General Counsel on potential benefits of developing a type of "framework" approach for rationalizing GOA groundfish fisheries. This approach would establish an all-inclusive and well-defined set of fisheries in the GOA through an FMP amendment that meets all the requirements of MSFCMA and NEPA, etc. Each fishery would be limited in terms of which vessels, and processors could participate, and would include bycatch and PSC limits. Once these individual fisheries are established, stakeholders could follow an established method or "framework" to further rationalize their fisheries. These additional steps to rationalize individual fisheries may or may not need to involve NPFMC or NMFS directly depending on the rationalization steps chosen by the stakeholders (e.g., cooperatives). Additional details are provided below. We would appreciate your thoughts on whether this is something that could be accommodated within the MSFCMA. In particular, we are interested to know whether this type of process would be legally acceptable. Please contact either of us if you have questions and respond by April 30, if possible, so that we may report your response to the committee.

Details

The GOA Rationalization committee expressed an interest in exploring the concept of establishing a process within the GOA FMP that would allow individual fisheries to develop rationalized fisheries that are tailored to the specific needs of each fishery. Such a process or "frameworking" approach might be beneficial if it was phased-in. Step 1 would be an FMP amendment that would accomplish the following:

1. Define all GOA fisheries and creates specific TACs for each fishery, and establishes bycatch quotas and PSC limits for each defined fishery.
2. Define a finite set of stakeholders in each fishery (including harvesters, processors, communities, others as relevant).
3. Define the processes that would allow each fishery to further rationalize itself or to continue under the new status quo.

Essentially this first step would create a set of wholly independent fisheries, which, to the extent possible, would be free from spillover effects from other fisheries. In theory, each fishery could further rationalize through a self-determination process over time with the development of locally determined rationalized fishery management plans (Step 2). These locally determined plans might be similar in concept to the local area management plans (LAMPs) that have been considered for the halibut fisheries. They would differ from LAMPs in that they would be designed to rationalize the fisheries rather than geographically redistribute effort. For example, one fishery may choose to rationalize itself with AFA-style cooperatives. Another fishery could choose to have an IFQ system similar to the sablefish and halibut programs. A third fishery may choose to limit entry on harvesters and processors but with no individual rights to specific amounts of fish. In all cases, NMFS would continue to have the authority to set TACs, bycatch limits, and other necessary restrictions such as time area and gear restrictions.

There are two questions that arise with this approach:

1. Are there reasons why this general approach would not meet legal standards in the MSFCMA or other applicable laws?
2. Once such a general framework is in place, would there be any way to streamline the bureaucratic processes to further rationalize the local fisheries? For instance, could the GOA FMP be frameworked to allow local plans to rationalize the fisheries through a cooperative?

Memorandum

To: GOA Rationalization Committee
From: Marcus Hartley
Senior Economist
Date: May 1, 2001
Re: Preliminary Draft: Strawman Program for GOA Trawl Rockfish Rationalization

At the last GOA committee meeting, Dave Hanson the committee chairman asked John Henderschedt, Dale Schwarzmilller and I to put together two strawman proposals that could be used as a starting place for committee discussions. The Chairman specifically asked that we develop a Central Gulf Trawl Rockfish Program and Central Gulf All-gear Pacific Cod Program.

The attached document is a preliminary draft of a Strawman Program for GOA Trawl Rockfish Rationalization. The draft is not as complete as we would like, nor as refined as we would like. The sections on processor quota shares and regionalization in particular need work. None-the-less we believe that the Committee can benefit by reviewing this preliminary draft over the next two weeks. In the meantime, we will continue to work on the rockfish program and believe that adapting it to fit the Pacific cod fishery in the Central Gulf can be accomplished relatively easily.

It should be note that while the task assigned us by the Chairman seemed reasonable enough, the more we got into the issue the more complicated the programs became. For example, while looking at the CGOA Trawl Rockfish Program it became clear that almost all of the vessels involved in rockfish in the Western GOA and West Yakutat Regulatory Areas were also involved in the Central Gulf fishery. Therefore it was decided, that it made more sense to expand the program to include the WGOA and WY than to develop sideboard to control spillover effects in the related fisheries.

It also became clear that communicating the complex ideas in a rationalization program required that a standardized vocabulary be used. If for example a processor program is included, then a distinction between quota shares allocated to fishing vessels and quota shares allocated to processors is needed. Therefore, this document defines terms and attempts to adhere to these terms throughout the document.

I would especially like to thank John and Dale for their efforts in this paper.

Elements and Options for a GOA Trawl Rockfish Rationalization

Overview. This program would establish a two-pie individual quota system for the Western and Central Gulf Trawl Rockfish Fisheries. The plan would potentially allocate harvester quota shares (FQS) and processors quota shares (PQS). Both types of quota shares would entitle owners to annual fishing and processing quota. Harvesters would receive individual fishing quotas (IFQs), and processors would receive IPQs. Annual allocations of IFQs and IPQs for each owner would be based on the percentage owned of the quota share pool (QSP) multiplied by the adjusted TAC. Adjustments to the TAC would include bycatch needs for other fisheries, and adjustments to account for other provision of the program, open access processing for example.

In the course of developing a "prototype" program for the Central Gulf (CGOA) rockfish fishery, it became apparent that a significant number of vessels that participate in CGOA also trawl for rockfish in the Western Gulf (WGOA), and West Yakutat (WY), and that nearly all rockfish trawlers that participate in the WGOA and WY also participate in the CGOA. Further, there do not appear to be significant non-trawl fisheries for rockfish in any of the three areas. Focusing just on the CGOA would mean developing sideboard measures for the WGOA and WY rockfish fisheries which could complicate the program. Creating a single program for all three areas eliminates the need to impose restrictive and cumbersome sideboard measures to prevent "spillover" effects into other rockfish fisheries, and appears to add little in the way of complexity to the program itself. The program only includes the trawl fishery because there are no other significant target fisheries for rockfish exists in the WGOA or CGOA. Some non-trawl fishing may occur in the WY sub-area, therefore a gear specific apportionment of rockfish in WY would need to be approved by the NPMFC. East Yakutat (EY) is not included in the program as trawling in the EY is prohibited.

While developing the program, it also became obvious that there are three major program areas that need to be addressed: 1) Harvesters, 2) Processors, and 3) Regions. A fourth program area deals with issues that link the three program areas. Within each broad program area there are a set of major issues including 1) the nature of the right, 2) initial allocations, 3) transfer provisions and restrictions, and 4) use restrictions and consolidation caps. Each of these issues contains a set of decision points and within those decision points are options and sub-options.

The rockfish rationalization program as specified below uses specific formatting techniques for identification of program area, major issue area, decision points and options. Each program area is formatted with a level-1 heading using a bolded all caps font (**1 FORMAT FOR PROGRAM AREAS**) Each issue area is given a level-2 heading and text bolded with small caps. (For example **1.1 Format for Issue Areas**. Each decision point is underlined in a regular font and is shown with a level-3 heading. (For example: 1.3.2 Format for Decision Points). Text in the paragraph(s) following the decision point will describe the recommended decision. If options exist they will be given a level-4 heading but will not be bolded, sub-options will be given a level-5 heading. (For example: 2.13.2 Format for Options. 3.1.2 .4.1 Format for Suboptions.) Explanations and annotations will be shown in italicized text.

A set of standard definitions has been developed and used consistently throughout the description of the program (Table 1). Communication between committee members will be enhanced if we specify these definitions up front, and that all discussions within the committee use the same set of definitions. It is particularly important to make clear distinctions between:

- catch history and quota shares
- quota share pools and TACs
- quota shares and IFQs

PRELIMINARY DRAFT: GOA TRAWL ROCKFISH RATIONALIZATION PROGRAM

Table 1. Definitions Used to Describe the Rockfish Fishing Program for Rockfish

At-sea	Indicates that a vessel (particularly a processing vessel) is operating within the EEZ of Alaska.
Bonafide rockfish crewmember	A bonafide rockfish crewmember is a skipper or other member of the fishing crew that can document a "minimum days-at-sea" requirement in the GOA rockfish fisheries. Bonafide crewmembers could be granted a right of first refusal to purchase a percentage of FQS.
BQS	Bycatch Quota Shares entitle the holder to a percentage of the BSA.
BQSP	Bycatch Quota Share Pool is the sum of all BQS for a bycatch species in a given management area.
BSA	Bycatch Species Apportionment—Each year the Council and NMFS will make an apportionment of bycatch species for use in the Rockfish Fishing Program.
Catch history	Catch history means all catch of a vessels that has taken place in the past. Some catch history is relevant to the Rockfish Fishing Program, some is not.
CP	Catcher Processor
CPFTAC	The apportionment of the FTAC that would be allocated to catcher processors in the form of IFQs.
CV	Catcher Vessel
CVFTAC	The apportionment of the FTAC that would be allocated to catcher vessels in the form of IFQs
Eligible catch history	Eligible catch history is catch history that appears to be eligible to be included in the determination of quota shares.
Entity	Entity is defined using the definition of entity and the "10 percent rule" from AFA regulations.
FQS	Fisher Quota Shares—catch history of harvest vessels that has been approved by NMFS in the official application process. It is anticipated that FQS will correspond to kilograms (kg) of eligible catch history. Thus 1000 FQS represents 1mt of historical harvest that is qualified as part of the program. (Note that FQS could be unitized as tons, however this would result in partial FQS, which would be a complicating factor.)
FQSP	Fisher Quota Share Pool—the sum of all of the FQS for a given management area. The FQSP represents all of the qualifying catch history of all qualified owners in a particular management area.
FTAC	The FTAC is the part of the TAC that will be apportioned to the Rockfish Fishing Program. The FTAC will generally be less than the TAC because some part of the TAC may be set aside to accommodate bycatch needs for other target fisheries.
Harvest Sideboards	Harvest sideboards are catch limits in other "unrationalized" target fisheries that would be applied to all trawl catcher vessels and all trawl catcher processors owned by participants in the Rockfish Fishing Program. Harvest sideboards would be intended to prevent participants from increasing their shares in other fisheries that have not yet been rationalized.
IBQs	Individual Bycatch Quotas for each bycatch species will be issued proportionately to the owners of BQS at the beginning of each year. Mathematically, an individual's IBQs = $BQS + BQSP \times BSA$.

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IFQ	Individual Fishing Quota—represent a kilogram of actual harvest under the program. A person's IFQs will be calculated based on that person's holdings of FQS and on the FTAC for the management area for the year. Mathematically, $IFQs = FQS \div FQSP \times FTAC$.
IPQs	Individual Processing Quota – one IPQ corresponds to one kg of rockfish that can be processed by the processor that owns the IPQ during the year in which the IPQ is issued. Mathematically, $IPQs = PQS \div PQSP \times QPA$.
IPSQ	Individual Prohibited Species Quota for each prohibited species will be issued proportionately to the owners of PSQS at the beginning of each year. Mathematically, an individual's $IPSQ = PSQS \div PSQSP \times PSA$.
Legal Landing	For shore-based deliveries a legal landing is a landing reported on a fish-ticket that has been accepted by ADF&G. For at-sea deliveries a legal landing is an delivery that was recorded by an NMFS certified observer. For catcher processors a legal landing is a weekly processor report accepted by NMFS.
OAA	Open Access Apportionment. The apportionment of the CVFTAC that would be available for open access processing. The OAA is calculated by multiplying the CVFTAC by the OAP. Mathematically, $OAA = CVFTAC \times OAP$.
OAP	The percentage of the CV-FTAC that would be designated as open access for processing.
PQS	Processor Quota Shares –one PQS is equal to one KG of qualified processing history under the Rockfish Processing Program
PQSP	Processor Quota Share Pool—the sum of PQS of all qualified processors for a given species and area.
PSA	Prohibited Species Apportionment—Each year the Council and NMFS will make an apportionment of prohibited species for use in the Rockfish Fishing Program.
PSQS	Prohibited Species Quota Shares entitle the holder to a percentage of the PSA.
PSQSP	Prohibited Species Quota Share Pool is the sum of all BQS for a prohibited species in a given management area.
QPA	Qualified Processing Apportionment is the amount of the FTAC that is allocated to qualified processors in the form of IPQs. The QPA is calculated by reducing the CVFTAC by the OAA. Mathematically, $QPA = CVFTAC - OAA$
Rollover	Unused IFQ that is added to the IFQs issued in the following year. The amount of IFQ that can be rolled over would be limited to an amount not to exceed the rollover percentage of a person FQS. The rollover percentage would be pre-determined, but would likely be less than 10 percent.
TAC	Total Allowable Catch—The TAC for each management area is specified by the Council and NFMS usually at their December meeting. The TAC may be further subdivided for directed fishing and bycatch.

1 ROCKFISH FISHING PROGRAM FOR GOA ROCKFISH

This program area describes the issues and options that are directly related to the Rockfish Fishing Program for the GOA. The Rockfish Fishing Program is described in 4 major issue areas including the nature of the fishing privileges, the initial allocation, transferability, and use.

1.1 The Nature of the Fishing Privileges

This issue area defines the nature of fishing privileges and includes a description of the target fisheries, bycatch restrictions, sideboards, vessel categories, and the annual specification and issuance of IFQs.

1.1.1 Target Fisheries included in rationalization plan

WGOA, CGOA, and WY trawl fisheries for Pacific Ocean perch, northern rockfish, pelagic shelf rockfish, and other rockfish will be included in the rockfish rationalization program. FQS and IFQs for each of the species groups in each management area will be issued.

1.1.2 Fishing Vessel Categories

Trawl catcher vessel (CV) and Trawl catcher processor (CP) harvests vessel categories will be created. All individual allocations of harvesting privileges will be designated as either CV or CP. Allocations with a CV designation may not be processed at sea, while those with a CP designation may be processed at-sea.

Note: The rationalization program as proposed would create processing quota shares (PQS) and individual processing quotas (IPQs). The overall program would also include regional delivery requirements to ensure community stability. The processor and community/regional programs would likely create additional constraints on harvesting vessels. These restrictions and constraints will be specified under Program Area 4, which contains the issues and decision points for interactions between the three main program areas.

1.1.3 Fishing Vessel Total Allowable Catch (FTAC):

A specific trawl apportionment or FTAC will be created for the rockfish fisheries in the WGOA, CGOA, and WY. The apportionment would be a set based on a percentage of the TAC at least as high as was used for directed fishing in the trawl fisheries is shown below. The percentage of FTAC compared to the TAC in the option years below would represent a minimum—the Council and NMFS could increase proportion going to the FTAC if bycatch needs for rockfish in other fisheries falls. The bycatch apportionment of the Rockfish TACs would be used in the fixed-gear fisheries for halibut, sablefish, and Pacific cod, and in the other trawl fisheries. The FTAC will be set in the annual specification-setting process by the Council and NMFS. The options for years determining the minimum percentage of rockfish in the FTAC are listed below.

- 1.1.3.1 The percent of the TAC apportioned to the FTAC will be as least as high as the percentage of rockfish used in directed fishing in 2000.
- 1.1.3.2 The percent of the TAC apportioned to the FTAC will be as least as high as the percentage of rockfish used in directed fishing from 1998 through 2000.
- 1.1.3.3 The percent of the TAC apportioned to the FTAC will be as least as high as the percentage of rockfish used in directed fishing from 1996 through 1998.

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Notes:

- *It is assumed that the initial allocation will determine the apportionment of harvesting privileges between CVs and CPs.*
- *There has been some discussion of allowing each sector to determine the rules for its own initial allocation. If each sector is allowed to choose its own allocation rules, then the FTAC must be apportioned into a CV-FTAC and a CP-FTAC in a separate decision that is independent of the initial allocation. For example if CVs choose to use 5 years of catch history to determine harvesting privileges, and CPs choose to use only 1 year of catch history, then the amount of catch history for each sector will not accurately represent the typical split of harvest between the two sectors. The fact that the program, as specified here, does not include options to allow sectors to choose their own initial allocation rules, does not imply that the idea does not have merit. Indeed the concept may have merit and could be included if the committee desires.*
- *If, as mentioned in the previous paragraph, a CVFTAC and a CPFTAC are created, then it could be relatively simple for one or the other sector or both sectors to establish cooperatives, particularly if annual apportionments of bycatch species and PSC (as will be discussed in Decision Points 1.1.6 and 1.1.7) are created. Formation of Rockfish Cooperatives is not discussed in this document, but should not be considered beyond the scope of the committee.*

1.1.4 Apportionments of the FTAC to Catcher Vessels and Catcher Processors

The apportionment of the FTAC to catcher vessels (CVFTAC) and to catcher processors (CPFTAC) would be established either in the initial allocation of FQS or in advance of the allocation of FQS. In either case, the apportionment percentage of the FTAC between CVs and CPs would be fixed. If the CVFTAC and CPFTAC apportionment percentage is determined in advance of the initial allocation then each sector would have the opportunity to develop initial allocation eligibility.

1.1.5 Fisher Quota Shares (FQS) and IFQs

Fisher Quota Shares for each rockfish assemblage group included in the program represent the catch history of harvest vessels that has been approved by NMFS in the official application process. The Fisher Quota Share Pool (FQSP) is the sum of all of the FQS for a given management area. IFQs for each included rockfish assemblage represents a kilogram of rockfish that may be actually harvested under the program. A person's IFQs will be issued annually and will be calculated based on that person's holdings of FQS and on the FTAC for the management area for the year. Mathematically, $IFQs = FQS \div FQSP \times FTAC$. A person holding IFQs for a particular rockfish assemblage will be allowed to harvest a corresponding amount of that assemblage during that year for which the IFQs are issued.

Notes:

- *The amount of FQS issued to individuals and in total (the FQSP) will be determined in the initial allocation process as discussed in Harvest Vessel Issue 1.2.*
- *FQS will be unitized as kilograms (kg) of historical harvest. Thus 1000 FQS represents 1mt of historical harvest that is qualified as part of the Rockfish Fishing Program. FQS could be unitized as tons, however this would result in partial FQS, which would be a complicating factor.*

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1.1.6 Bycatch Species Apportionments

In order to minimize crossover impacts of a rockfish fishery on other GOA groundfish fisheries, and to reduce the possibility that other groundfish fisheries will curtail activities in the rockfish fishery, it may be necessary to create a bycatch species apportionment for the Rockfish Fishing Program. Alternatively, bycatch of non-target species could continue to be managed using the Maximum Retainable Bycatch (MRB) program currently in effect.

1.1.6.1 Use the existing Maximum Retainable Bycatch (MRB) program in conjunction with the Rockfish Rationalization Program

1.1.6.2 Create an annual Bycatch Species Apportionment

An annual Bycatch Species Apportionment (BSA) of non-target groundfish species will be allocated to the Rockfish Fishing Program. A BSA for all species that are caught during the rockfish trawl fisheries will be determined by the Council and NMFS in the annual specification-setting process. In order to facilitate the initial allocation process an Initial Bycatch Species Apportionment (IBSA) will be set no later than the Council's September meeting in the year prior the first year of fishing under the Rockfish Fishing Program. In general, the BSA would be based on a percentage of the TAC of bycatch species that is no greater than the percentage of bycatch used in the rockfish fisheries in the years specified in the three options listed below. The Council and NMFS will have the authority to reduce the percentage of the BSAs based on the performance of the Rockfish Fishing Program. The option years for determining the minimum percentage of rockfish in the FTAC are listed below.

1.1.6.2.1 The percent of the TAC apportioned to the BSA for a bycatch species will be no greater than the percentage of each bycatch species used in the trawl rockfish fisheries in 2000.

1.1.6.2.2 The percent of the TAC apportioned to the BSA for a bycatch species will be no greater than the percentage of each bycatch species used in the trawl rockfish fisheries from 1998 through 2000.

1.1.6.2.3 The percent of the TAC apportioned to the BSA for a bycatch species will be no greater than the percentage of each bycatch species used in the trawl rockfish fisheries from 1996 through 1998.

1.1.7 Prohibited Species Apportionments

An annual Prohibited Species Apportionment (PSA) of non-target groundfish species will be allocated to the Rockfish Fishing Program. A PSA for all prohibited species that are caught during the rockfish trawl fisheries will be determined by the Council and NMFS in the annual specification-setting process. In order to facilitate the initial allocation of prohibited species quota shares, the Council will set an Initial PSA for Halibut in the Rockfish Fishing Program no later than its September meeting preceding the first year of fishing under the Rockfish Fishing Program.

Note: In order to allow participants in the Rockfish Fishing Program to develop effective measures to reduce catches of prohibited species, they need to be assured that activities in other non-rockfish fisheries will not force early closure of the rockfish fishery. Therefore, the PSA is a critical component of the program. It is believe by many industry members that a rational fishery will result in significant reductions in halibut and salmon bycatch. However, the actual amount of

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the reductions cannot be projected until the system is in place. If bycatch of prohibited species does occur, then the Council could reduce the PSA, and either allocate additional PSC to other fisheries or reduce the overall PSC Apportionment. An additional measure to reduce bycatch of PSC is included in the "bycatch reduction pool" option in the transferability issues under Decision Point 1.3.2.3.

1.1.8 Individual Bycatch Quota and PSC Quotas

There appear to be two primary methods available to allocate and monitor bycatch quotas and PSC quotas—allocate to cooperatives and allow cooperative to determine individual allocations or allocate to directly to individuals.

Notes:

- *If the existing MRB program is used and no BSA is created then the issue of non-target Bycatch Quotas is moot.*
- *Additional observer coverage may be desirable. See Decision Point 1.4.6.*

1.1.8.1 Allocate Bycatch Quota and PSC Quotas to Bycatch Cooperatives

The Council and NMFS would authorize the formation of bycatch cooperatives for the purposes of allocating the BSA and PSAs among fishers. IFQs (for rockfish) for the year would only be issued if the fisher could prove that he belongs to a bycatch cooperative. The bycatch cooperatives would determine the allocation of bycatch and PSC to individual members and facilitate in-season transfers. NMFS would monitor total PSC and bycatch amounts. When the total PSA is taken, then no additional fishing with rockfish IFQs could take place. When the total BSA for a given species is taken, NMFS could allow fishing for rockfish to continue but require that all catch of that species would be treated as a prohibited species; or NMFS could treat the BSA in the same way it would treat PSC and close the rockfish fishery. These two options are shown below:

1.1.8.1.1 Treat the BSA for all bycatch species in the same manner that is used with PSC. Once the BSA for a bycatch species is taken, all directed fishing for rockfish would be prohibited. IFQs for rockfish could continue to be used but only as bycatch in other target fisheries.

1.1.8.1.2 Allow fishing for rockfish to continue after the BSA for a bycatch species is taken. No further retention of the bycatch species would be allowed. IFQs for rockfish could continue to be used but only as bycatch in other target fisheries.

1.1.8.2 Allocate Bycatch Quota and PSC Quotas to Individuals

BYCATCH QS (BQS) AND IBQs (BYCATCH IFQS)

BQS and IBQs would be assigned to individuals. Once an individual's IBQ is used the individual could no longer target rockfish. IBQs will be issued to the owners of BQS at the beginning of each year based on each individual percentage of the BQS pool (BQSP)—the sum of all BQS issued. Mathematically, an individual's IBQs = $BQS \div BQSP \times BSA$. An IBQ represents a kilogram of the bycatch species that may be actually harvested under the program during the year in which the IBQs are issued.

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Notes:

- *The amount of BQS issued to individuals and in total (the BQSP) will be determined in the initial allocation process as discussed in Harvest Vessel Issue 1.2.*
- *BQS will be unitized to correspond to kilograms (kg) of bycatch in the initial year of fishing under the Rockfish Fishing Program. Thus 1000 BQS represents 1mt of harvest that is qualified as part of the Rockfish Fishing Program. FQS could be unitized as tons, however this would result in partial FQS, which would be a complicating factor.*

PROHIBITED SPECIES QS (PSQS) AND INDIVIDUAL PROHIBITED SPECIES QUOTAS (IPSQS)

PSQS and IPSQs would be assigned to individuals. Once an individual's IPSQ is used, the individual could no longer target rockfish. IPSQs will be issued to the owners of PSQS at the beginning of each year based on each individual percentage of the PSQS pool (PSQSP)—the sum of all PSQS issued. Mathematically, an individual's IPSQs = $PSQS \div PSQSP \times PSA$. An IPSQ represents a kilogram of the prohibited species that may be actually caught under the program during the year in which the IPSQs are issued.

Notes

- *The amount of PSQS issued to individuals and in total (the PSQSP) will be determined in the initial allocation process as discussed in Harvest Vessel Issue 1.2.*
- *PSQS could be unitized to correspond to kilograms (kg) of PSC in the initial year of fishing under the Rockfish Fishing Program.*

1.1.9 Fishing Vessel Sideboards

Harvest sideboards are catch limits in other “non-rationalized” target fisheries that would be applied to vessels participating in the Rockfish Fishing Program. Harvest sideboards would be intended to prevent participants from increasing their shares in other fisheries that have not yet been rationalized. Two options are apparent.

1.1.9.1 No Sideboards

1.1.9.2 Sideboards

Participants in the Rockfish Fishing Program would be limited to (but not allocated or guaranteed) their historical participation (as a percent of TAC) in other “unrationalized” BSAI and GOA groundfish and crab fisheries. Sideboards would be established and enforced by management area and by season (i.e., quarterly sideboards). Sideboards for specific fisheries would be eliminated as they became rationalized, (i.e., if the GOA pollock fisher is rationalized, then pollock sideboards would be eliminated). Calculation of sideboards would be based on the same years used to calculate FQS, but would include the historical catches of all trawl vessels owned by eligible participants including vessels that may not otherwise be included in the Rockfish Fishing Program.

Once a sideboard limit for a sideboard fishery (defined by area and quarter) is reached, vessels owned or controlled by holders of rockfish FQS may no longer participate in that sideboard fishery until it reopens in the following year or quarter. Participation in other sideboard fisheries would be allowed and bycatch of rockfish while participating in other sideboard fisheries could

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be retained as long as the participants have unused rockfish IFQs. Four sub-options on the level at which to establish sideboard limits are considered below.

1.1.9.2.1 Vessel Sideboards

Vessel specific harvester sideboards would be established. All trawl catcher vessels whose owners hold CV-FQS would be limited by Individual Catcher Vessel Sideboards. All trawl catcher processors whose owners hold CP-FQS would be limited by Individual Catcher Processor Sideboards.

1.1.9.2.2 Company Sideboards

Company harvester sideboards would be established. All trawl catcher vessels whose owners hold CV-FQS would be limited by Company Catcher Vessel Sideboards. All trawl catcher processors whose owners hold CP-FQS would be limited by Company Catcher Processor Sideboards. Companies would be defined using the 50 percent ownership rule as defined in analyses of processing sideboard for AFA.

1.1.9.2.3 Entity Sideboards

Entity harvester sideboards would be established. All trawl catcher vessels whose owners hold CV-FQS would be limited by Entity Catcher Vessel Sideboards. All trawl catcher processors whose owners hold CP-FQS would be limited by Entity Catcher Processor Sideboards. Entities would be defined using the 10 percent ownership rule as defined in analyses of processing sideboard for AFA.

1.1.9.2.4 Sector Sideboards

Two classes of sideboards would be established—Catcher Vessel Sideboards and Catcher Processor Sideboards. All trawl catcher vessels whose owners hold CV-FQS would be limited by the Catcher Vessel Sideboards. All trawl catcher processors whose owners hold CP-FQS would be limited by the Catcher Processor Sideboards. Cooperative fishing within sector sideboard fisheries would be encouraged.

1.2 Initial Allocation of FQS, BQS, and PSQS

1.2.1 General Eligibility Provisions

Persons applying to participate in the Rockfish Fishing Program must meet eligibility requirements to document a US fishing vessel.

Note: The American Fisheries Act changed the requirements for documenting U.S. Fishing vessels—at least 75% U.S. ownership is required.

1.2.2 Owners of Vessel Catch Histories

The owner of a vessel's catch history is presumed to be the vessel owner of record at the time the catches were made, unless specific language transferring the catch history was included in vessel ownership transfer documentation. If a vessel was operated under a bareboat charter or other similar lease provision, the owner of the catch history is presumed to be charter operator or leaseholder.

Notes:

- *This language is consistent with provisions in the Groundfish and Crab License Limitation Program approved by the Council in 1995.*

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- *Transfers of catch history are discussed in Decision Point 1.2.5*

1.2.3 Vessel Participation Criteria

Owners of catch history of vessels that made at least one legal trawl landing during the years specified in the options below will be eligible to submit their trawl catch histories for inclusion in the calculation of FQS and the FQSP. Evidence that a legal landing was made will be a fish-ticket accepted by ADF&G, a delivery recorded by an NMFS approved observer to an at-sea processor, or a submission of a weekly processor reported accepted by NMFS. The following year options are proposed:

1.2.3.1 1998-2000

1.2.3.2 1996-2000

Notes:

- *This decision point is one of the most critical and perhaps controversial of all the decision points in the Rockfish Fishing Program. We have proposed two optional sets of eligibility years as examples, but the committee may prefer others.*
- *As noted in Decision Point 1.1.3 it may be desirable to have different vessel participation criteria for catcher vessels and catcher processors, particularly if one of the objectives of the program is to eliminate latent licenses and catch histories. If criteria differ by sector than it becomes necessary to create distinct and permanent apportionment of the FTAC between CVs and CPs.*
- *NOAA General Counsel indicates that it may be desirable to include the most recent year of participation within the scope of the alternatives analyzed.*

1.2.4 Catch History Years to Determine FQS

Catch histories of owners that meet the eligibility criteria in Decision Points 1.2.1, 1.2.2, and 1.2.3 for the years specified in the options below will be used to determine the initial allocation of FQS.

Notes:

- *Four options are shown for discussion purposes only—additional options may be included by the committee. Options 1.2.4.1 and 1.2.4.2 could only be used if the vessel participation criterion of 1998-2000 is chosen.*
- *If the committee chooses catch history years that include years that are not included in the vessel participation criterion then the issue of transferred catch history becomes important. Including additional years for FQS determination opens the door for catch histories of vessels that do not meet the participation criterion in Decision Point 1.2.3 to be converted into FQS through catch history transfers.*

1.2.4.1 All catch history from 1998-2000

1.2.4.2 The owner's choice of two years of catch history between 1998-2000

1.2.4.3 All catch history from 1996-2000

1.2.4.4 The owner's choice of any four years of catch history between 1996-2000

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1.2.5 FQS Resulting From Transfers of Catch History

Note: This decision point is necessary only if the years chosen for determination of FQS (Decision Point 1.2.4) are different than the years chosen as vessel participation criterion (Decision Point 1.2.3). If the years for the two criteria are the same, then the issue of transfers of catch history become relatively minor and wholly determined by the decision in Decision Point 1.2.2.

Catch history of vessels that participated in the GOA rockfish fisheries in FQS determination years (Decision Point 1.2.4) that were not included in the vessels participation criterion (Decision Point 1.2.3) may be included in the determination of FQS if the transfer is documented to have occurred before January 1, 2001.

Note: It is possible that provisions could be developed that limit the situations in which transferred catch history could be used—in the case of a replacement vessel for example. However, an initial examination of several scenarios indicates that it will be very difficult to develop restrictions that do not create obvious and significant inconsistencies in the treatment of similarly situated persons. A set of hypothetical scenarios is included as Attachment 1.

1.2.6 Determination of BQS

Note: This decision point is moot if the option to establish bycatch and PSC cooperatives is chosen in Decision Point 1.1.8.

Bycatch QS (BQS) for non-target groundfish will be allocated to each initial recipient of FQS. The amount of BQS allocated to each initial recipient of FQS will be in proportion to their share of the FQSP. The BQS pool (BQSP) will correspond to the Initial Bycatch Species Apportionment (IBSA) for each species as indicated in Decision Point 1.1.6. Thus the initial allocation of BQS to individuals will be determined mathematically as $BQS = FQS \div FQSP \times IBSA$. BSAs in the future may differ from the IBSA, the annual allocation of bycatch IFQs (IBQs) will use the following formula: $IBQs = BQS \div BQSP \times BSA$.

Note: Allocating BQS on the basis of actual bycatch rates experienced during the FQS determination years was considered but rejected because of the lack of reliable data for unobserved vessels. The allocation as specified above assumes uniform bycatch rate for all vessels in the program.

1.2.7 Determination of Prohibited Species QS (PSQS) for Halibut

Note: This decision point is moot if the option to establish bycatch and PSC cooperatives is chosen in Decision Point 1.1.8.

Prohibited Species QS for halibut will be allocated to each initial recipient of FQS. The amount of PSQS allocated to each initial recipient of FQS will be in proportion to their share of the FQSP. The PSQS pool (PSQSP) will correspond to the Initial Prohibited Species Apportionment (IPSA) of halibut as indicated in Decision Point 1.1.7. Thus the initial allocation of PSQS to individuals will be determined mathematically as $PSQS = FQS \div FQSP \times IPSA$. PSAs for halibut in the future may differ from the IPSA, the annual allocation of individual prohibited species quotas will use the following formula: $IPSQs = PSQS \div PSQSP \times PSA$.

Note: Allocating PSQS on the basis of actual PSC rates experienced during the FQS determination years was considered but rejected because of the lack of reliable data for

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unobserved vessels. The allocation as specified above assumes a uniform PSC rate for all vessels in the program.

1.3 Transferability and Restrictions on Ownership of Harvest Vessel Privileges

This harvest vessel issue area contains decision points that transferability and restrictions on ownership of Harvest Vessel Privileges are defined to include all individual harvesting privileges established by the Rockfish Fishing Program.

In general FQS (and BQS and PQS if they are allocated to individuals) can be transferred to persons that meet the eligibility requirements specified in Decision Points 1.3.1 and 1.3.2. All transfers will be subject to ownership caps in Decision Point 1.4. Transfers of IFQs (and IBQs, and IPSQs if they are allocated to individuals) without underlying quota shares are discussed separately in Decision Point 1.3.3 on leasing of quota shares. Separability of BQS and PSQS from FQS is discussed in 1.3.2.

1.3.1 Eligibility to Purchase FQS.

Options to restrict persons from purchasing FQS in the Rockfish Fishing Program are minimal, however, if a processor quota share program is implemented it may be desirable to restrict holders of processing quota shares from purchasing FQS. Other proposed options are shown below.

1.3.1.1 Purchasers must be eligible to document a U.S. fishing vessel.

Note: Under AFA, the minimum US ownership level required to document a fishing vessel for any US fishery (with some exceptions outside the North Pacific) increased from 50% to 75%.

1.3.1.2 Purchasers must be eligible to document a U.S. fishing vessel and meet the minimum days-at-sea requirement as specified below:

1.3.1.2.1 Minimum Days-At-Sea Requirement — 30 days

1.3.1.2.2 Minimum Days-At-Sea Requirement — 150 days

1.3.1.2.3 Minimum Days-At-Sea Requirement — 300 days

1.3.2 Separability of BQS and PSQS from FQS.

Note: This decision point is moot if bycatch and PSC cooperatives are created.

Due to variation among fishers, it is likely that some fishers will have more bycatch of non-target groundfish and of prohibited species. While it appears that in general it would be desirable for each participant to optimize their bycatch needs, there is some concern that allowing transfers that separate BQS and PSQS from FQS will overly complicate the transfer process. Two options regarding separability are proposed as follows:

1.3.2.1 BQS and PSQS are non-separable from FQS and must be transferred in proportion to the amount FQS that is transferred.

1.3.2.2 BQS and PSQS are separable from FQS and may be transferred independently of FQS.

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- 1.3.2.3 BQS and PSQS are separable from FQS and may be transferred independently of FQS, but when transferred separately the number of BQS and PSQS that would go to the purchaser will be reduced by 10 percent. The remaining 10 percent would go to a bycatch reduction pool.

Note: The bycatch reduction pool described in Option 1.3.2.3 reduces the possibility of the "institutionalization of bycatch and PSC caps." This option insures that PSC savings by one fisherman cannot be entirely reversed by another fisherman, and at the same time the system preserves the economic incentive to avoid PSC bycatch. The bycatch reduction pool would reduce number of BQS and PSQS that are converted into IBQs and IPSQs. Thus if 100 tons of halibut are apportioned to the Rockfish Fishing Program, and the bycatch reduction pool contains 7% of the total amount of PSQS, then 93 tons of IPSQs would be allocated to individuals, and the remaining 7 tons would not be allocated.

It should be also be noted that the annual specification of the BSAs and PSAs can also serve to "de-institutionalize" bycatch and PSCs.

1.3.3 Leasing of FQS

Leasing of FQS means that IFQs are transferred without corresponding FQS. There are several potential options, two of which are specified below.

- 1.3.3.1 Leasing of FQS is allowed. Person purchasing IFQs without FQS must meet all transfer eligibility requirements.

- 1.3.3.2 Leasing of FQS is not allowed.

Note: Options allowing the leasing of some portion of IFQs were not included, but could be added if the committee desires.

1.3.4 Leasing of BQS and PSQS

Note: This decision point is moot if bycatch and PSC cooperatives are created.

Leasing of BQS and PSQS will be critical if holders of IFQs are required to have sufficient BQS and PSQS associated with their vessel before harvesting IFQs. If leasing is not allowed it is likely that the some fishers will not be able to harvest their IFQs. If leasing is not allowed there would be additional justification for a rollover provision for IFQs.

- 1.3.4.1 Leasing of BQS and PSQS is allowed. Person purchasing IBQs without BQS and IPSQs without PSQS must meet all transfer eligibility requirements.

- 1.3.4.2 Leasing of BQS and PSQS is not allowed.

Note: Prohibiting leasing of BQS and PSQS combined with a prohibition on leasing of IFQs and requirements that holders of IFQs are required to have sufficient BQS and PSQS associated with their vessel before harvesting IFQs would ensure that overall amount of bycatch and PSC is reduced. It would also be very unlikely that the FTAC of rockfish would be taken if leasing of BQS and PSQS were not allowed.

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1.3.5 Captain and Crews Rights of First Refusal in Transfers of FQS.

This decision point would define bonafide rockfish crewmembers and provide them with a right of first refusal to purchase 10 percent of all FQS sold. There are two options, and a set of sub-option that define bonafide rockfish crewmembers.

1.3.5.1 Do not provide a right of first of refusal for bonafide rockfish crewmembers.

1.3.5.2 Provide a right of first of refusal for bonafide rockfish crewmembers to purchase 10 percent of all FQS sold.

Under this option all transfers would undergo a two step approval process. In the first step would NMFS would verify that the intended transfer met all of the requirements, and 90% of the FQS would be approved for transfer. During the second step NMFS would announce that the remaining 10% of the shares were available for purchase by bonafide rockfish crewmembers if: 1) a bonafide rockfish crewmember is willing to purchase the FQS at the same price as paid by the original buyer, and 2) if the bonafide rockfish crewmember can prove that the funding necessary to make the purchase is available. Bonafide rockfish crewmembers purchasing shares under this provision will have to have completed the declaration process within 10 business days following the announcement by NMFS that the shares are available. A bonafide rockfish crewmember is a skipper or other member of the fishing crew who satisfies all three of the bulleted requirements below:

- meets the transfer eligibility requirements in Decision Points 1.3.1 and 1.3.2.
- can document the a minimum days at sea requirement in the GOA rockfish fisheries,
- has been approved by NFMS as a bonafide rockfish crewmember prior to the date that the FQS become available.

Three optional minimum days-at-sea requirements for a bonafide rockfish crewmember are proposed.

1.3.5.2.1 To qualify as a bonafide rockfish crewmember the individual must have spent at least **30 days** at sea in the GOA rockfish fisheries.

1.3.5.2.2 To qualify as a bonafide rockfish crewmember the individual must have spent at least **150 days** at sea in the GOA rockfish fisheries.

1.3.5.2.3 To qualify as a bonafide rockfish crewmember the individual must have spent at least **365 days** at sea in the GOA rockfish fisheries.

1.4 Ownership and Use Restrictions and Other Miscellaneous Provisions

This Issue Area deals with restrictions on the ownership of FQS and the use of IFQs. It also contains other miscellaneous provisions of the Rockfish Fishing Program.

1.4.1 FQS Ownership Caps

FQS ownership caps would limit the percentage of the FQSP an individual or entity could own or otherwise control. An entity in this case is defined using the definition of entity and the "10 percent rule" from AFA regulations. Initial recipients of FQS that exceed the ownership cap in the initial allocation would be grandfathered, but would not be allowed to purchase or lease additional FQS. Ownership caps could be applied to the FQSP as a whole or to the FQSP by sector. Options are listed below:

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1.4.1.1 Ownership Caps would be applied to the entire FQSP.

Note: Specific percentage options can only be determined after an initial examination of the data—the options shown should be treated as placeholders.

1.4.1.1.1 No more than X Percent of the FQSP could be owned or controlled by a single entity

1.4.1.1.2 No more than Y Percent of the FQSP could be owned or controlled by a single entity

1.4.1.2 Ownership Caps would be applied to each sector's FQSP. Two options are proposed.

Note: Specific percentage options can only be determined after an initial examination of the data—the options shown should be treated as placeholders

1.4.1.2.1 No more than X Percent of a sector's FQSP could be owned or controlled by a single entity

1.4.1.2.2 No more than Y Percent of a sector's FQSP could be owned or controlled by a single entity

1.4.2 Designated IFQ User on Board

During the harvesting activity, an individual on board the vessel must be assigned authority by an owner (or owners) of the IFQ to harvest rockfish that will be credited against IFQs. A certificate authorizing the assignment must be notarized with signatures of the owner and designee, but will not need formal NMFS approval.

1.4.3 Use of CV-IFQs on Catcher Processors and Use of CP-IFQs on Catcher Vessels

Because the Rockfish Fishing Program as described here would be implemented while other fisheries remain under the LLP program, CV and CP designations under the LLP would remain in effect. None-the-less it may be desirable to allow vessels designated as CVs under the LLP in the to use CP-IFQs (i.e., to catch and process rockfish at-sea) under the Rockfish Fishing Program. Similarly, it may be desirable to allow vessels designated as CP to use CV-IFQs to catch and deliver rockfish to inshore processors. Several options are proposed:

1.4.3.1 Maintain CV and CP designations and restrictions as implemented in the LLP.

Note: This option would prohibit the use of CP-IFQs on vessels designated as CVs in the LLP, but would continue to allow vessels designated as CPs to deliver to inshore processors.

1.4.3.2 Maintain the LLP restrictions on vessels designated as CVs and prohibit the use of CV-IFQs by vessels designated as CP in the LLP.

Note: This option would maintain the prohibition on the use of CP-IFQs on vessels designated as CVs in the LLP, and would prohibit vessels designated as CPs from using CV-IFQs.

1.4.3.3 Eliminate the LLP restrictions under the Rockfish Fishing Program.

Note: This option would rescind the prohibition on the use of CP-IFQs on vessels designated as CVs in the LLP, and would also allow vessels designated as CPs to use CV-IFQs—with the provision that all CV-IFQs must be processed in state waters.

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1.4.4 Discards of Rockfish

All rockfish included in the program that are harvested, must be used against IFQs. No discards of rockfish species included in the Rockfish Fishing Program will be allowed.

1.4.5 Rollover provisions

Holders of IFQs that are not fished in the season for which it is issued, may roll over unused IFQs as long as the rollover is less than or equal to the “rollover percentage” of the FQS owned. Three optional rollover percentage levels are shown. The provision to roll over unused IFQs would only be implemented if the overall TAC for the included rockfish is less than the allowable biological catch for that species by at least as much as the rollover percentage.

1.4.5.1 IFQs rolled over to the next year shall not exceed than 1 percent of the FQS owned.

1.4.5.2 IFQs rolled over to the next year shall not exceed than 5 percent of the FQS owned.

1.4.5.3 IFQs rolled over to the next year shall not exceed than 10 percent of the FQS owned.

Note: Rollovers make it less likely that fishers risk overages to catch their last pound of IFQs.

1.4.6 Observer Coverage

Implementation of the Rockfish Fishing Program, particularly if IBQs and IPSQs are included, will increase the demands for accurate reporting. Increasing observer coverage may be desirable. Under the current observer program, vessels less than 125 feet are often unobserved.

1.4.6.1 100% observer coverage on all vessels participating in the Rockfish Fishing Program

1.4.6.2 No change in observer coverage.

Industry standard bycatch rates will be applied to all catches when the vessel is unobserved.

1.4.6.3 100% observer coverage on all vessels greater or equal to 60 feet.

Industry standard bycatch rates will be applied to all catches when the vessel is unobserved.

1.4.6.4 Voluntary use of observers to document lower than average bycatch rates.

A program allowing voluntary use of observers would be included to allow vessels to document that their bycatch rates are lower than the industry standard.

2 PROCESSING SECTOR ELEMENTS

This program area describes the issues and options that are directly related to the Rockfish Processing Program for GOA Rockfish. The Rockfish Processing Program is described in 4 major issue areas including the nature of the processing privileges, the initial allocation, transferability, and use.

2.1 The Nature of the Processing Privileges

This issue area defines the nature of processing privileges and includes a description of the target fisheries, bycatch restrictions, vessel categories, and the annual specification and issuance of processing quota shares (PQS) and individual processing quotas.

Note: The Rockfish Processing Program will create interactions with the Rockfish Harvesting Program. For example an open access apportionment for processing may mean that FQS and IFQs would be designated as deliverable to open access or to qualified processors. These interactions are included in a separate Program Interaction Section.

2.1.1 Qualified Processing Apportionment and the Open Access Apportionment

The catcher vessel apportionment of the FTAC (CVFTAC) for each rockfish species in each area would be divided into two processing apportionments—a Qualified Processing Apportionment (QPA) and an Open Access Apportionment (OAA). Only qualified processors (see the initial allocation in Issue Area 2.2) who have unused IPQs would be eligible to process rockfish from the QPA. The OAA could be processed by any processor. Qualified processors could participate in the OAA subject to provisions in Decision Point 2.1.4.

The size of the OAA will be determined by the Open Access Percentage (OAP) determined in Decision Point 2.1.2. Mathematically the $OAA = CVFTAC \times OAP$.

The size of the QPA will be determined by reducing the CVFTAC by the OAA. Mathematically, the $QPA = CVFTAC - OAA$.

2.1.2 Open Access Percentage

The size of the OAA will be determined by the Open Access Percentage (OAP). The following options for the open access percentage are proposed.

2.1.2.1 The OAP will be 0 percent of the CVFTAC

2.1.2.2 The OAP will be 10 percent of the CVFTAC

2.1.2.3 The OAP will be 25 percent of the CVFTAC.

2.1.2.4 The OAP will be 50 percent of the CVFTAC.

2.1.2.5 The OAP will be 100 percent of the CVFTAC

Notes:

- The small number of processors active in each regulatory area may necessitate higher OAPs than have been discussed in the crab rationalization program.*
- The assignment of an open access percentage is an attempt to ensure that the Rockfish Processing Program does not compromise ex-vessel price competition among processors.*

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Other means of ensuring competition have been discussed including the establishment of an ex-vessel price formula for the rockfish fishery, or the requirement that ex-vessel prices be determined with the use of binding arbitration. These options have not been included here, but may be added if desired.

2.1.3 Processing Quota Shares and Individual Processing Quotas

Processing Quota Shares (PQS) and Individual Processing Quotas (IPQs) for each of the rockfish species groups and areas included in the Rockfish Fishing Program will be issued to qualified processors. PQS will be equal to one kilogram of qualified processing history under the Rockfish Processing Program as determined in the initial allocation in Issue Area 2.2. The sum of PQS of all qualified processors for a given species and area will be equal to the Processor Quota Share Pool (PQSP). Individual Processing Quotas (IPQs) would be allocated annually to processors that own PQS. One IPQ corresponds to one kilogram of rockfish that can be processed by qualified processors from the QPA. The number of IPQs issued to a qualified processor will be determined as follows: $IPQ = PQS \div PQSP \times QPA$.

2.1.4 Participation of Qualified Processors in the OAA

Qualified processors who own PQS may process rockfish from the OAA subject to the criteria specified in the options below:

2.1.4.1 Processors with unused IPQs may not process rockfish from the OAA

2.1.4.2 Processors with unused IPQs may process rockfish from the OAA.

Note: Implementation of an open access apportionment within the Rockfish Processing Program may mean that PQS and IPQs in the Rockfish Fishing Program will need to be designated as deliverable to open access processors or deliverable only to qualified processors. (This is the concept of A and B shares.) These interaction options are discussed in Program Interactions following the Rockfish Rationalization Program.

2.1.5 Processing of Rockfish Delivered as Bycatch in Other Fisheries

Rockfish delivered as bycatch in other target fisheries will not be considered part of the Rockfish Processing Program and will not count against IPQs of qualified processors.

2.1.6 Processing Sideboards

Processing sideboards are limits on the amount of other "unrationalized" target fisheries that could be processed by qualified processors in the Rockfish Processing Program. Processing sideboards would be intended to prevent qualified processors from increasing their shares in other fisheries that have not yet been rationalized. Two options are apparent.

2.1.6.1 No Sideboards

2.1.6.2 Sideboards

Qualified Processors in the Rockfish Processing Program would be limited to (but not allocated or guaranteed) their historical participation (as a percent of TAC) in other "unrationalized" BSAI and GOA groundfish and crab fisheries. Sideboards would be established and enforced by management area and by season (i.e., quarterly sideboards). Sideboards for specific target fisheries would be eliminated as they became rationalized, (i.e., if the GOA pollock fisher is rationalized, then GOA pollock sideboards would be eliminated). Calculation of sideboards

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would be based on the same years used to calculate PQS, but also would include the historical processing of all processing facilities owned by eligible processing companies including facilities that may not otherwise be included in the Rockfish Processing Program.

Once a processing sideboard limit for a sideboard fishery (defined by area and quarter) is reached, processors owned or controlled by holders of rockfish PQS may no longer accept deliveries from vessels participating in that fishery until it reopens in the following year or quarter. Deliveries could be accepted and processing would be allowed in other sideboard fisheries. There are two sub-options on the level at which to establish sideboard limits—at the company level or at the entity level.

2.1.6.2.1 Processing Sideboards Applied to Companies

Processing sideboards would be established at the company level. All processing facilities owned or controlled by a qualified processor using a 50 percent ownership rule (as used in AFA processing sideboard analyses) would be limited by the processing sideboard.

2.1.6.2.2 Processing Sideboards Applied to Entities

Processing sideboards would be established at the entity level. All processing facilities owned or controlled by a qualified processor using a 10 percent ownership rule (as used in AFA processing sideboard analyses) would be limited by the processing sideboard.

2.2 Initial Allocation of PQS and IPQs

This issue describes the eligibility of qualified processors and the initial allocation of PQS.

2.2.1 Determination of Qualified Processors

Qualified processors include all processors that took deliveries of rockfish from trawl catcher vessels targeting rockfish during the Processor Qualification Years. Three optional periods are proposed for Processor Qualification Years

2.2.1.1 Processors Qualification Years are 1996-2000

Note: The options shown for the Determination of Qualified Processors are proposed only as examples.

2.2.2 PQS Determination Years

The processing history during the PQS Determination Years of Qualified Processors (see Decision Point 2.2.1) would be used to determine PQS. Processing history in the rockfish fishery is defined as all deliveries of rockfish where rockfish was the target fishery for the delivery vessels. The follow period are options for the PQS Determination Years

2.2.2.1 PQS Determination Years are 1996-2000

2.2.2.2 PQS Determination Years are the best 4 of 5 years between 1996-2000

Note: The options shown for PQS Determination are proposed only as examples.

2.3 Transferability of Processing Shares

This issue area contains the decision points regarding the transferability of PQS and IPQs. In general PQS would be transferable to individuals and company that meet the eligibility requirements for processors

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Note: The number of qualified processors in the Rockfish Processing Program in the same regulatory areas may be very small, perhaps as low as 1 or 2. Additional purchases by these companies could have serious competitive implications.

2.3.1 Eligibility Requirements for Purchasers of PQS and IPQs

PQS and IPQs may be transferred to any US citizen or corporation.

Note: In order to ensure competition, no additional restrictions on eligibility are proposed.

2.4 Ownership Caps and Use Restrictions in the Rockfish Processing Program

This issue area contains decision points dealing with ownership caps and use restrictions in the Rockfish Processing Program.

2.4.1 PQS Ownership Caps

The number of processors that would own PQS in the Rockfish Processing Program could be very small, and therefore ownership caps may be of considerable importance. Processors that receive initial allocations above the ownership caps would be grandfathered in but would not be eligible to purchase additional PQS. The PQS ownership caps would apply to companies as defined by the 50 percent rule used in the AFA processing sideboard analysis.

Note: A range of options are proposed depending on the number of processors and percentages from recent levels.

2.4.1.1 No more than X percent of the PQS for in any regulatory area may be owned or controlled by a company that owns a qualified processing facility unless grandfathered.

2.4.1.2 No more than Y percent of the PQS for in any regulatory area may be owned or controlled by a company that owns a qualified processing facility unless grandfathered.

3 REGIONALIZATION AND COMMUNITY ALLOCATIONS

The program could be regionalized by the designation of specific regions to which harvests must be delivered for processing. The Program could also allocate a specific amount of TAC to undeveloped and/or underdeveloped communities. Both programs are outlined in the issues and decision points below.

Note: Regional designation and community allocations should not be viewed as "either/or" alternatives. Community allocations could be designated with regions if regionalization is a preferred option.

3.1 Regionalization

In a regionalized program, FQS would be designated to a specific region. IFQs issued would carry the same regional designation as the underlying FQS. Harvests supported by IFQs with a regional designation would be required to be delivered to a processor within the designated region. FQS and IFQs designated to a specific region would not be transferable across regions.

3.1.1 Region Identification and Definition

The regional definition of the processing sector that supports the fisheries will affect the implications of developing a regionalized program. One of a few different scales could be used to define regions.

Note: The options below could be altered if the initial examination of the data show a more realistic division of the quota. For example, the data may show that shore based processing has occurred only in the CGOA, and that it may make sense to regionalize only CGOA shares.

3.1.1.1 The current regulatory areas (WGOA, CGOA, WY) provide the broadest regional definitions that could be used to define regions under the program. Using these regional definitions, all or a portion of the FQS and corresponding IFQs from a regulatory area could be designated for delivery to processors that are located within the regulatory area from which harvests were taken.

3.1.1.2 Regions could be defined at a finer scale than regulatory areas. Existing community or borough boundaries could provide regional definition. If community or borough boundaries are used for regional definition, all or a portion of the FQS and corresponding IFQs from a regulatory area could be designated for delivery to processors in specific communities or boroughs that border the regulatory area.

Note: Distinction between regional delivery FQS (RDFQS) and IFQs (RDIFQs) and open delivery FQS (ODFQS) and IFQs (ODIFQs). A regionalized program could include two different FQS designations. A portion of the FQS issued could be designated as specific to a defined region—requiring delivery of harvests authorized by the corresponding IFQs to be delivered to processors in the specified region. These FQS and IFQs could be referred to as region delivery FQS (RDFQS) and region delivery IFQs (RDIFQs). The remaining FQS could be designated as open delivery FQS (ODFQS) and open delivery IFQs (ODIFQs)—use of which would not restrict the delivery of harvests by region.)

3.1.2 Apportionment of CVFTAC across regions

In a regional program that adheres to the existing regulatory area boundaries, regional distribution of CVFTAC could be accomplished by simply applying the CVFTAC to the underlying

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regulatory area. If regulatory areas are not used for regional definition, harvest allocations within each regulatory area must be divided between identified regions. A single option for dividing harvests among regions is shown below.

- 3.1.2.1 RDFQS could be designated to each region in proportion to the historical deliveries in each region in the years 1996 to 2000.

3.2 Community Allocations

Under this program, communities would receive FQS or PQS in the initial allocation and IFQs or IPQs on an annual basis.

Note: Whether communities receive both FQS and PQS, or one or the other, are options within the program.

3.2.1 Eligible Communities

All communities in the GOA that are undeveloped or underdeveloped would be eligible to receive allocations.

Note: Eligibility criteria for communities would need to be further defined, but could be modeled after the definitions used in the Halibut Charter Program. There are 23 communities proposed in Area 2C, 15 communities proposed in Area 3A, and 6 communities proposed in Area 3B that meet the Coalition's criteria for eligible communities. The four criteria for eligibility are: (1) coastal, (2) fisheries-dependent, (3) no road access, and (4) less than 2,500 residents.

3.2.2 Types of Shares Allocated to Communities

It will be necessary to determine whether communities should receive both FQS and PQS, or one or the other.

3.2.2.1 Communities would receive FQS

If communities receive FQS then it will also be necessary to determine whether communities should receive both CV-FQS and CP-FQS, or one or the other. Either or both of the following sub-options could be chosen:

3.2.2.1.1 Communities would receive CV-FQS

3.2.2.1.2 Communities would receive CP-FQS

3.2.2.2 Communities would receive PQS

3.2.2.3 Communities would receive both FQS and PQS

3.2.3 Allocation Amounts

Community allocations would be allocated to a Gulf of Alaska administrative entity, that would distribute the shares to eligible communities. The following allocation amount options are proposed:

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3.2.3.1 Community Allocation of 5%

3.2.3.2 Community Allocation of 7.5%

3.2.3.3 Community Allocation of 10%

3.2.4 Who Could Use Community IFQs or IPQs.

3.2.4.1 Community allocations could be used by any person or entity.

Note: This option implies that the communities could lease their FQS or PQS to any person or entity regardless of residence status.

3.2.4.2 Community allocations could only be used by residents of qualifying communities

3.2.5 Sunset Dates for Allocations to Specific Communities

Allocations to specific communities could be established to continue for a specified period of years after which they would be reallocation to other communities in a "drop-through" system.

3.2.5.1 Allocations to Specific Communities would not have a sunset.

3.2.5.2 Allocations to specific communities would continue for a fixed time-period.

Allocations would be revisited periodically with new community allocations developed to continue for a specified period of years (i.e., "drop through" system). The following sub-options are proposed:

3.2.5.2.1 Allocations to specific communities would sunset after 20 years

3.2.5.2.2 Allocations to specific communities would sunset after 25 years

3.2.5.2.3 Allocations to specific communities would sunset after 30 years

3.2.6 Community Purchase of Additional FQS and PQS

3.2.6.1 Communities qualifying for community allocations could purchase additional FQS or PQS.

3.2.6.2 Communities qualifying for community allocations are prohibited from purchasing addition FQS or PQS.

Attachment 1

CATCH HISTORY TRANSFER SCENARIOS

The following three scenarios depict some of the issues that arise with multiple catch history qualification periods. The scenarios assume that the Rockfish Fishing Program is approved with Vessel Participation Criterion of 1998-2000 (Option 1.2.3.1) and FQS Determination Period of all years from 1996-2000 (option 1.2.4.3).

Scenario 1: Joe built the *FV Redfish* in 1998 after the *FV Bluefish* was destroyed in 1997. The *FV Redfish* participated in the GOA trawl rockfish fisheries every year from 1998-2000. Joe also owned the *FV Bluefish* from 1990-1997 when it was destroyed. The *FV Bluefish* trawled for GOA Rockfish every year from 1990-1997. After the *FV Bluefish* was destroyed and the *FV Redfish* was built, Joe had his attorney draft a legal document indicating that Joe owned catch history of the *FV Bluefish*, and that Joe was assigning the catch history of the *FV Bluefish* to the *FV Redfish* in the event that a rationalization program was adopted by the Council.

Finding: Joe will get FQS for the catch history of the *FV Redfish* from 1998-2000 and the catch history of the *FV Bluefish* from 1996-1997.

Scenario 2: Joe buys the *FV Redfish* in 1998 from Bill after the Joe's *FV Bluefish* was destroyed in 1997. During the purchase process, Joe and Bill agreed and signed papers that Bill would retain the catch history of the *FV Redfish*, which had trawled for POP from 1990-1997. Bill flew to Hawaii and hasn't left the beach or thought about fishing since he got out in 1997. The *FV Redfish* continued to participate in the GOA trawl rockfish fisheries every year from 1998-2000. The *FV Bluefish* trawled for GOA Rockfish every year from 1990-1997. After the *FV Bluefish* was destroyed and the *FV Redfish* was purchased, Joe had his attorney draft a legal document indicating that Joe owned catch history of the *FV Bluefish*, and that Joe was assigning the catch history of the *FV Bluefish* to the *FV Redfish* in the event that a rationalization program was adopted by the Council.

Finding: Joe will get FQS for the catch history of the *FV Redfish* from 1998-2000 and the catch history of the *FV Bluefish* from 1996-1997. The catch history of the *FV Redfish* from 1996-1997 will not generate FQS because the owner of that catch history (Bill) did not own a vessel that participated between 1998-2000.

Scenario 3: Joe buys the *FV Redfish* in 1998 from Bill after the Joe's *FV Bluefish* was destroyed in 1997. During the purchase process, Joe and Bill agreed and signed papers that the catch history of the *FV Redfish* would be transferred to Joe, which had trawled for POP from 1990-1997. With the extra money Joe paid Bill for the catch history of the *FV Redfish* flew to South Pacific, bought an entire island, and hasn't left the beach or thought about fishing since he got out in 1997. The *FV Redfish* continued to participate in the GOA trawl rockfish fisheries every year from 1998-2000. The *FV Bluefish* trawled for GOA Rockfish every year from 1990-1997. After the *FV Bluefish* was destroyed and the *FV Redfish* was purchased, Joe had his attorney draft a legal document indicating that Joe owned catch history of the *FV Bluefish*, and that Joe was assigning the catch history of the *FV Bluefish* to the *FV Redfish* in the event that a rationalization program was adopted by the Council.

Initial Finding: Joe will get FQS for the catch history of the *FV Redfish* from 1996-2000. The initial finding of NMFS however states that the catch history of the *FV Bluefish* from 1996-1997

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will not generate FQS because allowing Joe to include that catch history would be allowing two catch histories to be combined into one catch history. Joe appeals the initial finding arguing that if he had not purchased the pre-1998 catch history of the *FV Redfish*, the catch history of the *FV Bluefish* would have counted. Joe also points out that the language of the Groundfish LLP approved by the Council in 1995 indicated that transfers of catch history during sales of vessels must be legally documented, and the transfer of the catch history of the *FV Redfish*, was legally documented.

Final Finding: Joe wins his appeal. Joe will get FQS for the catch history of the *FV Redfish* from 1996-2000 and the catch history of the *FV Bluefish* from 1996-1997.

1. Bycatch Provision

1. Options for PSC Cap

- o Status quo cap
- o Stair step reduction by X% over 5 years
- o Deduction pool (1.3.3.3) - Accumulate PSC savings through transfers of PSCQ

2. Habitat Provision

2. Develop a habitat conservation plan to determine where the rockfish fishery may occur. The plan would be based on avoiding areas sensitive to bottom trawl impacts. The goal would be to avoid unintended fishing effects on habitat or the stocks (for example, weak components of the complex or species for which there is uncertainty regarding age structure, life history, etc.) and enable greater productivity over time.

(See attached excerpt from EA for EFH amendment illustrating the lack of information about rockfish habitat requirements.)

3. Observer Coverage (helpful for both bycatch and conservative management in general)

- o Establish fee-based observer program for rationalized fishery to pay for 100% coverage on vessels <125' and assign coverage to X% of vessels <60'.

The intent is to:

- o Facilitate tracking of individual vessel bycatch quota
- o Assign more accurate bycatch rates to vessels currently without 100% observer coverage (this would allow individual vessels to be rewarded for improvements by earning a lower bycatch rate)
- o Improve data collection on catch and biology of species in the rockfish complex

**Draft for inclusion in item 3 of the rockfish elements and options for rockfish
as revised by the committee**

**3. Regionalization and Community Allocation
(After existing paragraph)**

The Program could also, consistent with Magnuson-Stevens National Standard 8 and the recommendations of the National Research Council, allocate to undeveloped and/or underdeveloped communities a specific amount of TAC. Community based TAC would be subject to regional designations.

3.1.3 Gulf of Alaska community allocations would be allocated to a Gulf of Alaska administrative entity.

3.1.3.1 Community Allocation of 5%

3.1.3.2 Community Allocation of 7.5%

3.1.3.3 Community Allocation of 10%

3.1.4 Allocation to communities of both FQS ,PQS and/or CPQS.

3.1.4.1 Allocation to communities limited to FQS.

3.1.5 Community allocations could be fished by any person or entity

3.1.5.1 Community allocations could only be fished by residents of qualifying communities

3.1.6 Community Allocations would not have a sunset...

3.1.6.1 Community allocations would be for a fixed time period (20, 25 or 30 years) but would be revisited every 10 years with new community allocations developed to run for a specified period of years. (ie "drop through" system)

3.1.7 Communities qualifying for community allocations could purchase additional FQS, PQS. and/or CPQS.

DRAFT

Western Gulf of Alaska Fishermen group GOA Groundfish Rationalization Plan

Purpose: To design a *two year test program* to implement to test ITQ-like rationalized fishery management regimes for a group in the Gulf of Alaska (GOA) groundfish fisheries.

This proposed rationalization program is a test: This program is intended to expire two years after implementation unless it is ratified prior to that date by holders of 66 2/3% of the IFQ poundage for each species and 66 2/3% of the IPQ poundage holders for each species.

Assumptions:

1. The GOA is home to a large and diverse fishing fleet and processing facilities
2. There is a relatively large resident coastal population existing in many towns and villages across the GOA.
3. The GOA groundfish fishery is the largest fishery in the GOA in terms of volume, value and capital investment, but not in terms of numbers of fishermen.
4. Due to the diversity that exists in the GOA, it is unlikely that a broad program designed to rationalize the entire groundfish fishery can ever be designed.
5. GOA fishing groups and processing facilities that display great affinity do exist.
6. These smaller fishing and processing groups that exist regionally across the GOA should be allowed to identify themselves and seek rationalization individually.

The Western Gulf of Alaska Fishermen group (WGOAF) and processors in the Western Gulf are a distinct group that exists in the GOA groundfish fisheries.

1. There are 15 members in the fishermen's group.
2. They all fish Pacific cod and most fish pollock.
3. They all fish with:
 - * Trawls
 - * Pots
 - * Longlines
4. They all have significant historic participation in groundfish fisheries in:
 - * Area 610
 - * Area 620
 - * Area 630
5. There are a small group of processors to whom these fishermen have sold their GOA harvests
 - * Trident
 - * New West
 - * Peter Pan
 - * Icicle
6. The fishermen base their fishing operations out of:
 - * Sand Point
 - * Kodiak
 - * King Cove
 - * Chignik
 - * False Pass

Proposed Plan Elements: WGOAF, along with their processors, propose the following rationalization plan:

Individual Fishing Quotas (IFQ): WGOAF members and any other eligible LLP license holders wishing to do so will receive IFQs for their *individual* percentage of P-cod and pollock harvests in the GOA made during the years 1995-1999.

Minimum criteria: Fishermen will receive IFQ as long as they have a minimum of 20 p-cod and/or pollock deliveries during 1995-1999. The harvest percentages earned by vessels that are ineligible to join this IFQ program due to insufficient landings shall be allocated pro rata to IFQ holders and Open Access fishermen in the GOA.

Average individual historic participation using: Straight average calculation for years 1995-99

Individual Processing Quotas (IPQs): All groundfish processors who processed groundfish in the GOA areas during the years 1995-1999 are eligible to receive IPQs for 100% of their average historic percentage of total production. IPQ are awarded based upon where IFQ eligible fish were landed. If, for example, an IFQ participant landed half of its catch to Trident and half to Peter Pan, each processor would receive IPQs for half of the vessel owners IFQs.

IFQ ownership and usage by IPQ processors: At least 20% of IFQ owned by IPQ processors must be available for lease to non IPQ owned IFQ harvesters. IPQ eligible processors cannot increase their IFQ ownership by more 15% beyond their initial allocation.

Price Negotiations. Both harvesters and processors are concerned that rationalization will diminish their current bargaining position. Therefore, prices should be agreed upon annually by both sectors prior to the decision whether to rationalize.

1. Prior to deciding whether or not a fishing vessel owner will enter into this IFQ program for a particular year, a price for all IFQ harvested fish must be agreed upon by the potential IFQ recipients and the potential IPQ recipients.
2. As part of this same agreement, a fishing plan for IFQ harvest must be signed by the potential IFQ recipients and the potential IPQ recipients.
3. IFQ owned by IPQ eligible processors cannot participate in price negotiations.
4. IFQ owned by IPQ processors must participate in IFQ fisheries.

Transferability.

1. IFQs can be sold, leased, or transferred, but they can only be leased to other IFQ holders.
2. IPQs can be sold, leased, or transferred to anyone.
3. IFQ holders who are not also IPQ holders will have first right of refusal in any IFQ sales.

Community ownership: Gulf of Alaska communities are eligible to acquire, own, and distribute IFQ and IPQ as they see fit under this program.

Sideboards for protection of non-rationalized fisheries. IFQ participants in this rationalization program will be ineligible to participate in any other Federal open access fishery for Pacific cod or pollock in any other GOA area, in any year that they receive IFQs under this program.

Quota shifted to Shelikof Strait: IFQ history earned in any area of the GOA that was later shifted to Shelikof Strait CHA shall continue to be considered part of the IFQ rights of the holder and shall belong to and be available for harvest to the IFQ holder.

June 2000 AP recommendation on GOA P.cod rationalization

The goa Rationalization Committee revised the June 2000 Advisory Panel recommendation such that the Council request AKFIN (?) to develop tables depicting background data to implement further LLP endorsements for GOA pollock, Pacific cod, rockfish, and flatfish.

Freezer Longline Vessels:

Qualification Years:

- Option 1: Any two years 1995, 1996, 1997, 1998
- Option 2: Any two years 1995, 1996, 1997, 1998, 1999
- Option 3: Any two years 1995, 1996, 1997, 1998, 1999, 2000
- Option 4: Any two years 1995, 1997, 1998, 1999
- Option 5: Any two years 1995, 1997, 1998, 1999, 2000
- Option 6: Any three years of 1995, 1996, 1997, 1998
- Option 7: Any three years of 1995, 1996, 1997, 1998, 1999
- Option 8: Any three years of 1995, 1996, 1997, 1998, 1999, 2000

Minimum poundage requirement during each qualifying year:

- Option 1: 100,001 lbs. - 200,000 lbs.
- Option 2: 200,001 lbs. - 300,000 lbs.
- Option 3: > 300,000 lbs.

Catcher Longline Vessels:

Qualification Years:

- Option 1: Any two years 1996, 1997, 1998
- Option 2: Any two years 1996, 1997, 1998, 1999
- Option 3: Any two years 1996, 1997, 1998, 1999, 2000
- Option 4: Any three years of 1995, 1996, 1997, 1998
- Option 5: Any three years of 1995, 1996, 1997, 1998, 1999
- Option 6: Any three years of 1995, 1996, 1997, 1998, 1999, 2000

Qualification landings (minimum landing requirements):

Minimum poundage requirement during each qualifying year:

- Option 1: 25,000 lbs. - 50,000 lbs.
- Option 2: 50,001 lbs. - 100,000 lbs.
- Option 3: 100,001 lbs. - 300,000 lbs.
- Option 4: > 300,000 lbs.

Suboption 1: Allow catcher vessels less than 60' LOA to use their jig landing as part of their catch history to apply towards a minimum landing requirement.

Suboption 2: Allow all catcher vessels to use their jig landing as part of their catch history to apply towards a minimum landing requirement.

Pot Gear Catcher Vessels:

Qualification Years:

- Option 1: Any two years of 1995, 1996, 1997, 1998
- Option 2: Any two years of 1995, 1996, 1997, 1998, 1999
- Option 3: Any two years of 1995, 1996, 1997, 1998, 1999, 2000
- Option 4: Any three years of 1995, 1996, 1997, 1998
- Option 5: Any three years of 1995, 1996, 1997, 1998, 1999
- Option 6: Any three years of 1995, 1996, 1997, 1998, 1999, 2000
- Option 7: Any four years of 1995, 1996, 1997, 1998,
- Option 8: Any four years of 1995, 1996, 1997, 1998, 1999
- Option 9: Any four years of 1995, 1996, 1997, 1998, 1999, 2000

AND

Qualification landings (minimum landing requirements):

Minimum pounds required for delivery during each qualifying year:

- Option 1: 25,000 lbs. - 50,000 lbs.
- Option 2: 50,001 lbs. - 100,000 lbs.
- Option 3: 100,001 lbs. - 300,000 lbs.
- Option 4: > 300,000 lbs.

Pot Gear Catcher Processor Vessels:

Qualification Years:

- Option 1: Any two years of 1995, 1996, 1997, 1998
- Option 2: Any two years of 1995, 1996, 1997, 1998, 1999
- Option 3: Any two years of 1995, 1996, 1997, 1998, 1999, 2000
- Option 4: Any three years of 1995, 1996, 1997, 1998
- Option 5: Any three years of 1995, 1996, 1997, 1998, 1999
- Option 6: Any three years of 1995, 1996, 1997, 1998, 1999, 2000
- Option 7: Any four years of 1995, 1996, 1997, 1998,
- Option 8: Any four years of 1995, 1996, 1997, 1998, 1999
- Option 9: Any four years of 1995, 1996, 1997, 1998, 1999, 2000

AND

Qualification landings (minimum landing requirements):

Minimum pounds required for delivery during each qualifying year:

- Option 1: 25,000 lbs. - 50,000 lbs.
- Option 2: 50,001 lbs. - 100,000 lbs.
- Option 3: 100,001 lbs. - 300,000 lbs.
- Option 4: > 300,000 lbs.

Trawl Catcher Vessels:

Qualification Years:

- Option 1: Any two years of 1995, 1996, 1997, 1998
- Option 2: Any two years of 1995, 1996, 1997, 1998, 1999
- Option 3: Any two years of 1995, 1996, 1997, 1998, 1999, 2000
- Option 4: Any two years of 1996, 1997, 1998, 1999
- Option 5: Any two years of 1996, 1997, 1998, 1999, 2000
- Option 6: Any three years of 1995, 1996, 1997, 1998

- Option 7: Any three years of 1995, 1996, 1997, 1998, 1999
- Option 8: Any three years of 1995, 1996, 1997, 1998, 1999, 2000
- Option 9: Any four years of 1995, 1996, 1997, 1998
- Option 10: Any four years of 1995, 1996, 1997, 1998, 1999
- Option 11: Any four years of 1995, 1996, 1997, 1998, 1999, 2000
- Option 12: Any five years of 1995, 1996, 1997, 1998, 1999
- Option 13: Any five years of 1995, 1996, 1997, 1998, 1999, 2000

AND

Qualification landings (minimum landing requirements):

Minimum pounds required for delivery during each qualifying year:

- Option 1: 50,001 lbs. - 100,000 lbs.
- Option 2: 100,001 lbs. - 300,000 lbs.
- Option 3: > 300,000 lbs.

Trawl Catcher Processors:

Qualification Years:

- Option 1: Any two years of 1995, 1996, 1997, 1998
- Option 2: Any two years of 1995, 1996, 1997, 1998, 1999
- Option 3: Any two years of 1995, 1996, 1997, 1998, 1999, 2000
- Option 4: Any two years of 1995, 1996, 1997
- Option 5: Any two years of 1996, 1997, 1998
- Option 6: Any two years of 1996, 1997, 1998, 1999
- Option 7: Any two years of 1996, 1997, 1998, 1999, 2000
- Option 8: Any three years of 1995, 1996, 1997, 1998
- Option 9: Any three years of 1995, 1996, 1997, 1998, 1999
- Option 10: Any three years of 1995, 1996, 1997, 1998, 1999, 2000

AND

Qualification landings (minimum landing requirements):

Minimum pounds required for delivery during each qualifying year:

- Option 1: 100,001 lbs. - 300,000 lbs.
- Option 2: > 300,000 lbs.

Jig Gear Vessels:

Qualification Years:

- Option 1: Any one year of 1995, 1996, 1997, 1998
- Option 2: Any one year of 1995, 1996, 1997, 1998, 1999
- Option 3: Any one year of 1995, 1996, 1997, 1998, 1999
- Option 4: Any two years of 1995, 1996, 1997, 1998
- Option 5: Any two years of 1995, 1996, 1997, 1998, 1999
- Option 6: Any two years of 1995, 1996, 1997, 1998, 1999
- Option 7: Any three years of 1995, 1996, 1997, 1998
- Option 8: Any three years of 1995, 1996, 1997, 1998, 1999
- Option 9: Any three years of 1995, 1996, 1997, 1998, 1999

AND

Qualification landings (minimum landing requirements):

Minimum pounds required for delivery during each qualifying year:

Option 1: A landing only (no minimum poundage required)

Option 2: 25,000 lbs. - 50,000 lbs.

Option 3: 50,001 lbs. - 100,000 lbs.

Option 4: over 100,001 lbs.

Exemptions

Analyze options that exempt the following vessel sizes from the gear and area endorsements:

1. 58'

2. 50'

3. 48'

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MAY 22 2001

N.P.F.M.C

David Hillstrand
Box 1500
Homer, AK 99603

North Pacific Fisheries Management Council.

The NPFMC has been progressing along with a process; rationalizing the fishery, for a stable fishery, reducing stress on the resource, and stress on those who fish.

- a. The first was the Moratorium on vessels entering the fishery. 1988-1992
- b. The second was the LLP endorsements from 1992-1995
- c. The third was the recency requirement of one landing from 1995-1997

The NPFMC next step if it decides would be, IFQ's. The committee has notified the Council that it is undecided about dates to choose from for determining ones catches history. This is because of those who are not currently fishing and who have speculated on quota and made historic or sporadic landings. I hope the council will see this and avoid political influence and not cause harm to those who are currently fishing, and economically dependent upon the Crab fishery!

Using a period of greater than five years back from the date set by the Council when it determined that future catch history may not be considered after; Dec 31st 1999, will cause hardship on those currently fishing who are dependent upon the crab fisheries. **We are against IFQ's if more than five years are considered!**

What the NPFMC needs to do is decide on a time period of three years or five years. Than apply this time period to each fishery, from the Dec. 31st 1999 date. The AFA and the Gulf of Alaska committee have even chose current dates when deciding a catch record. 1995-1997 for the AFA, and 1995-April 16th 2000.

We would like the council to know that missed years are not acceptable; only in the case of a sinking and then only allow one year. We personally will lose in other fisheries such as the Pacific Cod quota, if all years are included! **Having all years included is the right thing to do!** Every vessel should receive what they have participated in, to the degree of participation. That is only determined by all years being included. **Again we are totally against IFQ's if you do not included all years!**

Here are our recommendations for determining catch records, which will simplify the process for the NPFMC.

Opilio

1. Three years 1997, 1998, 1999
 - a. All years.

2. Five years 1995, 1996, 1997, 1998, 1999
 - a. All years

Bristol Bay Red King crab

1. Three years 1997, 1998, 1999
 - a. All years.
2. Five years 1993, 1994, 1997, 1998, 1999
 - a. All years

The fishery had years that were closed. This is how a time period applies with closed seasons and a five-year time period compared to three.

Baridi

1. Three years 1994, 1995, 1996
 - a. All years.
2. Five years 1992, 1993, 1994, 1995, 1996
 - a. All years

This is how the time period applies to a fishery that has been closed.

St. Matthews

1. Three years 1996, 1997, 1998
 - a. All years.
2. Five years 1994, 1995, 1996, 1997, 1998
 - a. All years

Pribilofs

1. Three years 1976, 1997, 1998
 - a. All years.
2. Five years 1994, 1995, 1996, 1997, 1998
 - a. All years

This is how the time period applies to a closed fishery. ADF&G would be more inclined to open the fisheries if they could ensure an exact harvest.

We strongly suggest the NPFMC eliminate in the study the option of more than five years, and any missed years from the equation, this will simplify the Councils options.

Transfer/Leasing

We highly recommend that the NPFMC limit transfers, sales and leasing to preserve jobs.

1. No transfer or Leasing, no co-ops for three years.
 - a. Just the ability of us to slow down our fishing operation would be of enormous benefit.
2. Allow sale of catch history in the future.
 - a. No owner can purchase another vessel if they own interest in more than one vessel.
 - b. Owners that own only one vessel can purchase another vessel or its shares if it does not exceed the cap set by the NPFMC.
3. Are largest concern is to not to allow too much consolidation.
 - a. Owners that have 2 or more vessels should not be allowed to lease additional shares.
 - b. We recommend only 2 vessels for consolidation or leasing. From a fleet of 250 to 125 vessels is a dramatic reduction in crew and jobs.

Excessive Share Caps

1. 1% to 2% For King crab red, blue and Baridi. = 100 to 50 vessels
2. 10%-20% for Brown king crab. = 10 to 5 vessels
3. 1% to 2% for Opilio. = 100 to 50 vessels
4. Grandfather provisions if one exceeds the excessive share cap in the original endorsement.
5. This will determine if an owner can purchase more shares. Again please watch for owners accruing a large monopoly.

The NPFMC should bring up how many vessels owners would receive a large portion of the quota. The NPFMC should also note the CDQ's 7.5% of the quota in the crab fishery.

Canneries Shares

1. If Processor shares are allowed according to their processing history please consider.
 - a. The vessels having the ability to take some of their catch to another processor during that year 20% and greater.
 - b. We would like to bring to the NPFMC attention that the processors have processor shares already through AFA.
 - c. Awarding shares could cause more hardship on non-AFA processors and vessels.

Community Shares

2. If community shares are allowed according to their landing history please consider the following.
 - a. The vessels having the ability to take some of their catch to another community during that year 20% and greater.

- b. Vessels that have delivered to more than two communities are allowed to continue their current practice.
- c. St. Paul would be the only community directly affected that we can think of. Years of high abundance for opilio's would probable see no change in current delivery practices. Years of low abundance would probable see a shift in landing patterns. 1999, 2000, and 2001 would be a good study for the opilio landings.

St. Mathews would still have most of its product delivered to floating processors; because of dead loss.

The Pribilofs could see most of the product delivered back to Dutch Harbor or Kodiak for a better price for the vessels, with lower cannery overhead.

We would most likely deliver our opilio's to St. Paul on years of high abundance and our last load of crab to Kodiak. The trip to Dutch or Kodiak and back would be to long of a round trip and raise expenses too much to justify delivery elsewhere. On years of low abundance we would take our load of opilio's to the highest bidder, or to our current market.

For the Pribilofs we would deliver our product to Kodiak or the highest bidder. For the Bristol Bay RKC fishery we would most likely deliver to historic ports and the vessel deliveries would probably stay the way they are.

As a fisher we would continue our current delivery practice. The Council would need to ask processors what changes they would make with a slower paced fishery.

The NPFMC can do one thing that would help the Crab fleet immediately and be greatly appreciated!

- a. Catcher vessel quota
- b. Catcher processor quota
- c. The splitting of the quota between the C/V's and the C/P's would be very helpful in determining prices.


David Hillstrand

F/V TIME BANDIT



**alaska
fresh
seafoods, Inc.**

PLANT: 106 MARINE WAY, KODIAK, AK 99615 (907) 486-5749 FAX (907) 486-6417
HEAD OFFICE: 4241 21ST AVE. WEST, SUITE 204, SEATTLE, WA 98199

May 29, 2001

Mr. David Benton, Chairman
North Pacific Fishery Management Council
605 West 4th Ave., Suite 306
Anchorage, AK 99501-2252

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MAY 29 2001

N.P.F.M.C

Re: Agenda Topic C-8, GOA Groundfish Rationalization - June, 2001, Council Meeting

Dear Mr. Benton,

I am a part owner, Vice President and Plant Manager of Alaska Fresh Seafoods (AFS). I started this company with 3 other partners in 1978. AFS is a small, independent all-American owned company, run and managed by Alaskans. AFS has real concern with the whole issue of Individual Processing Quotas generally, and specifically with regard to GOA groundfish IPQs because they jeopardize the financial stability and the future of Alaska Fresh Seafoods.

AFS has no other business ventures apart from seafood processing. AFS has a past history of processing rockfish, and I believe that AFS was the first processor on the Kodiak waterfront to run any significant volume of rockfish - this occurred in the mid 1980s.

Several processing facilities in Alaska are affiliated with large domestic and foreign companies that own multiple processing plants in Alaska and elsewhere that are market, species and geographically diverse. Several processing facilities in Alaska are also affiliated with other large American, foreign, multi-national or international companies that derive significant revenues from diversified seafood and other domestic and international business ventures (trading companies; other food and seafood value-added processing and distribution; Alaskan, domestic and international seafood harvesting and processing ventures; agriculture; manufacturing; etc.). These other affiliations and multiple processing operations provide financial and competitive strength.

AFS owns and operates one processing facility in Kodiak, AK. We are not affiliated with any other large American or foreign owned company that owns other processing facilities in Alaska, or that has a connection with other national or international business ventures. AFS depends entirely on our ability to be efficient, attract product and fishermen, control costs and other overhead, and generate profits from our single line of business (processing) and our single processing facility.

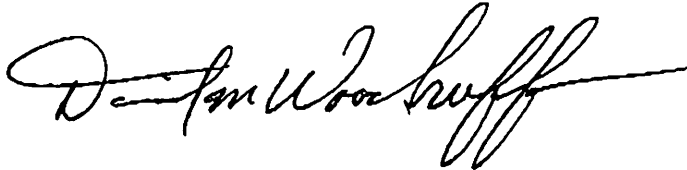
GOA Groundfish Rationalization
Page 2 of 2

I believe that IPQs are generally an economic and competitive disadvantage to small independent processing facilities like AFS. This situation could be more threatening if processing companies that own IPQs are also permitted to own, use and lease fishermen IFQs. Some GOA processors have ownership links with plants in the Bering Sea that can process many millions of pounds of pollock per day. There is the additional worry that the combination of processor IPQs and fishermen IFQs promotes vertical integration that can work to the competitive detriment of fishermen and small and independent processing companies. AFS owns no harvesting vessels or fishing history.

I do not believe that many people in the fishing industry are aware that a fairly detailed GOA rockfish rationalization plan is under development. A GOA rockfish IPQ program could benefit only 4 or 5 Kodiak processing plants, and a few other plants in other parts of the GOA - - this would force all rockfish fishermen to deliver only to these few plants. GOA rockfish is small in dollar value and tonnage in comparison to pollock and cod. With all of the discussion about the need for rationalization in the GOA cod and pollock fisheries, and the problems that are in need of attention that are always talked about in regard to these fisheries, why are we rationalizing GOA rockfish?

Thank you for your consideration of my opinion in this matter.

Sincerely,



David M. Woodruff
Vice President and Part Owner

ALASKA LONGLINE FISHERMEN'S ASSOCIATION
403 LINCOLN STREET, STE. 237
SITKA, ALASKA 99835

June 2, 2001

Dear Members of the Council,

On behalf of the members of the Alaska Longline Fishermen's Association (ALFA) and the Petersburg Vessel Owner's Association (PVOA), we request that the Council drop the Southeast Outside area (east of 140 degrees West Longitude) from further consideration under the Gulf Rationalization program. Our reasons for making this request are explained below.

The problem statement adopted by the Council to guide development of the rationalization program addresses overcapitalization, safety at sea, utilization, bycatch, habitat protection, ability to adapt to sea lion measures, and community stability. The fisheries under consideration are pollock, pacific cod, flatfish and trawl rockfish targets. Neither the issues nor the fisheries identified describe the situation in Southeast.

As you know, Southeast fishermen target sablefish, halibut, and to a lesser degree, Demersal shelf rockfish. Issues of overcapitalization, safety, bycatch, etc., were addressed by design and implementation of the halibut/sablefish IFQ program. Demersal shelf rockfish stocks are managed by the Alaska Department of Fish and Game under a trip limit system and sub-area closures. These management measures "rationalized" Southeast fisheries. The area is closed to trawling to protect sensitive habitat and fishery dependent coastal communities, an area off of Sitka is closed to all fishing to protect a unique concentration of ling cod spawning habitat, and additional habitat protection measures are under consideration as part of the HAPC process. Fisheries for pollock, cod, flatfish and trawl rockfish species do not exist. While pelagic troll or longline fisheries may develop at some time in the future for some of these species, limiting access at this time is clearly premature. Quite simply, neither the fisheries nor the problems demanding Council action through rationalization exist in Southeast.

Since the rationalization effort began, we have struggled to find a reason for including Southeast in the process. Instead we have become increasingly convinced that Southeast simply does not fit. If nothing is broken, what would the Council fix? Certainly the Council has plenty on its plate without adding nonexistent issues. For these reasons, we ask that the Southeast area be eliminated from consideration under the Gulf groundfish rationalization program.

Thank you for the opportunity to comment. We will be prepared to answer questions at the June Council meeting in Kodiak.

Sincerely,

Sarah Blue, ALFA

Sarah Blue

Arne Fuglevog, PVOA

Arne Fuglevog

Introduced by: Manager Carlson
Requested by: Assembly
Drafted by: Assembly
Introduced: 06/07/2001
Amended: 06/07/2001
Adopted: 06/07/2001

CJ

KODIAK ISLAND BOROUGH
RESOLUTION NO. 2001-30

**A RESOLUTION OF THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH
SUPPORTING HISTORICAL COMMUNITY LANDING REQUIREMENTS IN ANY NEW
GULF OF ALASKA FEDERAL GROUND FISH RATIONALIZATION PROGRAM**

WHEREAS, amendments to the Magnuson-Stevens Fishery Conservation and Management Act (MSA), passed by congress in December of 2000, called for the North Pacific Fishery Management Council to examine the Gulf of Alaska groundfish fisheries to determine whether rationalization is needed; and

WHEREAS, national standard #8 of the 1996 MSA states "take into account the importance of fishery resources to fishing communities in order to 1) provide for the sustained participation of such communities, and 2) to the extent practicable, minimize adverse economic impacts on such communities; and

WHEREAS, the Kodiak Island Borough is a fishing dependent community with a large capital investment in the infrastructure to support the groundfish fishing industry; and

WHEREAS, more than half of the jobs in the Kodiak Island Borough are directly involved in the groundfish fishing industry; and

WHEREAS, the Kodiak Island Borough receive tax revenues in the form of local severance tax, and state raw fish tax directly attributable to the federal groundfish fisheries in excess of one million dollars annually; and

WHEREAS, the federal groundfish fisheries represents over 70% of the total pounds of all species of fish landed in the Kodiak Island Borough;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH that to the extent that the North Pacific Fishery Management Council employs any new Gulf of Alaska rationalization program, a community landing requirement based on historical community participation should be a component of this rationalization program.

**ADOPTED BY THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH
THIS SEVENTH DAY OF JUNE, 2001**



KODIAK ISLAND BOROUGH
Gabrielle LeDoux

Gabrielle LeDoux, Borough Mayor

Judith A. Nielsen

Judith A. Nielsen, CMO, Borough Clerk