

Excerpt from:**OCTOBER 2003
Gulf of Alaska Rationalization
Alternative Descriptions and Discussion Paper****Description of the June Alternatives*****June Alternative 1***

Under this alternative all sectors would be subject to the current management. For most fisheries this would be continued management under the License Limitation Program (the LLP). Entry to the jig fishery would continue to be permitted for vessels under 60 feet without an LLP licence. Vessels under 26 feet would not require an LLP. Vessels fishing in the State parallel fishery would not be subject to LLP restrictions. Bycatch of participants in the halibut and sablefish IFQ program would continue under the current management.

June Alternative 2

Under this alternative different sectors would be subject to different management. Most participants would be subject to a mandatory cooperative program, under which participants would be required to join a cooperative to receive an exclusive (or protected) annual harvest share allocation. Initial share allocations would be based on historic participation. Separate sectors of catcher/processors, trawl catcher vessels, and high producing fixed gear catcher vessels¹ would all be subject to the mandatory cooperative program. Participants in these sectors that elected not to join cooperatives would be permitted to compete for harvests with other non-members of cooperatives from their sector in a limited open access fishery comprised of the allocations of all non-members of cooperatives from the sector. The allocation of bycatch to the open access fishery would be reduced to encourage cooperative membership and to protect stocks from overharvest. The Council could require that each trawl catcher vessel cooperative deliver a specified percentage of its landings to either a closed class of processors or to the processor with which the cooperative associates. Cooperative eligibility and processor associations would be based on historic landings of the harvester. The fixed gear participants would be separated into two sectors – “high producing” fixed gear participants, those license holders that receive allocations above a specified percentile, and “low producing” fixed gear participants, whose harvest share allocations are below the specified percentile. High producing fixed gear catcher vessel cooperatives would be required to deliver a specified percentage of their harvests to a closed class of processors. Low producing fixed gear participants would not be subject to the mandatory cooperative structure, but would be issued IFQs and would be permitted to form voluntary cooperatives. The low producing fixed gear sector would not be subject to any processor landing requirements.

¹ In assessing the options, it is important to bear in mind that the program would be share-based not vessel-based. Harvest shares would be categorized by the vessel type that created that history. The categorization of the shares could limit the vessel type on which the shares could be used. Cooperative membership also could be limited to holders of a the same category of shares. So, in the discussion that follows, a reference to a cooperative of a certain vessel type should be interpreted as a cooperative made up of holders of shares with that vessel designation.

June Alternative 3

Under alternative 3, all participants would be managed under a mandatory cooperative program, under which participants would be required to join a cooperatives to receive an exclusive (or protected) annual harvest share allocation. The fishery would be divided into six sectors, catcher/processor trawl, catcher/processor longline, catcher/processor pot, catcher vessel trawl, catcher vessel longline, and catcher vessel pot. Participants in each sector would be initially allocated shares based on historic participation. As under alternative 2, participants that elected not to join cooperatives would be permitted to compete for harvests with other non-members of their sector in a limited open access fishery comprised of the allocations of all sector participants in the open access fishery. Bycatch allocations to the open access fishery would be reduced to increase the incentive for cooperative membership. Alternatively, the Council could choose to prohibit participants from fishing outside of cooperatives, making cooperative membership a prerequisite for participating in the fisheries. Catcher vessel cooperatives would be required to deliver a specified percentage of landings to the processor with which the cooperative associates. Cooperative eligibility and processor associations would be based on historic landings of the harvester. Movement between cooperatives would be permitted subject to either a temporary share reduction or a year in the open access fishery to protect the interests of the cooperative and associated processor.

Comparison of June Alternatives

To assist the Council in considering the breadth and contrast of the alternatives, a brief description of rules governing each vessel group under the different alternatives is contained in this section. At the end of the descriptions for each vessel group, a comparison of the two rationalization alternatives for the vessel group is presented. In addition to helping the Council assess the contrast of the alternatives, the Council may use these comparisons to guide its selection of options that would more fully define each alternative. In selecting options for the alternatives, the Council should consider the need for contrast among the alternatives. Greater contrast across the alternatives would allow analysis to provide a better understanding of the differences between programs that may be reasonable. In selecting options to make distinctions between the alternatives, the Council might also consider the implications of those choices for the analysis. Consistency across sectors within an alternative would likely simplify the analysis by generalizing the analysis of the alternative.

Catcher/processors

Alternative 2

Under alternative 2,

- Catcher/processor share holders are treated as a single sector.
- Eligible persons with catcher/processor history would be allocated harvest shares based on that catch history.
- To receive an exclusive annual allocation, the holder of shares would be required to join a cooperative.
- The annual allocation would be made to the cooperative and would be fished in accordance with the rules of the cooperative.
- If the holder of harvest shares chooses not to join a cooperative, the shares of that person would be allocated to an open access fishery, comprised of all non-members of cooperative in the catcher/processor sector.
- The bycatch allocation to the open access fishery would be reduced to create an incentive for cooperative membership.

The following elements and options would apply to catcher/processors under alternative 2:

- 4.1, Option 2 - mandatory cooperatives
- 4.2.1 - the sector must be clearly defined under this alternative
- 4.2.1.1 - no processor association for catcher/processor cooperatives
- 4.2.2 - one option should be selected for minimum cooperative membership
- 4.2.3 - defines cooperative agreement duration
- 4.3.1 - Option 1 - if an open access fishery is included the cooperative will receive the annual allocation of its members (not that of the entire sector)
- 4.4 - include all subsections - define individual and vessel use caps
- 4.4 - bullets are a necessary component
- 4.5.1 - rules concerning movement between cooperatives
- 4.6, Option 1 - creates an open access fishery for non-members of cooperatives

Alternative 3

Under alternative 3,

- Catcher/processor share holders are divided into trawl, longline, and pot gear sectors.
- Eligible persons with catcher/processor history would be allocated harvest shares based on that catch history.
- To receive an exclusive annual allocation, the holder of shares would be required to join a cooperative.
- The annual allocation would be made to the cooperative and would be fished in accordance with the rules of the cooperative.
- If the holder of harvest shares chooses not to join a cooperative, the shares of that person would be allocated to an open access fishery, comprised of all non-members of cooperatives of the gear type in the catcher/processor sector. Alternatively, the Council could choose to require cooperative membership for participation in the fisheries.
- The bycatch allocation to the open access fishery would be reduced to create an incentive for cooperative membership.

The following elements and options would apply to catcher/processors under alternative 3:

- 4.1, Option 2 - mandatory cooperatives
- 4.2.1, iii or iv - sectors are defined for each gear type
- 4.2.1.1 - no processor association for catcher/processor cooperatives
- 4.2.2 - one option should be selected for minimum cooperative membership
- 4.2.3 - defines cooperative agreement duration
- 4.3.1
Option 1 - if an open access fishery is included the cooperative will receive the allocation of its members (not that of the entire sector)
Option 2 - if no open access fishery is included, then the entire sector allocation should be made. If the program rules establish one cooperative for the sector, the entire allocation would be made to the cooperative as provided for by Option 2. If program rules create multiple cooperatives for the sector, the allocation of non-member's shares should be defined.
- 4.4 - including all subsections - define individual and vessel use caps
- 4.4 - bullets are a necessary component
- 4.5.1 - rules concerning movement between cooperatives
- 4.6 - defines rules for non-members of cooperatives

Comparison of catcher/processor alternatives

The two alternatives treat catcher/processors similarly. Both are mandatory cooperative programs. Alternative 2 includes a limited open access fishery for non-members of cooperatives. Alternative 3 includes the same open access provision, but also includes an option under which cooperative membership would be required for any participation in the fisheries. Although the Council may choose to make contrasting distinctions in the two alternatives through differences in the defining options, the management of the participation of the sector will remain largely the same under these two alternatives.

One possible distinction in the alternatives is the level of aggregation across different gear types (i.e., whether catcher/processors form a single sector or three separate sectors, one for each gear type). The table of alternatives suggests that under alternative 2 catcher/processors of all gear types will be considered a single sector, while under alternative 3 the different gear types would be treated as separate sectors. If this distinction is intended, the Council could include options that provide for different levels of aggregation across gear types in the two alternatives.

Trawl catcher vessels

Alternative 2

Under alternative 2,

- Trawl catcher vessel share holders are treated as a single sector.
- Eligible persons with trawl catcher vessel history would be allocated harvest shares based on that catch history.
- To receive an exclusive annual allocation, the holder of shares would be required to join a cooperative.
- The annual allocation would be made to the cooperative and would be fished in accordance with the rules of the cooperative.
- Two options for cooperative delivery requirements are proposed under this alternative. Under the first, the cooperative would be required to deliver a specified percentage of its landings to processors that are members of a closed class. Class membership would be based on processing history. Under the second option, eligibility for cooperative membership would be based on landings, with each share holder eligible to join a single cooperative associated with the processor to which it delivered the most fish to during the qualifying period. The cooperative, in turn, would be required to deliver specific percentage of its landings to the associated processor.
- If the holder of harvest shares chooses not to join a cooperative, the shares of that person would be allocated to an open access fishery, comprised of all non-members of cooperatives in the trawl catcher vessel sector. The bycatch allocation to the open access fishery would be reduced to create an incentive for cooperative membership.
- Under the option with processor linkages, movement of shares between cooperatives would be subject to a share reduction penalty or would require participation in the open access fishery for one year.

The following elements and options would apply to trawl catcher vessels under alternative 2 (with processor linkages):

- 3.1.1.1, Option 1, i - requires delivery to the linked closed class processor
- 3.1.1.2 - used to determine processor linkages

- 3.1.1.3 - specifies penalties for movement of linked shares between processors
- 3.1.2 - including all subsections - used to define closed class of processors (needed for linkages)
- 4.1, Option 2 - mandatory cooperatives
- 4.2.1, iii or iv. - defines sectors by vessel and gear type (trawl catcher vessel)
- 4.2.1.1, Option 2 - must associate with the linked closed class processing facility or company - (or Option 3, which is mostly redundant with provisions in 3.1.1.2)
- 4.2.2 - Option 1 or Option 4 (cannot have a single cooperative for each sector in a program with multiple licensed processors)
- 4.2.3 - defines cooperative agreement duration
- 4.2.4 - may be included - defines cooperative/processor association
- 4.3.1 - Option 1 (cannot have a single cooperative for the sector in a program with multiple qualified processors) - also may include all bullets
- 4.4 - including all subsections - define individual and vessel use caps
- 4.4 - bullets are a necessary component
- 4.5.1 - rules concerning movement between cooperatives
- 4.5.2 - rules defining affects of processor license transfers on cooperatives
- 4.6, Option 1 - creates an open access fishery for non-members of cooperatives

The following elements and options would apply to trawl catcher vessels under alternative 2 (with a closed class of processors):

- 3.1.1.1, Option 1, ii - must define the processors to which the sector may delivery (i.e., trawl or any large or small closed class processor depending on the processor licensing scheme)
- 3.1.2 including all subsections is used to define closed class of processors and the rules governing those processors
- 4.1, Option 1 - mandatory cooperatives
- 4.2.1, iii or iv, defines sectors by vessel and gear type (trawl catcher vessel)
- 4.2.1.1 - either Option 1 (no processor associations) or Option 2 (associate with any qualified closed class processing facility or qualified closed class processing company)
- 4.2.2 - Option 1 - A cooperative is required to have at least 4 distinct and separate harvesters - (other options may not apply since they would result in one cooperative for all trawl catcher vessel participants)
- 4.2.4 - may be included - defines cooperative/processor association
- 4.3.1, Option 1 - allocation of members is made to the cooperative - all bullets may be included
- 4.4 may include all of these options concerning individual and vessel use caps
- 4.4 - bullets are necessary component
- 4.5.1 may include provisions concerning movement among cooperatives.
- Do not include 4.5.2 - applies to program with processor linkages
- 4.6, Option 1 - creates an open access fishery for non-members of cooperatives

Alternative 3

Under alternative 3,

- Trawl catcher vessels are treated as a single sector.
- Eligible persons with trawl catcher vessel history would be allocated harvest shares based on that catch history.
- To receive an exclusive annual allocation, the holder of shares would be required to join a cooperative.
- The annual allocation would be made to the cooperative and would be fished in accordance with the rules of the cooperative.
- Eligibility for cooperative membership would be based on landings, with each harvester eligible to join a single cooperative associated with the processor to which it delivered the most fish to during the qualifying period (i.e., processor linkage is required). The cooperative, in turn, would be required to deliver a specific percentage of its landings to the associated processor.
- If the holder of harvest shares failed to join a cooperative, the shares of that person would be allocated to an open access fishery, comprised of all non-members of cooperative in the trawl catcher vessel sector. Alternatively, the Council could choose to require cooperative membership for participation in the fisheries.
- The bycatch allocation to the open access fishery would be reduced to create an incentive for cooperative membership.
- Movement of shares between cooperatives would be subject to a share reduction penalty or would require participation in the open access fishery for one year.

The following elements and options would apply to trawl catcher vessels under alternative 3:

- 3.1.1.1, Option 1, i - requires delivery to the linked closed class processor
- 3.1.1.2 - used to determine processor linkages
- 3.1.1.3 - specifies penalties for movement of linked shares between processors
- 3.1.2 (including all subsections) - used to define closed class of processors (needed for linkages)
- 4.1, Option 2 - mandatory cooperatives
- 4.2.1, iii or iv. - defines sectors by vessel and gear type (trawl catcher vessel)
- 4.2.1.1, Option 2 - must associate with the linked closed class processing facility or company - (or Option 3, which is mostly redundant with provisions of 3.1.1.2)
- 4.2.2 - Option 1 or Option 4 (cannot have a single cooperative for each sector in a program with multiple licensed processors)
- 4.2.3 - defines cooperative agreement duration
- 4.2.4 - may be included - defines cooperative/processor association
- 4.3.1 - Option 1 (cannot have a single cooperative for the sector in a program with multiple qualified processors) - also may include all bullets
- 4.4 - including all subsections - define individual and vessel use caps
- 4.4 - bullets are a necessary component
- 4.5.1 - rules concerning movement between cooperatives
- 4.5.2 - rules defining affects of processor license transfers on cooperatives
- 4.6 - rules governing non-members of cooperatives

Comparison of trawl catcher vessel alternatives

The two alternatives have two possible differences in their treatment of participants in the trawl catcher vessel sector. These differences should be clarified by the Council. The first difference relates to the delivery requirements and associations (or linkages) between cooperatives and processors. Alternative 2 could require cooperatives to delivery a specified percentage of their harvests to a closed class of processors without linkage to a specific processor. Alternative 3 would require that a cooperative delivery a specified percentage of its harvest to the processor to which its members delivered the most groundfish during the qualifying period.²

A second possible difference is in the treatment of non-members of cooperatives. Under alterative 2, non-members of cooperatives would be permitted to participate in a limited open access fishery comprised of the shares of all shares of trawl catch vessel non-members of cooperatives. Under alternative 3, non-members of cooperatives could be excluded from the fisheries.³

Fixed gear catcher vessels

Alternative 2

Under alternative 2,

- Fixed gear catcher vessel share holders are divided into a high producing vessel sector and a low producing vessel sector.
- Eligible persons with fixed gear catcher vessel history would be allocated harvest shares based on that catch history.
- For a high producing vessels
 - To receive an exclusive annual allocation, the holder of shares would be required to join a cooperative.
 - The annual allocation would be made to the cooperative and would be fished in accordance with the rules of the cooperative.
 - The cooperative would be required to deliver a specified percentage of its landings to processors that are members of a closed class. Class membership would be based on processing history.
 - If the holder of harvest shares chooses not to join a cooperative, the shares of that person would be allocated to an open access fishery, comprised of all non-members of cooperative in the high producing fixed gear sector.
 - The bycatch allocation to the open access fishery would be reduced to create an incentive for cooperative membership.
- For low producing vessels
 - Share holders would receive quota shares and annual allocations of IFQs that would be fished by the individual.
 - Share holders would be permitted to form voluntary cooperatives.
 - For cooperative members, the allocation would be made to the cooperative and would be fished in accordance with the rules of the cooperative.

² If the delivery requirements of the two alternatives are made the same (i.e., cooperatives with a processor association based on historic landings is included under alternative 2), this difference would not exist and the two alternatives would be substantively the same in this respect.

³ Note that this distinction in the alternatives also depends on the Council's selection of the "no fishing" option for non-members of cooperatives in alternative 3. Whether the Council wishes to include the "no fishing" option to create a distinction is included in the discussion of options below.

The following elements and options would apply to “high producing” fixed gear catcher vessels under alternative 2:

- 3.1.1.1, Option 1, ii - must define the processors to which the sector may delivery (i.e., fixed gear or any large or small closed class processor depending on the processor licensing scheme)
- 3.1.1.4 defines the low producing sector, effectively defining the “high producing” sector
- 3.1.2 including all subsections is used to define closed class of processors and the rules governing those processors
- 4.1, Option 1 - mandatory cooperatives
- 4.2.1 - should be revised to include an option that cooperatives can be formed between “high producing” fixed gear participants
- 4.2.1.1 - either Option 1 (no processor associations) or Option 2 (associate with any qualified closed class processing facility or qualified closed class processing company)
- 4.2.2 - Option 1 - A cooperative is required to have at least 4 distinct and separate harvesters - (other options may not apply since they would result in one cooperative for all high producing fixed gear participants)
- 4.2.4 - may be included - defines cooperative/processor association
- 4.3.1, Option 1 - allocation of members is made to the cooperative - all bullets may be included
- 4.4 - may include all of these options concerning individual and vessel use caps
- 4.4 - bullets are necessary component
- 4.5.1 - may include provisions concerning movement among cooperatives.
- Do not include 4.5.2 - applies to program with processor linkages
- 4.6, Option 1 - creates an open access fishery for non-members of cooperatives

The following elements and options would apply to “low producing” fixed gear catcher vessels under alternative 2:

- 3.1.1.2, Option 2 exempts sector from closed class processor delivery requirements
- 3.1.1.4 defines the sector and provides for no processor delivery obligations
- 4.1, Option 1 - voluntary cooperatives
- 4.2.1 - should be revised to contain an option that cooperatives can be formed between “low producing” fixed gear participants
- 4.2.1.1 - either Option 1 (no processor associations) or Option 2 (associate with any licensed processing facility or licensed processing company - not closed class)
- 4.2.2 - Option 1 - A cooperative is required to have at least 4 distinct and separate harvesters
- 4.2.4 - may be included - defines cooperative/processor association
- 4.3.1, Option 1 - allocation of members is made to the cooperative - all bullets may be included
- 4.4 - may include all of these options concerning individual and vessel use caps
- 4.4 - bullets are necessary component
- 4.5.1 may include provisions concerning movement among cooperatives.
- Do not include either 4.5.2 or 4.6

Alternative 3

Under alternative 3,

- Fixed gear catcher vessel share holders are divided into two sectors, pot vessels and longline vessels.
- Eligible persons with fixed gear catcher vessel history would be allocated harvest shares based on that catch history.
- To receive an exclusive annual allocation, the holder of shares would be required to join a cooperative.
- The annual allocation of cooperative members would be made to the cooperative and would be fished in accordance with the rules of the cooperative.
- Eligibility for cooperative membership would be based on landings, with each harvester eligible to join a single cooperative associated with the processor to which it delivered the most fish to during the qualifying period (i.e., processor linkage is required). The cooperative, in turn, would be required to deliver a specific percentage of its landings to the associated processor.
- If the holder of harvest shares failed to join a cooperative, the shares of that person would be allocated to an open access fishery, comprised of all non-members of cooperative in the fixed gear catcher vessel sector. Alternatively, the Council could choose to require cooperative membership for participation in the fisheries.
- The bycatch allocation to the open access fishery would be reduced to create an incentive for cooperative membership.
- Movement of shares between cooperatives would be subject to a share reduction penalty or would require participation in the open access fishery for one year.

The following elements and options would apply to fixed gear catcher vessels under alternative 3:

- 3.1.1.1, Option 1, i - requires delivery to the linked closed class processor
- 3.1.1.2 - used to determine processor linkages
- 3.1.1.3 - specifies penalties for movement of linked shares between processors
- 3.1.2 - including all subsections - used to define closed class of processors (needed for linkages)
- 4.1, Option 2 - mandatory cooperatives
- 4.2.1, iii or iv. - defines sectors by vessel and gear type (pot catcher vessel and longline catcher vessel)
- 4.2.1.1, Option 2 - must associate with the linked closed class processing facility or company - (or Option 3, which is mostly redundant with provisions of 3.1.1.2)
- 4.2.2 - Option 1 or Option 4 (cannot have a single cooperative for each sector in a program with multiple licensed processors)
- 4.2.3 - defines cooperative agreement duration
- 4.2.4 - may be included - defines cooperative/processor association
- 4.3.1 - Option 1 (cannot have a single cooperative for each sector in a program with multiple licensed processors) - also may include all bullets
- 4.4 - including all subsections - define individual and vessel use caps
- 4.5.1 - rules concerning movement between cooperatives
- 4.5.2 - rules defining affects of processor license transfers on cooperatives
- 4.6 - rules governing non-members of cooperatives

Comparison of fixed gear catcher vessel alternatives

The alternatives for fixed gear catcher vessel participants are substantively different in a few ways. The two alternatives divide the fixed gear catcher vessel participants differently. Under alternative 2, fixed gear catcher vessel participants are separated into a high producing sector and a low producing sector. These two sectors would be subject to different management structures under the alternative. Under alternative 3, fixed gear catcher vessel participants are divided into two sectors by gear type, a longline catcher vessel sector and a pot catcher vessel sector. Whether these different gear types would be subject to different rules is not clear and depends on the Council's decisions on the specific options that will apply to this alternative.

Under alternative 2, high producing fixed gear catcher vessel participants would be required to deliver to a closed class of processors. Members of this sector that chose not to join a cooperative could participate in an open access fishery for non-members of cooperatives. Under alternative 3 (in which the high producing/low producing distinction is not made), these participants would be subject to a mandatory cooperative program in which a cooperative would be required to deliver a specific percentage of its allocation to the processor to which its members delivered most of their catch historically (i.e., cooperative linkage would be required). Alternative 3 would either create an open access fishery for non-members of cooperatives or, alternatively, not permit non-members to participate in the fisheries.

Under alternative 2, "low producing" fixed gear catcher vessel participants would be managed under a voluntary cooperative program that is not applicable to any other sector under either of the alternatives. Under alternative 3, these vessels would be governed by the same mandatory cooperative program as all other fixed gear catcher vessels. Under that program, a participant would be eligible to join the cooperative associated with the processor to which it delivered the most fish historically (i.e., processor linkage would be required). Each cooperative would be required to deliver a specific percentage of its harvests to the associated processor. Alternative 3 would either create an open access fishery for non-members of cooperatives or, alternatively, would preclude their participation in the fisheries altogether.

Under alternative 2, "low producing" fixed gear catcher vessel participants would be governed by a voluntary cooperative alternative that would not be analyzed for any other sector. The Council provided its rationale for not applying this management to other participants at its June 2003 meeting.⁴ It should be noted, however, that the closed class of processors alternative, which is included in alternative 2 for the trawl catcher vessel sector and the high producing fixed gear catcher vessel sector, is not included in any alternative for the low producing fixed gear vessel sector. **The Council should provide its rationale for excluding a closed class of processors alternative for the low producing fixed gear vessel sector.** In doing so, the Council should explain the rationale for including both the less restrictive voluntary cooperative alternative (in alternative 2) and the more restrictive processor linkage alternative (in alternative 3) for this sector.

⁴ The record from the June 2003 meeting shows that the Council believes that the voluntary cooperative structure is not appropriate for other participants in the Gulf fisheries because it would jeopardize the stability of communities and the processing sector.