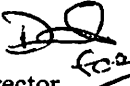



MEMORANDUM

TO: Council, SSC and AP Members

FROM: Chris Oliver 
Executive Director 

ESTIMATED TIME 12 HOURS

DATE: January 26, 2006

SUBJECT: IR/IU

ACTION REQUIRED

- a) Final action on Amendment 80 EA/RIR/IRFA

BACKGROUND

Amendment 80 proposes to allocate rock sole, flathead sole, yellowfin sole, AI Pacific ocean perch, and Atka mackerel to the Non-AFA Trawl catcher processor sector. In addition, the proposed action would allocate PSC limits to the sector for use in their BSAI directed fisheries. The proposed action would establish a cooperative program for qualified Non-AFA Trawl catcher processor participants. To maintain existing fishing activity among non-allocated species in the BSAI and the GOA, sideboards are included in the proposed action. Finally, Amendment 80 includes options for increasing the CDQ program allocation of the five species noted above, secondary species taken incidental in these fisheries, and PSC limits.

In October 2005, the Council conducted a initial review of the EA/RIR/IRFA and selected a preliminary preferred alternative, noting that the alternative was still overly broad in many areas and needed further narrowing during final action. Staff has updated the EA/RIR/IRFA to reflect the inclusion of the preliminary preferred alternative and updated sections of the analysis the Council highlighted as needing additional information. The revised EA/RIR/IRFA for Amendment 80 was released for public review on January 13. A copy of this analysis was mailed to you at that time. The executive summary of this analysis is attached as Item C-1(a). In addition, a copy of the current alternatives, components, and options for Amendment 80 is attached as Item C-1(b). The Council is scheduled to take final action at this meeting.

The following bullets highlight issues of Amendment 80 that may need further clarification from the Council prior to final action:

- The problem statement may not fully address all issues proposed in this amendment package. In June 2005, the Council added the option of including eligibility criteria for trawl catcher vessels to operate in the limited access fishery for the allocated species. In October 2005, the Council selected in the preliminary preferred alternative to require trawl catcher vessels to have landed at least 150 mt of any groundfish species from 1995-2004 to be eligible to participate in any BSAI limited access fishery for the five allocated species. The effect of this proposed action would be

to exclude 8 licenses from these fisheries. In addition, the problem statement may not fully address the proposed increase in CDQ allocations of the allocated species, all secondary species caught incidental in these directed fisheries, and PSC. **The Council may want to revise the problem statement to reflect these proposed actions.**

- One of the proposed options in Amendment 80 is to allocate PSC limits to the Non-AFA Trawl CP sector for use in their directed fisheries in the BSAI. At the same time, Amendment 85 (BSAI Pacific cod allocation) proposes to allocate separate halibut PSC limits to all BSAI trawl sectors for use in the BSAI Pacific cod fishery. **Given the timing of the two proposed actions and the obvious overlap of allocating halibut PSC between the trawl sectors, the Council should clarify how halibut PSC will be addressed in the two actions in order to eliminate language conflicts between the two motions.** Attached as **Item C-1(c)** is a discussion paper detailing the interaction of the two proposed actions and how the Council might clarify the language in both actions.
- Amendment 80 includes options for harvest limits on Pacific cod in the BSAI. Simultaneously, the Council is working on the proposed Amendment 85 action, which would modify the current BSAI Pacific cod allocations to the various gear sectors, including an allocation to the Non-AFA Trawl CP sector. Once Amendment 85 is implemented, two changes could occur in the management of the sector's Pacific cod catch. First, the sideboard for Pacific cod would be removed, given that the sector would have an allocation of Pacific cod. Second, provided the Council clarifies its intent, the division of the sector sideboard between the cooperatives and the sector limited access fishery could be applied to the Amendment 85 Pacific cod allocation. This would simplify management of the allocation within the sector by continuing cooperative management of the cooperative allocations.
- The Council should clarify its intent on how entry into the cooperative program should be based. Currently, entry into the sector under the proposed action is vessel based. However, entry into the cooperatives under the proposed action is licensed based. The effect of these two different standards could create circumstances that are inconsistent with the "owner qualification" developed by the Capacity Reduction Program. As currently structured, a person qualified for the Non-AFA Trawl CP sector may be effectively precluded from fishing if the person does not have a cooperative endorsement and associated catch history to support an allocation to the sector's limited access fishery. The simplest and most direct method of establishing consistency would be to base cooperative eligibility on the Capacity Reduction Program eligibility criteria. If the Council wishes resolve the inconsistency and retain the current license based system for entry into a cooperative, the Council could modify their current action to base all qualification (including cooperative qualification) on vessel ownership. If the Council wishes to create incentives for participants to qualify for additional licenses for the program that meet a catch threshold, it could credit the licenses towards cooperative formation or credit the history from those licenses for distribution of the sector's allocation.

AGENDA C-1(a)
FEBRUARY 2006

EXECUTIVE SUMMARY

The North Pacific Fishery Management Council (Council) has long recognized the need to reduce bycatch, minimize waste, and improve utilization of fish resources to the extent practicable in order to provide the maximum benefit to present generations of fishermen, associated fishing industry sectors, communities, and the nation as a whole. Since at least 1995, the Non-AFA Trawl CP sector has had the highest discard rate in the Bering Sea and Aleutian Islands (BSAI) groundfish fisheries. Although the overall retention level in that sector has increased in the last decade, it is still well below other BSAI sectors. The Non-AFA Trawl CP sector primarily participates in multi-species fisheries that operates under a “race for fish”, where vessels attempt to maximize their harvest in as little time as possible, in order to claim a larger share of the available quota. Because vessels are competing with each other for shares of the total quota, an individual vessel may be penalized for undertaking actions to reduce incidental catch, such as searching for cleaner fishing grounds. To provide the sector with a tool to increase economic efficiency when reducing incidental catch and minimizing waste, the Council in October 2002, initiated Amendment 80, an action that would eliminate the race for fish among members of the sector that wanted to join a cooperative.

Amendment 80 would provide specific groundfish allocations to Non-AFA Trawl CP sector and allow the formation of cooperatives. Sector allocations and associated cooperatives would allow participants to focus less on harvest maximization and more on optimizing their harvest. This in turn could allow reduction of incidental catch, improve retention, and improve utilization, while still improving the economic health of the harvesting and processing, all of which address the problem statement for Amendment 80.

Four strawman alternatives are considered to compare the impacts of the proposed program components, a status quo alternative (Alternative 1) and three alternatives that would allow the formation of multiple (Alternatives 2 and 4) or single (Alternative 3) cooperatives. The alternatives evaluated in this analysis are summarized in the following table.

	Alternative 1 (Status Quo)	Alternative 2	Alternative 3	Alternative 4
Primary Target Species to be Allocated	none	yellowfin sole, rock sole, flathead sole, Atka mackerel, Aleutian Islands Pacific Ocean perch	yellowfin sole, rock sole, flathead sole, Atka mackerel, Aleutian Islands Pacific Ocean perch	yellowfin sole, rock sole, flathead sole, Atka mackerel, Aleutian Islands Pacific Ocean perch
Allocation to Sector	none	<u>Allocation:</u> Sector's retained catch over all retained catch, 1998-2002 <u>Management:</u> Hard cap <u>Yellowfin sole:</u> all yellowfin sole in excess of 125,000 mt threshold to be divided 30% to sector and 70% to other trawl; 2-way rollover; no AFA sideboards for yellowfin sole threshold fishery	<u>Allocation:</u> Sector's retained catch over all total catch, 1995-2003 <u>Management:</u> Soft cap; rollover to sector <u>Yellowfin sole:</u> all yellowfin sole in excess of 100,000 mt threshold to be divided 70% to sector and 30% to other trawl; 2-way rollover; no AFA sideboards for yellowfin sole threshold fishery	<u>Allocation:</u> Sector's total catch over all total catch or sector's retained catch over all retain catch using either 1995-2003, 1998-2004, 2000-2004, or a select percentage for each species <u>Management:</u> Hard cap for sector and an ICA for general limited access fishery; rollover of allocated species and PSC to H&G sector <u>Yellowfin sole:</u> all yellowfin sole in excess of 125,000 mt threshold to be divided 60% to H&G sector and 40% to the general limited access fishery; allow rollovers; no AFA sideboards for yellowfin sole threshold fishery
Allocation of Prohibited Species	PSC allocated by target fishery and shared among all trawl vessels	Sector allowance based on average historic PSC usage in directed fishery for allocated primary species plus Pacific cod, 1998-2002	Sector allowance based on: a) average PSC usage, by fishery, of all trawl in each PSC fishery group for allocated primary species plus Pacific cod, 1995-2003 b) apply sector proportion as determined above c) reduce by 5%	H&G sector allowance based on average historic usage of PSC from 1995-2003, 1998, 2004, 2000-2004 or a select percentage for each PSC species Reduce calculated PSC allowance to either 75% or 95% in the third year or phase in PSC reductions 5% per year
Sector Eligibility	determined by Congress	determined by Congress	determined by Congress	determined by Congress

	Alternative 1 (Status Quo)	Alternative 2	Alternative 3	Alternative 4
Cooperative endorsement	none	Qualified license holder harvested 150 mt of groundfish with trawl gear on a sector qualified vessel and processed that fish between 1997 and 2002	Qualified license holder harvested 150 mt of groundfish with trawl gear on a sector qualified vessel and processed that fish between 1997 and 2004	Qualified license holder harvested 150 mt of groundfish with trawl gear on a sector qualified vessel and processed that fish between either 1997-2002, 1997-2003, or 1997-2004
Cooperative formation	none	<u>Threshold:</u> 15% minimum of eligible participants and must be comprised of at least two separate entities <u>Allocation:</u> based on retained catch history, 1998-2002	<u>Threshold:</u> 67% minimum of eligible participants and must be comprised of at least two separate entities <u>Allocation:</u> based on total catch history, 1995-2003	<u>Threshold:</u> 15% minimum of eligible participants and must be comprised of at least two separate entities <u>Allocation:</u> based on either total catch or retained catch using either 1997-2003 drop 2, 1997-2004 drop 2, 1997-2004 drop 3, or 1998-2004 drop 2
Excessive share limits	none	No limit on consolidation	No single person can hold no more than 50% of the catch history of an allocated species	No single person can hold no more than 20%, 30%, or 50% of the catch history of an allocated either by species by species basis or on an aggregate basis Initial allocation grandfathered

	Alternative 1 (Status Quo)	Alternative 2	Alternative 3	Alternative 4
Sideboards	none	<p><u>For sector:</u> established based on participation in other fisheries, 1998-2002; for GOA halibut PSC based on usage by area, 1998-2002; only vessels that have GOA wide weekly participation in the flatfish fisheries over the threshold during the qualifying period would be eligible to participate in the GOA</p> <p><u>Within sector:</u> established between cooperative and non-cooperative participants for unallocated species</p>	<p><u>For sector:</u> established based on participation in other fisheries, 1995-2003; for GOA halibut PSC based on the usage by area, 1995-2003</p> <p><u>Within sector:</u> established between cooperative and non-cooperative participants for unallocated species</p>	<p><u>For sector:</u> BSAI Established based on participation in fisheries using either 1995-2003; 1998, 2004, 2000-2004 or a select percentage for each for species/fisheries. Sideboards would be allocated between coops and general limited access based on retained or total catch using either 1997-2003 drop 2, 1997-2004 drop 2, 1997-2004 drop 3, or 1998-2004 drop 2</p> <p>GOA</p> <ol style="list-style-type: none"> 1) eligible to participate in the GOA flatfish fisheries based on weekly participation in the GOA flatfish fishery using either 1995-2003, 1998-2004, 1997-2004, or 2000-2004. May exempt sector vessels with significantly higher participation in GOA flatfish fisheries. 2) Gulf-wide halibut sideboards calculated based on bycatch rate or actual usage for each target fisheries within each area for the Non-AFA Trawl CP sector using 1995-2003, 1998-2004, 1997-2004, 2000-2004 or the Council may select a percentage 3) GOA pollock, Pacific cod, and directed rockfish sideboards for the Non-AFA Trawl CP sector based on retained catch of the sector as a percent of retain catch of all sectors from 1995-2003, 1998-2004, 1997-2004, 2000-2004 or the Council may select a percentage

	Alternative 1 (Status Quo)	Alternative 2	Alternative 3	Alternative 4
CDQ	7.5% of groundfish and prohibited species (except herring) allocated to CDQ multispecies fishery	10% of allocated species, plus secondary species caught incidentally in directed fisheries, to CDQ multispecies fishery; PSQ proportional to the CDQ allocation	15% of allocated species, plus secondary species caught incidentally in directed fisheries, to CDQ multispecies fishery; PSQ proportional to the CDQ allocation	10% of allocated species and secondary species caught (except Pcod) taken incidentally in directed fisheries, to CDQ multispecies fishery; PSQ proportional to the CDQ allocation

Regulatory Impact Review

Effects on Harvest Participant and Fishing Practices

Alternative 1: Status Quo/No Action

Maintaining the status quo is expected to result in the continuation of existing fishing practices and patterns. Participants in the Non-AFA Trawl CP sector will likely continue to focus the majority of their fishing effort on several flatfish species, Atka mackerel, AI Pacific Ocean perch and Pacific cod in the BSAI. Some vessels in the sector will also participate in GOA fisheries. Under this alternative, trawl participants will continue to race for fish. Trawl fisheries will continue to be prematurely closed due to constraining halibut PSC allowances. Sector discard rates will likely improve, but overall the retention rates will continue to lag behind the rest of the BSAI sectors. Contributing to the improved retention rates is the impending groundfish retention standard (GRS) action. Amendment 79, if approved by the Secretary of Commerce, would phase in the GRS over a four-year period. Originally approved by the Council in June 2003, the GRS was to begin in 2005 with a starting GRS rate of 65 percent. Over the subsequent four-year period, the GRS would gradually increase, culminating at 85 percent in the fourth year. The action would only require Non-AFA Trawl CP vessels greater than or equal to 125 ft. LOA to comply with the GRS. Non-AFA Trawl CP vessels less than or equal 125 ft. LOA would be exempt from the GRS. To monitor and enforce the GRS, sector vessels greater than or equal to 125' LOA would be required to measure all catch on flow scales and all hauls must be observed. Many of the vessels already have flow scales onboard, but seven vessels need to install the scales. All sixteen vessels greater than 125 ft. LOA would also be required to carry an extra observer. Where feasible, GRS could reduce economic returns from fisheries to members of the sector.

Alternative 2

Under Alternative 2, the allocation percentages to the Non-AFA Trawl CP sector are expected to be sufficient to keep the sector's groundfish catch levels about the same as their historic catch. However, the remaining portion of groundfish reserved for the general limited access fishery would be substantially less than historic harvests and may disadvantage members of other sectors, particularly non-AFA catcher vessels. The remaining amount of groundfish reserved for the general limited access fishery is less than the combined AFA Trawl CP and CV sideboards for each of the species. Between 1995 and 1997, vessels whose catch history was assigned to the AFA Trawl CP and CV sectors participated in the fisheries allocated to the Non-AFA Trawl CP sector in larger numbers.

Under this alternative, the yellowfin sole threshold program could provide the opportunity for the AFA Trawl CP and CV sectors and the Non-AFA Trawl CV sector to expand their harvest of yellowfin sole in periods when BSAI pollock TAC declines relative to yellowfin sole. In that circumstance, 30 percent of the TAC over 125,000 mt would be assigned to the Non-AFA Trawl CP sector. The remaining 70 percent of the TAC would be apportioned to the trawl vessels that are not a part of the Non-AFA Trawl CP sector. Allocating 70 percent of the TAC, above the 125,000 mt level, would provide expanded harvesting opportunities for these sectors.

The PSC allocation to the Non-AFA Trawl CP sector under Alternative 2 would likely be sufficient to harvest their entire allocation of groundfish. However, the remaining halibut PSC for all other trawlers could be insufficient to harvest the allocation of groundfish to the general limited access fishery. Given the historically usage of halibut PSC from 1995 to 1998, there is the potential for the remaining trawl sectors to fall short of the necessary halibut PSC needed to harvest the remaining groundfish, if, for example, the Pacific cod TAC were to increase relative to pollock TAC.

Based on the eligibility requirements under this alternative, there appear to be 27 vessels that qualify for the Non-AFA Trawl CP sector. Four vessels with trawl CP licenses failed to harvest the required 150 mt of BSAI groundfish with trawl gear and process that catch between 1997 and 2002. Under this alternative, 27 LLP licenses are also estimated to qualify for a cooperative endorsement.

Under Alternative 2, 15 percent of the endorsed LLP licenses would be needed to form a cooperative. In addition, at least two unique entities are required for cooperative formation. Since under Alternative 2 there are likely to be 27 endorsed LLP licenses, at least four of these licenses would be needed to form a cooperative. If each of the cooperatives had the minimum required four endorsed LLP licenses, six cooperatives would be formed in the Non-AFA Trawl CP sector. This provision should help to ensure that each vessel is given the opportunity to join a cooperative. Alternatively, the "odd-person-out" may have less of a voice in deciding the terms of the cooperative agreement. It seems less likely that the "odd-person-out" would be worse off under this alternative than Alternative 3 cooperative structure, which allows only a single cooperative to form. Under this action, each participant would have the option to join any of six potential cooperatives, so it is more likely to find a cooperative that would help them meet their objectives. Participants who elect not to join a cooperative would participate outside a cooperative but within the sector's limited access fishery.

Consolidation in the Non-AFA Trawl CP sector under Alternative 2 would not be constrained. There would be no limit on the percentage of the Non-AFA Trawl CP sector allocation that an eligible participant can own or use. In general, number of vessels in the fishery could be reduced to the minimum number need to harvest the entire allocation. Cost savings associated with a more optimal fleet size is expected to increase the producer surplus generated by the fleet.

Alternative 2 would implement harvest caps on the Non-AFA Trawl CP sector for the species that are not allocated. Sideboard caps would be set using the sector's retained catch of BSAI groundfish species from 1998-2002 in all fisheries relative to the retained catch of all vessels. Sideboards would also be set for GOA halibut PSC based on actual usage relative to the other sectors from 1998-2002. GOA groundfish harvests by the Non-AFA Trawl CP sector would be limited by requiring vessels to have fished a given number of weeks during the qualifying period to participate. Alternatives defining the actual number of weeks required have not been developed, so the impacts cannot be determined.

The Non-AFA Trawl CP sector should have the opportunity to harvest their historic percentages of BSAI groundfish species, given the alternatives selected. These caps do not give the sector the rights to those fish, but instead are limits on their catch. Other sectors could legally harvest portions of the sideboard limits before the Non-AFA Trawl CP sector catches them. Basing the caps on retained catch, results in larger caps, in most cases, relative to using total catch.

Future GOA groundfish harvests cannot be predicted, without additional information on the number of participants that will be allowed to fish in the future. The GOA PSC caps, however, should enable the sector to harvest historic levels of groundfish. GOA halibut PSC catches were not assigned to a specific area, since NMFS does not manage PSC by area in the GOA. Finally, the analysts assumed that any catches by the sector under the Rockfish Pilot program would be deducted from the sideboard cap amounts.

Given the Alternative 2 methods of calculating the BSAI sideboard caps, it is expected that the Non-AFA Trawl CP sector could harvest their historic percentages of various fisheries and still provide sufficient protection for other sectors. Insufficient information is available to make that determination for the GOA. However, given that most fisheries in the GOA are closed due to halibut bycatch and not TAC, the halibut PSC caps should provide adequate protection for most species.

With regards to the meeting the GRS, Non-AFA Trawl CP sector participants would likely be better off under Alternatives 2 than under Alternative 1. Under Alternative 2 sector participants that join a cooperative can pool their individual annual GRS rates across the cooperative. Under Alternative 1, the GRS would be enforced on a vessel by vessel basis. Under Alternative 2, vessels in a cooperative would average their individual annual retention rates, which could help to reduce increased operation costs for those vessels limited by the GRS. Overall, given the flexibility of this alternative, each cooperative will minimize the cost of meeting the GRS to the extent possible.

Alternative 3

Under Alternative 3, the allocation of groundfish species and PSC species would be insufficient to maintain the Non-AFA Trawl CP sector's historic harvest levels (except maybe yellowfin sole). In addition, large portions of the remaining Amendment 80 species would be directed to the general limited access fishery where it would likely remain unharvested without substantial increases in harvest by participants in the fishery. For example, the combined AFA Trawl CP and CV sideboards for rock sole is 7.11 percent. If the Council selected this allocation option for rock sole, the allocation to the general limited access fishery would 70.6 percent of the TAC. Assuming the AFA CP and CV sectors harvested rock sole up to their sideboards, the remaining allocation available for the Non-AFA Trawl CV sector would be 63.49 percent. The Non-AFA Trawl CV sector has traditionally not harvested rock sole to anywhere close to that degree. The alternative does include a provision to rollover any portion of the general limited access fishery allocation that is projected to go unused by a given date. However, the timing of some of the fisheries and lack of PSC that would be necessary to harvest the rollover decrease the benefits relative to a direct allocation as in Alternative 2.

Under this alternative, trawl catcher vessels must have retained 1,000 mt of any groundfish during 1995 to 2004 period in order to qualify the general limited access fishery. Of the 139 trawl catcher vessels that made one landing between 1995 and 2004, 123 would qualify for the general limited access fishery.

Under this alternative, relative to Alternative 2, the yellowfin sole threshold program would be less likely to provide an opportunity for the AFA Trawl CP and CV sectors and the Non-AFA Trawl CV sector to expand their harvest of yellowfin sole in periods when pollock TAC declines relative to yellowfin sole. The primary reason is the allocation of the ITAC above the threshold would favor the Non-AFA Trawl CP sector and would diminish the yellowfin sole allocation to the general limited access fishery when ITAC exceeded the threshold from 48 percent to 30 percent. Yellowfin sole ITAC above the threshold would be distributed 70 percent to the Non-AFA Trawl CP sector and 30 percent to all other trawlers. Constraining the success of the threshold program, under this alternative, is the lack of halibut PSC. Like Alternative 2, this alternative does not include reallocation of halibut PSC as part of the rollover provisions, so sectors will have to rely on their initial halibut allowance to harvest any groundfish that is rolled over to them.

Although it cannot be determined with any certainty, the PSC allocation percentages under this alternative could result in an allocation to the Non-AFA Trawl CP sector that may be insufficient for harvesting their entire allocation of the target species, if the sector cannot reduce its PSC catch rates substantially from current levels. In contrast, the remaining portion of halibut PSC reserved for all other trawlers should be sufficient to harvest the remaining portion of unallocated groundfish. Alternative 3 also includes a reduction in the calculated PSC apportionments to the Non-AFA Trawl CP sector by an additional 5 percent.

Like Alternative 2, 27 vessels appear to qualify for the Non-AFA Trawl CP sector. Four vessels with trawl CP licenses failed to harvest the required 150 mt of BSAI groundfish with trawl gear

and process that catch between 1997 and 2002. However, under this alternative, 29 or 30 LLP licenses are estimated to qualify for a cooperative endorsement.

To form a cooperative under this alternative, 67 percent of the endorsed LLP licenses held by Non-AFA Trawl CP sector participants would be required. If the calculation is based on licenses, and 30 licenses are in the sector, then 21 licenses would be required to meet the 67 percent threshold. Basing the cooperative formation vote on licenses and not vessels would tend to benefit those owners that have stacked multiple licenses on their vessels. Those qualified participants who elect not to join a cooperative would participate outside the cooperative but within the sector (sector limited access fishery).

Consolidation would be limited under Alternative 3. Although numbers of persons over the cap cannot be reported for the Atka mackerel and AI POP fisheries to protect confidential data, no companies are over the cap for yellowfin sole, rock sole, and flathead sole. In general, the changes in the economic impacts of a 50 percent cap versus no cap are small. In either case, the number of vessels in the fishery could be reduced to the minimum number need to harvest the entire allocation.

The sideboard caps under Alternative 3 would be based on the total catch of the Non-AFA Trawl CP sector relative to the total catch of all sectors. Using total catch, as compared to retained catch, tends to reduce the size of the sideboard caps for the Non-AFA Trawl CP sector. Smaller caps will reduce the amount of revenue that the Non-AFA Trawl CP sector can generate. However, they will provide more fish for other sectors to harvest. Whether the other sectors will increase their participation and retention in fisheries other than Pacific cod and select other fisheries is unknown.

Sideboard caps will be set for both GOA groundfish and halibut fisheries under this alternative. Groundfish sideboard caps will have the greatest impact on species that close due to the TAC being harvested. These species are typically Pacific Ocean Perch, Pelagic shelf rockfish, northern rockfish, and Pacific cod. Other species are typically closed as a result of halibut PSC constraints. Given that this alternative would decrease the Non-AFA Trawl CP sector's halibut PSC cap by about 70 mt, they are expected to be worse off under this alternative compared to Alternative 2. Other participants in the GOA fisheries would fair better under this alternative.

In meeting the GRS, Non-AFA Trawl CP sector participants would likely be better off under Alternatives 3 than under Alternative 1, but less so than under Alternatives 2 and 4. Under Alternative 3, sector participants that join the cooperative can pool their annual vessel GRS rates across the cooperative. By averaging individual vessel retention rates across the cooperative, this could help to reduce operation costs for those vessels limited by the GRS. However, unlike Alternatives 2 and 4, which are multiple cooperatives alternatives, Alternative 3 would allow only one cooperative. As a result, there is a chance that some members of the sector will not join the cooperative thus reducing the benefits of GRS pooling. Overall, participants in the cooperative will seek to minimize their cost of meeting the GRS to the extent possible.

Alternative 4

In October 2005, the Council identified a preliminary preferred alternative. While the Council identified several preferred options throughout the proposed action, they did not select preferred options for many the components. As a result, any meaningful analysis of Alternative 4 in comparison to the other alternatives is difficult and in some cases not possible. The following limited analysis overviews those components in Alternative 4 narrow enough to make some general observations in comparison to the other alternatives.

Under Alternative 4, the allocation percentages to the Non-AFA Trawl CP sector are expected to be sufficient to keep the sector's groundfish catch levels about the same as their historic catch.

With the exception of the total/total method combined with the year combination 1995 to 2003, the remaining portion of groundfish reserved for the general limited access fishery would be less than historic harvests and may disadvantage members of other sectors, particularly non-AFA catcher vessels in the future. In general, using catch data after 1998 under this alternative will result in larger allocations to the Non-AFA Trawl CP sector and small allocations to the general limited access fishery. During the 1995 to 1997 period, participants in the AFA Trawl CP and CV sectors participated in larger numbers in many of the fisheries allocated under this proposed action. Alternative 4 also includes an ICA provision in the event that the allocation of an Amendment 80 species to the general limited access fishery is inadequate to support other directed fisheries.

Under Alternative 4, trawl catcher vessels must have landed a 150 mt of any groundfish species during the years 1995 to 2004. Applying this eligibility requirement to the trawl catcher vessels, 131 vessels would qualify for the general limited access fishery. Under this alternative, 8 trawl catcher vessels that landed less than 150 mt of groundfish from 1995 to 2004 but more than one landing would be excluded from the general limited access fishery.

Alternative 4 includes a rollover provision like Alternative 3, but the provision also includes PSC. Under this provision, NOAA Fisheries would be allowed to rollover any halibut PSC that is projected to be unused in the general limited access fishery PSC allotment to the Non-AFA Trawl CP sector. Unfortunately, the flexibility in the current system does not lend itself easily to a structured and predictable system for the rollover of PSC from the general limited access fishery to the Non-AFA trawl CP sector. At this time, the proposed action provides no details on how PSC rollovers would be managed.

Under this alternative, the yellowfin sole threshold program could provide some increased opportunity for the AFA Trawl CP and CV sectors and the Non-AFA Trawl CV sector to expand their harvest of yellowfin sole in periods when BSAI pollock TAC declines relative to yellowfin sole depending on the allocation percentage below the threshold. In this alternative, 60 percent of the TAC over 125,000 mt would be assigned to the Non-AFA Trawl CP sector. The remaining 40 percent of the TAC would be apportioned to the trawl vessels that are not a part of the Non-AFA Trawl CP sector.

The PSC allocation to the Non-AFA Trawl CP sector under Alternative 4 would likely be sufficient to harvest their entire allocation of groundfish. However, the remaining halibut PSC for all other trawlers could be insufficient to harvest the allocation of groundfish to the general limited access fishery. Given the historical usage of halibut PSC from 1995 to 1998, there is the potential for the remaining trawl sectors to fall short of the necessary halibut PSC needed to harvest the remaining groundfish, if, for example, the Pacific cod TAC were to increase relative to pollock TAC.

Based on the eligibility requirements under this alternative, 27 vessels appear to qualify for the Non-AFA Trawl CP sector. Four vessels with trawl CP licenses failed to harvest the required 150 mt of BSAI groundfish with trawl gear and process that catch between 1997 and 2002. Under this alternative, 27 to 30 LLP licenses are estimated to qualify for a cooperative endorsement. Additional licenses qualify for the cooperative endorsement because some vessels carry multiple licenses in recent years.

Under Alternative 4, 15 percent of the endorsed LLP licenses would be needed to form a cooperative. In addition, at least two unique entities are required for cooperative formation. Since under Alternative 4 there are likely to be between 27 to 30 endorsed LLP licenses, at least four of these licenses would be needed to form a cooperative. If each of the cooperatives had the minimum required four endorsed LLP licenses, six cooperatives would be formed in the Non-AFA Trawl CP sector.

Under Alternative 4, excessive share limits are included, but how they are applied has yet to be determined by the Council. Although specific impacts of this alternative cannot be determined with any certainty, some general observations can be made. Based on the options selected, consolidation for the Non-AFA Trawl CP sector would be limited. On a species by species basis, a maximum of one to three companies will be impacted by the excessive share caps, depending on the cap level. Several other companies could increase their holdings before they reached the proposed caps. On an aggregate species basis, no companies were over the 50 percent cap.

Alternative 4 would implement harvest caps on the Non-AFA Trawl CP sector for the species that are not allocated. However, the Council did not specify a specific sideboard option choosing instead to leave all of the sideboard options open for consideration, so any meaningful analysis of the sideboards for this alternative is not possible.

With regards to meeting the GRS, Non-AFA Trawl CP sector participants would likely be better off under Alternative 4 than under Alternative 1. Like the previous two alternatives, sector participants that join a cooperative can pool their individual annual GRS rates across the cooperative thereby helping to reduce operation costs for those vessels limited by the GRS. Overall, given the flexibility of this alternative, each cooperative will minimize the cost of meeting the GRS to the extent possible.

Effects on Catcher Processor Efficiency

Production efficiency of the Non-AFA Trawl CP sector under the status quo is limited to some degree by the race for fish under the current LLP fishery and GRS. Sector participants are compelled to race for groundfish with other sector participants, as well as other participants in other sectors throughout the period the fisheries are open. Generally, participants in the Non-AFA Trawl CP sector are equipped to produce whole and head and gut frozen products. Production of these products is likely to continue, if the status quo is maintained. Participants in the Non-AFA Trawl CP must comply with GRS, which could limit production efficiency. With higher retention rates required for vessels greater than 125 ft, sector participants are constrained in production efficiency.

Under Alternatives 2 and 4 more than Alternative 3, the Non-AFA Trawl CP sector is likely to realize some gains in production efficiency capturing greater rents from the allocated fisheries despite having to comply with GRS. Under Alternatives 2 and 4, most eligible participants in the Non-AFA Trawl CP sector are likely to join a cooperative, since operations in the limited access fishery are likely to be less efficient (and less profitable) and it will be easier to meet the cooperative formation requirements. However, there is some potential under Alternative 3 that some eligible participants may elect not to join a cooperative.

Effects on the CDQ Program

Alternatives 2, 3, and 4 would increase CDQ percentage allocations for both primary target and incidental catch species. Under Alternatives 2 and 4, CDQ percentage allocations for each of the primary target species identified in Component 1 and associated secondary species taken incidental in the primary trawl target fisheries would increase to 10 percent. Under Alternative 3, the percentage allocations for both target and incidental catch species would increase to 15 percent. The PSQ percentage allocations would increase proportionately under each alternative, as well. Under Alternatives 2 and 4, the PSQ percentage allocation would increase to 10 percent, and under Alternative 3 would increase to 15 percent. Currently, the CDQ Program receives 7.5 percent of each groundfish TAC and PSC limit as CDQ and PSQ reserves. These reserves are further allocated among six CDQ managing organizations (CDQ groups). CDQ groups plan and conduct fishing operations for their CDQ allocations, and then receive royalties from the harvest of their CDQ. This revenue is used to provide a means for starting and supporting commercial fisheries business activities in CDQ communities in western Alaska.

CDQ groups have had varied, but increasing, success in harvesting their existing CDQ allocations for primary target species. In the last several years, CDQ groups have harvested the majority of their yellowfin sole, Atka mackerel, and Pacific Ocean perch allocations. They have not been very successful at harvesting their rock sole and flathead sole CDQ allocations. The increased CDQ percentage allocations for primary target species considered under Alternative 2, Alternative 3, and Alternative 4 could allow CDQ groups to receive larger CDQ allocations, if the TACs for these species remained constant or increased. If fully harvested, this could provide additional CDQ royalties to CDQ groups. Harvesting any increased allocations of target species probably would result in increased catch of incidental catch species and prohibited species in the CDQ fisheries. The increases to CDQ and PSQ percentage allocations for incidental catch species proposed under Alternatives 2, 3, and 4 are meant to allow the CDQ Program to have adequate CDQ reserves to account for the additional catch of incidental and prohibited species that could occur along with the catch of increased allocations of primary target species. The actual benefits that each CDQ group would receive from increased primary species allocations cannot be estimated given currently available information. The relatively small size of these quotas, variability in the amount of each primary species harvested in past years, and lack of specific information about CDQ royalty rates makes it difficult to estimate the future CDQ Program benefits associated with increasing CDQ percentage allocations for primary target species.

Effects on Consumers

Consumers are likely to be supplied with products from the Amendment 80 fisheries that resemble those currently produced under status quo management. Non-AFA Trawl CP participants are likely to continue to produce high quality frozen head and gut and whole fish, most of which is sold into Asian markets. Some of that product is reprocessed in Asia and sold in the U.S.

Production of the Non-AFA Trawl CP sector participants is likely to be similar to current production under Alternatives 2 and 4. The allocations under Alternative 3 could reduce the amount of the flatfish species allocated to the Non-AFA Trawl CP sector. If the portion of the TACs assigned to sectors, other than the Non-AFA trawl CP sector, is not harvested, and the amounts of those fish rolled-over to the Non-AFA Trawl CP sector cannot be harvested due to halibut constraints, the reduced supply could negatively impact consumers through higher prices. Market prices for these species will depend on other world flatfish markets. If substitute products are available at similar prices, consumer impacts would be small. The lack of information on these markets precludes quantitative estimates of the impacts on U.S. consumers.

Some quality improvement could occur because of cooperatives, but these vessels already produce high quality products because their catch is processed onboard soon after it is harvested. It is unlikely that this amendment will have substantial impacts on U.S. consumers.

Effects on environmental/non-use benefits

Public non-use benefits derived from the management of healthy stocks of these species are likely to be maintained, if the current management is perpetuated.

Under Alternatives 2, 3 and 4, NOAA Fisheries will make annual, exclusive cooperative allocations for the five allocated species. The proposed action will require eligible Non-AFA Trawl CP vessels under 125 ft length overall to meet the GRS. These measures should have the effect of reducing bycatch and discards, contributing additional non-use benefits that might arise from productive use of the resource. In addition, if Alternative 3 reduces the harvest of the allocated species below the allowed catch, the unharvested fish will remain in the BSAI ecosystem, which is considered a benefit to the environment.

Effects on Management, Monitoring, and Enforcement Costs

In addition to the monitoring challenges documented under other quota programs, Amendment 80 includes additional catch accounting and compliance challenges specific to this type of dedicated access program. To address these challenges, additional requirements will be needed to manage these sector allocations and allow single or multiple cooperatives to function. Proposed monitoring components for all non-AFA trawl CPs while fishing in the BSAI are described below.

1. All vessels would be required to weigh all catch on NMFS-approved scales and provide an observer work station.
2. All hauls would be available to be observed by NMFS-certified observers.
3. Vessels would be prohibited from having more than one operational line or other conveyance device for the mechanized movement of catch between the scale used to weigh total catch and the location where the observer collects species composition samples.
4. Crew would be prohibited from entering any tank located prior to where the observer collects unsorted catch, unless:
 - The flow of fish has been stopped between the tank and the location where the observer collects unsorted catch, and;
 - All catch has been cleared from all locations between the tank and the location where the observer collects unsorted catch, and;
 - The observer has been given notice that vessel crew must enter the tank, and;
 - The observer is given the opportunity to observe activities of the person(s) in the tank.
 - The observer has informed vessel personal that he or she has completed all sampling activities.
5. Unsorted catch would be prohibited from remaining on deck outside of the codend without an observer present, except for fish accidentally spilled from the codend during hauling or dumping.
6. A vessel operator would be required to document the flow of fish within the vessel's factory.
7. Each vessel would be required to provide the opportunity for a pre-cruise meeting.

While all vessels would be subject to these requirements, vessels in this fleet vary widely in size, facilities, layout, and fishing practices. Because of this wide variability, a performance based catch monitoring system may be appropriate for some vessels in the Non-AFA Trawl CP fleet. NMFS is exploring the use of vessel-specific monitoring plans (VMP) to provide vessels flexibility in developing a catch monitoring system that works best for their factory layout and fishing practices. Under this alternative monitoring approach, vessel operators or managers may propose a VMP that would meet, exceed or partially substitute for certain regulations. As envisioned, vessels complying with an approved VMP may not be subject to the all requirements described in this section. However, vessel operators who propose VMPs that do not address performance standards would be subject to the regulations (as proposed and if approved by the Secretary). Additionally, vessel operators who do not comply with an approved VMP would be subject to enforcement action and the default regulations. This approach is conceptual at this time, subject to change, and contains some issues that are not fully resolved.

The costs for the monitoring program include both accounting costs (that are itemized to the extent feasible) and other opportunity costs (that are difficult to quantify). Total costs for scale, sample station, observer requirements, and factory modifications necessary to comply with other proposed requirements for each vessel greater than or equal to 125 ft. range between approximately \$64,045 and \$365,545. Total costs for these categories for each vessel less than

125 ft. range between \$182,225 and \$406,725. Other costs associated with these proposed monitoring requirements could include decreased operating efficiencies or additional crew.

In addition to costs borne by the vessels, increases in the number of observer days and their associated increase in the amount of data collected is expected to raise overall annual costs of the Observer Program. This budgetary increase can be attributed to additional staffing, augmented spending for observer sampling equipment, data entry contracts, and travel associated with inspecting sample stations, approving VMPs and conducting pre-cruise meetings. The Observer Program estimates increased staffing and costs associated with this action to include 3.5 full time equivalent staff positions and approximately \$450,000 annually.

NMFS believes that anticipated benefits of a Non-AFA Trawl CP cooperative as currently outlined, including the expectation of reduced effort and capital inputs through a slower paced fishery substantially depend on these proposed monitoring improvements. A multi-species cooperative, with internal transactions and contracts requires reliable catch accounting to create secure agreements. Because Amendment 80 monitoring requirements would include flow scales, observer stations, observation of every haul, and additional requirements described above; some improvements to management catch accounting may also occur. For example, direct measurement of weight on a flow scale is likely to be more reliable than alternative observer measurements based on volumetrics and density.

Effects on Fishing Crew

The existing patterns of crew participation and compensation are likely to remain about the same, at least until Amendment 79 is implemented. The affects of Amendment 79 are not known with certainty. If Amendment 79 increases to costs for some vessels to the point they cannot cover their fixed and variable costs in the long run they will leave the fishery. Employment in the sector would be reduced. Data were not available for the analysts of Amendment 79 to make any projections regarding which vessels may leave the fishery. Therefore, we recognize the fact that Amendment 79 will impose more costs on the vessels in the sector, but we cannot project which vessels, if any, will leave the fishery.

Alternatives 2, 3 and 4 are likely to have some effect on the total number of crew/processing jobs that are available in the sector. An indication of the impacts Amendment 80 cooperative program could have on the Non-AFA Trawl CP sector can be seen from the impacts the AFA had on the pollock catcher/processor sector. Information from the *Report to Congress and the Secretary of Commerce on the Impacts of the American Fisheries Act* completed April 1, 2002, stated that the number of jobs that were lost in the catcher/processor sector was approximately 1,500, given that nine catcher/processors were retired as part of the Act and six of the 20 eligible catcher/processors or 30 percent were not used to fish pollock by their owners because the remaining vessels were able to efficiently harvest the pollock. Given that average crew size of a pollock catcher/processor was approximately 100, that means that approximately 900 of the 1,500 jobs lost were because of the AFA retiring vessels. The remaining 600 jobs lost were due to vessels idled because of they were excess capacity.

Although the Non-AFA Trawl CP vessels and fisheries are very different from the pollock catcher/processor vessels and fishery, the experience learned from the AFA is that some of the Non-AFA Trawl CP vessels could potentially be idled because of the efficiency increases associated with the Amendment 80 cooperative program. In addition, fishing can be expected to slow down as a result of cooperatives. Crew on vessels that remain in the Amendment 80 fisheries could realize an increase in income from increased harvests and revenues in the fishery. Catch increases are more likely under Alternatives 2 and 4 than Alternative 3. Crew on vessels that remain in the Non-AFA Trawl CP sector would benefit from consolidation of harvests on fewer vessels under Alternatives 2 and 4. Crew members paid on a share basis would benefit

from increased revenues by their vessel. Employees that are paid on a wage basis would benefit from longer fishing seasons on the vessels and the corresponding number of hours worked.

Effects on Communities

The fishing communities that are expected to benefit from this proposed action are the locations the vessels offload, take on supplies, and the owners and crew live. Twenty-seven catcher processors appear to be eligible for the Non-AFA Trawl CP sector. Of these vessels, nearly all are based in Seattle. Due to the large size and diversity of Seattle's economy, community-level impacts are not expected to differ between Alternatives 2, 3 and 4. Significant benefits to other communities that are home to some of the other Non-AFA Trawl CP fleet are not expected. Vessels located in those communities will continue to generate revenue from these fisheries. Changes in benefits to the community could occur, but the magnitude of the change is expected to be relatively small. Impacts on other communities with ties to catcher vessels cannot be quantitatively, but they are expected to be relatively small based on historic participation in the five primary BSAI fisheries and the sideboard caps proposed for other fisheries.

Effects on Net Benefits to the Nation

Under status quo, producer surplus is expected to remain at current levels until Amendment 79 is implemented. After Amendment 79 is implemented, producer surplus will decline. The amount of the decline is equal to the increased processing and monitoring costs of the vessel. Revenues are assumed to remain constant. However, the potential exists that more inferior products could be produced because of retaining fish that are of a size that are in less demand or of the wrong sex (e.g., rock sole during the roe season). Prices paid by consumers are not expected to increase or decrease because of this action.

Alternative 2

Net benefits to the Nation would likely increase under Alternative 2 relative to Alternative 1. Contributing to the increase in net benefits to the Nation is the increase in producer surplus from Non-AFA Trawl CP sector participants fishing in cooperatives. Participants would be able to slow the pace of fishing and processing, thus potentially reducing expenditures on inputs and increasing output slightly. These participants would also be free to consolidate fishing up to the user cap. With fewer vessels, the harvesting costs should also decline. Some additional benefits would also likely accrue from the additional 2.5 allocation for the Amendment 80 species to the CDQ program, which would also benefit from a slower paced fishery.

The alternative would require increased monitoring and enforcement costs necessary for meeting the GRS for Non-AFA Trawl CP vessels under 125 ft. LOA. These costs are associated with additional observer coverage, costs associated with vessel modification to better allow the catch to be observed, and slowing processing and harvesting below optimal levels to enable more accurate counts of total groundfish and PSC catches. Some additional benefits to the Nation could arise through reduction in discards, since sector vessels under 125 ft. LOA will have to meet the GRS.

A producer surplus would likely be generated some net benefits for the Nation under Alternative 2 as a result of pooling individual annual vessel GRS rates. Vessels that join a cooperative would average their individual annual retention rates across all cooperative participants, which would help to reduce operation costs for those vessels limited by the GRS. Overall, each cooperative will seek to minimize the cost of meeting the GRS to the extent possible.

Consumer surplus is not expected to change. The Non-AFA Trawl CP sector will continue to produce mostly frozen round and headed and gutted products primarily. Any improvements in consumer benefits arising from improved quality are likely to be realized by Asian consumers, as most of the production from this sector is sold into that market.

Alternative 3

Net benefits to the Nation would likely be smaller under Alternative 3 relative to Alternative 2. It is difficult to compare the changes in Net benefits between Alternatives 1 and 3. The amount of fish the Non-AFA Trawl CP sector can legally harvest under Alternative 3 relative to the status quo, is reduced. However, the benefits of cooperatives are expected to increase the overall efficiency of the fleet. The benefit of a cooperative under this alternative will depend on whether a sufficient number of members of the sector are able to reach agreement and whether persons not in the initial cooperative are able to come to terms with the cooperative. If no cooperative forms, sector efficiency would be similar to that of status quo.

An additional unknown under this alternative is how much of the allocation to the general limited access fishery will be harvested by other sectors, and how efficient will they be when harvesting and processing that catch. The allocation to the general limited access fishery under this alternative exceeds the combined AFA Trawl CP and CV sideboards. Without substantial increases in effort by the Non-AFA Trawl Catcher Vessels, large portions of the allocation to the general limited access fishery would go unharvested. If the other sectors do not harvest their portion of the TAC and large amount of quota are rolled over late in the year, it may be of less value to the Non-AFA Trawl CP fleet than if it was available earlier.

Similar to Alternatives 2 and 4, the Nation would likely see an increase in net benefits from the pooling of individual vessel annual GRS rates while in a cooperative. However, unlike Alternatives 2 and 4, which has the potential for multiple cooperatives, Alternative 3 allows only one cooperative. As a result, there is a chance that some members of the sector will not join the cooperative thus reducing the benefits of pooling annual vessel GRS across the cooperative. In general, members of the cooperative will seek to minimize the cost of meeting the GRS to the extent possible, thereby creating a producer surplus under this alternative.

Under this alternative, the CDQ Program would be allocated 15 percent of the annual TAC for each of the allocated species. The CDQ program would also receive 15 percent of the TAC for the incidental catch species (with the exception of Pacific cod) taken in the Amendment 80 allocated species. The additional 7.5 percent increase in non-pollock groundfish (except Pacific cod) would likely slow the pace of fishing and processing for participants in the CDQ program, thus potentially reducing expenditures on inputs and increase output slightly. However, the benefits will be reduced if the CDQ program fails to harvest their entire allocation.

Like Alternative 2, this alternative could increase the net benefits to the Nation from the reduction in discards. However, producer surplus will be reduced, from what it could have been due to an increase in vessel monitoring costs.

This alternative is not expected to change consumer surplus. The Non-AFA Trawl CP sector will continue to produce frozen round and headed and gutted products primarily. Improvements in product quality that will increase the amount U.S. consumers are willing to pay versus the market price for products produced from these fish are expected to be small.

Alternative 4

Net benefits to the Nation under Alternative 4 are difficult to determine due to the number of components that still need further narrowing. In October 2005, the Council selected a preliminary preferred alternative, but left a number of decisions unresolved. Despite the broad nature of this alternative, it is estimated that the net benefits to the Nation would likely increase under Alternative 4 relative to Alternative 1. Contributing to the increase in net benefits to the Nation is the increase in producer surplus from Non-AFA Trawl CP sector participants fishing in cooperatives. Although allocations of groundfish and PSC have yet to be determined, based on the options selected by the Council that still need to be further narrowed, it is estimated that the

groundfish and PSC allocations to the Non-AFA Trawl CP will be comparable to their historic catch and will facilitate the formation of multiple cooperatives under this alternative. Cooperative participants would be able to slow the pace of fishing and processing, thus potentially reducing expenditures on inputs and increasing output slightly. These participants would also be free to consolidate fishing up to the user cap which still needs to be identified by the Council. With fewer vessels, the harvesting costs should also decline.

Some additional benefits would also likely accrue from the additional 2.5 allocation for the Amendment 80 species to the CDQ program. The increased CDQ allocation will slow the pace of fishing and processing, thus potentially reducing expenditures on inputs and increase output slightly. If the CDQ program fails to harvest their entire allocation, any amount of allocation left unharvested would tend to reduce the net benefits.

The alternative would also require increased monitoring and enforcement costs necessary for meeting the GRS for Non-AFA Trawl CP vessels under 125 ft. LOA. These costs are associated with additional observer coverage, costs associated with vessel modification to better allow the catch to be observed, and slowing processing and harvesting below optimal levels to enable more accurate counts of total groundfish and PSC catches. Some additional benefits to the Nation could arise through reduction in discards, since sector vessels under 125 ft. LOA will have to meet the GRS.

Similar to Alternatives 2 and 3, the Nation would also likely see an increase in net benefits from the pooling of annual vessel GRS rates across the cooperative. Individual vessel retention rates would be averaged across all cooperative participants, helping those vessels with historically low retention rates to lower their operating costs. In general, members of each cooperative would seek to minimize their costs of meeting the GRS to the extent possible thereby generating a producer surplus.

Under this alternative, consumer surplus is not expected to change. The Non-AFA Trawl CP sector will continue to produce mostly frozen round and headed and gutted products primarily. Quality of products could improve slightly as cooperative allocations remove pressure to rapidly catch and process fish to maximize catch from the fisheries. However, since the Non-AFA Trawl CP vessels already produce high quality products and are limited in their ability to produce higher quality products, any quality improvement is likely to be slight. Any improvements in consumer benefits arising from improved quality are likely to be realized by Asian consumers, as most of the production from this sector is sold into that market.

Environmental Assessment

The Environmental Assessment discusses the environment that would be affected by the alternatives, and then describes the impacts of the alternatives. The following components of the environment are discussed: the primary target species to be allocated under the alternatives, prohibited species, other fish species, benthic habitat and essential fish habitat, marine mammals and seabirds, economic and socioeconomic components, and the ecosystem as a whole.

The current fishery management program, represented by Alternative 1, was analyzed in detail in the *Alaska Groundfish Fisheries Programmatic Supplemental Environmental Impact Statement* (NMFS 2004b), the *Environmental Impact Statement for Essential Fish Habitat Identification and Conservation in Alaska* (NMFS 2005), and updated in the annual Environmental Assessment of Harvest Specifications for the Years 2005-2006 (NMFS 2004a). These analyses concluded that the groundfish fisheries, in the status quo, are not affecting a significantly adverse impact on the environment.

In most instances, the effects of Alternatives 2, 3 and 4 have been considered together, as there is little difference between these alternatives in terms of their impact on the physical and biological environment. Under these alternatives, a sector allocation is made that will allow the formation of cooperatives. This will likely change fishing patterns, and may distribute fishing for the primary target species over a longer season or more diverse area. Harvest levels for the primary target species will, remain unaffected, as well the existing management measures that distribute the harvest in space and time. As a result, the impact of the alternatives on these species is not assessed to be significant.

Incidental catch patterns may change as a result of Alternatives 2, 3 and 4, as the fisheries endeavor to meet the groundfish retention standard and reduce discards. In addition, an option under the alternatives would require the fisheries to reduce their historic proportion of prohibited species catch. The increased flexibility afforded to the Non-AFA Trawl CP sector under these alternatives should allow the sector to reduce discards. However, prohibited species catch limits and harvest quotas for other incidental catch species will continue to be set at biologically sustainable levels under these alternatives, and regardless of the ability of the sector to reduce its incidental catch, the impact to the sustainability of these incidental species is not assessed to be significant.

As the amount of overall fishing effort under the alternatives is likely to remain the same or decrease, the alternatives are unlikely to result in a change that would significantly impact seabirds or marine mammals that interact with the groundfish fisheries. Similarly, minimal and temporary impacts to benthic habitat and essential fish habitat are unlikely to be aggravated by these alternatives.

The economic and socioeconomic impacts of the alternatives are summarized in the RIR above.

An evaluation of the effects of the groundfish fisheries on the ecosystem is undertaken annually in the *Stock Assessment and Fishery Evaluation* report. Based on the discussions above regarding population-level impacts of Alternatives 2, 3 and 4, and the lack of other impacts to ecosystem attributes, the alternatives are not assessed to have a significant impact on the ecosystem.

The cumulative effects of the proposed alternatives are also evaluated in the Environmental Assessment. The analysis of past actions affecting the Non-AFA Trawl CP sector showed that, since the mid-1980s, adjustments in the regulatory regime have changed the economic conditions of the groundfish fisheries in which these vessels participate. An increasingly restrictive regulatory environment and escalating compliance costs resulted in economical stress for some Non-AFA Trawl CP owners. The increased restrictions were also a primary reason that flatfish became the primary target species for the Non-AFA Trawl CP sector. Because these species are bottom-dwellers, flatfish fisheries are prone to high incidental catches of prohibited species such as halibut and crab. In addition, flatfish fisheries have limited markets—particularly with regard to size and product quality. These characteristics of the flatfish fisheries, in combination with a “race for fish” regime and other factors, led to a relatively high level of economic and regulatory discards in the Non-AFA Trawl CP sector.

In recent years, the Non-AFA Trawl CP fleet has faced increasing pressure to reduce its discard rate. In 2003, the Council established a minimum groundfish retention standard for Non-AFA Trawl CPs greater than 125 ft length overall. The GRS will result in a substantial reduction in the bycatch of the affected vessels. However, a GRS may also result in substantial costs and lost revenues for these vessels because of holding/processing, transporting and transferring fish that are of relatively low value or “unmarketable.” In addition, the GRS measure imposes significant costs on the vessels with increased observer and scale costs.

With the possible exception of the BSAI Pacific cod allocation and rationalization programs, the reasonably foreseeable future actions cited above may have negative effects (to some degree) on the economic performance of Non-AFA Trawl CP sector. The cumulative effects of all actions—past, present, and future—are toward an increasingly restrictive regulatory environment resulting in lower harvests and gross revenues and/or higher operating costs. While some foreseeable future actions may offset these negative effects to some extent, the overall trend points to increasing economic stress for the Non-AFA Trawl CP sector.

The conclusions reached in the direct and indirect effects analysis of the cooperative alternatives indicate that the compliance costs incurred under a GRS may be mitigated by the benefits of participating in a cooperative. The costs of the GRS associated with retaining unwanted fish may be reduced or avoided altogether under a cooperative structure, as vessels can be more selective in what they catch without losing any competitive advantage. In addition, a cooperative structure may allow the sector to manage its PSC allocation in a manner that prevents PSC limits from being exceeded and thereby avoids the lower harvests and revenues associated with fishery closures when PSC limits are reached.

Initial Regulatory Flexibility Analysis

The directly regulated entities in this action include all of the groundfish harvesters in the BSAI and GOA and the processors that take delivery of their catch, plus the CDQ groups and communities. A total of 996 vessels were classified as small entities in 2003 based on the \$3.5 million revenue threshold. Seventy-one vessels were classified as large entities that year. All but one of the 27 vessels in the Non-AFA Trawl CP sector are considered large entities based on the \$4 million threshold applied to all vessels owned by an entity. The owners of some catcher processors have requested that the small entity definition be updated to use the processor definition. Changing the criteria would reclassify most of the sector as small entities. NMFS is currently reviewing that definition, but until the review is complete, the current definition will continue to be used.

A total of 36 processors in the BSAI and GOA have less than 500 employees. These processors, on average, generated about \$0.9 million in revenue from groundfish and had total revenues from all seafood processing of about \$5.2 million. The processors with over 500 employees averaged \$43.5 million in groundfish revenues and \$79.1 from all fish products (NMFS, 2002). The small processors will be protected by imposing sideboard limits. The protections should have a limited impact though, because many of the species are primarily processed at-sea.

All six CDQ groups and the 65 communities associate with those groups are considered small entities. The alternatives considered in this amendment would either maintain their current allocation or increase the amount of specific species they are allocated. The royalty increases are expected to be small relative to total annual revenues by these groups. These groups are dominated by pollock, crab, halibut, and Pacific cod, but the royalty increases would likely help further the mission of improving the lives of residents of rural Western Alaska.

Amendment 80 Structure

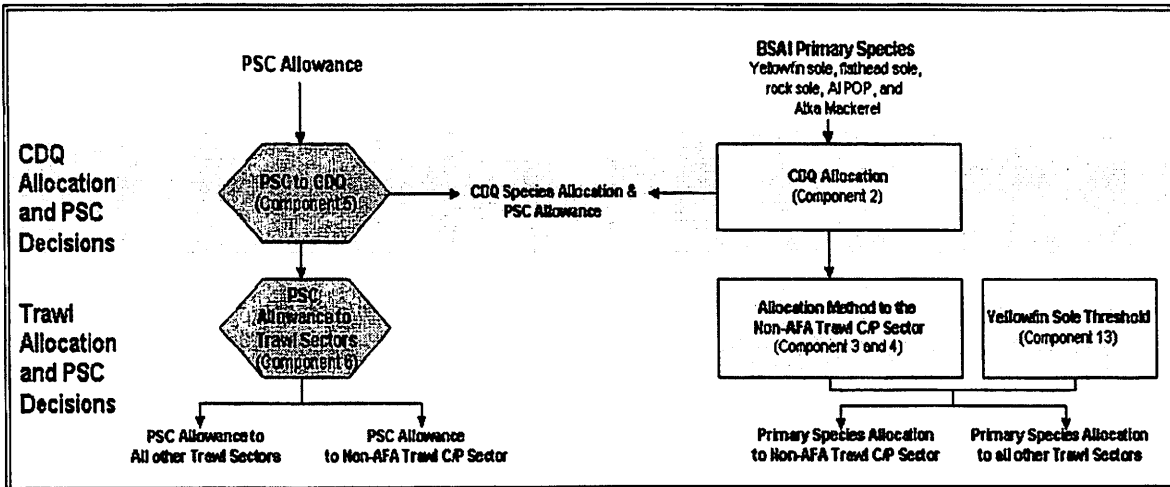
This section presents a general overview of the decision process necessary for the proposed action, alternatives considered for analysis purposes, and individual components and options that make up the proposed action. As noted in the flow diagram of the Amendment 80 decision process presented below, the outcome of the proposed action is a cooperative program for the Non-AFA Trawl CP sector. To accomplish this end, the Council will need to make several key decisions.

The first set of decisions involves allocating the Amendment 80 target species to the Non-AFA Trawl CP sector and the community development quota (CDQ) program. In December 2004, the Council selected the yellowfin sole, rock sole, flathead sole, Aleutian Islands Pacific Ocean perch, and Atka mackerel as the species allocated to the Non-AFA Trawl CP sector. Next, the Council, must consider increasing the CDQ allocation for these Amendment 80 target species and those secondary species taken incidental to the primary target species or leave the allocation at its current level. Following CDQ allocations is the allocation of the Amendment 80 species to the Non-AFA Trawl CP sector. Another primary decision is PSC allowance for the CDQ program and the Non-AFA Trawl CP sector. Finally, the Council in December 2004 added the option of a yellowfin sole threshold fishery. If the Council elects to have a yellowfin sole threshold fishery, the threshold must be selected and it must be determined how to distribute the yellowfin sole in excess of that threshold.

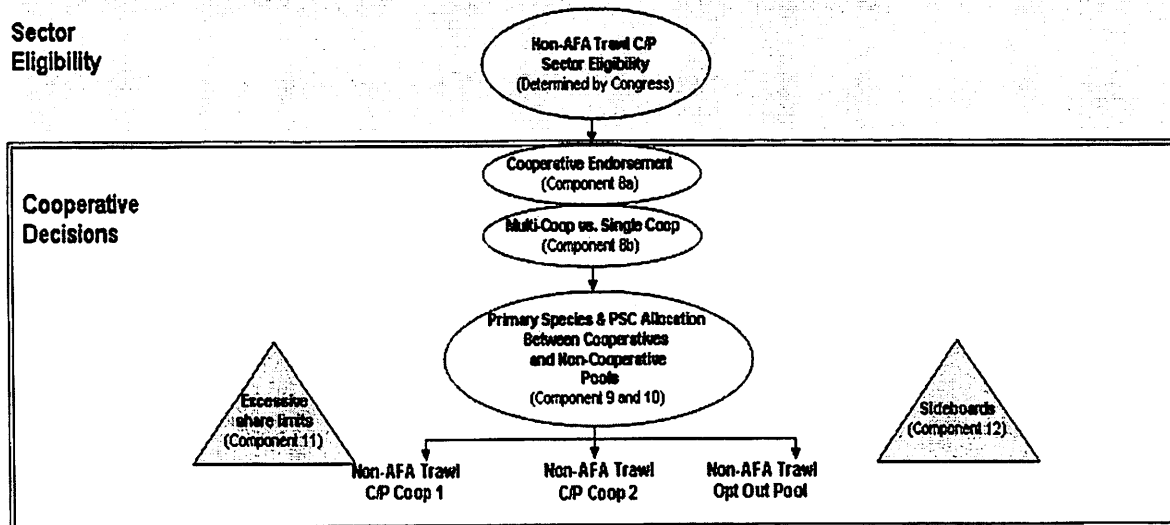
The second series of major decisions the Council must consider involves developing the cooperative structure for the Non-AFA Trawl CP sector. One such decision is whether to develop a cooperative program or only a single cooperative program. Another decision is determining eligibility for the Non-AFA Trawl CP sector. Once the eligibility has been determined, the distribution of the sector allocation between those participants who join a cooperative and those that do not will need to be determined. Other key decisions are the sideboard species and amounts and excessive share limits.

Amendment 80 Decision Structure

Amendment 80 Decision Process *Figures represent decision points*



Sector Eligibility



Alternatives Considered

To address the problem statement, the Council has adopted a suite of components and options that would allocate five primary target species in BSAI to the Non-AFA Trawl CP sector and would allow for cooperative formation by sector participants. Although there are a myriad of different ways to combine the many components and options in the proposed action to form an alternative, the Council has selected four strawman alternatives that represent a range of reasonable alternatives to assess the impacts of the proposed action. Each of the strawman alternatives in the analysis address the problem statement by providing an allocation of the traditional primary species to the sector and allow for the sector to form cooperative(s), which are expected to facilitate a reduction in bycatch by the sector as well as mitigate the costs associated with bycatch reduction. The first alternative is status quo (no action). Although the strawman alternatives differ in several respects the primary difference is in the cooperative structures. The second alternative would allow multiple cooperatives to be formed within the sector. The third alternative would authorize the formation of a single cooperative in the sector. The fourth alternative was selected in October 2005 as a preliminary preferred alternative. The specific differences of these alternatives are described in the sections that follow and are compared in table below.

Table Error! No text of specified style in document.-1 Comparison of the Alternatives

	Alternative 1 (Status Quo)	Alternative 2	Alternative 3	Alternative 4
Primary Target Species to be Allocated	none	yellowfin sole, rock sole, flathead sole, Atka mackerel, Aleutian Islands Pacific Ocean perch	yellowfin sole, rock sole, flathead sole, Atka mackerel, Aleutian Islands Pacific Ocean perch	yellowfin sole, rock sole, flathead sole, Atka mackerel, Aleutian Islands Pacific Ocean perch
Allocation to Sector	none	<u>Allocation:</u> Sector's retained catch over all retained catch, 1998-2002 <u>Management:</u> Hard cap <u>Yellowfin sole:</u> all yellowfin sole in excess of 125,000 mt threshold to be divided 30% to sector and 70% to other trawl; 2-way rollover; no AFA sideboards for yellowfin sole threshold fishery	<u>Allocation:</u> Sector's retained catch over all total catch, 1995-2003 <u>Management:</u> Soft cap; rollover to sector <u>Yellowfin sole:</u> all yellowfin sole in excess of 100,000 mt threshold to be divided 70% to sector and 30% to other trawl; 2-way rollover; no AFA sideboards for yellowfin sole threshold fishery	<u>Allocation:</u> Sector's total catch over all total catch or sector's retained catch over all retain catch using either 1995-2003, 1998-2004, 2000-2004, or a select percentage for each species <u>Management:</u> Hard cap for sector and an ICA for general limited access fishery; rollover of allocated species and PSC to H&G sector <u>Yellowfin sole:</u> all yellowfin sole in excess of 125,000 mt threshold to be divided 60% to H&G sector and 40% to the general limited access fishery; allow rollovers; no AFA sideboards for yellowfin sole threshold fishery
Allocation of Prohibited Species	PSC allocated by target fishery and shared among all trawl vessels	Sector allowance based on average historic PSC usage in directed fishery for allocated primary species plus Pacific cod, 1998-2002	Sector allowance based on: a) average PSC usage, by fishery, of all trawl in each PSC fishery group for allocated primary species plus Pacific cod, 1995-2003 b) apply sector proportion as determined above c) reduce by 5%	H&G sector allowance based on average historic usage of PSC from 1995-2003, 1998, 2004, 2000-2004 or a select percentage for each PSC species Reduce calculated PSC allowance to either 75% or 95% in the third year or phase in PSC reductions 5% per year
Sector Eligibility	determined by Congress	determined by Congress	determined by Congress	determined by Congress

	Alternative 1 (Status Quo)	Alternative 2	Alternative 3	Alternative 4
Cooperative endorsement	none	Qualified license holder harvested 150 mt of groundfish with trawl gear on a sector qualified vessel and processed that fish between 1997 and 2002	Qualified license holder harvested 150 mt of groundfish with trawl gear on a sector qualified vessel and processed that fish between 1997 and 2004	Qualified license holder harvested 150 mt of groundfish with trawl gear on a sector qualified vessel and processed that fish between either 1997-2002, 1997-2003, or 1997-2004
Cooperative formation	none	<u>Threshold:</u> 15% minimum of eligible participants and must be comprised of at least two separate entities <u>Allocation:</u> based on retained catch history, 1998-2002	<u>Threshold:</u> 67% minimum of eligible participants and must be comprised of at least two separate entities <u>Allocation:</u> based on total catch history, 1995-2003	<u>Threshold:</u> 15% minimum of eligible participants and must be comprised of at least two separate entities <u>Allocation:</u> based on either total catch or retained catch using either 1997-2003 drop 2, 1997-2004 drop 2, 1997-2004 drop 3, or 1998-2004 drop 2
Excessive share limits	none	No limit on consolidation	No single person can hold no more than 50% of the catch history of an allocated species	No single person can hold no more than 20%, 30%, or 50% of the catch history of an allocated either by species by species basis or on by an aggregate basis Initial allocation grandfathered

	Alternative 1 (Status Quo)	Alternative 2	Alternative 3	Alternative 4
Sideboards	none	<p><u>For sector:</u> established based on participation in other fisheries, 1998-2002; for GOA halibut PSC based on usage by area, 1998-2002; only vessels that have GOA wide weekly participation in the flatfish fisheries over the threshold during the qualifying period would be eligible to participate in the GOA</p> <p><u>Within sector:</u> established between cooperative and non-cooperative participants for unallocated species</p>	<p><u>For sector:</u> established based on participation in other fisheries, 1995-2003; for GOA halibut PSC based usage by area, 1995-2003</p> <p><u>Within sector:</u> established between cooperative and non-cooperative participants for unallocated species</p>	<p><u>For sector:</u> BSAI Established based on participation in fisheries using either 1995-2003; 1998, 2004, 2000-2004 or a select percentage for each for species/fisheries. Sideboards would be allocated between coops and general limited access based on retained or total catch using either 1997-2003 drop 2, 1997-2004 drop 2, 1997-2004 drop 3, or 1998-2004 drop 2</p> <p>GOA</p> <ol style="list-style-type: none"> 1) eligible to participate in the GOA flatfish fisheries based on weekly participation in flatfish fishery using either 1995-2003, 1998-2004, 1997-2004, or 2000-2004. May exempt sector vessel with significantly higher participation in GOA flatfish fisheries. 2) Gulf-wide halibut sideboards calculated based on bycatch rate or actual usage for each target fisheries within each area for the Non-AFA Trawl CP sector using 1995-2003, 1998-2004, 1997-2004, 2000-2004 or the Council may select a percentage 3) GOA pollock, Pacific cod, and directed rockfish sideboards for the Non-AFA Trawl CP sector based on retained catch of the sector as a percent of retain catch of all sectors from 1995-2003, 1998-2004, 1997-2004, 2000-2004 or the Council may select a percentage

	Alternative 1 (Status Quo)	Alternative 2	Alternative 3	Alternative 4
CDQ	7.5% of groundfish and prohibited species (except herring) allocated to CDQ multispecies fishery	10% of allocated species, plus secondary species caught incidentally in directed fisheries, to CDQ multispecies fishery; PSQ proportional to the CDQ allocation	15% of allocated species, plus secondary species caught incidentally in directed fisheries, to CDQ multispecies fishery; PSQ proportional to the CDQ allocation	10% of allocated species and secondary species caught (except Pcod) taken incidentally in directed fisheries, to CDQ multispecies fishery; PSQ proportional to the CDQ allocation

Alternative 1: No Action

With the exception of Amendment 79, which is yet to be approved by the Secretary of Commerce (SOC), the current management of groundfish and prohibited species catch in the BSAI would remain in effect for this alternative. In general, after deducting 7.5 percent for reserves and 7.5 percent for the CDQ program, the remaining portion of TAC is available to any vessel with a federal license. For Eastern Aleutian District and the Bering Sea subarea Atka mackerel, up to 2 percent of the ITAC may be allocated to jig gear. Currently, only one percent is allocated to the jig gear. For further details on the current management of the species to be allocated under this proposed action, please refer to Section 3.1.1.

Although Amendment 79 to the BSAI Groundfish FMP, the groundfish retention standard (GRS), has not yet been implemented, a final rule should be published before final action on Amendment 80, which is scheduled for December 2005. Currently, there are three potential outcomes. One is the SOC could implement GRS in 2006 at 75 percent. Another is that the SOC approves Amendment 79 at 65 percent starting in 2007. Finally, the SOC could disapprove Amendment 79. Due to the timing of Amendment 80 and Amendment 79, the no action alternative could change after initial review of Amendment 80 in October 2005 but before final review in December 2005. For purposes of the initial review of Amendment 80, the no action alternative will include a GRS phased in over a four year period for Non-AFA Trawl CP vessels greater than 125 ft length overall starting in 2007 at 65 percent and culminating in 2010 at 85 percent. The decision to use this scenario is based on the Council's recommendation to the SOC at the June 2005 meeting to implement Amendment 79 in 2007 at 65 percent to allow ample time for Non-AFA Trawl CP sector to complete any retrofits necessary to meet the enforcement and monitoring requirements included in Amendment 79. In addition, the Council felt it was important to allow the sector time to develop a vessel buyback program authorized under the Consolidated Appropriations Act of 2005. Finally, the Council also clarified at the June 2005 meeting that the specific years tied to GRS in the original action are of less importance than starting at the intended 65 percent.

Alternative 2: Multiple Cooperatives

This alternative would allocate the following species to the Non-AFA Trawl CP sector: yellowfin sole, rock sole, flathead sole, Atka mackerel, and Aleutian Islands subarea Pacific Ocean perch—referred to as primary target species. Allocation of these species to the sector would be in proportion to the retained catch of the Non-AFA Trawl CP sector relative to the retained catch of all vessels, for the years 1998 to 2002.¹ Non-AFA Trawl CP sector allocations of the primary target species would be managed as a hard cap: when the sector harvests all of its allocation of a primary target species, all directed fisheries for that species, as well as those fisheries that catch species incidentally, would close for the sector.

The unallocated portion of the primary target species quota would be reserved for the Non-H&G trawl fishery, which is composed of AFA Trawl CP sector, AFA Trawl CV sector and Non-AFA Trawl CV sector. Non-AFA trawl catcher vessels wishing to participate in the Non-H&G trawl fishery (the general limited access trawl fishery) must have groundfish catch history of a least 1 landing between 1995 and 2004 and possess the appropriate LLP endorsements. Primary species quota cannot be rolled over between trawl sectors under this alternative.

¹ All allocations are after allocations to the CDQ program and, in the case of Atka mackerel, after any allocation to the jig sector.

This alternative includes a quota threshold of 125,000 mt for the yellowfin sole quota. If, in a given year, the quota exceeds this threshold, the excess would be allocated in the following manner: 30 percent to the Non-AFA Trawl CP sector and 70 percent to the limited access trawl fishery. Specifically for this excess allocation, a two-way rollover option is allowed. A portion of the yellowfin sole reserve allocated to either the Non-AFA Trawl CP sector or the limited access trawl fishery would be rolled over to the other sector, if, after a specified date (August 1 or September 1), there is any quota that is projected to remain unused. AFA sideboards do not apply to the yellowfin sole threshold fishery.

The Non-AFA Trawl CP sector would receive its own PSC allowance under this alternative, which would be based on the sector's historical usage of PSC in the directed fisheries for the allocated primary species plus Pacific cod during the years from 1998 to 2002, inclusive.

The eligibility criteria for the Non-AFA Trawl CP sector have been determined by Congress in the provisions of the BSAI CP Capacity Reduction Program, which was passed in November 2004. In order to qualify for the sector, a license holder must have trawl and catcher processor endorsements on its License Limitation Program permit (LLP), and must own a Non-AFA vessel that caught and processed 150 mt of groundfish with trawl gear between 1997-2002.

Those qualified to be in the Non-AFA Trawl CP sector and participate in a cooperative must also have qualified license. To qualify for a cooperative endorsement, qualified license holders must have caught 150 mt of groundfish with trawl gear on a vessel qualified as a Non-AFA Trawl CP and processed that fish between 1997 to 2002.

To operate as a cooperative, membership must include at least two separate entities and must be composed of at least 15 percent of the qualified licenses with cooperative endorsements. Those participants who do not elect to join a cooperative may either form their own cooperative (with at least 15 percent of qualified licenses with cooperative endorsements) or participate outside the cooperative in the sector's limited access fishery.

Allocation of the primary target species among cooperatives and the sector's limited access fishery would be in proportion to the retained catch of the primary target species of the eligible license holders in each pool, for the years 1998-2002. The PSC allowance would be also be allocated to cooperatives and the sector's limited access fishery based on qualified catch of groundfish of participants.

Within the Non-AFA Trawl CP sector, consolidation would not be constrained. An eligible participant (either individual or entity) would not be limited as to the percentage of the Non-AFA Trawl CP sector allocation it can use or the amount of licenses and qualified catch that it may hold.

Sideboards for the Non-AFA Trawl CP sector would be established in regulation based on the sector's participation in other fisheries during the same years used to calculate the sector's allocation, (1998 to 2002). Sideboards for those species that close on TAC in the GOA and the BSAI would be established based on retained catch of the Non-AFA Trawl CP sector divided by the retained catch of all sectors from 1998 to 2002. Sideboards would also be established for halibut PSC in the GOA based on actual halibut PSC usage by the Non-AFA Trawl CP sector in each target fishery in the deep and shallow water complexes by area between 1998 and 2002. Only vessels with LLPs that have Gulf wide weekly participation in the flatfish fisheries over a threshold number of weeks during a qualifying period would be eligible to participate in those fisheries. The sideboards would remain in place until such time as other fisheries are rationalized (including sector allocations for the Pacific cod fishery). Within the Non-AFA Trawl CP sector, sideboards would be established between cooperative and non-cooperative participants for

unallocated species, based on the same years. Sideboards would apply to eligible licenses and associated vessels from which the catch history arose.

The CDQ program would be allocated 10 percent of each primary target species, and the associated species taken incidentally, except Pacific cod, in the prosecution of these directed fisheries. The prohibited species allowance allocated to the CDQ program as prohibited species quota reserves would also continue to be issued at the same percentage as the CDQ groundfish allocation.

Alternative 3: Single Cooperative

This alternative would allocate the following species to the Non-AFA Trawl CP sector: yellowfin sole, rock sole, flathead sole, Atka mackerel, and Aleutian Island Pacific Ocean perch--referred to as the primary target species. Allocation of these species to the sector would be in proportion to the retained catch of the Non-AFA Trawl CP sector relative to the total catch by all vessels, for the years 1995 to 2003. The unallocated portion of the primary target species quota would be reserved for the Non-H&G trawl fishery, which is made up of the AFA Trawl CP sector, AFA Trawl CV sector, and the Non-AFA Trawl CV sector. In order for Non-AFA trawl catcher vessels to participate in the Non-H&G trawl fishery, they must qualify by harvesting 1,000 mt of groundfish catch history between 1995 and 2004, and the posses the appropriate LLP endorsements (the general limited access fishery). Non-AFA Trawl CP sector allocations of the primary target species would be managed as a soft cap: when the sector harvests all of its allocation of a primary target species, the species would be placed on prohibited species status, and would need to be discarded.

Alternative 3 also includes a rollover provision: any portion of the primary target species in the general limited access fishery projected to remain unharvested would be rolled over to the Non-AFA Trawl CP sector.

This alternative also includes a quota threshold of 100,000 mt for the yellowfin sole quota. If, in a given year, the quota exceeds this threshold, the excess would be allocated in the following manner: 70 percent to the Non-AFA Trawl CP sector and 30 percent to the limited access trawl fishery. Any yellowfin sole above the threshold that is projected by the NOAA Regional Administrator to go unharvested would be rolled over to the other threshold recipients (Non-AFA Trawl CP sector or the general limited access fishery).

The Non-AFA Trawl CP sector would receive its own PSC allowance under this alternative. PSC usage of all trawl vessels in each PSC fishery group for allocated primary species plus Pacific cod, from 1995 to 2002, would be calculated, to which the proportion of the Non-AFA Trawl CP sector's share of the target species quota (as determined in Component 3) would be applied. The sector's PSC allowance for each prohibited species would be 95 percent of the total amount calculated using this formula.

The eligibility criteria for the Non-AFA Trawl CP sector have been determined by Congress in the provisions of the BSAI CP Capacity Reduction Program. In order to qualify for the sector, a license holder must have trawl and catcher processor endorsements on their LLP and must own a vessel that caught and processed 150 mt of groundfish with trawl gear between 1997-2002.

Those qualified to be in the Non-AFA Trawl CP sector and participate in a cooperative must also have qualified license. To qualify for a cooperative endorsement, qualified license holders must have caught 150 mt of groundfish with trawl gear on a vessel qualified as a Non-AFA Trawl CP sector and processed that fish between 1997 to 2004.

To operate as a cooperative, membership must include as least two separate entities and would need to be composed of at least 67 percent of the qualified licenses with cooperative

endorsements. Those participants who do not elect to join a cooperative could participate outside the cooperative in the sector's limited access fishery.

Allocation of the primary target species and PSC allowances to the cooperative and sector's limited access fishery would be in proportion to the total catch of the primary target species of the eligible license holders included in each pool, for the years 1995-2003, dropping the three lowest annual catches for the license, by species, during this period.

Consolidation in the Non-AFA Trawl CP sector would be limited by a use cap that applies to each person (using individual and collective rule). No single person may use or hold more than 50 percent of the sector's combined allocation for each allocated species. However, if a person's attributed history at initial allocation is greater than the use cap threshold, the person's ability to exceed the cap would be grandfathered.

Sideboards for the Non-AFA Trawl CP sector would be established in regulation based on the sector's participation in other fisheries during the same years used to calculate the sector's allocation, (1995 to 2003). Sideboards for those species that close on TAC in the GOA and the BSAI would be established based on total catch of the Non-AFA Trawl CP sector divided by the total catch of all sectors from 1995 to 2003. Sideboards would also be established for halibut PSC in the GOA based on the usage by the Non-AFA Trawl CP sector in each target species in the deep and shallow water complexes by area between 1995 and 2003. The sideboards would remain in place until such time as other fisheries are rationalized (including sector allocations for the Pacific cod fishery). Within the Non-AFA Trawl CP sector, sideboards would be established between cooperative and non-cooperative participants for unallocated species, based on the same years. Sideboards would apply to eligible licenses and associated vessels from which the catch history arose.

The CDQ program would receive an allocation of 15 percent of each primary target species, and the associated species taken incidentally in the prosecution of these directed fisheries. The prohibited species allowance allocated to the CDQ program as prohibited species quota reserves would be issued at the same percentage as the CDQ groundfish allocation.

Alternative 4: Preliminary Preferred Alternative

In October 2005, the Council created a new strawman alternative, which is intended to be the preliminary preferred alternative. In selecting the preliminary preferred alternative, the Council selected the preferred option in some components, but also left some components with multiple options making the description and analysis of the alternative somewhat challenging at this time. The following is general description of the components and options selected for Alternative 4.

This alternative would allocate the following species to the Non-AFA Trawl CP sector: yellowfin sole, rock sole, flathead sole, Atka mackerel, and Aleutian Island Pacific Ocean perch--referred to as the primary target species. Allocation of these species to the sector would be either 1) in proportion to the retained catch of the Non-AFA Trawl CP sector relative to the retained catch by all vessels or 2) in proportion to the total catch of the Non-AFA Trawl CP sector relative to the total catch of all vessels, for the years 1995-2003, 1998-2004, or 2000-2004. The unallocated portion of the primary target species quota would be reserved for the general limited access fishery, which is made up of the AFA Trawl CP sector, AFA Trawl CV sector, and the Non-AFA Trawl CV sector, and an ICA for the fixed gear sectors. In order for Non-AFA trawl catcher vessels to participate in the general limited access fishery, they must qualify by harvesting 150 mt of groundfish catch history between 1995 and 2004, and must possess the appropriate LLP endorsements. Non-AFA Trawl CP sector allocations of the primary target species would be managed as a hard cap; when the sector harvests all of its allocation of a primary target species,

the cooperative would be restricted from directed fishing for that species. Allocations to the general limited access fishery would be managed using an incidental catch allowance (ICA) that would be taken off the top prior to allocation to Non-AFA Trawl CP sector and the general limited access fishery.

Alternative 4 also includes a rollover provision; any portion of the primary target species and PSC in the general limited access fishery projected to remain unharvested would be rolled over to the Non-AFA Trawl CP sector.

This alternative also includes a quota threshold of 125,000 mt for the yellowfin sole quota. If, in a given year, the quota exceeds this threshold, the excess would be allocated in the following manner: 60 percent to the Non-AFA Trawl CP sector and 40 percent to the limited access trawl fishery. Any yellowfin sole above the threshold that is projected by the NOAA Regional Administrator to go unharvested would be rolled over to the other threshold recipients (Non-AFA Trawl CP sector or the general limited access fishery). AFA sideboards do not apply to the yellowfin sole threshold fishery.

The Non-AFA Trawl CP sector would receive its own PSC allowance under this alternative. The allocation would be based on historical usage of PSC by the Non-AFA Trawl CP sector using the same years selected in the allocation of primary species. The sector's PSC allowance for each prohibited species would be reduced to 75 percent or 95 percent of the total calculated amount. The PSC reduction would start in the third year of the program and would be phased in at a rate of 5% per year. The Council may select percentages and/or amounts of PSC allocated to the Non-AFA Trawl CP sector in substitute for a calculated approach.

The eligibility criteria for the Non-AFA Trawl CP sector have been determined by Congress in the provisions of the BSAI CP Capacity Reduction Program. In order to qualify for the sector, a license holder must have trawl and catcher processor endorsements on their LLP and must own a vessel that caught and processed 150 mt of groundfish with trawl gear between 1997-2002.

Those qualified to be in the Non-AFA Trawl CP sector and participate in a cooperative must also have a qualified license. To qualify for a cooperative endorsement, qualified license holders must have caught 150 mt of groundfish with trawl gear on a vessel qualified as a Non-AFA Trawl CP sector and processed that fish between 1997-2002, 1997-2003, or 1997-2004. Licenses and vessels used to qualify for Amendment 80 (either to included in the Non-AFA Trawl CP sector or to be used in Amendment 80 cooperative formation) are restricted from being used outside of the Amendment 80 sector.

To operate as a cooperative, membership must include as least two separate entities and would need to be composed of at least 15 percent of the qualified licenses with cooperative endorsements. Those participants who do not elect to join a cooperative could participate outside the cooperative in the sector's limited access fishery.

Allocation of the primary target species and PSC allowances to a cooperative (and sector's limited access fishery) would be in proportion to its members total catch or retained catch of the primary target species by the eligible license holders during the years 1997-2003 dropping the two lowest annual catch years by species, 1997-200 dropping the two lowest annual catch years by species, 1997-2004 dropping the three lowest annual catch years by species, or 1998-2004 dropping the two lowest catch years by species.

Consolidation in the Non-AFA Trawl CP sector would be limited by a use cap that applies to each person (using individual and collective rule). No single person may use or hold more than 20, 30 or 50 percent of the sector's combined allocation for each allocated species or applied on an aggregate basis. However, if a person's attributed history at initial allocation is greater than the use cap threshold, the person's ability to exceed the cap would be grandfathered.

Sideboards for the Non-AFA Trawl CP sector would be established in regulation based on the sector's participation in other fisheries during the same years used to calculate the sector's allocation. Sideboards for those species that close on TAC in the GOA and the BSAI would be established based on total or retained catch of the Non-AFA Trawl CP sector from either 1995 to 2003, 1998-2004, or 2000-2004. The alternative includes several GOA sideboards provisions: 1) eligibility to participate in the GOA flatfish fisheries based on weekly participation, 2) exemption for Non-AFA Trawl CP vessel with significant higher participation in GOA flatfish fisheries, 3) Gulf-wide halibut sideboards for deep and shallow water complex fisheries based on either bycatch rate for each target fisheries, actual usage, or the Council may select a percentage for halibut sideboards which is between the bycatch rate and the usage rate, and 4) sideboards for GOA pollock, Pacific cod, and directed rockfish species based on retain catch of the sector as a percent of retain catch of all sectors using years defined in the allocation of primary species or years from allocations between cooperatives. The sideboards would remain in place until such time as other fisheries are rationalized (including sector allocations for the Pacific cod fishery). Within the Non-AFA Trawl CP sector, sideboards would be established between cooperative and non-cooperative participants for unallocated species, based on the same years. Sideboards would apply to eligible licenses and associated vessels from which the catch history arose.

The CDQ program would receive an allocation of 10 percent of each primary target species, and the associated species taken incidentally in the prosecution of these directed fisheries. The prohibited species allowance allocated to the CDQ program as prohibited species quota reserves would be issued at the same percentage as the CDQ groundfish allocation.

Alternatives Considered but Not Advanced for Analysis

The Council considered several options for to advance bycatch reduction. The most expansive alternatives discussed would have allocated all of the Bering Sea/Aleutian Islands groundfish species or groundfish species complexes that have a TAC limit set during the annual specifications process, except those species allocated through an IFQ program or the AFA, as primary target species. This alternative was being considered when the Council contemplated including all of the BSAI groundfish sectors in the allocation. However, when the Council voted to limit Amendment 80 allocations to the Non-AFA Trawl CP sector, they also voted to reduce the number of species that would be included in the primary target species allocation.

Issues regarding the fleet's ability to harvest the entire allocation may have surfaced if the Council had voted to include all of the species in the target category. The problems would likely have focused on small allocations of incidentally caught species, if those allocations constrained the harvest of directed fisheries. This problem could have resulted if incidental catches of those species closed directed fisheries. For example, if the allocation of arrowtooth flounder closed the yellowfin sole fishery, it could have negative economic impacts on members of the sector that harvest yellowfin sole. Yellowfin sole are targeted by several members of the Non-AFA Trawl CP sector, and constraining their harvest because of bycatch issues related to small allocations of certain groundfish species could reduce the Non-AFA Trawl CP sector's overall profitability.

Because directed fishery closures resulting from harvesting all of a bycatch species' allocation is a primary concern associated with allocating all the TAC species, management of the allocations amounts of each species would play a significant role in determining whether this will occur. If NOAA Fisheries was requested to manage the sector allocations as hard caps that cannot be exceeded, it is quite possible that closures could occur if all species were allocated under Amendment 80. Management of the sector allocations as soft caps, caps that can be exceeded when retention of incidental catch is prohibited, results in the sector allocations taking on some of the characteristics of management systems that do not allocate non-target species to sectors. In

that case, the allocations would be more like guidelines to limit directed fishing for species on a sector-by-sector basis instead of at the TAC level.

Allocating all species might lead to an imbalance in the allocations if TAC fluctuations in the future increased the amount of target species that are available relative to incidentally caught species. If the shifts in TACs were large enough, the amount of incidentally caught species would not cover the amounts needed to harvest the target species. Harvesters would then need to choose the best uses for their incidentally caught species, knowing that those species could be the limiting factor in harvesting all the targeted species.

The allocation formula being considered could be calculated using retained catch as the numerator. Basing the allocation calculations on retained catch would penalize persons that did not retain incidental catch and reward those that did. The Non-AFA Trawl CP sector could be very limited in their ability to harvest target species by this formula, if all species were allocated to sectors. For example, if an incidentally caught species has a natural catch rate in a target fishery, and that species was retained at levels below the natural bycatch rate, the sector would not be allocated enough of that incidentally caught species to harvest their directed fisheries. If the sector had retained that species they would be allocated a larger percentage of the TAC than they traditionally caught. Their fishing operations would be less likely to be constrained by those species, as a result of the larger allocation, than they would have been if the allocation was based on total catch. The estimated changes in allocation percentages, based on the various allocation options under consideration, are shown in the allocation tables presented later in this document.

The allocation formula selected by the Council could include years when each sector's incidental catch rates do not reflect current conditions. Incidental catch rates vary from year-to-year based on relative species abundance, times of the year harvests were made, and how gear is fished. If these factors have changed from the period used in the initial allocation to when cooperatives are implemented, it could distort the relative amounts of incidentally caught species that need to be harvested in the directed fisheries.

Finally, market conditions could change so that species historically taken as incidental catch would be economically desirable to take in a directed fishery. Depending on the amount of that species a sector is allocated, they may only have enough to use as incidental catch in their other target fisheries. In this case, vessel operators could simply retain the species historically taken as incidental catch. This strategy could allow them to more fully utilize their sector's allotment of all species. If that harvesting approach is not feasible, because of other factors associated with processing or marketing of the various products, the vessel operators could consider targeting the species. For this approach to make economic sense, the increased revenue generated by targeting and selling the species that previously had little or no value would need to be sufficient to off-set any reductions in net revenue resulting from reduced harvests in target species. If that does occur, it may make economic sense for individuals to modify their harvest strategy and forgo traditional directed fisheries to target that species.

Given the above discussion, it is possible that species incidentally harvested, as part of another fishery, would not be allocated in proportions that allow vessel operators to optimize the sector's harvest. Strict enforcement of each sector's allocation could result in some sector's harvests being limited beyond what was intended when the regulations were developed.

Producer surplus would be reduced if the allocations were not made at levels that would allow target fisheries to be supported by reasonable incidental catch levels and no mechanism was built into the program to allow sectors to trade species. Options that would exclude some species from the initial allocation were also proposed to alleviate problems associated with determining the optimal allocation formula for incidentally caught species.

Other alternatives were considered that would have excluded species from the initial allocation if they were expected to preclude the sector from harvesting their allocation of directed fisheries. Before these alternatives could have been implemented, the species that would be excluded must be defined. The species defined as target species and included in the sector allocations could have included all of the species currently taken in directed fisheries as well as some species that have been harvested as incidental catch. Species with relatively small TACs and that are difficult to avoid catching in other directed fisheries were most likely to be excluded from the target list.

The CDQ program provides some indication of problems that have been encountered when allocating smaller TACs to a sector. Those problems would likely be encountered if the same species were allocated to the Non-AFA Trawl CP sector. Because of these problems in the CDQ program, the Council felt it was appropriate to exclude species that met that criteria from the sector allocations. Bering Sea Northern, rougheye and shortraker rockfish are examples of a species that are currently not allocated to specific groups in the CDQ program. Those species are managed by NOAA Fisheries at the CDQ level. That management system corresponds to the non-target classification proposed under this component. Those species would not be assigned to the Non-AFA Trawl CP sector and would be available for any eligible vessel to harvest. TACs for those species would be monitored by NOAA Fisheries and they would close directed fishing for the species as appropriate. Those closures may occur at the start of the year, if insufficient amounts of catch are available, or closure notices may be issued when the TAC has been harvested to the point that the remaining quota is needed as incidental catch in other target fisheries.

Squid has been treated differently than other species in the CDQ program. Initially it was allocated to CDQ groups, but because of the randomness of the incidental catch, CDQ groups had problems staying within their allocation. These problems of managing the incidental catch amount caused the CDQ groups to request that squid be removed from the program. Subsequent to that request, squid allocations were removed from the CDQ program. Currently squid is managed at the BSAI level with no further subdivisions of the quota. Therefore, squid harvests are not counted against the overall CDQ catches when determining if fisheries should be closed. That approach is equivalent to not allocating squid to Non-AFA Trawl CP sector in this program. Squid would continue to be managed as a non-target species. Directed fisheries that harvest incidental amounts of squid, primarily the pollock fishery, would not be impacted unless incidental squid catches approach the overfishing level. Because the majority of the incidental squid catch is taken in the pollock fishery, sectors that do not harvest pollock are less likely to be substantially impacted by the treatment of squid in this program. Non-AFA Trawl CP sector vessels, except the few that are allowed to harvest up to 2,000 mt of pollock, are precluded from fishing pollock under the AFA.

The Council also considered what mechanism should be developed to alter the species allocated to sectors in the future. That mechanism would need to define the criteria that must be met before a species could be added or deleted from the target list. For example, if a target species TAC is subdivided (or combined) in the future the mechanism could allow those changes to be anticipated in the allocation rules. Or, if a species in the non-target category starts being taken as a directed fishery and its harvest limits some sector's ability to take their target allocations, it could be moved to the target category. The criteria for moving a species could be reviewed during the normal October and December specification cycles when the TACs for the next year are developed. The allocation rules would need to be clearly defined to implement the changes in this short timeline. However, if a mechanism were not developed, an FMP amendment would be required to change the list of target species. Changing the target species list through an FMP amendment could require a considerable amount of time to implement (it could take several years depending on the Council workload). Because of all the above problems associated with

allocating some TAC species, the Council decided to move forward with the alternative that allocates species that are primary targets of the Non-AFA Trawl CP sector.

Components and Options for Amendment 80

Provided below are the issues and components for sector allocation, including their possible options and suboptions. These components and their respective options and suboptions are divided into four issues comprising 15 components in total. The four issues are sector allocations of BSAI non-pollock groundfish, PSC allowance, cooperative formation, and yellowfin sole threshold fishery. Note that Alternatives 2 and 3 represent specific combinations of components and options for analysis. The final configuration chosen by the Council could include other combinations. The Council's preferred alternative would be analyzed in the final document.

Issue 1: Sector Allocation of BSAI Non-Pollock Groundfish to the Non-AFA Trawl Catcher Processor Sector and CDQ Program

Component 1 Allocate only the following primary target species to the Non-AFA Trawl CP sector: yellowfin sole, rock sole, flathead sole, Atka mackerel, and Aleutian Islands Pacific Ocean perch. Species could be added or deleted through an amendment process.

Component 2 CDQ allocations for each primary target (Component 1) species in the program shall be removed from the TACs prior to allocation to sectors at percentage amounts equal to one of the following.

Option 2.1 7.5%

Option 2.2 10%

Option 2.3 15%

CDQ allocations for secondary groundfish species (except Pacific cod) taken incidental in the primary trawl target fisheries shall be removed from the TACs prior to allocation to sectors at percentage amounts equal to one of the following:

Suboption 2.1 7.5%

Suboption 2.2 10%

Suboption 2.3 15%

Suboption 2.4 At species specific percentages that reflect historical incidental catch rates in the directed fisheries for the primary species by the Non-AFA Trawl Catcher Processor sector during 1998-2003.

Suboption 2.5 The Council can select percentages for each of the secondary species allocated to the CDQ Program

Component 3 Identifies the sector allocation calculation (after deductions for CDQs).

For purpose of allocation to the Non-AFA Trawl CP sector, each primary species allocation would be based upon the years and percentage of average catch history selected in Component 5 using one of the following:

Option 3.1 Total legal catch of the sector over total legal catch by all sectors

Option 3.2 Retained legal catch of the sector over retained legal catch by all sectors

Suboption: Allocations would be managed as a hard cap for the H&G sector, and for the Non H&G sector, an ICA would be taken off the top to

accommodate incidental bycatch by the non-H&G sector. Staff should include tables that show anticipated ICA amounts in the non-H&G fisheries and actual catch of non-Amendment 80 sector be added to table 3.2, including display of discards.

Option 3.3 Retained legal catch of the sector over total catch by all sectors

Legal landing means, for the purpose of initial allocation of QS, fish harvested during the qualifying years specified and landed in compliance with state and federal permitting, landing, and reporting regulations in effect at the time of the landing. Legal landings exclude any test fishing, fishing conducted under an experimental, exploratory, or scientific activity permit or the fishery conducted under the Western Alaska CDQ program.

Suboption 1 Allocations would be managed as a hard cap. When the allocation is reached, further fishing would be prohibited.

Suboption 2 Allocations would be managed as a soft cap. When the allocation is reached, species would be prohibited status.

The remaining portion of primary species included in this program would be allocated to the BSAI limited access trawl fishery. LLP permits associated with trawl catcher vessels with (retained) catch history of at least (a) 1 landing (b) 150 mt or (c) 1,000 mt from 1995-2004 and with appropriate LLP endorsements may fish in the BSAI limited access trawl fishery. LLP permits associated with trawl catcher vessels who do not meet this threshold cannot participate in a directed fishery for the five allocated species.

General Limited Access Fishery

Referencing Table 3-29 of the October 2005 Initial Review Document, a catcher vessel must have landed at least 150 mt of any groundfish species during the qualifying years to be eligible to participate in any Bering Sea trawl catcher vessel fisheries covered by this Amendment. Qualifying requirement is license-based (not steel based).

Suboption Target species and PSC rollover: any unharvested portion of the Amendment 80 target species or unharvested portion of PSC in the limited access fishery that is projected to remain unused, shall be rolled over to the Amendment 80 sector.

Component 4 Catch history years used to determine the allocation to the Non-AFA Trawl CP sector in Component 3.

Option 4.1 1995-2003

Option 4.2 1997-2002

Option 4.3 1998-2002

Option 4.4 1998-2004

Option 4.5 1999-2003

Option 4.6 2000-2004

Option 4.7 The Council can select percentages for each of the species allocated to the Non-AFA Trawl CP sector.

Issue 2: PSC Allowance for the Non-AFA Trawl Catcher Processor Sector and the CDQ Program

Component 5 Increase PSQ reserves allocated to the CDQ program (except herring and Chinook salmon) to levels proportional to the CDQ allocation of primary species under Component 2.

Component 6 PSC allowance for the Non-AFA Trawl CP Sector.

Option 6.1 Apportion PSC to Non-AFA Trawl CP sector:

Suboption 6.1.1 Allocation based on historical usage of PSC by the Non-AFA Trawl Catcher Processor sector rather than the sector's allocation, with the remainder available to the other sectors.

Suboption 6.1.2 Allocation based on the PSC taken in the Non-AFA Trawl Catcher Processor sector directed fishery for allocated primary species plus Pacific cod.

Suboption 6.1.3 Percentage allocations (estimates for PSC associated with Pacific cod catch would be based on the process laid out in Component 3) selected in Component 3 multiplied by the relevant total PSC catch by all trawl vessels in each PSC fishery group for allocated primary species plus Pacific cod.

Option 6.2 Select a Non-AFA Trawl CP sector PSC reduction option from the following that would apply to any PSC apportionment suboption selected in 6.1. PSC reduction options can vary species by species.

Suboption 6.2.1 Reduce apportionments to 60% of calculated level.

Suboption 6.2.2 Reduce apportionments to 75% of calculated level.

Suboption 6.2.3 Reduce apportionments to 90% of calculated level.

Suboption 6.2.4 Reduce apportionments to 95% of calculated level.

Suboption 6.2.4.1 Start the reduction in the third year of the program.

Suboption 6.2.5 Do not reduce apportionments from calculated level.

Suboption 6.2.6 Phase in PSC reductions 5% per year for Suboptions 6.2.1–6.2.4.

Suboption 6.2.7 Reductions under Suboptions 6.2.1–6.2.4 apply only to vessels that participate in the Non-AFA Trawl CP sector's limited access fishery.

Option 6.3 The Council can select percentages and/or amounts for PSC allocated to the Non-AFA Trawl CP sector.

Issue 3: Cooperative Development for the Non-AFA Trawl Catcher Processor Sector

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

the LLP license holder and identified by the license holder as having been operated under the fishing privileges of the LLP qualifying vessel after the date of transfer. (Only one catch history per LLP license.)

Component 7 The BSAI non-pollock groundfish CP buyback legislation establishes the vessels eligible to participate as a catcher processor in the BSAI non-pollock groundfish fisheries. The members of the Non-AFA Trawl Catcher Processor subsector are defined as the owner of each trawl CP:

- a.) that is not an AFA Trawl CP
- b.) to whom a valid LLP license that is endorsed for BSAI Trawl CP fishing activity has been issued; and
- c.) that the Secretary determines who has harvested with trawl gear and processed not less than a total of 150 mt of non-pollock groundfish during the period January 1, 1997 –through December 31, 2002.

This definition establishes the vessels that can participate in the Amendment 80 program.

Restrict LLPs that are used for eligibility in Amendment 80 (either to be included in the Non-AFA CP sector or to be used in Amendment 80 cooperative formatio) from being used outside of the Amendment 80 sector.

Component 8 Establishes the licenses that would be authorized for participation in a cooperative and would receive a cooperative endorsement. Component 8 also establishes the number of licenses required before the cooperative is allowed to operate. No later than December 1 of each year, an application must be filed with NOAA fisheries by the cooperative with a membership list for the year.

In order to receive a cooperative endorsement:

Option 8a.1 Qualified license holders must have caught 150 mt of groundfish with trawl gear on a vessel qualified as a non-AFA trawl CP, and processed that fish between 1997 – 2002.

Option 8a.2 Qualified license holders must have caught 150 mt of groundfish with trawl gear on a vessel qualified as a non-AFA trawl CP, and processed that fish between 1997 – 2003.

Option 8a.3 Qualified license holders must have caught 150 mt of groundfish with trawl gear on a vessel qualified as a non-AFA trawl CP, and processed that fish between 1997 – 2004.

In order to operate as a cooperative, membership must be comprised of at least two separate entities and must be:

Option 8b.1 At least 15 % of the licenses

Option 8b.2 At least 30% of the licenses

Option 8b.3 At least 67% of the licenses

Option 8b.4 At least 100% of the licenses

Option 8b.5 All less one distinct and separate license holder using the 10% threshold rule

Option 8b.6 All less one license

Component 9 Determines the method of allocation of PSC limits and groundfish between the cooperative and eligible Non-AFA Trawl CP participants who elect not to be in a cooperative.

Option 9.1 Catch history is based on total catch

Option 9.2 Catch history is based on total retained catch

Component 10 Determines which years of catch history are used for establishing cooperative allocations. The allocation of groundfish between the cooperative and those eligible participants who elect not to join a cooperative is proportional to the catch history of groundfish of the eligible license holders included in each pool. Applicable PSC limits are allocated between the cooperative and non-cooperative pool in same proportions as those species that have associated PSC limits. The catch history as determined by the option selected under this component would be indicated on the Sector Eligibility Endorsement, which indicates the license holder's membership in the Non-AFA Trawl CP sector. The aggregate histories would then be applied to the cooperative and the non-cooperative pool.

- Option 10.1 1995-2003, but each license holder drops its 3 lowest annual catches by species during this period
- Option 10.2 1997-2003, but each license holder drops its two lowest annual catches by species during this period
- Option 10.3 1998-2002, but each license holder drops its lowest annual catch by species during this period
 - Suboption 10.3.1 Each license holder does not drop its lowest annual catch by species during this period
- Option 10.4 1998-2003, but each license holder drops its lowest annual catch by species during this period
 - Suboption 10.4.1 Each license holder drops two years during this period
- Option 10.5 1999-2003, but each license holder drops its lowest annual catch by species during this period
- Option 10.6 1997-2004, but each license holder drops its two lowest annual catch by species during this period
- Option 10.7 1997 - 2004, but each license holder drops its three lowest annual catch by species during this period
- Option 10.8 1998 - 2004, but each license holder drops its two lowest annual catch by species during this period

Component 11 Determines if excessive share limits are established in the Non-AFA Trawl CP sector.

- Option 11.1 There is no limit on the consolidation in the Non-AFA Trawl CP sector.
- Option 11.2 Consolidation in the Non-AFA Trawl Catcher Processor sector is limited such that no single person (using the individual and collective rule) can hold catch history more than a fixed percentage of the overall sector apportionment history. The cap would be applied on a species by species basis (options: 20%, 30%, 50% of the sector's allocation).

Suboption: Cap would be applied on an aggregated basis.

- Suboption 11.2 Persons (individuals or entities) that exceed the cap in the initial allocation would be grandfathered.

Component 12 Establishes measures to maintain relative amounts of non-allocated species until such time that fisheries for these species (including sector splits of Pacific cod) are further rationalized in a manner that would supersede a need for these

sideboard provisions. Sideboards shall apply to eligible licenses and associated vessels from which the catch history arose.

BSAI sideboard provisions

Option 12.1 Sideboards for the Non-AFA Trawl CP sector would be established by regulation using the same years used to calculate the apportionment of PSC and groundfish between the Non-AFA Trawl CP and limited access pool until such time as these other fisheries are rationalized, when the allocations are determined in these newly rationalized fisheries.

Suboption 12.1.1 Sideboards would be allocated between cooperative and non-cooperative LLP holders, based on the same formula as Component 10.

Option 12.2 Sideboards for the Non-AFA Trawl CP sector would be established by regulation by establishing percentages and/or amounts for the species/fisheries not included in this program. These measures maintain relative amounts of non-allocated species until such time that fisheries for these species are further rationalized in a manner that would supersede a need for these sideboard provisions.

Suboption 12.2.1 Sideboards would be allocated between cooperative and non-cooperative LLP holders, based on the same formula as Component 10.

GOA sideboard provisions

Sideboard provisions for Amendment 80 qualified non-AFA trawl CP sector with valid transferable GOA LLP with appropriate area endorsements are as follows:

Option 12.3 Vessels associated with LLPs that have Gulf weekly participation of greater than X weeks in the flatfish fishery during the years defined in Component 4 or 10 will be eligible to participate in the GOA flatfish fisheries.

Option 12.4 If the analysis shows that one non-AFA trawl CP vessel has significantly higher participation in the GOA flatfish fisheries relative to other non-AFA trawl CP vessels, that vessel may be considered for an exemption from Amendment 80 halibut sideboards in the GOA and may participate fully in the GOA open-access flatfish fisheries.

Suboption: If a vessel is given an exemption to Amendment 80 GOA sideboards, they may not lease their Bering Sea Amendment 80 history.

Option 12.5 Gulf-wide halibut sideboards for the deep and shallow complex fisheries would be established by season calculated based on:

Option A: Bycatch rate approach for each of the target fisheries within each of the regulatory areas (610, 620, 630, 640) for the Amendment 80 qualified non-AFA trawl sector for the years defined in Component 4 or 10

Option B: Actual usage for the Amendment 80 qualified non-AFA trawl sector for the years defined in Component 4 or 10

Option C: The Council may select a percentage for halibut sideboards which is between options A and B.

- Option 12.6 GOA Pollock, Pacific cod, and directed rockfish species (POP, NR and PSR) sideboards for the Amendment 80 qualified non-AFA trawl CP sector would be established using the years defined in Component 4 or 10, where catch is defined as retained catch by Gulf area as a percentage of total retained catch of all sectors in that area.

While the CGOA rockfish demonstration program is in place, the CGOA rockfish demonstration program takes precedence. The demonstration program would remove the need for catch sideboards for the CGOA directed rockfish species. The amendment 80 CPs deep halibut mortality sideboard cap for the 3rd seasonal allowance (in July) will be revised by the amount of the deep complex halibut mortality allocated to the rockfish demonstration program for the Amendment 80 qualified non-AFA trawl CP sector while the demonstration program is in effect.

Sideboards apply to vessels (actual boats) and LLPs used to generate harvest shares that resulted in allocating a percentage of the amendment 80 species TACs to the non-AFA trawl CP sector.

On completion of a comprehensive rationalization program in the GOA, any sideboards from the BSAI amendment 80 plan amendment will be superseded by the allocations in the GOA rationalization program.

Examine GOA weeks-fished data to determine whether there is an Amendment 80 vessel that fishes almost exclusively in the GOA and should receive an exemption from the Amendment 80 GOA sideboards.

Issue 4: Development of a Yellowfin Sole Threshold Fishery

Component 13 A threshold level may be established for yellowfin sole. ITAC below the threshold level would be allocated to the Non-AFA Trawl Catch Processor sector based on the formula determined in Components 3 and 4. ITAC in excess of the threshold level would be available to other sectors as well as to the Non-AFA Trawl CP sector. Threshold levels for other species may be developed at a later date. AFA sideboards do not apply to the YFS threshold fishery.

Threshold Rollover Suboption

Suboption 1: No rollover provision

Suboption 2: Any unharvested portion of the threshold reserve allocated to the limited access fishery that is projected to remain unused by a specific date (August 1 or Sept 1) shall be reallocated to the Non-AFA Trawl CP sector. Any unharvested portion of the threshold reserve allocated to the Non-AFA Trawl CP sector that is projected to remain unused by a specific date (August 1 or September 1) shall be reallocated to the limited access fishery.

Suboption 3: Allow rollovers of any portion of the yellowfin sole TAC that is projected by the NOAA Regional Administrator to go unused. The NOAA Regional Administrator would be responsible for determining both the amount and the timing of the rollover.

For yellowfin sole, the threshold would be:

Option 13.1 80,000 mt

Option 13.2 100,000 mt

Option 13.3 125,000 mt

Suboption 60% Non-AFA Trawl CP sector and 40% limited access fishery

Option 13.4 150,000 mt

Option 13.5 175,000 mt

Allocate the threshold reserve to the Non-AFA Trawl CP sector and the BSAI limited access fishery using one of following suboptions :

Suboption 1 30% Non-AFA Trawl CP sector and 70% limited access fishery

Suboption 2 50% Non-AFA Trawl CP sector and 50% limited access fishery

Suboption 3 70% Non-AFA Trawl CP sector and 30% limited access fishery

Other Elements of Amendment 80

This section provides additional specifics and elements for the Non-AFA Trawl CP cooperative program. These specifics and elements are common for any cooperative program that might be developed.

- The cooperative program developed in Amendment 80b would not supersede pollock and Pacific cod IR/IU programs.
- The Groundfish Retention Standards (GRS) (Amendment 79) would be applied to the cooperative as an aggregate on an annual basis and on those vessels who did not join a cooperative as individuals. All vessels in the sector, consistent with NMFS catch monitoring plan, would be required to have on board NOAA Fisheries approved scales to determine total catch and either maintain observer coverage of every haul for verification that all fish are being weighed or use an alternative scale-use verification plan approved by NOAA Fisheries.
- Non-AFA Trawl CP sector participants that did not elect to join a cooperative would be subject to all current regulations including all restrictions of the LLP and the GRS if approved.
- All qualified license holders participating in the fisheries of the Non-AFA Trawl CP sector for Amendment 80 species would need to have trawl and catcher processor endorsements with general licenses for BSAI and the additional sector eligibility endorsement. Length limits within the license would also be enforced such that any replacement vessel entering the fishery would not exceed the Maximum Length Overall (MLOA) specified on the license.
- Permanent transfers of Sector Eligibility Endorsements would be allowed if transferred with the associated Groundfish LLP. Sector Eligibility Endorsement, the associated groundfish LLP license, and associated catch histories would not be separable or divisible. All transfers would need to be reported to NOAA Fisheries in order to track who owns the Sector Eligibility Endorsements. The purchaser would be eligible to own a fishing vessel under MarAd regulations or must be a person who is currently eligible to own a vessel.
- Annual allocations to the cooperative would be transferable among cooperative members. Such transfers would not need to be approved by NOAA Fisheries.
 - Suboption: Annual allocations to the cooperative would be transferable among cooperative members. Such transfers would not need to be approved by NOAA

Fisheries, in the absence of a NOAA Fisheries approved inter-cooperative agreement.

- Annual allocations to the cooperative would be transferable among cooperatives. Inter-cooperative transfers must be approved by NOAA Fisheries.
- Any non-trawl or non-BSAI catches by qualified license holders that are considered part of the Non-AFA Trawl CP sector would not be included in the defined cooperative program. In addition, these non-trawl or non-BSAI catches allocated to the Non-AFA Trawl CP sector would not necessarily be excluded from other rationalization programs.
- Catch history used for allocation and eligibility purposes would be legal and documented catch.
- Disposition of groundfish species not allocated to the Non-AFA Trawl CP sector would not change as a result of the cooperative program developed in Amendment 80 and would continue to be managed as status quo.
- The cooperative program would limit its scope to selected groundfish and prohibited species catches with trawl gear by qualified license holders in the Non-AFA Trawl CP sector in the BSAI. Groundfish species not included in the program as well as other non-specified fish species or marine resources would not be explicitly managed within the cooperative program. The cooperative program would not supersede existing regulations regarding these other marine resources.
 - Suboption: The cooperative program would limit its scope to selected groundfish and prohibited species catches with trawl gear by qualified license holders in the Non-AFA Trawl CP sector in the BSAI. Groundfish species not included in the program as well as other non-specified fish species or marine resources may be managed within the cooperative program, but are not required. The cooperative program would not supersede existing regulations regarding these other marine resources.
- PSC limits for the following species would be created and allocated between the Non-AFA Trawl CP cooperative(s) and those sector participants that did not elect to join a cooperative.
 - BSAI Non-AFA Trawl CP multi-species halibut cap consisting of an apportionment of species identified in Component 1.
 - BSAI Non-AFA Trawl CP multi-species red king crab cap consisting of an apportionment of the current Pacific cod trawl cap and caps for the flatfish fisheries.
 - BSAI Non-AFA Trawl CP multi-species snow crab (*C. opilio*) cap consisting of an apportionment of the current Pacific cod trawl cap and caps for the flatfish fisheries (includes apportionments of the trawl sablefish/turbot/arrowtooth limits).
 - BSAI Non-AFA Trawl CP multi-species Tanner crab (*C. bairdi*) Zone 1 cap consisting of an apportionment of the current Pacific cod trawl cap and caps for the flatfish fisheries.
 - BSAI Non-AFA Trawl CP multi-species Tanner crab (*C. bairdi*) Zone 2 cap consisting of an apportionment of the current Pacific cod trawl cap and caps for the flatfish fisheries.

- Bycatch limits for non-specified species or marine resources specifically for this program would not be established. However, if the Council deems that bycatch is unreasonable, specific regulations to minimize impacts would be considered.
- The cooperative(s) would need to show evidence of binding private contracts and remedies for violations of contractual agreements would need to be provided to NOAA Fisheries. The cooperative would need to demonstrate adequate mechanism for monitoring and reporting prohibited species and groundfish catch. Participants in the cooperative would need to agree to abide by all cooperative rules and requirements.
- Specific requirements for reporting, monitoring and enforcement, and observer protocols would be developed in regulations for participants in the cooperative program and would not be the purview of the cooperative. The Council and the Non-AFA Trawl CP sector would need to specify their goals and objectives for in-season monitoring and program evaluation. Recordkeeping and reporting portions of the program would need to be developed to ensure that goals and objectives of the program are met in a cost effective manner.
- A detailed annual report would be required from each cooperative(s). Fishery managers would review the annual report to determine if the program is functioning as intended under the proposed action. It is recommended that in-depth assessments of program be undertaken under the auspices of the Council/NOAA Fisheries periodically (for example, every five years). The in-depth studies would identify the accomplishments of the program and indicate whether any changes would be necessary.
- Task staff with evaluating which socioeconomic data can be developed and implemented under the Non-AFA Trawl Catcher Processor Cooperative Program given the current Magnuson-Stevens Act restrictions. The evaluation would consider collecting cost, revenue, ownership, and employment data on a periodic basis to provide the information necessary to study the impacts of the program. It is anticipated that the data collected under this program would be similar to the data collected under the BSAI crab rationalization program. Details of the collection would be developed in the analysis of the alternatives.

Discussion Paper
Halibut PSC Allocations under BSAI Amendment 80 and Amendment 85

Current Halibut PSC Management

Current regulations establish a limit of 3,400 metric tons of halibut mortality in the BSAI trawl fisheries (after deducting the halibut PSQ reserve for use in the groundfish CDQ program). In the annual TAC setting process, NMFS apportions this amount to different trawl fishery categories (e.g., yellowfin sole, Pacific cod, rock sole/other flats/flathead sole as established in regulation) based on Council recommendations. In some fisheries, the allocation is further apportioned by season.

Typically, at the beginning of the fishing year, the Pacific cod trawl fishery is allocated approximately 1,400 metric tons of halibut PSC, more than is usually used in that directed fishery. Despite this apportionment of PSC to the Pacific cod trawl fishery, in recent years NOAA Fisheries has worked with industry to ensure that other fisheries are not constrained by PSC limits (while keeping total halibut PSC under the trawl limit) by moving PSC among fisheries in season to cover potential shortfalls. This movement of PSC allowances has been undertaken informally, with general consent from industry. Overall consent is critical to this flexibility since no formal regulation defines this management.

In assessing the different halibut PSC allocation options under Amendment 80 and Amendment 85, it is important to bear in mind that under the existing limited access management some directed fisheries are constrained by halibut PSC. Dividing the trawl halibut PSC allowance by allocating portions to the various trawl sectors to support either all fishing of the Non-AFA Trawl CP sector (under Amendment 80) or the directed trawl cod fishery (under Amendment 85) and leaving the remainder to support other directed fisheries could increase the potential for halibut PSC to constrain fishing by limiting the flexibility of managers to respond to PSC shortfalls.¹ Depending on TAC changes, it is possible that PSC shortfalls could prevent the harvest of cod allocations under Amendment 85, allocations to Non-AFA Trawl CP sector under Amendment 80, or the harvest of other allocations (including the incentive fisheries under Amendment 80). In addition, by removing halibut PSC through the PSC allocations under Amendment 80 and Amendment 85 from the pool available to trawl vessels, the different allocations could affect negotiations in the specifications process, potentially increasing contention among participants in the different fisheries.

The Council should also note that since the methodology for calculating the PSC allocations under Amendment 80 and Amendment 85 differ, unless a method for reconciling and implementing the provisions is specified, the allocations could differ from that intended by the Council. Specifically, staff recommends that the Council clearly prioritize the amendments to avoid potential misunderstanding or misapplication of the PSC allocation provisions.

The following discussion describes the options for allocating halibut PSC under Amendment 80 and Amendment 85, then describes a possible means for implementing those allocations in their existing form. The discussion also raises several issues with the allocations and suggests possible

¹ Although these PSC divisions have the potential to result in a shortfall for one or more sectors, sectors that benefit from share-based management structures that facilitate bycatch reduction could benefit from an exclusive PSC allocation that allows the sector to slow fishing to avoid halibut bycatch without risking harvest of the allocation by other sectors.

considerations that could justify the use of consistent methodologies for halibut PSC allocations across the two actions.

PSC Allocations Under Amendment 80 (Non-AFA Trawl CP Sector Non-Pollock Groundfish Cooperative)

The halibut PSC allocation component within Amendment 80 identifies three different options for apportioning halibut PSC to the Non-AFA Trawl CP sector. The first PSC option would allocate a portion of trawl halibut PSC allowance to the Non-AFA Trawl CP sector based on its historical usage of halibut PSC in all fisheries. The second option would also allocate a portion of trawl halibut PSC allowance based on its historical usage of halibut PSC, but only from the fisheries for species allocated in Amendment 80 plus Pacific cod. The third PSC option would allocate the sector a portion of the historic PSC usage (by all sectors) in each directed trawl fishery equal to the sector's proportion of the Amendment 80 species allocation plus Pacific cod.² Finally, the Council can select specific percentages and/or amounts of PSC that would be allocated to the Non-AFA Trawl CP sector.³ These allocations are assumed to be arrived at through consideration of the estimated allocations using the other three allocation methods.

Table 1 shows the halibut PSC allocations under the different allocation options included in the Amendment 80 analysis. The table shows that a wide variety of options are available to the Council, which would allocate as much as four-fifths or as little as two-fifths of the trawl halibut PSC to the Non-AFA trawl catcher processor sector.

Table 1. Estimated halibut PSC allocations to the Non-AFA trawl catcher processor sector under Amendment 80 options.

	Sector's historic usage (all fisheries) - option 1		Sector's historic usage (A 80 species and Pacific cod) - option 2		Portion of fishery usage based on sector's allocation - option 3					
					retained/retained		total/total		retained/total	
	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum
Non-AFA CP Trawl Sector allocation as a percent of trawl halibut PSC	82.8	65.7	78.9	62.7	72.5	61.0	68.6	55.5	53.0	39.8
Non-AFA CP Trawl Sector allocation (assuming 3,400 mt trawl PSC allocation)	2,815	2,234	2,683	2,132	2,465	2,074	2,332	1,887	1,802	1,353
PSC remaining for other trawl sectors (assuming 3,400 mt trawl PSC allocation)	585	1,166	717	1,268	935	1,326	1,068	1,513	1,598	2,047

PSC Allocations Under Amendment 85 (Pacific Cod Sector Allocations)

Under Amendment 85, the Pacific cod trawl sector allocations could potentially be divided into four trawl sectors as opposed to the existing two sectors, each of which could receive an allocation of halibut PSC. Each sector's PSC allocation is intended to support its prosecution of the Pacific cod fishery (and could not be used to prosecute other fisheries). The primary difference in the PSC allocation methodology under the two amendments is that Amendment 85 (unlike Amendment 80) continues to rely on the annual specifications process to determine the aggregate allocation of halibut PSC to the Pacific cod trawl fishery (1,434 mt in 2006). The Amendment 85 options merely determine the division of that PSC allocation among the different trawl sectors. As a consequence, any analysis of the PSC allocations must make assumptions

² Under this third option, an allocation of Pacific cod to the Non-AFA trawl CP sector would be estimated for the purpose of determining the PSC allocation, but no allocation of Pacific cod would be made.

³ Current regulations establish a limit of 3,400 metric tons of halibut mortality in the BSAI trawl fisheries (after deducting the 7.5% halibut PSQ reserve for use in the groundfish CDQ program). Note that Amendment 80 also proposes to increase the halibut PSQ reserve for the CDQ program, in relation to a proposed increase in the CDQ target flatfish allocations. Thus, the current 3,400 mt may be reduced further if this option is selected under Amendment 80.

about the total halibut PSC allowance for the Pacific cod trawl fisheries, which is currently an outcome of the specification process. The halibut allowance to the trawl cod fishery group has been 1,434 mt for the past several years.

Two methods are under consideration in Amendment 85 for dividing the allocation of halibut PSC to the trawl Pacific cod fishery among (potentially) four trawl sectors.⁴ Under the first option (Option 7.1), the allocation is divided among the different trawl sectors based on their allocations of Pacific cod under Amendment 85. Thus, each sector will receive the same portion of the trawl Pacific cod halibut PSC as it receives of the trawl Pacific cod allocation. Under the second option (Option 7.2), the Pacific cod trawl PSC allowance is divided among the sectors based on directed Pacific cod catch during the qualifying years. Thus, each sector will receive a portion of the Pacific cod trawl PSC allowance equal to its percentage of the directed trawl Pacific cod catch during the qualifying years. Staff is still in the process of preparing data showing the targeted catch of Pacific cod, preventing the estimation of allocations under this option. Estimates of PSC allocations under the first option, however, are provided.

Note that any estimate of the specific magnitude of the trawl PSC allocations requires an assumption concerning the overall allocation of halibut PSC to the entire Pacific cod trawl fishery. In recent years, approximately 1,400 metric tons of halibut PSC has been allocated to the Pacific cod trawl fishery. Since the PSC allocations under the first option vary with the qualifying years and whether each sector drops its year of lowest Pacific cod catch, a range of allocations are available to the Council. Table 2 shows the range of potential allocations to the different trawl sectors under this first option and an estimate of the magnitude of those allocations (assuming

⁴ The current motion describing these allocations provides for the following two options:

Component 7:

Option 7.1: PSC apportioned to the cod trawl sectors will be based on the average bycatch rate of the trawl cod sectors applied to the cod allocation percentages determined for each sector under Component 2.

Option 7.2: PSC apportioned to the cod trawl sectors will be based on the average bycatch rate of the trawl cod sectors applied to the cod allocation percentages used in the directed cod fishery by each sector under Component 2.

Option 7.1, as written, provides for trawl sector halibut PSC allocations equal to the halibut bycatch rate in the Pacific cod trawl fishery multiplied by the percentage Pacific cod allocation of the sector. Under Option 7.2, as written, the allocation to a sector would equal the halibut bycatch rate times the allocation percentage in the Pacific cod fishery. In both cases, the options describe a sector allocation based on the rate of halibut bycatch multiplied by the sector's allocation of Pacific cod (as a percentage). On their face these provision appear to describe a usage (or rate) based allocation of halibut similar to the methods used in Amendment 80. In deliberations, however, the Advisory Panel and Council clarified that these provisions are intended only to divide the halibut PSC allowance for the Pacific cod trawl fisheries among the trawl sectors base on either their Pacific cod allocations or their targeted catch history. The language in the motion could confuse stakeholders and the public and/or lead to an error in implementation of the provision. **If the Council wishes to remove this confusion and ensure its intention is followed in making this allocation, staff suggests that Options 7.1 and 7.2 be revised as follows:**

Option 7.1: The annual PSC allocation to the trawl Pacific cod fishery will be apportioned to the cod trawl sectors based on the cod allocation percentages determined for each sector under Component 2.

Option 7.2: The annual PSC allocation to the trawl Pacific cod fishery will be apportioned to the cod trawl sectors based on the sector's directed cod fishery harvests during the qualifying period under Component 2.

that the current 1,400 metric ton allocation of halibut PSC is maintained). The table also shows the amount of trawl halibut PSC remaining for other fisheries (2,000 metric tons, assuming 1,400 metric tons allocated to the Pacific cod fishery). To help understand the interaction of the Amendment 85 allocation with the Amendment 80 allocations, the PSC allocation to sectors other than the Non-AFA catcher processor trawl sector are shown and the amount of PSC remaining for all sectors including the Non-AFA catcher processor trawl sector, if that sector is excluded from the PSC allocations under Amendment 85 (since the sector may have already received a Pacific cod related PSC allocation under Amendment 80). In reviewing the table, it is important to bear in mind that any change of the halibut PSC allocation to the Pacific cod trawl fishery will affect both the allocations to the sectors and the amount of PSC remaining for other fisheries.

Table 2. Estimated allocations of trawl halibut PSC under Amendment 85.

	Allocations of Pacific cod				Halibut PSC allocation (assuming 1,400 mt to trawl Pacific cod fishery)	
	as a percent of the Pacific cod TAC		as a percent of the Pacific cod trawl allocation		Maximum	Minimum
	Maximum	Minimum	Maximum	Minimum		
AFA trawl CP	3.7	0.9	8.9	2.3	125	32
Non-AFA trawl CP	16.2	12.7	42.3	32.5	592	455
AFA trawl CV	24.4	17.8	60.1	47.9	841	670
Non-AFA trawl CV	3.1	0.5	7.9	1.2	111	17
Remaining trawl PSC (for fisheries other than Pacific cod)					2,000	2,000
Pacific cod related PSC allocation to all sectors excluding Non-AFA trawl CP			67.5	57.7	945	808
Remaining trawl PSC (including PSC for Non-AFA trawl CP sector fisheries)					2,455	2,592

Coordination of Amendment 80 and Amendment 85 PSC Allocations

Reviewing the PSC allocations proposed under Amendment 80 and Amendment 85 reveals some potential inconsistencies. The specific nature of the inconsistencies depends on one's interpretation of the different provisions and which provision is given priority, particularly with respect to the Non-AFA Trawl CP sector.

If the Amendment 80 allocations are assumed to take priority for the Non-AFA trawl catcher processor sector, the halibut PSC allocation under that program would be made to the Non-AFA trawl catcher processor from the total trawl halibut PSC allowance (3,400 metric tons). **Since the Amendment 80 PSC allocation would be intended to support all catch (including Pacific cod) by the Non-AFA trawl catcher processor sector, no additional halibut PSC would be allocated to that sector under Amendment 85.** Allocations of halibut PSC would be made to the other three trawl sectors for the Pacific cod trawl fishery under Amendment 85. These allocations would be calculated as a percentage of the halibut PSC allocation to the trawl Pacific cod fishery. So, the specification process outcome should clearly provide that the PSC allocation to the Pacific cod fishery should be divided among the remaining trawl sectors (e.g., AFA CV; AFA CP, non-AFA trawl CV), with no allocation to the Non-AFA trawl catcher processor sector). If the Council elects to prioritize the Amendment 80 PSC allocations, it could include the following provision in its Amendment 85 motion to make this intent explicit:

If Amendment 85 is implemented prior to Amendment 80, the Non-AFA trawl CP sector would receive an allocation of PSC in accordance with Amendment 85. Upon implementation of Amendment 80, no allocation of PSC will be made to the Non-AFA trawl CP sector under Amendment 85.

In addition, if the Council elects to prioritize the Amendment 80 allocation, the halibut PSC allocated to the Pacific cod trawl fishery should be adjusted downward from 1,400 metric tons, since the Non-AFA trawl CP sector would not use that allocation. Estimates of the magnitude of

the reduction range from 455 metric tons to 592 metric tons (depending on the option selected for allocating Pacific cod in Amendment 85 – see Table 2).⁵ **Amendment 85 currently assumes that the Amendment 80 allocations are assumed to take priority for the Non-AFA Trawl CP sector.**

Alternatively, if the Council chooses to prioritize the Amendment 85 allocation of halibut PSC to the Non-AFA Trawl CP sector (over the Amendment 80 PSC allocation), the calculations are slightly more complicated, but could be accomplished by decreasing the allocation of PSC to the Non-AFA Trawl CP sector under Amendment 80⁶ and providing the sector with a halibut PSC allocation under Amendment 85, based on its Pacific cod allocation (or target catch) under Amendment 85. In addition, the Council should clarify whether the Non-AFA Trawl CP sector would be limited to using the Amendment 85 PSC allocation for Pacific cod in the targeted Pacific cod fishery. If limited to using the PSC allocation in the Pacific cod fishery, that sector might be unable to achieve some of the benefits described and contemplated under Amendment 80. If the Council elects to prioritize the Amendment 85 allocations, the Council will need to develop a method of reconciling the two allocations (likely adjusting the Amendment 80 allocation by removing the allocation related to Pacific cod halibut PSC).

PSC Availability for Trawl Sectors and Fisheries

An additional consideration, beyond reconciling the methodology used for allocating halibut PSC under Amendment 80 and Amendment 85 are the effects on both the fisheries and sectors receiving the allocations and other trawl fisheries and sectors that would use any remaining PSC to support their fishing. Developing an understanding of these implications first requires a comparison of the allocations and residual PSC amounts shown in Table 1 and Table 2. In addition, consideration of historic halibut usage by the various sectors and fisheries is necessary.

Table 3 shows historic usage of halibut PSC for selected sectors and fisheries. The table shows wide variations in usage across years in the various fisheries and sectors. These variations likely reflect both changes in targeting activity and changes in PSC catch rates. In general, halibut usage by the Non-AFA trawl catcher processors has increased significantly as that sector has increased its portion of the flatfish catch in recent years, while AFA trawl catcher processors participation (and halibut usage) in those fisheries has declined.

Table 3. Historic halibut PSC usage (1995-2003).

⁵ These amounts represent the amount that would have been allocated to the Non-AFA trawl catcher processors under Amendment 85 had that sector received an allocation under Amendment 80.

⁶ If the Council wishes to pursue this approach, staff could provide those estimates at a later date.

	Maximum	Minimum	Average
Non-AFA trawl CP sector (all fisheries)	2,772	1,498	2,311
All other trawl sectors (all fisheries)	2,228	472	1,158
Pacific cod trawl fishery	1,640	667	1,209
Pacific cod trawl fishery excluding Non-AFA CP trawl sector	1,360	262	770
All trawl fisheries except Pacific cod	2,577	2,062	2,251
Non-AFA trawl CP sector - All fisheries except Pacific cod	2,367	1,146	1,873
All trawl fisheries except Pacific cod excluding Non-AFA trawl CP sector	1,147	101	377

Considering all three tables allows some assessment of the interaction of the allocations with fishing activity. First, Table 1 shows that the total trawl halibut PSC amount remaining after the Amendment 80 allocation to the Non-AFA trawl CP sector ranges from 585 metric tons to 2,047 metric tons. This residual would be used to support both the Pacific cod fisheries and all other trawl fisheries. At the low end, 585 metric tons is far less than the amount projected to be allocated to other sectors under Amendment 85 (see Table 2 – between 808 metric tons and 945 metric tons). So, if the maximum allocation is made under Amendment 80, the remaining halibut PSC allowance would be insufficient to maintain the allocations of PSC to other sectors in the Pacific cod fishery (using the 1,400 metric ton PSC basis) and would leave no PSC to support other fisheries (including the incentive fisheries). Overall, the 585 metric ton residual amount is approximately one-half of the average use of other sectors in all fisheries (see Table 3 – 1,158 metric tons).⁷ Even at the upper end, the residual remaining after the PSC allocation to the Non-AFA trawl CP sector is less than the maximum annual halibut usage of all other trawl fisheries (Table 3 – 2,228 metric tons).

On the other hand, a middle range allocation to the Non-AFA trawl CP sector (slightly more than 2,000 metric tons) and a similar middle range allocation to other sectors in the Pacific cod fishery (900 metric tons) would leave approximately 500 metric tons residual to support other fisheries. On its face, this residual would appear sufficient to support other fisheries (Table 3 shows the average historic usage of 377 metric tons). Examining the time trend of data (not shown in the table) shows that the historic usage was substantially higher than the residual amount in 1995 (1,147 metric tons) and exceeded the residual slightly in 1996 and 1997 (552 metric tons and 561 metric tons). Overall, these usage levels, however, suggest a possible issue with PSC allocations that do not fluctuate to reflect dynamic conditions in the fisheries (such as TAC levels and changes in PSC rates across fisheries).

The concern that the PSC distribution may not reflect PSC needs arises if allocations cannot be redistributed across target fisheries in response to shortfalls. The Amendment 80 allocation to the Non-AFA trawl CP sector can be redistributed among fisheries within the sector's cooperatives. The benefits of this redistribution would be limited to cooperative members within that sector. The Amendment 85 PSC allocations, on the other hand, cannot be used outside of the Pacific cod fishery. The Amendment 85 PSC allocations, however, only distribute the Pacific cod trawl

⁷ This residual does not exceed the minimum usage, which occurred in 2001. In all other years, the usage of other sectors exceeded this minimum residual.

allowance among the different sectors in the Pacific cod fishery. The determination of the Pacific cod trawl allowance is left to the specification process, which allows for periodic adjustments in response to changing circumstances. The specification process, however, adds a level of uncertainty to the allocation process.

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JAN 3 2006

A.H.N. Stephanie Madsen

N.P.F.M.C.

I'm writing this letter for my husband Mike Clark, who's currently out fishing. He called in the following points regarding Amendment 80. He pot fishes Dutch Harbor for cod and was in fact a pioneering vessel in that fishery.

- ① We would advocate for a MARCH 15 ~~as~~ start date - for SAFETY ISSUES. The weather would be much improved for these smaller boat.
- ② The 40.20 - 40 ~~thrown~~ ^{thrown} out, we would like the whole quota up front. Also we would push for the whole 4% with a small percentage reserved for the traditional Dutch Harbor jig fleet.
- ③ No increase in CDQ - this isn't a rationalization, it's a sector split.

Thank you for your time

Mike & Robin Clark

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Jan. 31 2006 04:02PM PT

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FROM : CLARKS

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January 31, 2006

Ms. Stephanie Madsen, Chairman
North Pacific Fishery Management Council
605 West 4th Ave.
Anchorage, AK 99501
FAX: 907-271-2817

RECEIVED
JAN 31 2006
N.P.F.M.C.

Re: Agenda Item C-1, IRIU (Amendment 80)

Dear Madam Chair,

Groundfish Forum is a trade organization representing the majority of the participants in the non-AFA trawl catcher-processor sector (the 'trawl H&G' vessels), which are the focus of Amendment 80 to the BSAI FMP. Our vessels depend on the species which will be allocated under this Amendment. Because they will be subject to the Groundfish Retention Standard which the Council approved in Amendment 79, these vessels also depend on the ability to coop which is contained in Amendment 80.

Groundfish Forum has worked closely with all other members of the trawl H&G sector to develop a preferred suite of alternatives for Amendment 80. As you can imagine, it has been difficult to come to agreement on many of these issues. All of the participants in this agreement have made compromises to achieve this goal. It represents a tremendous amount of work and reflects the pressing need for this sector to be able to form cooperatives.

This letter reviews each of the components of Amendment 80, and outlines both our preferred alternative and the reason for that selection. Please bear in mind that people's ability to come to an agreement is the result of viewing these alternatives as a whole. We understand that the Council will use their best judgment in selecting alternatives, and we ask you to consider the balance of compromises in this proposal before making your decisions.

Component 1 - Allocate only the following primary target species to the Non-AFA Trawl CP sector: yellowfin sole, rock sole, flathead sole, Atka mackerel, and Aleutian Islands Pacific Ocean perch. Species could be added or deleted through an amendment process.

There are no options to consider under this component. However, it is important to note that the non-AFA trawl CP sector does target other non-pollock species, such as rex sole and Alaska plaice, which are not allocated under this action. While these species are not allocated, they are part of the full portfolio of this sector, and part of its historic PSC

usage has been in these fisheries. This is particularly important when considering PSC allocation options under Component 6.

Component 2 - CDQ allocations for each primary target (Component 1) species in the program shall be removed from the TACs prior to allocation to sectors at a percentage amount equal to:

Option 2.2 10%

We recognize that previous rationalization programs have resulted in an increase in the CDQ allowance for the rationalized targets.

CDQ allocations for secondary groundfish species (except Pacific cod) taken incidental in the primary trawl target fisheries shall be removed from the TACs prior to allocation to sectors at a percentage amount equal to:

Suboption 2.2 10% or consistent with current and incoming CDO regulations

This suboption was originally included because of concerns that some CDQ groups might be precluded from harvesting their target species due to insufficient amounts of secondary species. The Council's recent decision to manage secondary species as 'soft caps' may eliminate the need for this suboption. The underlined language was added to recognize that the issue may have changed since the original motion.

Component 3 - Identifies the sector allocation calculation (after deductions for CDQs) For purpose of allocation to the Non-AFA Trawl CP sector, each primary species allocation would be based upon the years and percentage of average catch history selected in Component 4 using:

Option 3.2 Retained legal catch of the sector over retained legal catch by all sectors

Retained catch is the true measure of dependence at a sector level. The tables in the Amendment 80 EA clearly show that the non-AFA Trawl CP sector is the only one with any significant retention of Atka mackerel, Pacific Ocean Perch, rock sole and flathead sole. Other sectors have targeted yellowfin sole to some extent. By allocating this as retained over retained, each sector gets credit for what it kept. The non-H&G 'limited access' fishery would receive a Directed Fishing Allowance (or DFA) for its retained history, and for those species where the non-H&G sector has very little retention (and therefore very little history), NMFS would set up an 'Incidental Catch Allowance' or ICA to provide for their incidental catch needs. This means that 1) other (non H&G) sectors could continue to target allocated species as they have in the past, and 2) they would not be restricted from conducting their other target species by lack of incidental catch. The ICA is a 'soft cap,' so they will never be shut down by incidental catch. The only 'downside,' if it is one, is that in cases where there was little or no retained history outside the H&G sector, there would be no future directed fishing. This simply results from the fact that there has been no directed fishing to date, and reflects the way the fleets operate. Future access to yellowfin sole for non-H&G sectors is addressed by the threshold fishery, under Component 13.

Suboption 1 - Allocations would be managed as a hard cap for the H&G sector, and for the Non-H&G sector, an ICA would be taken off the top to accommodate incidental bycatch by the non-H&G sector.

The retained over retained formula gives the H&G fleet credit for retaining the species they target at a greater level than the non-H&G fleets do. As stated above, the ICA (or Incidental Catch Allowance) would be taken off the top, to assure that non-H&G fleets would not be shut down on incidental catch.

The Council could choose to allocate based on total/total instead, which in fact does reflect the true catch of each sector. The disadvantage of this approach is that, properly applied, it creates a 'hard cap' for both H&G and non-H&G sectors. If the total history of the non-H&G sector is based on true incidental catch, and that incidental catch rate were to increase, there is a possibility that the non-H&G sectors could be shut down in their target fisheries. Using retained/retained and an ICA provides protection to the non-H&G sectors.

It is very important to recognize that mis-matching these options can create 'double dipping.' Any formula that allocates a sector its total catch, by definition, includes both the target and incidental catch. AN ALLOCATION THAT INCLUDES INCIDENTAL CATCH REMOVES THE NEED FOR AN ICA. If a sector is allocated its total catch AND an ICA, it is given credit for its incidental catch (i.e., by using total/total) in the allocation AND given the ability to expand its operations to catch even more fish incidentally. This is not in any way reflective of true history.

The remaining portion of primary species included in this program would be allocated to the BSAI limited access trawl fishery.

Suboption: Target species and PSC rollover; any unharvested portion of the Amendment 80 target species or unharvested portion of the PSC in the limited access fishery that is projected to remain unused, shall be rolled over to the Amendment 80 (Non-AFA Trawl CP) sector.

We recognize that rollovers of either target species or PSC are problematic. NMFS would have to determine when one group was likely to NOT catch its entire allocation, in order to facilitate the rollover. At best this would be an educated guess; at worst, NMFS would have to depend on the judgment of the sector, which is unlikely to volunteer fish to roll over. This component is being addressed through inter-sector negotiations, which we hope will result in a workable solution.

Component 4 - Catch history years used to determine the allocation to the Non-AFA Trawl CP sector in Component 3:

Option 4.6 2000-2004

Option 4.6 represents the most recent suite of years under consideration. This represents the fisheries as they currently exist. We believe that this is the intent of rationalization, whatever sector or fishery is involved. We know of no program endorsed by this Council which would reach back the 10+ years requested by some sectors to accommodate very old history. In particular, we strongly believe that history which was accrued pre-AFA has no place in this program. The American Fisheries Act gave certain groups exclusive access to pollock, regardless of the size of the TAC (which has increased by 50% since inception of the program). No other sectors are able to go back and claim their pollock history pre-AFA. It is unreasonable for AFA vessels to assume that they can both claim the exclusive rights to pollock AND get credit for history earned prior to this privilege.

Component 5 - Increase PSQ reserves allocated to the CDQ program (except herring and Chinook salmon) to levels proportional to the CDQ allocation of primary species under Component 2.

This is a one-option component, and provides the PSC which may be necessary to fund the increase in the CDQ allocation under Component 2.

Component 6 PSC allowance for the Non-AFA Trawl CP sector

Option 6.1 Apportion PSC to the Non-AFA Trawl CP Sector:

Suboption 6.1.1 Based on historical usage of PSC

This option divides PSC according to the actual needs of both the H&G and non-H&G sectors. It is possible, with rationalization, that the non-AFA trawl CP sector will need less PSC to prosecute their fisheries; it is also possible that, given the same amount of PSC, the fleet will be able to harvest more of some species which have previously been PSC-limited. The Council of course will make a decision which takes both of these factors into consideration. However, this program should NOT serve as a vehicle to simply re-allocate PSC to sectors which have not used it in the past and do not need it.

It is important to recognize here that the non-AFA trawl CP sector has used PSC in target fisheries other than those being allocated under Amendment 80 (Alaska plaice and rex sole, for example). This PSC must be included in the allocation for historical usage, as it represents part of the sector's catch history.

Option 6.2 Select a Non-AFA Trawl CP sector PSC reduction option from the following that would apply to any PSC apportionment suboption selected in 6.1. PSC reduction options can vary species by species.

Suboption 6.2.4 Halibut reduced to 95% of calculated level in the third year of the program.

As stated above, we recognize that under rationalization the non-AFA trawl CP fleet should be able to fish more efficiently and to catch more target species with the same or less PSC. It is impossible, at the start, to predict how much PSC levels can be reduced. We believe that it is much more effective to observe the results of the program during the first three years, and then apply a reduction, than to mandate a reduction up front.

Component 7 - The BSAI non-pollock groundfish CP buyback legislation establishes the vessels eligible to participate as a catcher processor in the BSAI non-pollock groundfish fisheries. The members of the Non-AFA Trawl Catcher Processor subsector are defined as the owner of each trawl CP:

- a.) that is not an AFA Trawl CP***
- b.) to whom a valid LLP license that is endorsed for BSAI Trawl CP fishing activity has been issued; and***
- c.) that the Secretary determines who as harvested with trawl gear and processed not less than a total of 150 mt of non-pollock groundfish during the period January 1, 1997 through December 31, 2002.***

This definition establishes the vessels that can participate in the Amendment 80 program.

Restrict LLPs and vessels that are used for eligibility in Amendment 80 (either to be included in the Non-AFA CP sector or to be used in Amendment 80 cooperative formation) from being used outside of the Amendment 80 sector, except that any eligible vessel which is authorized to fish pollock under the AFA would still be authorized to fish under that statute.

This language is intended to limit participation in the Amendment 80 sector to vessels which meet the eligibility language in the BSAI non-pollock groundfish CP buyback legislation. The underlined language, which is new, would assure that any vessel which is eligible for the sector and is authorized to fish a limited amount of pollock would still be allowed to catch its pollock allocation, as stipulated in the AFA.

Only history from eligible vessels will be credited in the program. The catch history credited to an eligible vessel will be the catch history of that vessel. The catch history credited to an eligible vessel for the first license assigned to that vessel will be only the catch history of the eligible vessel. Any additional license assigned to an eligible vessel will be credited with the catch history during the Component 10 period of the eligible non-AFA trawl CP from which the license arose, except that no history can be assigned to more than one vessel at a given time. The catch history of any eligible vessel which has sunk, is lost or becomes inoperable, or becomes otherwise ineligible during or after the qualifying period will be credited to the license of that vessel.

This language is intended to clarify that the only licenses which can bring history into the sector are those which arose from an eligible vessel, as defined in the CP buyback legislation language. If the vessel has been lost, the history can still be stacked on another eligible vessel through the license.

Component 8 - Establishes the licenses that will be authorized for participation in a cooperative and to receive a cooperative endorsement. Component 8 also establishes

the number of licenses required before the cooperative is allowed to operate. No later than December 1 of each year, an application must be filed with NOAA Fisheries by the cooperative with a membership list for the total year.

A cooperative endorsement will be assigned to one license for each vessel meeting the qualifications of Component 7. Additional licenses assigned to a vessel will not count toward the coop formation threshold, but will receive a cooperative endorsement provided that:

Option 8a3 the license was used to catch 150 mt of groundfish with trawl gear on a vessel qualified as an eligible non-AFA trawl CP, and processed that fish between 1997-2004

This language is intended to clarify that additional licenses may be stacked on eligible vessels, but do not bring in additional 'voting power' in coop formation. If the license(s) was used on an eligible vessel, to catch with a trawl and process at least 150 tons of groundfish during between 1997 - 2004, they will be given a cooperative endorsement.

In order to operate as a cooperative, membership must be comprised of at least two separate entities and must be:

Option 8b1 At least 15% of the vessels (replaces 'licenses' in the motion)

As explained in the EA for Amendment 80, setting a low threshold for coop formation minimizes the chances that a vessel could exert undue leverage within a coop, or that a vessel would be unable to form a coop with other likeminded vessels. Replacing the word 'license' with 'vessel' clarifies that this program is vessel-based; that is, only eligible vessels can participate and each eligible vessel counts as one unit toward cooperative formation.

Component 9 Determines the method of allocation of PSC limits and groundfish between the cooperative and eligible Non-AFA Trawl CP participants who elect not to be in a cooperative.

Option 9.1 Catch history is based on total catch.

As discussed under Component 3, the formula used to allocate catch history within the sector is different from that used to allocate history between the non-AFA trawl CP sector and other sectors. When allocating between sectors, an Incidental Catch Allowance is used to assure that all sectors have adequate incidental catch to conduct their traditional fisheries, even in those cases where they may have no retained history. In that situation, sectors with retained history (i.e., sectors which really do make use of that species) receive an allocation to support a directed fishery, and those with no retained history are protected by the ICA.

Within the sector, there is no mechanism like an ICA to protect vessels from the shortages that could occur in one or more species allocations. If a vessel is credit with only its retained history, even in a coop situation it could be difficult to balance out the entire suite of history it needs to continue in its traditional fisheries.

There is another dynamic which enters into the discussion within the sector: different vessels in the same fisheries have varying levels of retention. As shown in both the Amendment 79 and Amendment 80 analyses, retention levels correlate directly with vessel size. Larger vessels, because of larger hold space, larger freezer space and more personnel are able to put up lower-value products while still maintaining economic viability. Smaller vessels, with limited hold capacity and processing ability, simply cannot retain those species or products. This is not a matter of a 'better' or 'worse' operation; it is simply the result of the size of the platform.

An allocation within the sector based on retained catch over retained catch credits higher-retention vessels with even more than their actual catch, while lower-retention vessels are credited with less than their actual catch. Consider the following example. Assume a TAC of 300 tons which is fully caught between three various-sized vessels as follows:

Vessel	Total catch (mt)	Retained mt	Total/total	Retained/retained
A	100	90	100	112.5
B	100	80	100	100
C	100	70	100	87.5
Sum	300	240	300	300

In this example, three vessels (A, B and C) catch an equal amount of fish (100 tons apiece). Vessel A has a higher retention rate (90%), while B and C have lower rates (80% and 70% respectively). Allocating based on total catch over total catch credits each vessel with its actual catch (100 tons). However, allocating based on retained catch over retained catch credits vessel A with 12.5 tons *more* than it actually caught, and vessel C with 12.5 tons *less* than it actually caught.

While the argument could be made that vessels with higher retention 'deserve' more allocation, the analysis shows that the retention rate is strongly affected by the operational characteristics of the vessel itself, not the operator. Smaller vessels have lower retention rates at least in part because of their size. We believe that allocating based on retained over retained is not equitable within the sector because it disadvantages smaller vessels.

(Note that when allocating between sectors, differential retention is not a result of vessel size; it is a result of dependence on the fishery. Large vessels may have little to no retention if it is not a species they are interested in, while smaller vessels may retain relatively more if it is a target for them.)

PSC within the sector will be assigned to allocated target species and Pacific cod based on the average use of PSC in that fishery from the years 1998-2004, expressed as a percent of the total PSC allocation to the sector. Each eligible vessel will receive an allocation percent of PSC for each allocated target species and Pacific cod equal to its proportion of the catch history of the allocated fishery. This PSC allocation percentage will not change from year to year (i.e., will not fluctuate annually with TAC).

This language has been added to clarify that PSC will be assigned to a fishery group (species) based on the sector-wide average use from 1998 to 2004. For example, the analysis shows that from 1998-2004, the rock sole fishery accounted for about 21% of the total halibut used in the sector, when calculated using the total (not retained) amount of rock sole caught. Therefore, 21% of the sector's allocation of halibut would be credited to the rock sole fishery. Each vessel would be credit with a portion of that halibut equal to its portion of the rock sole fishery (i.e., a vessel with 10% of the rock sole history of the sector would receive 10% of the halibut assigned to the rock sole fishery group).

Once these allocation percentages are determined, they will remain fixed. Fluctuations in TAC will not change the allocation of PSC within the sector. In this way, if a given TAC were to drop significantly, vessels which depend on that species will have PSC available to trade for TAC in another species; they won't be totally disenfranchised. Since the percentages remain the same, the total numbers (mt of halibut and number of crab) will not change unless the amount available to the sector as a whole changes, as when a crab biomass threshold is reached.

Component 10 - Determines which years of catch history are used for establishing cooperative allocations. The allocation of groundfish between the cooperative and those eligible vessels who elect not to join a cooperative is proportional to the catch history of groundfish of the eligible vessels included in each pool. Applicable PSC limits are allocated between the cooperative and non-cooperative pool in same proportions as those species that have associated PSC limits. The catch history as determined by the option selected under this component would be indicated on the Sector Eligibility Endorsement, which indicates the vessel's membership in the Non-AFA Trawl CP sector. The aggregate histories would then be applied to the cooperative and non-cooperative pool.

Option 1: Based on selecting the highest percentage allocation for each company, by species, using total catch of the vessel over the total catch of the sector for the following suites of years. Different years may be chosen for different species.

1997-2003 drop 2

1997-2004 drop 2

1997-2004 drop 3

1998-2004 drop 2

The total allocation will be adjusted to 100%

Option 2: (Option 10.8) 1998-2004, but each vessel drops its two lowest annual catches by species during this period. (based on total catch of the vessel over the total catch of all eligible vessels).

The language in Option 1 reflects a negotiated agreement which has been signed on to by the majority of the non-AFA trawl CP fleet. If for some reason this Option cannot be selected, Option 2 is a 'fallback' position.

In the event that the Non-AFA Trawl CP sector receives an exclusive allocation of Pacific cod, that allocation will be divided between cooperatives and the sector's limited access fishery in the same manner (and based on the same history) as the division of the other allocated species within the sector.

This language reflects the staff recommendation on page 160 of the analysis. When Amendment 80 was first considered, Pacific cod was one of the species which would have been allocated. Since cod was removed from this Amendment in October of 2004 (and will be addressed under Amendment 85), the mechanism to split the sector allocation among coops and non-coop vessels was also removed. This language assures that Pacific cod will not be left in a 'race for fish' scenario when other target species are rationalized.

Component 11 - (Excessive share limits)

Option 11.1 (preferred) There is no limit on the consolidation in the Non-AFA Trawl CP sector

Option 11.2 (if Council decides that caps are necessary): Consolidation in the non-AFA Trawl Catcher Processor sector is limited such that no single person (using the individual and collective rule) can hold catch history more than 40% of the overall sector apportionment history.

Suboption: Caps would be on an aggregated basis

Suboption 11.2 Persons (individuals or entities) that exceed the cap in the initial allocation would be grandfathered.

Excessive share limits must strike a balance between the efficiencies which result from consolidation and the public policy concern with concentrating the value of the resource in too few hands. In the H&G sector, this balance is further complicated by the diversity of the fleet in terms of target fisheries, vessel size and operational characteristics. It is also heavily influenced by the Council's desire to increase the retention rate of the H&G sector, as demonstrated by the pending Groundfish Retention Standard with its accompanying monitoring and enforcement requirements.

The H&G sector targets a variety of different species, which occur in different areas and have different catch characteristics. Some, such as Atka mackerel and POP, are harvested in the more remote and potentially dangerous Aleutian Islands areas and occur in relatively pure concentrations. Others, such as rock sole and flathead sole, occur in mixed catches in the Bering Sea. Vessels specialize in particular fisheries that are best suited to their size and operational ability. Larger vessels tend to harvest Atka mackerel and POP more than smaller vessels, which are more likely to concentrate on rock sole and flathead sole.

As a result of this natural division within the sector, any vessel may have a relatively large amount of the catch history in one fishery and a relatively small amount of the history in another fishery. For example, four companies have virtually all of the POP catch history in the sector. This likely means that those companies would be over an 'excessive share' cap if one were applied. Smaller vessels are unlikely to be interested in this history for the same reason that they have not fished POP in the past – fishing in the Aleutians is more remote and potentially more dangerous for them. The result is that, should one of the companies involved in the POP fishery wish to exit, there would be no market for their catch history: smaller vessels wouldn't want it and larger operations couldn't purchase it.

This conundrum is made worse by the fact that, under a cooperative system, the history on a particular vessel is not divisible; that is, a vessel cannot trade or transfer their flathead sole history to one entity and their rock sole history to another; it is always transferred as an aggregate of all history for all species. For any vessel to exit the fishery, they would have to find an entity which would still be below the excessive share caps for all of the allocated species after purchasing their history. At best this could severely restrict options for vessels to be retired; at worst, it could make it impossible to leave the fishery.

One way to help remedy this problem is to apply any excessive share caps to aggregate catch history, rather than on a species-by-species basis. It is more likely that an entity wishing to leave the fishery could find someone who could purchase their history if it accrued in the aggregate rather than species-by-species.

In any case, including a component in Amendment 80 which prevents vessels from leaving the fishery would clearly contradict the intent of buyback legislation, which was designed to allow for an orderly and efficient level of consolidation once the sector has been rationalized.

The Council's analysis of Amendments 79 and 80 show that retention rates are strongly correlated to the size of the vessel. Larger vessels have higher retention rates due, in part, to their larger freezing capacity, hold space and manpower. Smaller vessels are not able to retain as much in a given fishery because their hold space is so limited.

The analyses show that smaller vessels may not be able to meet the higher retention levels mandated by Amendment 79, and may also not be able to accommodate the

monitoring and retention requirements (such as flow scales and two observers). Because of this, smaller vessels are more likely to exit the fishery after rationalization. In some ways, encouraging the retirement of smaller vessels may help facilitate the Council's desire to reduce discards, since harvesting would be shifted to larger platforms with higher retention levels. In addition, smaller vessels carry significantly fewer crew members (12 to 16, compared to the fleet average of 35) so fewer jobs would be impacted by their retirement.

Are excessive share caps needed? Excessive share caps can be used to limit the consolidation of a rationalized fleet, to preserve jobs and to prevent concentration of the resource in too few hands.

The H&G sector is already highly consolidated. Unlike the pre-rationalization crab or halibut fleets, our vessels fish 8 to 10 months of the year, with an additional one to two months' yard time. Under rationalization with a Groundfish Retention Standard, vessels are likely to spend more time harvesting and processing at their existing catch levels. There is a limit on how much capacity can be absorbed under these conditions. There is also a limit on how many jobs could be lost, since the amount of labor needed is likely to be the same or perhaps even higher for the same catch history. Vessels may choose to change their operations from using one crew, stretched over the entire fishing year, to having two crews which rotate. Under these conditions it is likely that a more stable and professional crew could be retained, since the jobs would be more accommodating to their lives on shore.

The strongest impact on the number of jobs available will be from the amount of fish allocated to the sector. If the catch history credited to this sector is significantly less than it has earned, jobs will be lost.

The concern with concentrating the value of the fishery in a limited number of entities should be viewed in the perspective of other rationalization programs. The American Fisheries Act, for example, sets a harvest cap for an individual entity at 17.5% of the available directed pollock allocation. In 2005, this equates to around 260,000 metric tons per entity. The entire H&G sector harvest in 2005, for all vessels across all species, was less than 225,000 metric tons. In other words, the total H&G sector harvest would have to be *increased* to reach the allowable harvest of *one entity* in the pollock fishery.

In summary, we believe that excessive share caps are not necessary or appropriate under Amendment 80. The non-AFA trawl CP sector is already highly consolidated, and the number of jobs which might be lost under rationalization will be influenced more by the amount of history allocated to the sector than by consolidation of the fleet. The total catch of the entire sector is less than the amount considered to be reasonable for one entity under the American Fisheries Act. Further, the ability of smaller entities (in particular) to exit the fishery will be severely restricted if larger entities are not able to purchase their catch history.

If, in spite of the above considerations, the Council chooses to set excessive share caps, we ask that they be no lower than 40% and applied to the aggregate sector allocation (not species-by-species).

The analysis shows that the four largest entities account for 70 to 80% of the catch history of the sector, while the other eight entities account for the balance. The larger entities, composed of larger vessels, represent the highest retention rates in the sector. Allowing these entities to purchase additional catch history from retiring smaller vessels will, in itself, increase the retention rate of the fleet.

Smaller vessels are more likely to choose to exit the fishery. As mentioned above, these vessels will have the most difficulty meeting the Groundfish Retention Standard(s) established by Amendment 79. More importantly, these vessels may be simply unable to accommodate the increased retention and monitoring requirements of the new Amendments and may be forced to exit the fishery. These vessels must have a market for their catch history. Setting the cap too low will severely restrict the potential buyers, and may limit purchases to that part of the sector which is less able to retain fish at higher levels. It could be argued that setting the cap high enough to allow these vessels to divest (selling their catch history to larger vessels with higher retention rates, more able to accommodate the increased requirements) furthers the Council's goal of increasing retention sector-wide.

Component 12 (Sideboards)

BSAI sideboard provisions

Pacific cod: maintain existing sector apportionments with rollovers pending new sector allocations

Suboption 12.1.1 Sideboards will be allocated between cooperative and non-cooperative LLP holders, based on the same formula as Component 10.

Other non-allocated species: Manage as status quo

In the Bering Sea, the only species of concern to other sectors is Pacific cod, which was removed from Amendment 80 in October of 2004. Sector allocations of this species will be addressed in Amendment 85. Pending that action, maintaining the current sector apportionments will protect other sectors.

Species which are not allocated under Amendment 80 (other flatfish, plaice, etc) should be managed as they are now (directed fishing allowed if TAC will support it, otherwise on MRB status). This prevents 'squid boxes' from small allocations of secondary species – the same issue being addressed in CDQ actions.

GOA sideboard provisions

1. Gulf of Alaska sideboards:

- Each cooperative contract will include a provision to assure that the coop does not exceed the aggregate GOA sideboard amount of its members*
- The GOA sideboards for vessels which choose not to coop will be managed by NMFS*

We have been told by NMFS that they can manage sideboards between the coops in aggregate and vessels which choose not to coop. Vessels which choose to coop must agree to stay within the aggregate GOA sideboards for their coop, unless the inter-coop agreement allows sideboards to be traded (as is done among AFA vessels for Pacific cod).

2. *One non-AFA trawl CP vessel has significantly higher participation in the GOA flatfish fisheries relative to other non-AFA CP vessels. That vessel will be exempted from Amendment 80 halibut sideboards in the GOA and may participate fully in the GOA open-access flatfish fisheries. The history of this vessel will not contribute to non-AFA trawl CP sideboards in the GOA, and its catch will not be subtracted from those sideboards.*
 - (a) *Suboption: If a vessel is given an exemption to Amendment 80 GOA sideboards, it may not lease its Bering Sea Amendment 80 history*

One non-AFA trawl CP operates almost exclusively in the Gulf of Alaska. This provision was designed with the support of the Alaska Groundfish Databank to allow this vessel to continue to fish as it has traditionally. The underlined language, which is new, clarifies that this vessel neither contributes to nor draws from the sideboards for the non-AFA trawl CP sector.

3. *Gulf-wide halibut sideboards for the deep and shallow complex fisheries would be established by season calculated based on:*
 - (a) *Option A: Bycatch rate approach for each of the target fisheries within each of the regulatory areas (610, 620, 630, 640) for the Amendment 80 qualified non-AFA trawl sector for the years defined in Component 4 or 10*
 - (b) *Option B: Actual usage for the Amendment 80 qualified non-AFA trawl sector for the years defined in Component 4 of 10*
 - (c) *Option C: The Council may select a percentage for halibut sideboards which is between Options A and B*

The options under this item are still being reviewed by the non-AFA trawl CP sector and Gulf of Alaska catcher vessels, represented by Alaska Groundfish Databank.

4. *GOA pollock, Pacific cod and directed rockfish species (POP, NR and PSR) sideboards for the Amendment 80 qualified non-AFA trawl CP sector would be established using the years defined in Component 4 or 10, where catch is defined as retained catch by Gulf area as a percentage of total retained catch of all sectors in that area.*

The fisheries listed above typically close on TAC, so would be sideboarded on TAC also. As noted in Component 1, the sideboards would be managed by each coop and/or through an inter-coop agreement, except that sideboards for any vessels which chose not to coop would be managed by NMFS.

5. *While the CGOA rockfish demonstration program is in place, the CGOA rockfish demonstration program takes precedence. The demonstration program would remove the need for catch sideboards for the CGOA directed rockfish species. The amendment 80 CP deep halibut mortality sideboard cap for the 3rd seasonal allowance (in July) will be revised by the amount of the deep complex halibut mortality allocated to the rockfish demonstration program of the Amendment 80 qualified non-AFA trawl CP sector while the demonstration program is in effect.*
6. *The sector agrees that this sub-component needs to be rewritten to clarify that no "double-dipping" will be allowed. It is a similar issue to that with multiple licenses addressed in Component 7. We will work with the Council staff and NMFS to prepare language that achieves this objective and then review that language with the group as a whole. For the purposes of this agreement, the intent again is to prevent double-dipping with respect to GOA history related to sideboards. Sideboards apply to vessels (actual boats) and LLPs used to generate harvest shares that resulted in allocating a percentage of the Amendment 80 species TACs to the non-AFA trawl CP sector.*

The underlined language is meant to clarify that no vessel will be able to receive credit for history twice. We have asked Council staff to help us with wording that would achieve this.

7. *On completion of a comprehensive rationalization program in the GOA, any sideboards from the BSAI amendment 80 plan amendment will be superseded by the allocations in the GOA rationalization program.*

Component 13 - A threshold level may be established for yellowfin sole. ITAC below the threshold level will be allocated to the Non-AFA Trawl CP sector based on the formula chosen in Components 3 and 4. ITAC in excess of the threshold will be available to other sectors as well as to the Non-AFA trawl CP sector. Threshold levels for other species may be developed at a later date. AFA sideboards do not apply to the yellowfin sole threshold fishery.

This component addresses concerns expressed by other trawl sectors that, should the pollock TAC drop in the future, they may need more access to yellowfin sole in the limited access fishery to compensate them for lost pollock catch. The threshold is insurance against future TAC fluctuations. Recall that under our preferred allocation formula, the limited access fishery would receive an allocation for the historic directed fishery by some AFA vessels and an ICA for the incidental catch needs of other

operators, so non-H&G vessels would already have access to their historic target and bycatch needs.

As shown in the analysis on page 169 (and in previous testimony by our sector), the yellowfin TAC tends to cycle opposite the pollock TAC; when the Pollock TAC is high, yellowfin is compressed to accommodate more harvest of Pollock by AFA vessels. As long as the Pollock TAC is high (and the yellowfin TAC is low), the concerns expressed by these other sectors should not come into play.

If and when the Pollock TAC drops, allowing an increase in the yellowfin TAC, this threshold component creates a mechanism to allocate relatively more yellowfin to the limited access fishery outside the H&G sector. The threshold formula ensures vessels outside the non-AFA trawl CP fleet that when they need access to non-pollock species (in this case, yellowfin sole) it will be available.

Because there is this mechanism, it is not necessary to set aside extra non-pollock allocations up front, just in case they are desired some day. As long as the TACs retain their current relative levels, vessels have access to the amounts they currently harvest. If and when there is a large fluctuation, allocations will shift to accommodate the changing needs of each sector.

Because the change in the relative allocations may not exactly mirror the actual usage by each sector, we recommend that the Council include a rollover provision (suboption 3) to authorize NMFS to re-allocate TAC as appropriate between sectors. This is the same mechanism currently used to manage the Pacific cod fishery:

Suboption 3: Allow rollovers of any portion of the yellowfin sole TAC that is projected by the NOAA Regional Administrator to go unused. The NOAA Regional Administrator will be responsible for determining both the amount and the timing of the rollover.

The threshold itself should reflect not only actual historic harvest by the H&G sector, but the opportunity for this sector to increase its harvest through the efficiencies gained by rationalization. Recall that no other rationalization program has contained a provision to re-distribute the allocated species away from the sector most dependent on it. The threshold should only come into play when there is a serious change in relative TAC levels; it should not be a 'back-door' means of re-allocating yellowfin sole away from the current participants. For this reason, we recommend a threshold amount of 175,000 mt.

Option 13.5 175,000 mt.

The yellowfin sole ITAC for 2006 (using TAC-CDQ) is about 88,500 metric tons. It would require an increase of approximately 86,500 metric tons for yellowfin sole to reach this threshold. If, as anticipated, this increase occurred because of a drop in the Pollock ITAC, the drop (86,500 metric tons) would amount to *only 6% of the Pollock ITAC for 2006*. It is important to keep this perspective in mind. While the increase in yellowfin to

reach the threshold is relatively large compared to the current yellowfin TAC, it will occur with a relatively small drop in the Pollock TAC. Even with this reduction, the Pollock TAC would be significantly higher (by several hundred thousand tons) than it was when the American Fisheries Act was put in place.

Finally, the Council must decide on the formula to apply to the amount of yellowfin sole in excess of the threshold. We recommend splitting this amount 50/50 between the non-AFA trawl CP sector and the limited access fishery.

Suboption 2: 50% Non-AFA Trawl CP sector and 50% limited access fishery.

Summary

As we stated previously, the options contained in this letter represent the results of an arduous and sincere process of negotiation and compromise. We believe that, *taken as a whole*, this represents a reasonable, workable package which fairly allocates target species and PSC, considers incidental catch needs, protects other sectors and allows our sector to continue to operate while gaining the tools to meet the new Groundfish Retention Standard.

We appreciate the opportunity to comment, and look forward to reviewing this with yourself and other Council members.

Sincerely,



Lori Swanson
Executive Director

Attention Stephanie Madsen, Chair
North Pacific Fisheries Management Council
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Anchorage, Ak 99501
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January 31, 2006

Amendment 80

We are addressing the allocation of P-cod TAC for vessels 60' ft and under. An allocation should be set at the full 4 % as described in your options. The 60' ft and under fishery should have an opening date of March 15th. This addresses the safety concerns of this small vessel fleet. Our preference would be to have access to the majority, if not all, of this fish during the A season. The fall season presents safety concerns due to inclement weather.

In viewing this as a sector allocation only, we do not believe this requires the Council to adjust the CDQ quota.

GOA Groundfish Rat'l

1. Address the federal fish caught inside 3 miles
2. Identify a preferred option without processor linkage for all gear types
3. Community Protection Programs should recognize only Skipper and Crew
4. Identify sector allocations and qualified vessels for years inclusive of all options
5. To properly address the GOA RAT'L problem statement, Rationalization of all sectors must be concurrent.

To fully participate in the process, we must first understand if we have federal history (i.e. Fish caught inside 3 miles). It is important that the Council take action to recognize this group. Processor linkage has unforeseen consequences in the BSAI Crab Rat'l, and should not be considered as an option at this time. A true community protection program recognizes the fisherman, living and working in their community, not an entity charging rents and marginalizing its intended benefactor. Sector allocation and naming qualified vessels would be a step towards preserving the historical make-up of the groundfish fleet. Concurrent Rationalization of the groundfish fleet as a whole would ensure a defensible Rationalization Plan.

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* Kodiak Residents, pot fishing P-cod in Kodiak, Chignik, Sand Point, and Akutan with groundfish history dating back to 1990.

January 31, 2006

Ms Stephanie Madsen
Chair, North Pacific Fishery Management Council
605 West 4th, Suite 306
Anchorage, Alaska 99501

Dear Madam Chair:

Amendment 80 is critically important to the non-AFA trawl catcher processor fleet as it fundamentally changes the fishery from an Olympic style fishery to a rationalized fishery, providing both the incentives and the tools in which to improve utilization and retention. We believe that in and of itself, it furthers the Council's goals of improved utilization/retention; and is essential for the fleet to effectively meet the Groundfish Retention Standards mandated by Amendment 79.

Amendment 80 calls on the Council to make two sets of decisions; one related to allocation issues between the non-AFA trawl CP sector and other trawl sectors harvesting on the same stocks (inter-sector); and the other primarily related to issues only affecting participants in the non-AFA trawl CP sector (within sector).

Realizing the importance of this initiative to the sector, representatives of every non-AFA trawl catcher-processor (CPs) company agreed in August to renew efforts to develop a sector "preferred alternative". We retained an outside consultant, Dorothy Lowman, to facilitate these discussions. In October, we presented the Council with a consensus position on the "inter-sector" components of Amendment 80. The sector's position on these components have essentially remained unchanged and we will be reviewing these later in this testimony.

Since October, we have continued to meet as a sector in an effort to reach a compromise on "within sector" allocation and management issues. The preferred alternative described below represents our best efforts to find a compromise that results in "no big winners and no big losers" and credits each company with approximately their historical catch which can be brought into a cooperative if desired. It has been reviewed by the owners of each of the H&G companies. As of the deadline for submitting written testimony, all but one of the companies have endorsed this compromise preferred alternative. Fishing Company of Alaska is still reviewing the compromise package.

Within Sector Components

The "within sector" decisions facing the Council are comprised of components 7-11, and to some degree component 12. Since December, we have examined the different options under consideration by the Council and their inter-relationship with each other. The decisions on these components primarily only affect members of the sector. Every company has moved off their "best position" in order to craft a compromise preferred alternative package that meets the criteria described above.

Component 7: Eligibility for the Sector

The principal criteria for eligibility for the sector are defined by the BSAI Catcher Processor Reduction Program legislation. We endorse this as the basis for vessel eligibility with the understanding discussed on page 122 of the analysis that a vessel that qualifies for the directed pollock fishery under Section 208(e)(21) of the AFA is considered a non-AFA trawl catcher processor under Amendment 80, provided it meets all of the other requirements for eligibility of the legislation.

Originally, the sector eligibility was vessel based but the cooperative program was license-based. Council staff has identified some concerns with this approach and has suggested that the **cooperative program also be vessel based. We concur with this suggestion.**

Moving to a vessel-based cooperative program requires some modification to the language which prefaces Component 7 to clearly identify how catch history associated with LLPs gets assigned to vessels. In developing this language, we are concerned that four issues are clearly addressed:

1. Only history accrued on a vessel meeting the Component 7 Capacity Reduction legislative criteria for sector eligibility can be credited.
2. When additional licenses are stacked onto a vessel meeting the eligibility requirements of Component 7, that vessel will be credited with the catch history during the Component 10 period of the Component 7 eligible vessel with which the license was associated
3. No history associated with a license can be assigned to more than one vessel at the same time.
4. If a vessel that met the requirements of the Capacity Reduction legislation but has subsequently sunk, is lost or becomes inoperable, then the catch history of that vessel accrues to its license. This is important both to assure that the catch history of the Arctic Rose is preserved but also in the event there should be an eligible vessel incapacitated between now and implementation of Amendment 80.

The following paragraph is a modification of language provided by the analysts in their errata dated January 11, 2006 and represents our initial attempt to provide language to address these four issues. We are currently working with Council staff to assure that the language is adequate and may provide revised language at the Council meeting.

“Only history from eligible vessels will be credited in the program. The catch history credited to an eligible vessel will be the catch history of that vessel. The catch history credited to an eligible vessel for the first license assigned to that vessel will be only the catch history of the eligible vessel. Any additional license assigned to an eligible vessel will be credited with the catch history during the Component 10 period of the eligible non-AFA trawl CP from which the license arose, except that no history can be assigned to more than one vessel at a given time. The catch history of any eligible vessel which has sunk, is lost or becomes

inoperable, or becomes otherwise ineligible during or after the qualifying period will be credited to the license of that vessel.”

We also concur with the statement in the Council motion that would restrict LLPs and vessel that are used for eligibility in Amendment 80 (either to be included in the non-AFA CP sector or to be used in Amendment 80 cooperative formation) from being used outside of the Amendment 80 sector, **with the clarification that this refers to use in the limited access non-pollock fishery.**

Component 8: Cooperative Endorsements and Formation Thresholds

We support a cooperative formation threshold of 15% of the vessels (modification of Option 8.b.1 to make consistent with a vessel-based system).

In terms of multiple license stacked on a vessel, it is the intent that the “one vessel, one vote” rule should apply. That is, additional licenses should not bring additional leverage in coop formation. With this in mind we support the following:

A cooperative endorsement will be assigned to one license for each vessel meeting the qualification of Component 7. Additional licenses assigned to a vessel will not count toward the coop formation threshold, but will receive a cooperative endorsement provided that the licenses were used between 1997-2004 to catch and process 150 mt of groundfish with trawl gear on a vessel qualified as an eligible non-AFA trawl CP (option 8.a.3)

Component 9: Method of allocation of PSC limits and groundfish between the cooperative and eligible non-AFA trawl CP participants who elect not to be in a cooperative

We support using catch history based on total catch, rather than retained catch (Option 9.1). Unlike between sectors, allocation within the sector does not include any ICA mechanism that would provide for a vessel’s bycatch needs. Basing catch history on total catch provides vessels with some approximation of their historical catch and species mix necessary to fund their target fisheries.

Using retained catch rather than total catch shifts catch history from those with lower retention (generally smaller vessels) to vessels with higher retention (generally larger vessels). Rather than allocating more fish to higher retention vessels than they have actually caught, we think that the “reward” for pre-Amendment 80 higher retention will likely, and more appropriately, occur during cooperative negotiations. Companies with proven high retention levels should be a position to negotiate favorable cooperative agreements given that the retention requirements imposed under Amendment 79 will be measured at the cooperative level.

In terms of allocating PSC, we support the following:

- **Assign PSC within the sector to allocated target species and Pacific cod based on the average use of PSC in each target species from the years 1998-2004, expressed as a percent of the total PSC allocation to the sector.**
- **Each eligible vessel will then receive an allocation percent of PSC for each allocated target species and Pacific cod equal to its proportion of the catch history of the allocated fishery.**
- **This PSC allocation percentage will not change from year to year (i.e., will not fluctuate annually with TAC).**

Component 10: Catch history years for establishing cooperative allocations

Components 10 and 9 combined decide how much fish a vessel brings into a cooperative. Again, coming to an agreement on this issue was part of a package that included all of the within sector issues. There are two options put forth that we have agreed to support, although option 1 is the preferred option. These are as follows:

Option 1 (blended option): Select the highest percentage allocation by species, for each company using total catch for the following four suite of years: 1997-2003, drop 2; 1997-2004, drop 2; 1997-2004 drop 3; 1998-2004 drop 2. Different year scenarios may be chosen for different species. Add all of the percentages together and then adjust proportionally to 100%.

This option allowed companies to choose the year scenario that was best for them for each target species, but then adjusts everyone proportionally to 100%. It is a formula that could be calculated by independent analysts provided information is available on a company basis.

Option 2 (Option 10.8): 1998-2004 but each vessel drops its two lowest annual catches by species during this period (based on total catch of the vessel over total catch of all eligible vessels).

It is important to note, once more, that neither of these options, when combined with Component 9 total catch decision, is any company's "best" situation. Rather, taken together as a package, the within sector preferences represent a compromise where there are "no big winners or no big losers".

We also wish to clarify that in the event that the non-AFA trawl CP sector receives an exclusive allocation of Pacific cod, that allocation will be divided between cooperatives and the sector's limited access fishery in the same manner (and based on the same catch history years) as the division of the other allocated species within the sector; i.e either option 1 or 2 described above..

Component 11: Excessive shares limits

It is the preference of the sector that there be no excessive share limits (Option 11.1) for the non-AFA trawl CP sector. However, if the Council decides that caps are

necessary, then we would support **limiting consolidation in the non-AFA trawl CP sector such that no single person (using the individual and collective rule) can hold catch history of more than 40% of the overall sector apportionment history (option 11.2). It is very important that caps would be applied on an aggregate basis and that persons (individuals or entities) that exceed the cap in the initial allocation are grandfathered. (both suboptions). Finally, should the Council decide to impose use caps, in addition to ownership caps, we ask that these use caps be set as 45%.**

The Magnuson Act requires that the Council assess what, if any, excessive share caps are required when a fishery is rationalized. Excessive consolidation concerns often are related to excessive market control, adverse impacts on communities, on jobs, and on the balance of power within the fishery.

In the case of the non-AFA trawl CP sector, it is clear that no amount of consolidation would have an effect on the world white fish market. The fleet is primarily based in Seattle and so the impact on small communities highly dependent on fisheries will be minimal.

Unlike the pre-rationalization crab or halibut fleets, our majority of our vessels fish at least 8 to 10 months of the year, with an additional one to two months' yard time. Under rationalization with a Groundfish Retention Standard, vessels are likely to spend more time harvesting and processing at their existing catch levels. There is a limit on how much capacity can be absorbed under these conditions. There is also a limit on how many jobs could be lost, since the amount of labor needed is likely to be the same or perhaps even higher for the same catch history. Vessels may choose to change their operations from using one crew, stretched over the entire fishing year, to having two crews that rotate. Under these conditions it is likely that a more stable and professional crew could be retained, since the jobs would be more accommodating to their lives on shore and income more predictable.

Vessels in the non-AFA trawl CP sector specialize in particular fisheries that are best suited to their size and operational ability. Larger vessels tend to harvest Atka mackerel and POP more than smaller vessels, which are more likely to concentrate on rock sole and flathead sole. As a result of this natural division within the sector, any vessel may have a relatively large amount of the catch history in one fishery and a relatively small amount of the history in another fishery. Under a cooperative system, the history on a particular vessel is not divisible; that is, a vessel cannot sell their flathead sole history to one entity and their rock sole history to another; if it is permanently transferred it must be sold as an aggregate of all history for all species. If excessive share caps were on a species-specific basis, a vessel wanting to exit the fishery, would have to find an entity which would still be below the excessive share caps for all of the allocated species after purchasing their history. At best this could severely restrict options for vessels to be retired; at worst, it could make it impossible to leave the fishery even for vessels unable to operate profitably under the expected monitoring and enforcement regime. **For this reason, it is critical that any excessive share cap be imposed on an aggregate basis.**

Sideboards in the BSAI and the Gulf of Alaska

For the BSAI, we fully expect that Amendment 85 will have implemented a non-AFA trawl CP Pacific cod allocation prior to the formation of cooperatives. Should this not be the case, then sideboards might be appropriate but in the interim we suggest that we maintain existing trawl CP sector apportionments with rollovers and managing this as a type of sideboard. We also propose that other non-allocated species be managed as status quo. **Any sideboards should be allocated between cooperative and non-cooperative LLP holders, based on the same formula as Component 10 (suboption 12.1.1).**

Sideboards are usually imposed as a protection for other sectors from encroachment once a sector is rationalized. In the case of the Gulf of Alaska, the concerns of the sector also include providing some degree of protection for those members who have traditionally been more dependent on Gulf of Alaska harvests.

Originally a "threshold" concept had been included to help in addressing this concern. However, this is a blunt instrument at best. **A better solution we believe is to have the non-AFA trawl CP Gulf of Alaska sideboards divided into two pools: one for non-coop vessel and the other for all cooperatives combined. NMFS would manage the non-coop pool while the cooperatives would manage the cooperative pool. To assist in effectively managing this pool, we are requesting that NMFS require either participation in an inter-coop agreement regarding Gulf of Alaska sideboard management or other Gulf of Alaska sideboard management provisions in cooperative agreements.**

We basically support the rest of the Gulf of Alaska sideboard provisions proposed in the Council's motion and will be working with the other Gulf participants to develop positions on remaining decision points within this component. One area that does, however, need clarification is the following:

"Sideboards apply to vessels (actual boats) and LLPs used to general harvest shares that resulted in allocating a percentage of Amendment 80 species TACs to the non-AFA trawl CP sector."

We are concerned that this section needs to be rewritten to clarify that no "double dipping" will be allowed. It is a similar issue to that with multiple licenses addressed in Component 7. We will continue to work with Council staff and NMFS prior to the Council meeting to prepare language that achieves this objective so that we can offer it to the Council for your consideration during Amendment 80 deliberations.

Inter-sector Components

Intersector components of Amendment 80 relate to dividing target species TACs and PSC allocations between the non-AFA trawl CP sector and other trawl sectors harvesting on these same stocks. Components 2-6 and 13 fall into this category. Our preferred alternative with respect to inter-sector Amendment 80 components remain essentially the

same as presented by the sector at the October Council meeting. Briefly, our position remains as follows:

- **CDQ fisheries:** CDQ allocations for each target species should be 10% (option 2.2.); with respect to secondary species caught incidentally. CDQ regulations have been changed to allow these to be managed with a "soft" rather than a "hard" cap; while we agree to support an increase to 10% , it may not be necessary given the change to soft cap. PSQ reserves would also be increased to levels proportional to target species allocation (component 5).
- **Allocation of Target Species To non-AFA Trawl CP sector:** While we recognize that the Council may decided to choose specific percentages for each target species, we believe that the underlying basis for any such selection should be based on retained legal catch of the sector over retained legal catch by all sectors (Option 3.2) for the years 2000-2004 (Option 4.6). This position includes the suboption requiring that allocations would be managed as a hard cap for the non-AFA trawl CP sector, while an ICA would be taken off the top to accommodate incidental bycatch by other trawl sectors. We also endorse the suboption that would provide for a rollover of any unharvested target species or PSC in the limited access fishery to the non-AFA trawl CP sector.
- **PSC Allowance for the Non-AFA trawl CP sector:** We support apportioning PSC to our sector based on our historical usage (suboption 6.1.1). We also recognize that some reduction in PSC usage should be possible under Amendment 80; therefore we also support reducing halibut to 95% of the calculated level in the third year of the program (modified suboption 6.2.4.1).
- **Yellowfin Sole Threshold (Component 13):** We support establishing a yellowfin sole threshold level of 175,000 mt (Option 13.5), above which the threshold reserve would be allocated 50% to the non-AFA trawl CP sector and 50% to the limited access fishery (Suboption 2). We also support rolling over any portion of the yellowfin sole TAC that is projected to go unused (Suboption 3).

Summary

Amendment 80 will help improve utilization and retention through halting the race for fish and providing for the formations of cooperatives. It is also essential in that it provides tools needed to comply with Amendment 79.

There are a large number of components to Amendment 80, many of which interact with each other in terms of its impact on the fleet. The preferred alternative described above is the product of intense negotiations among the members of the non-AFA trawl CP sector over the past six months. We have briefly provided the rationale for this proposal above. It represents a compromise among members of the sector that balances the needs of individual companies so that there are no big winners and no big losers. In developing

this position, every company has given up something so that everyone can benefit from the resulting cooperative system.

Sincerely,

Arctic Sole Seafoods
Cascade Fishing, Inc
Fishermen's Finest, Inc
Iquique US, LLC
Jubilee Fisheries
Kodiak Fish Company
Ocean Peace, Inc
O'Hara Corporation
US Seafoods, LLC

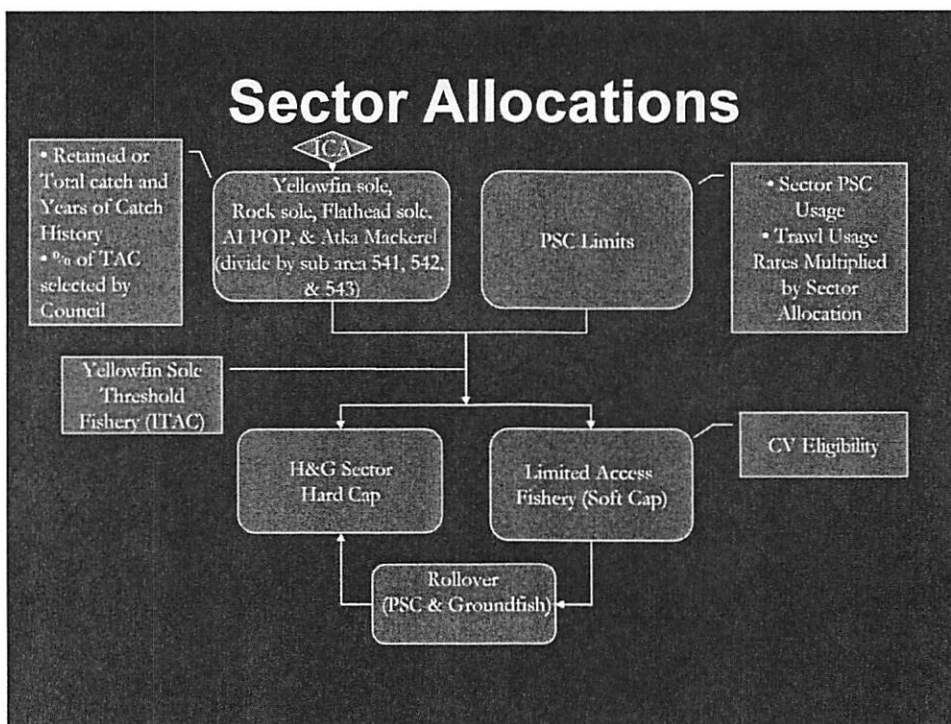
What Does Amendment 80 Do

- Allocates five BSAI groundfish species & associated BSAI PSC limits to the H&G fleet.
- Creates an environment so cooperatives can form within the H&G fleet.
- Increases the percentage of the BSAI TAC allocated to the CDQ program.

Issues That Need Addressing

- Problem statement (CDQ and CV Eligibility)
- Atka mackerel and AI POP area breakout
- Interaction of PSC (AM80 and AM85)
- BSAI Pcod sideboard and allocation
- Potential inconsistency with Capacity Reduction Program

Sector Allocation



Component 3 and 4 – Allocation to the H&G sector

- Retain/retain catch yields larger allocations
- Retain/total catch yields small allocations
- More recent years yield larger allocations
- Removing AFA-9 catch history yields a larger allocation

Component 3 and 4 – Percentage of ITAC Allocated to the H&G sector

	R/T	R/R
--	-----	-----

Component 6 – Effect of PSC Allocation

- Option 1 (historical usage in all groundfish fisheries) yields a larger allowance to the H&G sector
- Option 3 (trawl historical usage in allocated species + Pcod multiplied by sector allocation) yields a smaller allowance to the H&G sector

Component 6 – Effect of PSC Allocation

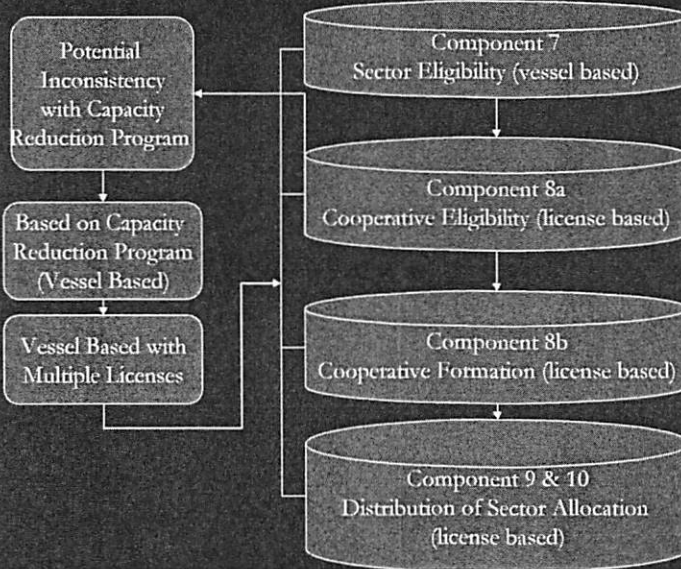
- PSC calculations based on trawl usage or trawl allowance generally yield a similar halibut PSC allowance; for all other PSC species, total trawl usage yields larger allowances for the H&G sector
- PSC usage during 2000-2004 yields larger allowances for the H&G sector

Component 6 – PSC Allowance to the H&G Sector

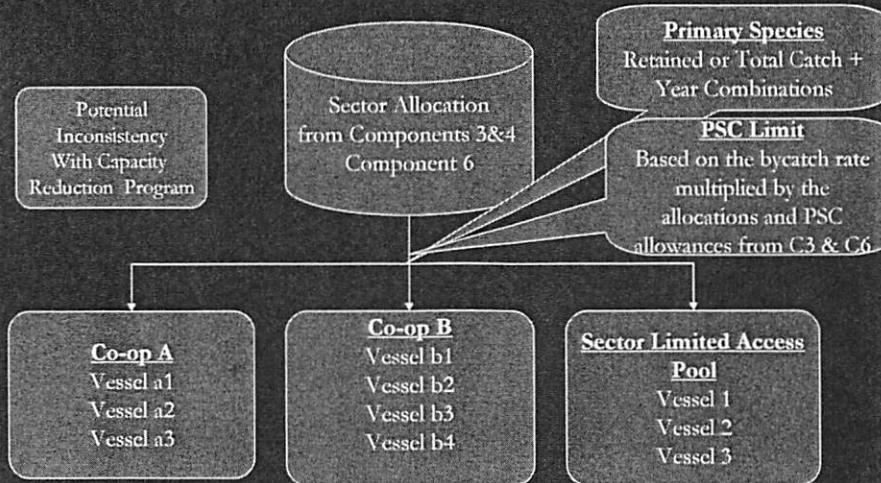
Options	Halibut	Red King Crab	C. opilio	C. bairdi Z1	C. bairdi Z2
Option 1 (Sector PSC usage for all groundfish)	68% - 83%	38% - 97%	42% - 98%	43% - 94%	27% - 97%
Option 2 (Sector PSC usage for AM80 species plus Pcod)	63% - 77%	37% - 96%	41% - 96%	43% - 93%	25% - 95%
Option 3 (Trawl PSC usage for all groundfish plus Pcod adjusted for sector allocation)	41% - 72%	15% - 88%	24% - 88%	17% - 79%	15% - 88%

Cooperative Formation and Allocation

Cooperative Formation



Cooperative Allocation: Multiple Cooperatives



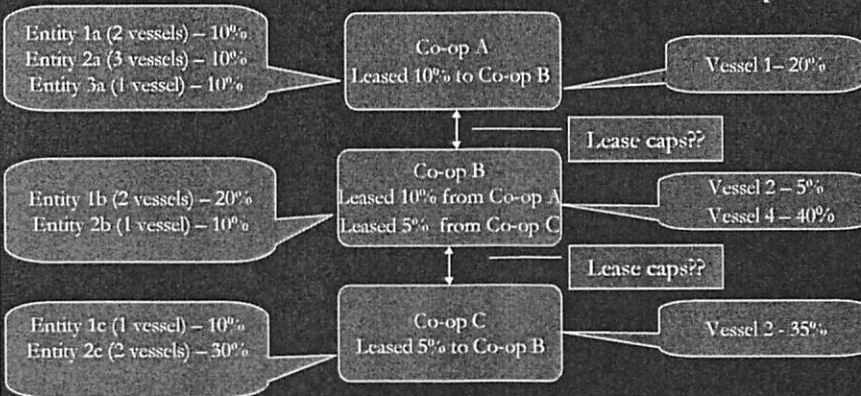
Atka Mackerel and AI POP

- Distribution of Atka mackerel and AI POP to cooperative by subarea (541, 542, & 543)
 - Historical catch
 - Equal amount in each subarea
- Atka Mackerel Harvest Limitation Area Lottery
 - Keep the lottery – least disruptive to current management
 - New management of HLA fishing could result in consultation

Component 11 – Excessive Share Limits

Prior to Co-op Formation
Share Caps (20%, 30%,
or 50% in total or by species)

No Vessel Use
Caps



Component 11 – Excessive Share Limits

Species by species basis:

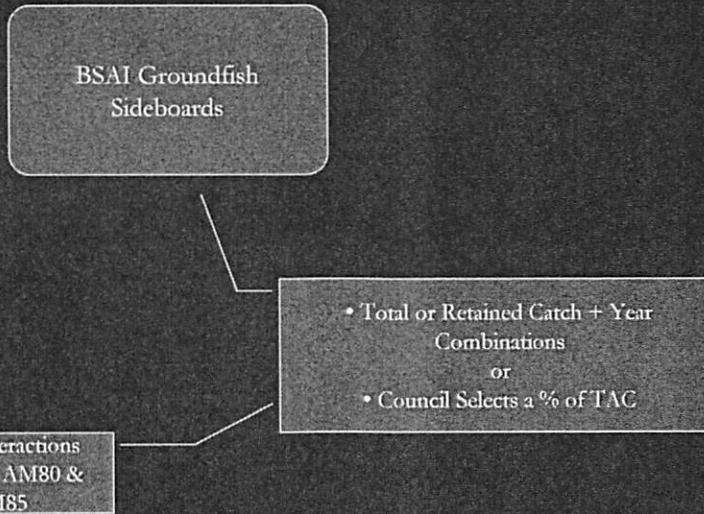
- 20% Option – 1 to 3 companies exceed the limit for all species
- 30% Option – 1 to 3 companies exceed the limit for all species, except rock sole when total catch is used
- 50% Option - no companies were over the limit for yellowfin sole, rock sole, and flathead sole. 1 to 3 companies were over the limit for Atka mackerel and AI POP

Component 11 – Excessive Share Limits

Aggregate of all species:

- 20% & 30% Options - 1 to 3 companies exceed the limit
- 50% Option - no companies were over the limit

Component 12 – BSAI Sideboards



BSAI Sideboards

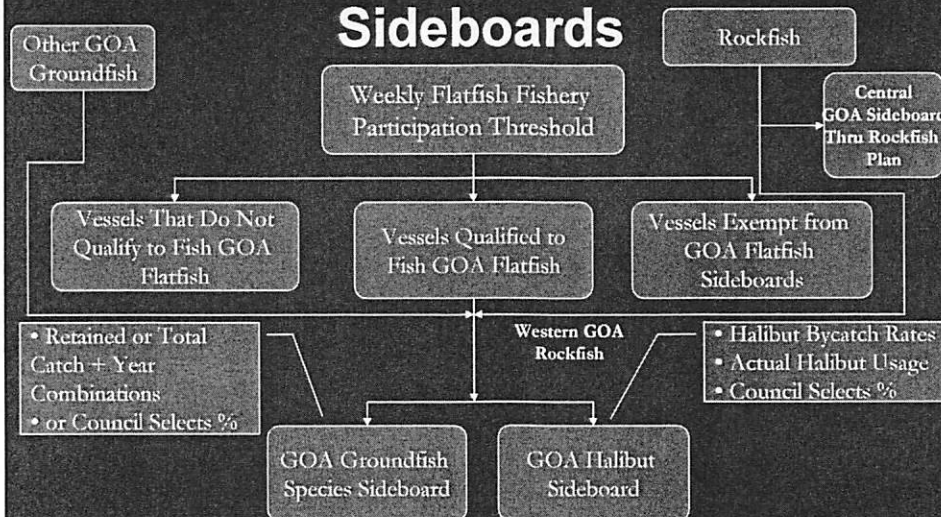
Bering Sea	
Other Rockfish	21% - 70%
Pacific Ocean Perch	7% - 55%
Sablefish (Trawl)	66% - 97%
Greenland Turbot	15% - 25%
Pollock (Incidental Catch)	32% - 63%
Aleutian Islands	
Other Rockfish	22% - 80%
Sablefish (Trawl)	65% - 85%
Greenland Turbot	5% - 44%
Pollock (Incidental Catch)	24% - 63%
Bering Sea/Aleutian Islands	
Arrowtooth Flounder	5% - 78%
Northern Rockfish	2% - 77%
Other Flatfish/Alaska Plaice	1% - 61%
Other Species & Squid	2% - 35%
Pacific cod (Trawl - C/P)	63% - 89%
Shortraker/Rougheye Rockfish	37% - 82%
Bogoslof	
Pollock (Incidental Catch)	2% - 10%

BSAI Pacific cod Sideboard

- Council should clarify how AM85 allocation will be divided between coops and sector limited access fishery
 - Suggested language - same manner (and same history) as division of sideboard

Sectors	Current allocation (% of BSAI Pacific cod ITAC)	Current (or proposed sideboard)	Proposed AM85 allocations
AFA trawl CP	23.5% (AFA CP sector is subject to sideboard of 6.1%)	6.1%	0.9% - 3.7%
Non-AFA trawl CP		14.8% to 20.9%	12.7% - 16.2%
AFA trawl CV	23.5% (non-exempt AFA CV sector is subject to sideboard of 20.2%)	20.2	17.8% - 24.4%*
Non-AFA trawl CV		n/a	0.5% - 3.1%

Component 12 – GOA Sideboards



Component 12 – Sideboards for GOA Flatfish Participation

1995-2003	1997-2002	1998-2002	1998-2004	1999-2003	2000-2004
4	0	0	1	1	1
9	2	2	3	3	3
10	3	3	4	4	4
12	5	3	5	4	4
16	5	4	5	5	4
17	8	6	7	6	5
17	9	6	9	6	6
19	11	8	10	8	8
19	11	10	16	14	11
21	13	13	17	14	12
23	14	14	17	16	13
23	17	15	17	17	13
28	17	16	22	18	15
45	21	19	23	20	17
64	28	26	31	29	23
84	57	48	58	46	33
84	59	55	67	55	48
91	63	55	72	58	54
172	112	88	109	91	81
178	114	95	126	106	95
188	130	108	129	109	102

Component 12 – Sideboards GOA – Pollock and Pcod

- Harvest limits not likely needed for pollock, since 100% of pollock allocated to inshore component
- Additional harvest limits may be needed in the Pacific cod fishery if concerns exist that H&G qualified vessels could expand their harvest of the 90% allocated inshore or 10% offshore

Component 12 – Sideboards GOA - Flatfish

- PSC sideboards will limit harvest of flatfish species more than groundfish catch limits
- Large percentages of some flatfish TACs remain unharvested each year because of halibut mortality caps.

Component 12 – Sideboards GOA - Rockfish

- TAC rather than halibut bycatch mortality closes some rockfish fisheries
- Rockfish pilot program will allocate rockfish and halibut PSC for the Central Gulf rockfish fishery during July
 - Sideboards in Central GOA rockfish fishery are unnecessary in July
- Halibut and rockfish associated with the Rockfish Pilot program would be excluded from Am80 sideboard estimates

Component 12 – Sideboard Ranges for GOA Species

Pollock 610	.2% - .7%	
Pollock	.1% - .9%	
	Species	Western Central
→	Arrowtooth flounder	33% - 80% 11% - 52%
	Deep water flatfish	3% - 48% 3% - 28%
	Shallow water flatfish	23% - 75% 1% - 5%
→	Flathead sole	50% - 78% 19% - 29%
→	Rex sole	87% - 99% 90% - 94%
→	POP	73% - 98% 45% - 53%
→	Shortraker/rougheye rockfish	32% - 100% 28% - 68%
→	Thornyhead rockfish	23% - 44% 15% - 44%
→	Pelagic shelf rockfish	65% - 100% 46% - 57%
→	Northern rockfish	70% - 100% 23% - 43%
	Other rockfish	0% - 29% 1% - 87%
	Pacific cod	2% - 4% 4% - 14%
	Sablefish (trawl)	35% - 80% 23% - 47%
		Entire Gulf
	Atka mackerel	44% - 88%
	Other species	.6% - 20%

Component 12 – Sideboards for GOA Halibut

Options A (bycatch rate based) and B (usage based)

		1995-2003	1997-2002	1998-2002	1998-2004	1999-2003	2000-2004
Deep water trawl fishery	Option A	796	846	861	804	855	798
	Option B	564	558	583	609	631	656
Shallow water trawl fishery	Option A	282	270	287	313	325	329
	Option B	147	162	164	151	122	107

Other Elements of Amendment 80

- Transfer of cooperative allocation within a cooperative
- Transfer of cooperative allocation between cooperatives
- Scope of cooperative program
- Economic and Socioeconomic data collection

CDQ Allocation

CDQ Allocations

- Proposed CDQ allocations for flatfish
 - 7.5%, 10%, or 15% of BSAI TAC
- Secondary species also allocated (except Pacific cod) at 7.5%, 10%, 15% of BSAI TAC, historical incidental catch rates, or a selected percentage.
- Increase PSQ proportional to CDQ allocations

Effects of CDQ Allocations

- If allocation is fully harvested, could provide additional CDQ royalties. The increase in royalties is expected to be modest relative to the total royalties generated by the program.
- Could provide additional training, internships, and employment for CDQ community residents

Dave Fraser
c-1



RE: Amendment 80 - Alternative for Aleutian Island Species

Components 3 & 4 of Am. 80 will determine the amount of Atka Mackerel and AI POP that will be available to non-H&G vessels in the General Limited Access fishery, and in turn determine the maximum amount of those species that Adak Fisheries and other processors could purchase from catcher vessels.

Adak Fisheries offers the following recommendations:

- Incidental Catch Allowance (sub-option of Option 3.2)

ICA's should be set for the General Limited Access fishery for Amendment 80 species

- General Limited Access Allocation (Option. 4.7)

A minimum of 10% of the TAC for Atka Mackerel and AI POP be allocated to the General Limited Access sector for directed fishing. (10% is within the range presented in table 3.31)

- Area Apportionment of AI species

Staff has identified the need to address issue of sub-area apportionment of AI Amendment 80 species though it is not explicit within the options. Allocations of Atka Mackerel and AI POP by sector be apportioned by sub-areas, such that a minimum of 10% of the General Limited Access allocation is available to directed fishing in 541 and 542.

- Rollovers (sub-option of component 3)

Date certain rollovers of any un-used portion of the General Limited Access sector's seasonal apportionment of Atka Mackerel be made on May 15th for the A season and Sept. 30th for the B season; for AI POP the rollover would be made on Sept. 30th.

- AFA CV sideboards

AFA CV sideboards (with the exception of YFS below the threshold level) should be extinguished for Amendment 80 species. Sideboards are no longer needed to protect the H&G fleet, and only serve to protect AFA CPs from AFA CVs.

Thank you for considering our concerns.

Adak Fisheries, LLC
100 Supply Road
Adak, Alaska 99546

C-1
Brent Payne

UCB Recommendations on Amendment 80 Species

- Incidental Catch Allowance (sub-option of Option 3.2)

ICA's should be set for the General Limited Access fishery for Amendment 80 species

- General Limited Access Allocation (Option. 4.7)

A minimum of 10% of the TAC Amendment 80 species should be reserved for the General Limited Access sector for directed fishing.

- YFS Threshold (Option 13.3)

Above a threshold of a 125,000 TAC for YFS, the additional amount of the TAC should be split between the Non_AFA Trawl CPs and the General Limited Access fishery, and AFA sideboards should not apply.

- Rollovers of TAC & PSC (sub-option of component 3)

NMFS shall perform a review on or before May 1st and August 1st of each year, and at such other times after August 1st as it deems appropriate. In making its determination, NMFS shall consider current catch and PSC usage, historic catch and PSC usage, harvest capacity and stated harvest intent, as well as other relevant information.

- AFA CV sideboards

With the exception of the amount of the YFS TAC below the threshold, AFA CV sideboards should be extinguished for Amendment 80 species. Sideboards are no longer needed to protect the H&G fleet, and only serve to protect AFA CPs from AFA CVs.

- PSCs

UCB supports the joint proposal of the 'industry PSC workgroup.'

1.) The original allocation for <60' fixed gear CV sector was funded from the freezer-longline catch history. In 2000, in Amendment 64 (BSAI p-cod fixed gear sector allocations), the fixed gear sector allocations were based on 1995-1999 harvests with the exception of the <60' CV allocation which was not based on catch history but "...was 'funded' primarily through a reduction in the hook-and-line catcher-processor allocation." (p. 133). This allocation is 1.4% of the fixed gear allocation or 0.71% of the overall BSAI p-cod TAC.

2.) Loss of jig rollover. The jig allocation is 2% of the entire BSAI TAC. Only 5% of the jig allocation is caught by jig year. From 1995 to 2003, the remaining uncaught 95% was reallocated to freezer-longliners and pot gear late in the year. "On average during 1995-2003, reallocations from the jig sector represented about 3% of the hook-and-line catcher processor sector's revised allocation and 1% of the pot sector's revised allocation". In 2003, in Amendment 77 (BSAI p-cod fixed gear sector allocations), the <60' fixed gear was authorized to receive unused jig quota. "Since the implementation of A. 77 in 2004, about half the unused jig quota has been reallocated to the <60' fixed gear sector and the other half has been reallocated to the >60 fixed gear sectors". (p. 197).

3.) Potential increased loss of all future jig rollovers. The jig seasonal apportionment is 40/20/40. A. 85 contains an option that would change this apportionment to 60/20/20. This will increase the amount available to <60' CV fleet earlier in the year. While the Council is likely to select this option to help <60' CVs, it should be recognized that this will result in even less rollovers to the freezer-longliners and pot sectors.

4.) SSL Seasonal Apportionments. Every sector would like more harvest in the "A" season when fishing is better and bycatch is lower. However, under SSL measures, some sectors are allowed to catch more fish proportionately in the "A" (1/1 to 6/10) period than other sectors. Trawlers have an 80/20 split while fixed gear >60' has a 60/40 split. This results in a 70/30 all gear apportionment. It is assumed that Council intent is to **not** trigger a formal re-consultation on Steller sea lions from an action resulting from Amendment 85. However, there are a large number of possible combinations of options, a few of which may slightly exceed the 70/30 seasonal apportionment (Component 3.3 plus 3.4 may go over by a maximum of 0.8%). At the time final action, it may not be determinable if the seasonal apportionment has been exceeded. That determination could occur after final action. If so, NMFS may later determine that preferred alternative does not trigger a formal re-consultation (since actual catch in the A has always been lower than the actual TAC).

However, in the event that after final action, NMFS determines that the resulting allocations must be adjusted to maintain the seasonal apportionment, this would require an additional Council meeting and delay implementation. To avoid this scenario, in the AP motion, the freezer-longliners offered up this amendment of 3.3 to adjust their own allocation if necessary to maintain the 70/30. The intent of the AP motion is to leave the trawl "A" season as is and allow fixed gear to take as much in the A season as possible without going over the 70/30 apportionment. Any adjustment to the fixed gear apportionment would be occur in the FLL sector.

BSAI P-cod: Dependency by Sector

SECTOR	PRIMARY	SECONDARY
CP H&L (freezer-longliners)	BSAI Pacific cod. (<i>"These vessels, also known as freezer-longliners, use hook-and-line gear and focus their efforts on BSAI p-cod"</i> .) p. 87. (<i>"In 2001...almost 90% of this fleet's total revenue was attributed to the BSAI p-cod fishery."</i>) p. 272.	GOA Pacific cod, sablefish, turbot
CV H&L	Sablefish and halibut. (<i>"Most of these vessels fish almost exclusively for sablefish in the IFQ fishery..."</i>) p. 84.	Rockfish, BSAI Pacific cod
CP Pot	BSAI p-cod and crab. (<i>"These are large and medium-sized vessels that focus on crab fisheries in the BS..."</i>) p. 87. (<i>"...51% of this fleet's estimated total revenues is attributed to the p-cod fishery in 2001."</i>) p. 272	Other groundfish
CV Pot	BSAI crab. (<i>"The vast majority of the vessels in this sector participate primarily in crab and Pacific cod, although some may participate in the sablefish IFQ fishery."</i>) p. 84. (<i>"...21% of this fleet's total 2001 gross earnings was from the p-cod fishery."</i>) p. 273.	BSAI p-cod and sablefish
<60' CV H&L/Pot	Salmon, halibut, and sablefish (<i>"These vessels focus on salmon, halibut, and higher priced groundfish using a mix of gear types mainly in the EGOA and CGOA."</i>) p. 85.	GOA groundfish
Jig	Salmon (<i>"...non-groundfish species such as salmon account for the majority of total earnings."</i>) p. 85.	Rockfish, halibut, sablefish, BSAI Pacific cod
AFA CP trawl	BSAI pollock. (<i>"Pollock is the primary species for this sector"</i>), p. 86.	Yellowfin sole, BSAI Pacific cod.
Non-AFA CP trawl (H&G trawl)	BSAI flatfish (yellowfin sole, rock sole etc), AI Atka mackerel, BSAI rockfish, BSAI p-cod. p. 86	GOA flatfish, GOA rockfish, GOA p-cod
AFA CV Trawl	BSAI pollock (<i>"The majority of these vessels rely almost exclusively on pollock harvested in the BS."</i>) p. 83.	GOA pollock, BSAI Pacific cod, GOA Pacific cod, Pacific Whiting
Non-AFA CV Trawl	GOA p-cod, GOA pollock, halibut/sablefish, salmon seine. p.84	BSAI cod (Three vessels in this sector have long term dependence on BSAI p-cod).

Source: Amendment 85, Initial Review Draft, 1/13/2006.

2, Option 2.8, Suboption 1, as it reflects allocations based on actual catch history for the <60' fixed gear and jig CV sectors. The 2006 BSAI Pacific cod TAC (less CDQ) is 180,375 mt; thus, 1% of the BSAI Pacific cod TAC equates to 1,804 mt in 2006.

Table 3-58 BSAI Pacific cod sector allocations under Component 2, Options 2.1 – 2.6, 2.8, and Suboption 1

OPTION	2.1 excluding AFA 9	2.1 including AFA 9	2.1 drop year excluding AFA 9	2.1 drop year including AFA 9	2.2 excluding AFA 9	2.2 including AFA 9	2.2 drop year excluding AFA 9	2.2 drop year including AFA 9	2.3 excluding AFA 9	2.3 including AFA 9
Years	1995 - 02	1995 - 02	1995 - 02	1995 - 02	1997 - 00	1997 - 00	1997 - 00	1997 - 00	1997 - 03	1997 - 03
<60 HAL/Pot CVs	0.3%	0.3%	0.3%	0.3%	0.1%	0.1%	0.1%	0.1%	0.4%	0.4%
AFA Trawl CPs	1.8%	2.9%	1.9%	3.1%	2.1%	3.2%	2.4%	3.7%	1.6%	2.2%
AFA Trawl CVs	22.1%	21.8%	22.7%	22.3%	23.5%	23.3%	22.9%	22.6%	20.7%	20.6%
Jig CVs	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Longline CPs	49.6%	49.1%	48.6%	48.0%	49.5%	48.9%	48.4%	47.6%	50.3%	49.9%
Longline CVs >60'	0.2%	0.2%	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%
Non-AFA Trawl CPs	13.3%	13.2%	13.4%	13.2%	13.6%	13.5%	14.4%	14.3%	14.8%	14.7%
Non-AFA Trawl CVs	1.8%	1.8%	1.9%	1.8%	1.3%	1.3%	1.4%	1.4%	2.1%	2.1%
Pot CPs	2.3%	2.2%	2.3%	2.3%	2.0%	2.0%	2.1%	2.0%	1.7%	1.7%
Pot CVs >60'	8.5%	8.4%	8.6%	8.5%	7.7%	7.6%	8.2%	8.1%	8.1%	8.1%
TOTAL	100%	100%	100%	100%	100.0%	100.0%	100.0%	100%	100%	100%
OPTION	2.3 drop year excluding AFA 9	2.3 drop year including AFA 9	2.4 excluding AFA 9	2.4 including AFA 9	2.4 drop year excluding AFA 9	2.4 drop year including AFA 9	2.5	2.5 drop year	2.6	2.6 drop year
Years	1997 - 03	1997 - 03	1998 - 02	1998 - 02	1998 - 02	1998 - 02	1999 - 03	1999 - 03	2000 - 03	2000 - 03
<60 HAL/Pot CVs	0.5%	0.5%	0.4%	0.4%	0.4%	0.4%	0.6%	0.7%	0.7%	0.8%
AFA Trawl CPs	1.6%	2.3%	1.6%	2.1%	1.7%	2.3%	1.2%	1.3%	0.9%	0.9%
AFA Trawl CVs	21.3%	21.1%	20.2%	20.1%	21.2%	21.1%	19.3%	20.3%	18.4%	19.5%
Jig CVs	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Longline CPs	48.9%	48.5%	50.1%	49.8%	48.6%	48.3%	49.6%	48.5%	50.1%	48.9%
Longline CVs >60'	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%	0.2%	0.3%	0.3%	0.4%
Non-AFA Trawl CPs	15.1%	15.0%	15.7%	15.6%	15.4%	15.4%	16.1%	15.6%	16.2%	15.7%
Non-AFA Trawl CVs	2.3%	2.2%	1.9%	1.9%	2.0%	2.0%	2.5%	2.7%	2.8%	3.1%
Pot CPs	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.6%	1.7%	1.4%	1.5%
Pot CVs >60'	8.3%	8.3%	8.0%	8.0%	8.4%	8.3%	8.9%	8.9%	9.1%	9.2%
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Harvest data are from WPR reports and ADF&G fish tickets, 1995 - 2003. Percentage allocations were derived from each sector's average annual harvest share over the series of years identified under each option. The 'drop year' percentages are adjusted equally to result in an annual sum of 100%.

Note: In every year, some percentage of the harvest cannot be assigned to a given catcher vessel sector due to missing fish tickets from mothership deliveries. This harvest was not attributed to any sector in this table and is excluded from the annual total. The percent of harvest that cannot be assigned varies by year and ranges from 0.03% - 2.0%. Pacific cod harvested with hand troll gear and harvest from the 3 surimi-fillet non-AFA CPs was not included.

Note: The AFA-9 only have catch history through 1998, thus whether to include their catch history to determine the AFA trawl CP sector allocation is only a decision point under Options 2.1 - 2.4.

Note that the allocations provided in the table above only reflect the allocation options based on actual retained catch by sector. Note also that all of the allocation options under Alternative 2 create allocations for each sector that are percentages of the BSAI Pacific cod ITAC. Each sector thus has a range of potential allocations under Options 2. 1- 2.6, 2.8, and Suboption 1 (drop year provision). The range for each sector is provided in Table 3-59 below.

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Testimony of the Alaska Crab Coalition (ACC) to the North Pacific Fishery
Management Council on Amendment 80 EA/RIR/IRFA
Arni Thomson, Executive Director
Seattle, Washington
February 9, 2006

The ACC represents the owners and operators of forty Bering Sea crab vessels and thirty service and supply companies based in the States of Washington and Alaska. The focus of our comments and concerns in the proposed Amendment 80 analysis are on the reduction of king, tanner and snow crab bycatch in the multi-species non-pollock groundfish fisheries rationalization program.

The ACC has provided numerous comments during the development of the analysis, most recently we filed comprehensive written comments for the administrative record of the NPFMC on September 28th, 2005, noting the need to base bycatch allocations and reductions on historic usage, as distinguished from total allowances (or Caps) for the Initial Review of the Amendment 80, EA/RIR/IRFU. At this time, ACC also requested Council consideration of the use of Section 313(g) of the M-S Act for guidance on the development of a PSC bycatch reduction program for H & G cooperatives.

Concern that the use of 313(g) is appropriate under Amendment 80 continues in light of NOAA correspondence, Robert D. Mecum to Stephanie Madsen, Chair, NPFMC dated February 2, 2006, regarding notification to the Council of NOAA consideration of M-S Act legal, policy and operational issues and application of cost recovery fees for Amendment 80 cooperatives if they are classified as IFQs under the M-S Act definition.

- The ACC notes once again, that the Problem Statement that motivates action on Amendment 80 prioritizes the reduction of bycatch and discards in the non-pollock groundfish fisheries (Analysis page 1).

Recommendations on bycatch allocation alternatives from the Tables on pages 115-120, that highlight the differences between usage calculations relative to total allowances for PSC species, and more closely approximate actual historic usage are as follows: (Issue 2: Component 6, PSC allowance for the Non-AFA Trawl CP Sector): Options

- 6.1.1: Page 115, Table 3-42, Columns 3 and 4; Trawl allowance based on average of annual percents or average of the total.

- 6.1.2: Page 117, Table 3-43, Columns 3 and 4; Trawl allowance based on average of annual percents and average of the total.
- 6.1.3: Page 120, Table 3-45, Columns; For Total over Total, use Allowance based; for Retain over Retain, use Allowance based; and for Retain over Total, use Usage based.

Recommendations on bycatch reduction alternatives from Option 6.2:

- Suboption 6.2.2 Reduce apportionments to 75% of calculated level, (phase in at five percent increments over five years).

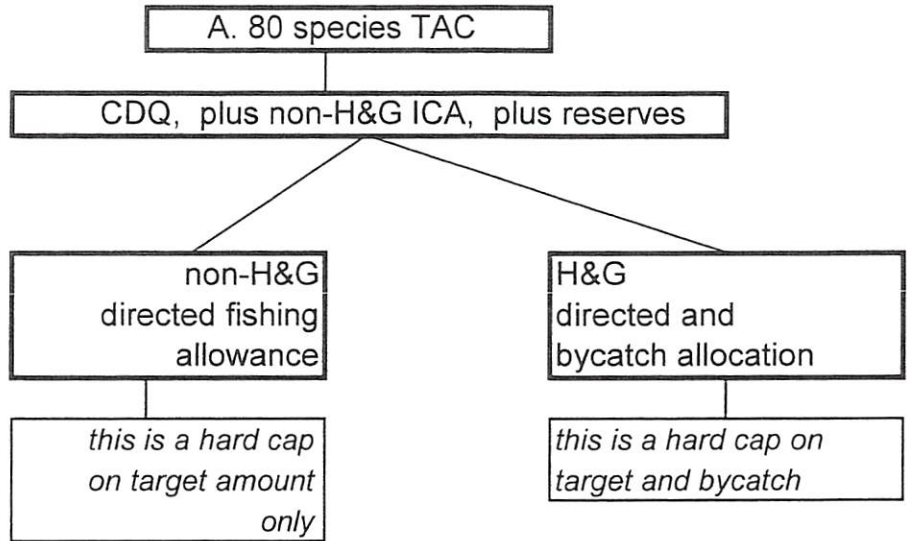
ACC concerns not addressed in the analysis or in Other Elements of Amendment 80, pages 179 and 180; and concerns about allocation of unused PSCs to the Harvest Threshold Development Yellowfin sole fishery, page 167:

- As the analysis has developed, the balance of allocations of PSC that are not allocated to the H & G catcher processor sector will de-facto be allocated to the AFA fleets and other the limited access vessels. Given the potential allowance for transfers of allocations within cooperatives and between cooperatives of target species and PSC allocations (pages 179 and 180), there are no assurances of achieving PSC reductions under the Amendment 80 program, unless it is clear that intercooperative transfers exclude transfers between non H & G cooperatives to H & G cooperatives.
- Relative to the transfer of PSCs overall, the potential exists in the future, based on today's informal practice where PSCs are moved in season to cover shortfalls, and to ensure fisheries are not constrained by PSC allowances (Agenda C-1c) February 2006, Discussion Paper, Halibut PSC Allocations, page 1, paragraph 2). Is this practice going to be authorized under the Amendment 80 program, and if so, what constraints can be implemented to achieve measured bycatch reduction goals?
- ACC is also concerned that any PSC savings from the H & G sector non-pollock fisheries (including PSC savings that could occur as a result of the Amendment 85 sector allocations for cod fixed and trawl gear fisheries) could be allocated without restrictions to the yellowfin sole and other flatfish fisheries, and also foreclose reduction of PSCs.

In closing, the ACC would also like to request that future non-pollock industry negotiation meetings between now and the April Council meeting that involve discussion of the proposed new PSC methodology and negotiation of crab and halibut PSCS, include harvester representatives from the crab and halibut industries.

Susan Robinson
c-1

R/R for Inter-Sector Split: Component 3



T/T for Intra-Sector allocation: Component 9

	<u>Total Catch</u>	<u>Retained Catch</u>	<u>T/T allocation</u>	<u>R/R allocation</u>
Vessel A	100	75	33%	37.5%
Vessel B	100	60	33%	30.0%
Vessel C	<u>100</u>	<u>65</u>	<u>33%</u>	<u>32.5%</u>
	300	200	100%	100.0%