

EXECUTIVE SUMMARY

The purpose of the proposed action is to remove Gulf of Alaska (GOA) sideboard limit for Pacific cod for the freezer longline (hook-and-line catcher/processor) vessels restricted by this limitation. These sideboard limits were established by the crab rationalization program in 2005. When implemented, the sideboard limits were aggregated at the inshore and offshore level and were shared by all gear types. As part of the GOA Pacific cod sector splits (Amendment 83) implemented in 2012, these sideboard limits were modified from an inshore and offshore limit to a narrower limit that applied at the sector level. The modification effectively eliminated this historical fishery for freezer longline vessels subject to the limit. In response to concerns expressed by members of the sector, the North Pacific Fishery Management Council (Council) tasked staff to prepare a discussion paper examining the sideboard limit. After reviewing the discussion paper at the June 2012 meeting, the Council developed a problem statement and alternatives and tasked staff to prepare an initial analysis of a proposed action to remove the sideboard limits.

Problem Statement

In June 2012, the Council developed the following problem statement for the proposed action:

The narrowing of the sideboard limit under Amendment 83 from a non-gear sideboard to a sector specific sideboard, significantly reduced non-AFA crab Gulf of Alaska Pacific cod sideboards for sideboarded freezer longline vessels active in the Gulf of Alaska Pacific cod fishery prior to the Pacific cod sector split. A recalculation of the Pacific cod sideboards resulted in the loss of fishing opportunities, future revenues, and an ability to participate in the Gulf of Alaska cooperative fishing efforts.

Under Amendment 83, the freezer longline sector has a direct allocation of Pacific cod, and due to the harvesting capacity available to participate in the Gulf of Alaska, the freezer longline sector must establish cooperative harvest control measures in order for NMFS to make the sector TAC available for directed fishing. Therefore, the need for catcher processor hook-and-line GOA Pacific cod sideboards to limit the catch of these vessels may no longer exist.

Removal of the non-AFA crab GOA Pacific cod sideboards for freezer longliners would restore to the sideboarded vessels the ability to participate in the GOA Pacific cod fishery. Removing sideboard limits for the freezer longline vessels, however, may adversely impact GOA only freezer longline vessels, and to the extent practicable, there is a need to minimize the impact.

Description of Alternatives

The following alternatives were also proposed in June 2012:

Alternative 1: No action

Alternative 2: Remove freezer longline non-AFA crab GOA Pacific cod sideboards

The no action alternative would leave in place the current freezer longline Pacific cod sideboard created under the crab rationalization program in the Western GOA and Central GOA and further narrowed under Amendment 83. Alternative 2 would remove only the freezer longline portion of the GOA Pacific cod sideboard limits created by the crab rationalization program in both Western GOA and Central GOA. All other GOA Pacific cod sideboard limits would remain in effect, and other GOA sideboard limits

applicable to the freezer longline sector would remain in effect. This alternative would require a change to the Bering Sea and Aleutian Islands King and Tanner crab FMP and the regulations supporting GOA Pacific cod sideboards created under the crab rationalization program.

Potential Effects of the Alternatives

Alternative 1: No Action

Under this alternative, six freezer longline vessels and five hook-and-line catcher/processor licenses will continue to be restricted by GOA Pacific cod sideboards. NOAA Fisheries implemented inshore and offshore sideboard limits on GOA Pacific cod simultaneously with the implementation of the crab rationalization program. As part of the GOA Pacific cod sectors splits (Amendment 83) implemented in 2012, these sideboard limits were modified from inshore and offshore limits share by all gears to a narrower sector limit that applies specifically to freezer longline vessels. This modification significantly reduced the share of GOA Pacific cod TAC available to the six sideboard restricted freezer longline vessels and five hook-and-line catcher/processors licenses. Since the participation of the sideboarded vessels in the GOA Pacific cod fishery was very limited during the years used to calculate the sideboard (1996 through 2000), NOAA Fisheries has to-date maintained that the revised sideboard is insufficient to support a sideboard fishery, thus essentially eliminating these sideboarded freezer longline vessels from the GOA Pacific cod fishery.

Prior to the 2012 season, five of the six sideboarded vessels capitalized on the aggregate GOA Pacific cod sideboard limits to increase their fishing effort in and catches from the GOA Pacific cod fishery relative to their modest fishing effort during the period used to define sideboard limits (1996 through 2000) (see Table 1-12). With this increase, the dependency of these vessels on GOA Pacific cod fishery increased. Since the sideboards are set based on the historical catches of the vessels during 1996 through 2000, additional catches by the freezer longline vessels arose from increasing harvests relative to sideboarded vessels in other sectors (such as trawl catcher processors and pot catcher processors).

Given that sideboard freezer longline vessels will in all likelihood be precluded from fishing in the GOA Pacific cod fishery, these vessels might try to increase fishing effort in other fisheries to make up for lost GOA Pacific cod fishery revenue. However, the ability for these sideboard vessels to recoup lost GOA Pacific cod revenue in other BSAI and GOA fisheries is limited. In the BSAI Pacific cod fishery, the cooperative members determine their allocations based on their historical BSAI Pacific cod fishing activity and the cooperative calculation is fixed. Cooperative members assert that no potential exists for renegotiation in the future to compensate for loss of revenues to sideboard vessels in the GOA Pacific cod fishery.¹ Fishing opportunities other than Pacific cod appear limited for the sideboarded vessels. Likely, the only opportunity would be BS and AI Greenland turbot, but freezer longline vessels assert that they have difficulty generating profits in that fishery (pers. Comm., Kenny Down, BSAI Freezer Longline Conservation Cooperative).

From the perspective of the non-sideboarded cooperative member vessels and non-member freezer longline vessels, the current GOA Pacific cod sideboard limit does, for all practical purposes, eliminate the six freezer longline vessels and five licenses from the GOA Pacific cod fishery. The elimination of

¹ It is unclear whether the cooperative could choose to recognize the history of these sideboarded vessels in the GOA, regardless of whether the sideboard is lifted. Under such an arrangement, the sideboarded vessel could trade the cooperative recognized GOA Pacific cod history with non-sideboarded cooperative vessels active in the GOA for additional harvests in the Bering Sea. Sideboarded vessels would be precluded from fishing in the GOA, but would realize additional harvests in the Bering Sea. Given that the cooperative has demonstrated the ability to negotiate the distribution of its members' catches in the Bering Sea and GOA Pacific cod fisheries without Council involvement, a modified agreement might be reached to provide the sideboarded vessels with additional access to Bering Sea Pacific cod, while other cooperative vessels direct additional effort to the GOA Pacific cod fishery.

these vessels from the GOA Pacific cod fishery does provide more opportunities for other freezer longline vessels to expand their fishing effort in the GOA Pacific cod fishery. For the freezer longline vessels that are members of the BSAI Pacific cod cooperative, the additional GOA Pacific cod is relatively modest compared to their BSAI Pacific cod harvest. In addition, to the extent that the cooperative has defined the available catch for its members, the additional harvests available may be limited. For non-cooperative freezer longline vessels, this increased opportunity in the GOA Pacific cod fishery could be significant.

Overall, if the current GOA Pacific cod sideboards are maintained, six freezer longline vessels and five licenses restricted by GOA Pacific cod sideboards will no longer be allowed to participate in the GOA Pacific cod fishery. If recent GOA Pacific cod fishing is an indication of future lost revenue, the GOA Pacific cod sideboard restrictions could result in an approximate three percent loss of annual revenue for these vessels, based on releasable data. The additional fishing opportunities in the GOA Pacific cod will likely have little impact on other cooperative vessels not restricted by sideboard limits, but could be significant for non-cooperative freezer longline vessels if they increase their fishing effort.

Alternative 2: Remove GOA Sideboards

The Council defined GOA Pacific cod sideboards as a part of the crab rationalization program to limit the ability of vessels receiving crab allocations from using the security of those allocations to increase their GOA Pacific cod harvests above historical levels. An increase in catch by these vessels could negatively impact participants who did not benefit from the crab program and exacerbate the "race for fish". In the years after the sideboards were implemented, the freezer longline sideboarded vessels were able to increase their share of the GOA Pacific cod. This increase was permitted because the sideboards were implemented at the inshore/offshore level and sideboarded vessels operating with other gear did not maintain their harvests at historical levels. With the recent implementation of sector specific GOA Pacific cod allocations (and the division of sideboard limits by gear and operation type) sideboard freezer longline vessels are limited to the share of the GOA Pacific cod fishery harvested in the sideboard defining years and cannot maintain the levels of catch that they realized in the first several years they were subject to the sideboards.

Impacts to Sideboarded Vessels

As indicated in Section 1.5.2, there are six freezer longline vessels and five hook-and-line catcher/processor licenses that are limited by GOA Pacific cod sideboards from crab rationalization. Table 2-1 shows that four of the six sideboarded vessels have been active in the BSAI snow crab fishery since 2001. Since implementation of the GOA Pacific cod sideboards in 2005, only two of the sideboarded vessels have participated in the BSAI snow crab fishery, although five of the six vessels still retain their crab endorsed LLP license. Of those two sideboarded vessels participating in the BSAI snow crab since 2005, only one vessel has been active in the GOA Pacific cod fishery during this period.

Table 2-2 shows that the five sideboarded freezer longline vessels were active in the GOA Pacific cod fishery from 1997 through 2011. The sixth sideboarded vessel was not active in the GOA Pacific cod fishery since it lacked a LLP license with a GOA area endorsement. During this fifteen year period, the number of sideboarded freezer longline vessels active in the GOA Pacific cod fishery on an annual basis has ranged from a low of 1 vessel in 1997, 1998, and 2000 to high of five in 2001, 2005, 2010, and 2011. All six of the GOA Pacific cod sideboarded vessels participated in the BSAI Pacific cod fishery since 1999.

The majority of catch by the GOA sideboarded freezer longline vessels over the past fifteen years was BSAI Pacific cod. In fact, GOA Pacific cod catch and first wholesale revenue for the sideboard freezer longline vessels was relatively modest. In addition, the relative percentage of GOA Pacific cod catch and first wholesale revenue to total Pacific cod catch and first wholesale revenue has varied little from year to year. As shown in Table 2-2, GOA Pacific cod catch relative to total Pacific cod catch in both GOA and

BSAI was on average 3% during the 2001 through 2011 period. First wholesale revenue for the GOA Pacific cod fishery was also on average 3% relative to the total first wholesale revenue during this same period. Overall, based on the historical fishing patterns of these five sideboarded vessels, these vessels appear dependent on the GOA Pacific cod fishery, albeit significantly less than their dependence on the BSAI Pacific cod fishery.

Removing the GOA Pacific cod sideboard limits for the freezer longline vessels would allow these vessels to expand their effort in the GOA Pacific cod fishery. The cooperative agreement may constrain the harvests of sideboarded vessels to some extent, but not to the extent of the current sideboards. More likely, any cooperative imposed limit would constrain their harvest to levels observed during the 2001 through 2011 period. The cooperative could also permit the sideboarded vessels to increase their fishing effort in the GOA Pacific cod fishery beyond their 2001 through 2011 period. As indicated in Table 2-2, not all six sideboarded vessels participated in the GOA Pacific cod fishery every year, but these vessels have consistently participated in the BSAI Pacific cod fishery. Their consistent and significant participation in the BSAI Pacific cod fishery relative to the GOA Pacific cod fishery is reflected in that their GOA Pacific cod catch was on average only 3% of their total catch of BSAI and GOA Pacific cod. In other words, despite having the ability to lease some or all of their BSAI Pacific cod to expand their effort in the GOA Pacific cod fishery, these vessels have continued to focus the majority of their effort in the BSAI Pacific cod fishery. This pattern has likely arisen from the relatively large amount of Pacific cod available to the vessels in the BSAI in comparison to the GOA.

In the future, if the cooperative no longer coordinates their activities in the GOA Pacific cod fishery, the incentive to “race for fish” increases as more freezer longline vessels chase a fixed allocation of GOA Pacific cod. In an environment with no cooperative coordination, the absence of sideboards would allow these sideboarded vessels to expand their effort in the GOA Pacific cod fishery, and thereby negatively impact other freezer longline vessels participating in the GOA fishery. In addition, a “race for fish” environment could shorten the seasons relatively to the no action alternative, which could also have a negative impact on other freezer longline vessels participating in the fishery.

In addition, the Council recently took final action that would adjust the maximum length overall (MLOA) specified on the LLP license assigned to BSAI Freezer Longline Conservation Cooperative, to accommodate larger replacement vessels (Amendment 99). The action would increase the length of the MLOA on LLP licenses with catcher/processor and hook-and-line Pacific cod endorsements for the BS and AI to 200 feet. With the advantage of cooperative fishing amongst the BSAI freezer longliners, combined with larger, purpose-built replacement vessels, the BSAI-endorsed LLP license holders that are restricted by GOA Pacific cod sideboards could consolidate BSAI harvests within the cooperative, and use their increased processing capacity to garner a greater proportion of the GOA Pacific cod sector allocation, relative to their historical catch. These vessels are also less sensitive to weather conditions, which can limit opportunities for smaller vessels (such as the GOA-only endorsed freezer longline vessels). This has the potential to negatively impact the three GOA-only freezer longline vessels. Note, however, that vessels that fish in the BSAI are all larger than those that are only GOA-endorsed, and some of them substantially so. The cooperative has the ability to preempt fishing opportunities by the exclusively GOA-endorsed vessels, as the GOA Pacific cod catcher/processor sector allocation is relatively small, compared to the number of vessels that are endorsed to participate in the sector. However, the combination of sideboard removal and the ability to increase the length of the vessel may nonetheless negatively impact other freezer longline vessels active in the GOA Pacific cod fishery.

Impacts to non-sideboarded cooperative member vessels

As seen in Table 2-3, the number of non-sideboarded BSAI cooperative vessels active in the GOA Pacific cod fishery has ranged from a low of nine in 2011 to a high of 19 in 2003. If sideboards are removed, it is likely that some of the six sideboarded freezer longline vessels would likely enter the GOA Pacific cod

fishery, which could increase competition for a fully utilized sector allocation and could negatively impact non-sideboarded BSAI cooperative member vessels.

Currently, the BSAI cooperative coordinates the fishing activity of its member vessels in the GOA Pacific cod fishery, including the five sideboarded freezer longline vessels. Coordination of its cooperative member vessel activities in the GOA Pacific cod fishery protects cooperative vessels that are not sideboarded subject to the terms of the agreement. The agreement also reduces the incentive for a “race for fish” within the freezer longline sector if the sideboards were removed, but only to the extent that the agreement constrains the currently sideboard vessels. If the currently sideboarded vessels are not constrained, non-sideboarded cooperative member vessels could suffer either a loss of harvests or be compelled to race to maintain their current share of the harvests in the GOA Pacific cod fishery.

Despite the advantages of cooperative coordination in the GOA Pacific cod fishery to member vessels, there is the possibility that the members could choose to no longer coordinate their activities in the GOA fishery. The loss of cooperative coordination could result in a “race for fish” amongst freezer longline vessels. Absent sideboard limits, non-sideboard member vessels could be negatively affected as vessels currently sideboarded could increase their share of the catch without limit.

Impacts to non-sideboarded non-member vessels

As seen in Table 2-4, the number of non-member freezer longline vessels that have participated in the GOA Pacific cod fishery has ranged from zero prior to 2004 to a high of three vessels in 2008, 2009, and 2010. Non-members vessels also participated in the halibut IFQ program in the GOA and BSAI.

Although cooperative coordination can maintain opportunities for non-member vessels, coordination of fishing among cooperative members could also be used to reduce opportunities for vessels that are not in the cooperative. These efforts to preclude opportunities for non-member vessels may arise whether sideboards are removed or not. With sideboards removed, sideboarded vessels could expand their effort in the GOA Pacific cod fishery, directly affecting fishing opportunities for non-member vessels. With the sideboards in place, the cooperative could coordinate fishing to increase their catches in the GOA Pacific cod fisheries. The cooperative’s ability to preclude fishing opportunities of non-members is increased by the removal of sideboards, as the sideboarded vessels that have shown an interest in increasing their efforts in the GOA Pacific cod fishery in recent years have additional fishing opportunities with the sideboards removed.

Shifting fishing effort by the sideboarded vessels from the BSAI Pacific cod fishery to the GOA Pacific cod fishery due to reduced TACs in the BSAI could negatively impact non-member vessels active in the GOA Pacific cod fishery. Vessels that are not cooperative members are more vulnerable to increases in GOA Pacific cod fishing effort by sideboarded vessels since these vessels have no agreement with the sideboard vessels. Cooperative coordination provides members the ability to coordinate their effort in the BSAI and GOA Pacific cod fisheries so as to reduce the harm to any member vessels from reduce TACs in one or both areas.

Finally, removing the GOA Pacific cod sideboards combined with Amendment 99, which adjusts the maximum length overall (MLOA) specified on the LLP licenses assigned to BSAI Freezer Longline Conservation Cooperative to accommodate larger replacement vessels could negative effect the three non-member vessels active in the GOA Pacific cod fishery. Amendment 99 would allow these six freezer longline vessels to increase the length of their vessels if replaced in the future. With this larger vessel advantage combined with cooperative fishing, BSAI-endorsed LLP license holders could consolidate BSAI harvests within the cooperative, and use their increased processing capacity to harvest a greater proportion of the GOA Pacific cod sector allocation, relative to their 2001 through 2011 historical catch. This has the potential to negatively impact the three non-member GOA Pacific cod vessels.