

MEMORANDUM

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

ESTIMATED TIME
8 HOURS

ACTION REQUIRED

Review reformatted elements and options and refine alternatives

BACKGROUND

At its April 2003 meeting, the Council adopted a motion preliminarily defining alternatives for the rationalization of the Gulf of Alaska groundfish fisheries. Since that meeting, the Council has undertaken the process of refining the alternatives for analysis. At its December 2005 meeting, the Council tasked staff with reformatting the alternatives to so that each sector is treated distinctively. This reformatting is intended to make the motion more accessible to stakeholders wishing to compare the alternatives and to facilitate further refinement of the alternatives by the Council. The reformatted elements and options were included in a Council mailing the week of the 23rd of January. At this meeting, the Council could review the reformatted elements and options, and if that reformatting is acceptable, continue process of refining the alternatives. In reviewing the reformatting, the Council should assess whether the division of the alternatives by sector is appropriate. For example, the reformatted alternatives separate trawl, fixed, and jig gear types for purposes of defining alternatives. The Council could elect to either consolidate sectors (such as low producing fixed gear vessels and jig gear vessels) or further divide sectors (such as separating longline and pot gear) if that arrangement is believed to be more appropriate for defining alternatives.

Key to reformatting

The reorganization of the motion is intended to serve two primary purposes. First, the motion is reorganized to allow comparison across alternatives. Second, the motion is reorganized to separate provisions that may differ across gear types to assist stakeholders in developing specific alternatives appropriate to the different gear types. To address both of these objectives, the reformatting is divided into three sections, with numbering appropriate to the section.

In general, the organization uses the following labeling. Provisions beginning with:

- G – apply to all alternatives and should (or could) be the same across all alternatives (i.e., provisions that define divisions among sectors)
- T – apply to all trawl gear alternatives and could be the same across all trawl alternatives (i.e., individual caps on use and holdings)
- F – apply to all fixed gear alternatives and could be the same across all fixed alternatives (i.e., individual caps on use and holdings)
- J – apply to all jig gear alternatives and could be the same across all jig alternatives

In addition, provisions specific to an alternative are included in a section devoted to that particular alternative. These provisions bear the following identifiers.

Trawl Alternatives

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

Fixed Gear Alternatives

- F2L – Low Producer – IFQ/Cooperatives
- F2HA – High Producer – IFQ/Cooperatives with Processor License Limitation
- F2HB – High Producer – IFQ/Cooperatives with Processor Linkages
- F2C – IFQ/Cooperatives with Harvest Share Allocations to Processors
- F3L1 – Low Producer – Sector Allocation with Limited Access Fishery
- F3L2 – Low Producer – Cooperatives/Limited Access
- F3 – Cooperatives/Limited Access with Processor Associations

Jig Gear Alternatives

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

In addition to the alternatives listed here, the status quo (i.e., continued management under the LLP) would be analyzed for each sector.

Refining the elements and options

In addition to reviewing the reformatting, the Council could also continue the process of refining alternatives at this meeting. In the original reformatted elements and options, staff included discussion of the following provisions in the version of the elements and options attached:

- G-10. Individual Allocations – Eligibility
- G-17. Transferability - Vessel Type Restrictions
- T-1 and F-1. Transferability – Leasing
- T-2 and F-2. Share Use – Owner-on-board
- T2A-7, T2B-7, F2HA-7, and F2HB-7. Harvest Share Allocations – A share/B share allocations
- T2A-10 and F2HA-9. Processor License Qualifications
- T2A-13 and F2HA-12. License ownership restrictions on processors
- T2B-2 and F2HA-2. Cooperative formation
- T2B-10 and F2HB-10. Linkage (Linkages apply by area)
- T2B-15 and F2HB-15. License ownership restrictions on processors
- T3-4 and F3-4. Cooperative Formation - Catcher Vessel Cooperatives and
- T3-7 and F3-7. Catcher Vessel - Cooperative/processor associations
- T3-9 and F3-9. Cooperative Formation - Catcher Processor Cooperatives

While several issues could be considered, these provisions might be ripe for decision without further analysis (including data analysis). If the Council would like further analyses concerning these or other issues, staff could also receive additional direction at this time.

Oliver Holm -Chair
Kodiak Fish & Game Advisory Committee
PO Box 3865
Kodiak, Alaska 99615

December 26, 2005

RECEIVED

DEC 26 2005

McKie Campbell, Commissioner
Department of Fish and Game
PO Box 25526
Juneau, AK 99802-5526

N.P.F.M.C.

Dear Commissioner Campbell;

I am writing on behalf of the Kodiak Fish & Game Advisory Committee as directed by a motion passed unanimously at our last meeting, December 14. The Gulf of Alaska groundfishery has more impact on Kodiak and it's satellite island communities than anywhere else in Alaska. Our community has witnessed several "rationalization" schemes enacted in other fisheries and have seen negative economic effects on the community as a whole and inequities perpetrated on some of the participants in those fisheries.

Primarily based on equity, we support granting history from landings from state waters during the federal season (parallel fishery) in any federal rationalization program that might be adopted by the NPFMC. These landings came out of the federal TAC during the federal season and the participants had no notification that they weren't in fact participating in the federal fishery. Once adopted into a federal rationalization program, these federal fishing rights would be only exercisable in federal waters.

Where the state has a portion of the groundfish TAC to manage in state waters, we strongly urge continued management with the traditional tools used in state managed fisheries. These fisheries are very important to our resident fleets and communities. The state constitution wisely mandates equality of access and no exclusive right of fishery to state fish resources. In our view, share based access programs do not meet constitutional guidelines. We emphatically do NOT support Senate Bill 113.

Our community has been impacted by several federal "rationalization" programs beginning with halibut and sablefish. Instead of improving with each new program, the economic effects on working fishermen and our communities have been getting worse. We have been very disappointed by

some of the state's positions at the NPFMC on these past "rationalization" programs and also on Gulf Rationalization. Allowing absentee ownership of fishery rights and leasing (cooping), has increasingly diverted fishery wealth away from working fishermen and also from local businesses and the general economy in our communities. The leasing or "cooping" of harvest rights has been diverting as much as 50% to 70% of the exvessel value of these fisheries away from actual fishermen to absentee owners of the rights. This has been increasingly efficient at diverting money out of the state of Alaska and minimizing the benefit of these fisheries to our state's economy.

In addition to these losses, AFA pollock and Bering Sea Crab programs created closed processor cartels that depress the price of fish from lack of an open market for fishermen. In other segments of our economy these structures are illegal. It is difficult to find any benefits from the processor's gain in these programs that has accrued to the state of Alaska's economy. At the NPFMC the State of Alaska appears to be supporting similar structures that will deny fishermen a free market. Pot, longline and jig groundfishermen generally do not support processor quota, closed class of processors, processor linkage or processor coops. In spite of this, the state appears to be supporting similar concepts for gulf groundfish. The state still retains economist Scott Matulich who supports these ideas even though both his methodology and conclusions from his studies of the halibut IFQ program were fundamentally flawed.

The price of fish to the fishermen largely determines the economic benefit of these fisheries to Kodiak's economy and also to the State of Alaska's economy. Realistically, the options that the NPFMC are considering for Gulf Groundfish do not include free markets and a level playing field for all fixed gear fishermen. The committee would like the state to support a free market for all fixed gear fishermen.

In past rationalization programs, initial rights were not granted to anyone but vessel owners with the exception of a very small allocation to skippers in Bering Sea Crab. This is not equitable in fisheries that have historically paid crews by a share of the catch. The lack of initial rights granted to crew and hired skippers has resulted in less of the profit of rationalized fisheries going to skippers and crew and therefore less remaining in our communities. We urge you to change the alternatives being considered by the NPFMC to include substantial participation by crew and skippers in any

rights granted.

Requiring quota share owners to participate in the fishery by owning a participating vessel, or being aboard the harvesting vessel in the capacity of skipper or crew, tends to keep the rewards of the program with fishermen and increases economic benefits to communities adjacent to the resource. The halibut and sablefish IFQ programs had these kinds of constraints. Later programs, for the most part, haven't. The lack of these constraints in the Bering Sea Crab rationalization program is largely responsible for the severe economic fallout that this community and other Alaska communities have suffered from the program. If Gulf of Alaska groundfisheries are rationalized, we urge the State of Alaska to support requirements and restrictions that keep quota share holders active in the fishery and that require the transparency of ownership that is necessary to enforce these types of requirements.

The advisory committee and the Kodiak Island communities we represent are quite concerned that Gulf Groundfish rationalization could, and likely would, result in another economic disaster here of even greater magnitude than the Bering Sea Crab rationalization program. The State of Alaska's position at the North Pacific Fisheries Management Council has been problematic for us with both programs. It is our hope that you will take these comments under advisement and work to change the state's position on some issues and delay the process at the council so that past mistakes are not repeated.

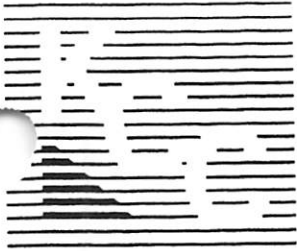
The Kodiak Fish & Game Advisory Committee is composed of a diverse group of fish and game users with broad experience in fishery management issues and how they affect our Kodiak Island communities.

Sincerely,



Oliver Holm
Chair K.F. & G. A. C.

cc Governor Frank Murkowski
Stephanie Madsen, Chair NPFMC



KODIAK CHAMBER OF COMMERCE

100 E. Marine Way, Suite 300, Kodiak Alaska 99615 • (907) 486-5557 • FAX: (907) 486-7605
www.kodiak.org • Email: chamber@kodiak.org

December 13, 2005

RECEIVED

DEC 28 2005

N.P.F.M.C.



Mr. Chris Oliver
Executive Director
North Pacific Fishery Management Council
605 W Fourth Avenue, Suite 306
Anchorage AK 99501-2252



Dear Mr. Oliver,

Attached please find the Kodiak Chamber of Commerce Resolution No. 05-12-01 requesting North Pacific Fishery Management Council's consideration of community concerns in the pending Gulf of Alaska Rationalization Program.



We respectfully submit that NPFMC take the actions in connection with its development of Gulf of Alaska Groundfish Rationalization Program.

Thanking you in advance,



Patricia Branson
President



CC: Senator Gary Stevens
P.O. Box 201
Kodiak AK 99615-0201

Rep. Gabrielle LeDoux
1414 Kouskov
Kodiak AK 99615-6557

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RESOLUTION 05-12-01

A RESOLUTION OF THE KODIAK CHAMBER OF COMMERCE REQUESTING NORTH PACIFIC FISHERY MANAGEMENT COUNCIL'S CONSIDERATION OF COMMUNITY CONCERNS IN THE PENDING GULF OF ALASKA RATIONALIZATION PROGRAM

WHEREAS, the harvesting and processing sectors of the Kodiak Island fishing community are substantially involved in and substantially dependent upon the Gulf of Alaska groundfish fisheries; and

WHEREAS, Kodiak Island's economic and social health is inherently dependent on the community's sustained participation in all aspects of the Gulf groundfish fisheries; and

WHEREAS, Kodiak Island is dependent on groundfish through investments in shore based processing facilities, support infrastructure, and catcher vessels as well as the economic base of the value of fish; and

WHEREAS, substantial investments have been made in support of and in reliance upon the Gulf groundfish fishery, such as water system expansion and improvements to port and harbor expansion and improvements; and

WHEREAS, the North Pacific Fishery Management Council has developed a suite of fishery allocation alternatives for the Gulf of Alaska groundfish fisheries, and is working toward adoption of a preferred alternative for implementation; and

WHEREAS, allocating exclusive harvesting and/or processing privileges promotes consolidation in the fishing fleet and the processing sector, which may improve efficiency, but also results in skippers, crew members and processing workers bearing the costs of consolidation without fully sharing in the related benefits; and

WHEREAS, fishery rationalization may create opportunities and incentives to produce more and higher value products, it also changes the distribution of fishery revenues among participants by altering the balance of market power between fishermen and processors, with potentially disruptive effects on the communities in which they live; and

WHEREAS, by awarding harvesting and/or processing privileges, fishery allocations make possible orderly harvesting and processing, but also facilitate migration of landings to communities with infrastructure advantages (such as road system access) and create barriers to entry for later generations of fishery participants; and

WHEREAS, it is essential that the potential adverse affects of Gulf groundfish rationalization be identified and analyzed, and that program adjustments be made to mitigate the potential adverse effects of Gulf groundfish rationalization on Kodiak Island and its residents prior to implementation; and

NOW, THEREFORE, BE IT RESOLVED, BY THE KODIAK CHAMBER OF COMMERCE THAT the North Pacific Fishery Management Council (the "Council") is hereby requested to take the following actions in connection with its development of a Gulf of Alaska Groundfish Rationalization Program:

1. Complete the Council's review of the Bering Sea crab rationalization program to enable the public to evaluate and comment on the impacts of crab rationalization and to enable the Council to make appropriate adjustments to the Gulf rationalization program in response.
 2. Thoroughly analyze each alternative being considered by the Council before eliminating any of the alternatives, to provide the public with the opportunity to compare the effects of the various alternatives on harvesters (including skippers and crew members), processors, processor groups, fishing support services, and Gulf fishing communities.
 3. Include limits on harvesting consolidation through vessel use caps that apply without exemption, and that are calculated to sustain skipper and crew employment opportunities and compensation.
 4. Include measures to maintain a diverse, competitive processing market, by providing a substantial pool of groundfish privileges for each sector that can be harvested without penalty and are not subject to processor linkage or processor closed class delivery requirements. This should include phasing out of the off shore-processing sector.
 5. If processing privileges are included, limit consolidation of such privileges through processor and facility use caps.
 6. Designate Federal harvesting privileges by region to reflect landing patterns similar to those occurring prior to program adoption, and requires that fish harvested under such privileges be landed in their designated region.
 7. Include a reasonable groundfish allocation, which may be harvested and processed without holding any Federal or State dedicated access privilege, subject to restrictions that the State of Alaska may deem necessary to maintain the entry-level character of such allocation.
 8. Include a community fisheries quota program that provides an opportunity for small Gulf coastal communities to enhance their residents' participation in the gulf groundfish fishery, under the conditions that the allocation to such program does not disrupt other Gulf of Alaska fishery dependent communities by displacing their fishermen, is required to be harvested by residents of the eligible communities, and requires that harvests made under such program be delivered on shore within the region of their allocation.
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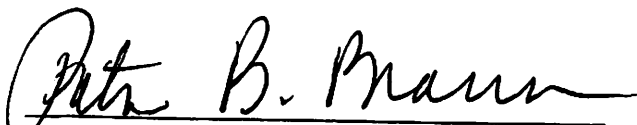
9. Include a community purchase program that provides Gulf coastal communities with the opportunity to maintain participation by their residents in the Gulf groundfish fishery by acquiring harvesting privileges for use by their residents, under the conditions that the Kodiak Island communities are eligible communities, and such program includes reasonable limits on the amount of harvesting privileges that any single eligible community may hold.

Passed and approved by the Board of Directors of the Kodiak Chamber of Commerce this 12th day of December 2005.

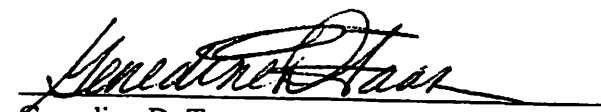
Signed this 12th day of December 2005.

KODIAK CHAMBER OF COMMERCE

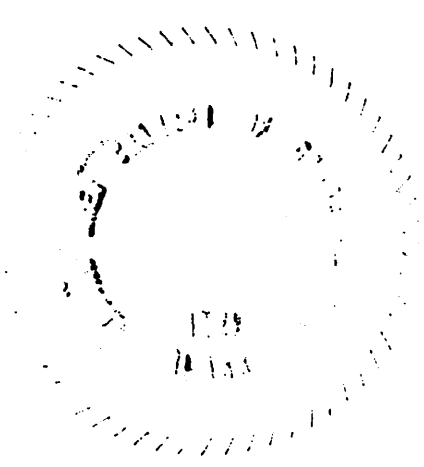
ATTEST:



Patricia B. Branson
President



Genedine D. Taan
Secretary to the Board



FAX

(907) 271-2817

North Pacific Fishery Management Council

January 18, 2006

Attn: Chris Oliver, Executive Director

RE: C4 GOA Groundfish Rationalization & Executive Director's Report

Mr. Oliver,

Please include the attached three pages regarding the KODIAK GOA TASK FORCE formation/selection and related issues and challenges in your Executive Report, as well as in the GOA C4 handouts. I am uncertain if I will personally attend the meeting at this time, I appreciate your personal attentions to this, today.

We are out on the grounds fishing right now for GOA Tanner crab with one boat, and the other vessel is awaiting weather clearance to fish BS Opilio crab, while facing remarkably the prospects of highly unfair, low prices. It seems like owner-operators are being chased out, as we hardly have the time for all the new, excessive regulations and paperwork as we attempt to conduct our fishery.

Thank you,

Sincerely,
Lu Dochtermann

Ludger Dochtermann
F/V Northpoint and F/V Stormbird
P.O. Box 714; Kodiak, AK 99615
Tel: 907-486-5450

Wednesday, January 18, 2006

Hon. Carolyn L. Floyd, City of Kodiak mayor Fax: (907) 486-8600 Tel: 486-8650
Hon. Jerome Selby, Kodiak Island Borough mayor Fax: (907) 486-3391 Tel: 486-4833

***FOR IMMEDIATE DISTRIBUTION TO ALL CITY/KIB ASSEMBLY MEMBERS
& PLS INCLUDE IN INITIAL TASK FORCE FILES FOR ISSUES CONSIDERATION***

RE: GOA Rationalization TASK FORCE Selections & the Challenges Ahead

Honorable Mayors & Assembly Members:

Once again, we're out at sea when a critical meeting concerning our fisheries occurs. Everyone knows crab season is underway, but do we have to brook 'out of sight, out of mind' once again? Why no big boat crab representation for our 40 boats on your list? Our stocks, and our jobs, are affected by the conduct of fisheries in other sectors, and we know well the experience of earlier market-breaking irrationalization.

Who determined the preferred names? Why no big boat pot fishermen on the list? Why was jig fleet representation unlisted until during last night's meeting? Why no representation from our small business community of affected suppliers?

The bottom line is the region's People & overall economic health -- not an individual owner or absentee corporations who are also posed in significant ways as economic opponents to our City & Borough's financial interests (e.g., taxes). We have the regional fishery allocations, and hardly need offer superior protections to particular processors. Let's encourage those who would produce higher-value products, pay higher ex-vessel prices and local wages, and keep processing operations here -- not in China.

Let's promote fresh fish operations and quality-preserving catch techniques, by simply promoting open market competition. Let's even consider excise taxing for the privilege of primary product exports that deny local manufacturing jobs: and why not a tax upon high-value roe container loads, too?

Federal laws regarding small business rights and the Regulatory Flexibility Act are designed to ensure affected parties give proper input to public policy making, in order to ensure due process. We must ensure due process, locally, as well -- because you/we are going to advise federal agencies. Preserving an open society is best done by ensuring its foundations are strongest at a local community level.

Stacking the deck with strong lobbyists and powerful corporate interests, while at the same time under-manning representation from displaced businesses (e.g. laid off crews, affected suppliers) and leaving out critical interests, would be proceeding on the wrong foot. Recent events have shown that economic shocks hit our communities in blindsiding ways, due to the lack of transparency and disclosure, and failures to properly analyze and quantify expected results of bad policy making.

Page 2 - 1/18/06 L. Dochtermann
Kodiak Task Force Selections & Challenges

The real danger is a rush to rub fast the hands of a greedy few, not a rush to fish — the latter is better resolved by paying higher ex-vessel prices in return for commitments to bring ashore the highest grade products paced to ensure that consumers eat the finest seafood we can attain (and pay the highest returns), not just bags of meal or minced flesh. Bycatch targeting must not be allowed to continue to dismiss the value of guideline species. Consumers, not us, are the proper judges of whether or not economic efficiency is attained from a limited, fixed bundle of natural resources. **Smiting consumers by setting aside a quota for the lowest possible utilization sector hardly defines good public policy-making.**

There is already underway a counter intuitive idea of separately rationalizing fishing sectors or gear groups -- a guarantee that the stated, main goal of 'economic efficiency' will never be attained. I see the dominance of such proponents on your unbalanced list. Why? Can't one person represent the trawl sector's interests?

I'd like to see Julie Bonney and Jay Stinson combined as one position of alternates, not two positions. I understand you have already judged that as proper for the much larger jig fleet, so please follow your own logic. I'd highly encourage you to add the chairman of the local fish advisory board (Oliver Holmes) to the list. Actually, I insist.

All future rationalization actions regarding Limited Access Privilege programs will involve state agencies regarding adjacent state waters. The resource advisory boards are Alaska's statutory designees for input into both fish and game agencies — a step that was overlooked and led to the past year's crisis over SB113 ('coordinated rationalization'), for example. Alaska must preserve democracy and face up to encroaching *corporatocracy* and its influencers.

Having only 4 active fishermen on the list of 14 (or so) highlights the unfair make-up of the selections to date. If this imbalance is not addressed, and if more community- and harvest-protecting representatives do not make the final list (and fewer corporate lobbyists and processor 'partners'), then the Assembly's efforts will fail the Public and our fleets at large.

Failing that, you stand to face legitimate and vociferous criticism in Kodiak and across the Gulf of Alaska. Moreover, dissatisfied sectors and participants will surely challenge the Task Force's imbalance before the North Pacific Fisheries Management Council (i.e., with the US Secretary of Commerce).

In addition, we must keep in mind not just the regional but also the national spotlight currently focused on Kodiak, Homer, and Peninsula assemblies regarding fisheries policy. The multi-species nature of GOA 'rationalization' (*I despise that nonsensical euphemism for privatization and consolidation!*), the lack of established economics for many of the species involved, the differentiation of processing arrangements and nature of our diverse fleets and municipalities all pose an impossible task.

The rational price is a competitive, fair market price! Why are we required to be irrational? Doesn't the allowed biologic catch along with guideline harvest levels already define rationalized sustainability of the public resource? The Assembly should not endorse 'ownership' battles.

Page 3 -- 1/18/06 L. Dochtermann
Kodiak Task Force Selections & Challenges

There are also larger, even overriding questions to consider. Didn't the United Nations Conference on the Laws of the Sea note that despite 200-mile exclusionary stewardship rights, no nation owns such ocean resources outright? So, when UNCLOS is ratified by the USA, soon, will fisheries privatization set a precedent for seabed mining resources and oil exploration, too? We are situated in a geographic region where such concerns will occupy our futures, as fisheries does today.

National standards call for 'fair and equitable' distributions in any allocation decisions regarding US federal fisheries. That (allocation) does not say ownership, nor allow it. In a similar fashion, Alaska's Constitution calls for obtaining the maximum benefit from the People's resources. Doesn't optimum yield (OY) in the original Magnuson Fisheries Act call for maximizing the net economic benefit to the USA under 200-mile EEZ stewardship? Has the Assembly considered its position on this in regards to the proposed changing of that comprehensive definition of OY in the MSA Reauthorization currently underway in the Congress?

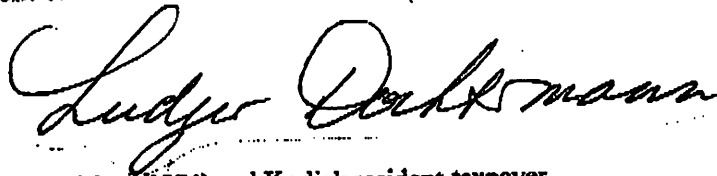
Might not also all of the North Pacific fish rationalization schemes to date be considered an illegal transfer of public properties for private use? At a time when the states are struggling with 'eminent domain,' from this other angle (making public once private properties) does any of the fishery *corporatization* make sense over just keeping an open market in fair global trade?

History has shown the world the path to open competition in free markets, and kept alive the debate over Free Trade and that it need be uncompromised by global corporations' attempts to destruct local, regional and national tax bases and livelihoods. We must keep open the channels to true market capitalism and free/open enterprise. In fact, we could stand by true market-based principles and scrap this nonsense altogether -- if only you have the courage to do so.

In closing, in any case, YOU must do OUR best. Otherwise, we'll forever be known as having acquiesced to the overpowering interests of global conglomerates -- in spite of the GOA region being one of the world's premier fishery economies -- before we ever got off to a fair start.

Please heed my warnings and take seriously my advise. We do not need a repeat of the disastrous effects of earlier rationalization schemes, nor more failures to capture the true value of our resources for the benefit of our coastal Alaskan communities. Thank you for your consideration.

Sincerely yours,



Ludger Dochtermann
Crab, cod & halibut fisherman (since 1974) and Kodiak resident-taxpayer.

cc: Kodiak Daily Mirror editor
NPFMC Exec. Dir., Chris Oliver -- for Feb. 2006 re C-4 GOA Groundfish Rationalization
NOAA GC Office Juneau (re same)
US Secretary of Commerce, Carlos M. Gutierrez - Washington DC
Separate official records of City, Borough & for public distribution at next public meetings.
Kodiak District State Repr. Gabrielle LeDoux & Senator Gary Stevens

January 26, 2006

North Pacific Fishery Management Council
605 West 4TH Avenue, Suite 306
Anchorage, AK 99501-2253
FAX (907)271-2817

JAN 28

NPF

Agenda Item C-4 (b): GOA Groundfish Rationalization

Stephanie Madsen, Chair

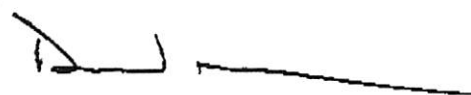
My Name is Dave Hansen, I run the F/V Contender and I have been fishing full time since 1985. I have been running boats since 1998. Fishing is my only income. Inside 3 mile pot cod is my only history associated with cod. I have fished from Kodiak area to False Pass area. Halibut and cod are it for me as far as fishing goes. No salmon no jig just halibut and cod.

I would like to ask the North Pacific Fisheries Management Council to go ahead and make the decision that will include the parallel fishing history of vessels who fished during the federal season in with the federal plan. This issue has been dragging on a long time. The State of Alaska needs to recognize that they do not have a reason to claim my history, that I worked hard for, so that they can give it out to who ever they please. If this is not done it will disadvantage my business when the people I fished alongside of receive their history and I have nothing to fish.

I would like to ask the council to please designate Pacific Cod Pot fishermen as their own distinct sector when you are considering the separate sectors. We are just as deserving as the trawl fleet to be considered in this way and the pot fleet is very different from the other fixed gear sectors. This will make it much easier for the council and for the fishermen who are involved in this to figure out how this sector fits in with everyone else. There may be things needed in the other fixed gear sectors that are not necessary to be options in the pot sector.

I have been waiting a long time to find out how my business will face the future and I fully expect to be rationalized. Please rationalize the P. Cod pot fleet as soon as possible and do not take the trawl fleet before the pot fleet. If one sector goes before another it should be the pot fleet that should be rationalized first. In all fairness the sectors should be implemented at the same time but the pot fleet is a much less problematical gear type and should be easier to deal with than the more complicated trawl and longline sectors with their bycatch issues.

Sincerely



Dave Hansen
P.O. Box 4262
Kodiak, Alaska 99615

Kenneth N. Holland Jr.
Christine Holland
F/V Point Omega
PO Box 608,
Kodiak, AK 99615
Tel/fax 907-486-3764
January 27, 2006, 2006

RECEIVED
JAN 28 2006
N.P.F.M.C.

North Pacific Fishery Management Council
605 West 4th Ave., Suite 306
Anchorage, AK 99501-2252
FAX (907)271-2817

Stephanie Madsen, Chair

Agenda Item C-4 (b): GOA Groundfish Rationalization

Make the decision to recognize the parallel fishing history of GOA Groundfish LLP Pacific Cod Pot harvesters, and to include this parallel fishing history and these harvesters in any federal rationalization of the GOA Groundfish

My husband Ken and I own and operate the 72 ft F/V Point Omega. We live and work out of Kodiak. Ken has been fishing since 1963, and he is the primary operator of our vessel. For the first time, since we began fishing the federal pot cod seasons in 1987, we are having our son run the boat so that we can once again come before you to ask you to resolve the parallel fishing problem.

We understood at the end of the last meeting that the State of Alaska would come together with industry to try and work this problem out. This has not happened and the hold up of this issue is keeping us from moving forward in the rationalization process.

Our history was earned fishing in the federal season, under federal rules while we held an LLP. This issue needs to be resolved. The State of Alaska has no right to claim history that will make or break our fishing business.

We find in the options and alternatives that the council has provisions to allocate this history to the persons who earned it, with LLP's, and we would like to ask that those provisions be adopted so that we may move forward with this process. If this issue is not clarified it will be the reason that we find ourselves sitting on the beach watching other vessels participating in the Federal fishery and catching what has traditionally been a large portion of our income.

There is no justification for the State of Alaska to attempt to engage the Council or the federal government in the confiscation of, or for the State of Alaska to claim, our federal GOA p. cod fishing history, or our cod fishery.

Move forward with rationalization of the GOA P. Cod pot sector at the earliest possible moment.

We are ready and willing to move forward in the process to rationalize our Pacific Cod Pot fishery and we are working with UFMA to isolate the options that would be most relevant to the pot sector. We worked hard to catch the fish that constitute our history and are willing to put the same effort into helping be part of the council solution.

Designate Pot Gear as a distinct and separate sector from the larger Fixed Gear sector for the purposes of GOA Groundfish Rationalization.

The Council has asked for the draft document to be reformatted to enable people to better understand the options that are before them in the rationalization process. We feel that the P. Cod Pot sector should be a distinct sector and be laid separately out in the elements and options to reflect this. This separation would provide the Council and the stakeholders with the essential opportunity to clearly understand and comment on the options in the Alternatives that apply to the Pot sector, how these elements would impact the Pot Sector and how this would all tie in with the larger picture.

The Pacific Cod Pot sector would be a good place to start refining elements of the GOA Groundfish rationalization. It is a clean and one species fishery that could be a poster child for the process, and would deal with at least one of your problems and make it easier to sort out the other sectors in the future.

As a Sector, the pot fleet demonstrates traits that make it separate from other fisheries.

1. The Pot Sector targets on one species and it does so in a comparatively clean manner.
2. It is not an "entry level" fishery as it takes a large amount of capital to own and operate a vessel capable of fishing and carrying around a load of pot gear.
3. The fleet is not able to move in the manner of the other sectors. For example a trawler or a longliner rolls their gear onboard and is able to move to another area and start harvesting as soon as they arrive on the new grounds. The pot fleet on the other hand may need to make numerous trips to relocate their gear to good grounds.
4. Another point is that when other sectors have exceeded their PSC for the year it is the Pot Sector that is sent out to harvest the remaining TAC of Pacific cod.

In Closing:

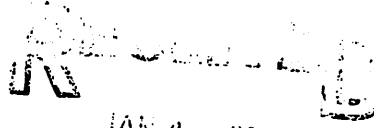
We have come before you time and time again to say that we want to have our federal parallel history credited to us and other vessels like us. We believe this shows the council that we have a great desire to be rationalized. We think that we will be impacted by vessels displaced from other rationalized fisheries and we feel we should be the first sector to be rationalized. We want to go hand in hand with the trawl sector in this process and be rationalized at the same time if not before. Decisions need to be made and if they are not made soon then the council is putting the Pot Sector at a distinct disadvantage in the process.

Thank you for your time and consideration in this matter.

Ken Holland
Chris Holland

Ken and Chris Holland

Philip and Lisa Robbins
F/V Lisa Gayle
P.O. Box 2284
Kodiak, Alaska 99615


JAN 3 2006

N.P.F.M.C.

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

Agenda Item C-4: GOA Groundfish Rationalization/Including the Parallel Fishery

Dear Ms. Madsen:

My husband and I are 35-year residents of Kodiak, and owners of the 53-foot F/V Lisa Gayle. We have participated in the parallel p cod pot fishery every year since 1991. We respectfully offer some comments on GOA groundfish rationalization.

- 1. Allocate federal parallel p. cod pot history to LLP parallel fishery participants so that we can fish in the federally rationalized GOA p. cod pot fishery.**

We respectfully request once again that the LLP holders of the parallel waters history be included in the federal GOA Groundfish Rationalization program.

I along with many LLP license holders in the parallel waters fishery wait for the State to discontinue their unwarranted attempts to claim our federal fishing history inside 3nm. We continue to wait for the state to officially clarify for the record that they will support the federal allocation of our individual federal history to those of us who earned it. We continue to wait for the state to voice their support for our rightful desire to participate in the federally rationalized p. cod pot fishery with the fishing privileges and rights that come with the federal history that we earned in the parallel fishery. Again, we held a valid, permanent, fully transferable federal LLP license during the qualification periods that are under consideration. We were fishing under Federal rules in a Federal fishery off of a Federal TAC and we are, therefore, entitled to the same rights and privileges of all LLP license holders who earned their federal history outside 3nm. Again, as we have also previously stated, we have agreed to operate outside of 3 nm to utilize the federal rationalization fishing privileges and rights that result from our federal history and federal qualification. It is unconscionable for the State to take possession of our history.

P cod pot fishing has been a significant portion of our livelihood for 16 years. During this period, we have employed the same core crew. 100% of our history is inside 3nm, and deprivation of our history will eliminate us from the Federal Groundfish Rationalization entirely. This unjustifiable confiscation by the State of parallel LLP license holder histories will devastate us and all of the vessel owners, skippers, and

crews who have depended on the parallel fishery for in some cases, two decades. We have earned the right and deserve to fish in a federally rationalized GOA p. cod pot fishery with our earned federal history.

The issue of the federal parallel waters fishing history has been unresolved for so long, it has become an impediment for rationalization. We ask that this be addressed and resolved as soon as possible, as was decided at the December Council meeting. The lack of resolution is a roadblock in the rationalization process, and it should not be.

We respectfully request that the Council acknowledge the federal rights and privileges of all LLP license holders who have participated in the federal parallel fishery, and to include these LLP license holders with parallel history in the GOA Groundfish Rationalization program.

2. Separate Options for the Pot Sector

We also ask the Council to designate the Pot Sector as a separate sector from the other fixed gear sectors for purposes of GOA Groundfish Rationalization. As we have previously stated, we support federal rationalization of the GOA pot fishery as soon as possible, and establishing separate options for the pot sector is needed to accomplish this goal.

The Pot Sector is a straightforward, single species, single gear-type fishery with a long history. The vessels comprising this group share many common characteristics. The pot sector and fishery have very different characteristics as compared to the longline and jig sectors.

The pot cod fishery cannot be classified as an entry level fishery. Pot cod fishing is a low margin operation. It involves large numbers of pots and at least a mid-size vessel to handle the amount of gear necessary to make it economically viable. Fishing cod with pots requires a skipper who is seasoned in fishing Alaskan winters with heavy pot gear. The experience and capitalization involved in the p. cod pot sector eliminates this fishery as an entry level fishery.

Classifying the Pot Sector as independent from the fixed gear sector for rationalization is a clear and natural division, and is necessary for and will facilitate the entire GOA Groundfish rationalization process.

As the Council has directed Staff to reformat the GOA Groundfish rationalization document for the trawl sector, we respectfully ask Council to extend the same courtesy to the Pot Sector. A separate listing of alternatives, elements and options for the pot sector will provide the information which is necessary for the Council and stakeholders to formulate the Pot Sector rationalization program.

3. Move Forward with Rationalization of the GOA P. Cod Pot Sector ASAP.

As expressed by the Council in the December 2005 meeting with respect to the Council

motion on Groundfish Rationalization, the Council does not intend to hold back sectors who wish to proceed with rationalization of their sector. The Pot Sector wishes to proceed with federal rationalization ASAP, and we ask the Council's assistance and cooperation in this endeavor. The pot sector is positioned, focused and prepared to proceed towards that end. UFMA has been actively working to determine those alternatives, elements and options that most effectively address the needs of the Pot Sector.

We would be seriously disadvantaged if the trawl sector was allowed to go forward with rationalization in advance of the Pot Sector. Vessels displaced from rationalization are continually entering our fishery, and they will continue to do so. Their newly earned histories will endanger our established histories created in the traditional early years of the fishery. The interim period while we await rationalization will result in a negative outcome for historic fishers of the Pot Sector. As the Pot Sector is prepared and wishing to proceed with rationalization, we should be allowed at least to take part in lock step with the trawl sector.

As the Pot Sector is the least complex of any sectors of the GOA Groundfishery, we should be the first sector to be brought before the Council for rationalization. Pot Sector Rationalization can build the framework for the more complex sectors to follow. Addressing the Pot Sector first will assist the Council develop the approach to this huge and daunting task.

We respectfully request once more that the GOA parallel p cod pot LLP participants, and their history, be included in the GOA Groundfish Rationalization program, thereby removing the problems that this issue is causing for the Council in regard to the impediments and unnecessary and costly delays in acting to implement rationalization of the pot sector as soon as possible.

We request that the Council to reformat and separate the alternatives and options for the pot sector from the other fixed gear sectors so that they can be readily examined and decided upon for the pot sector.

In addition, we request that the Council move forward with Pot Sector rationalization as soon as possible, and before or at least simultaneously with the trawl sector.

Sincerely,



Philip and Lisa Robbins

January 25, 2006

RECEIVED
JAN 26 2006
N.P.F.M.C.

Stephanie Madsen, Chairman
North Pacific Fishery Management Council

C-4, GOA Groundfish Rationalization

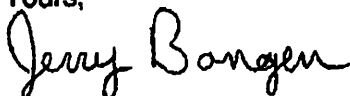
Chairman Madsen,

This letter is to address some of the issues and my concerns with GOA Groundfish Rationalization, as it pertains to the pot cod sector.

First of all, I would like to encourage you to support the separation of the pot cod sector from the fixed gear sector, as it relates to Alternatives and Options for GOA Groundfish Rationalization. My rationale for such action is that while the pot cod sector is a fixed gear fishery, it is unique from the other fixed gear sectors. The pot cod sector is not an entry level fishery. It requires large expenditures in both vessel and gear to participate in the Pacific cod fishery. From an operational aspect, it is similar to the trawl sector in that many of the pot vessels participating in the cod fishery have hired skippers on board, unlike other components in the fixed gear sector. The pot cod sector is a single species fishery. We are not at present restrained by PSC or secondary species issues. To address the unique aspects of the pot cod sector, I encourage you to facilitate the formation of specific options for the pot cod sector.

Secondly, I encourage you to support the rationalization of the pot cod fishery without further delay. The vast majority of the participants with a history in the pot cod fishery have been very supportive of a federally rationalized fishery. At the last two council meetings, there has been a movement to move the trawl sector ahead of other sectors in the rationalization process. I find this very disconcerting, as there is probably no easier sector to go forward with federal rationalization than the pot cod sector. As noted above the pot cod fishery is a single species fishery making it the simplest sector to move forward in GOA rationalization. Since SSL protective measures have been in effect, the pot cod sector has seen a dramatic decrease in their historical take of the GOA Pacific cod TAC. In reality, any further delay in rationalization of the pot cod sector will only further erode traditional participants stake in the Pacific cod pot fishery. The pot cod sector is and has been ready to move forward in a federally managed GOA groundfish rationalization program. We ask and encourage your support for the pot cod sector to move forward in GOA Groundfish Rationalization without further delay.

Yours,



Jerry Bongen
Fair Weather Fisheries Inc.
F/V Jeanoah
PO Box 3523
Kodiak, AK 99615
907-486-6245
907-486-1959 fax

Charles M. Hill
F/V Ruff & Reddy
323 Erskine Avenue
Kodlak, AK 99615
Telephone, 907-486-4289 --- Fax, 907-486-4092

January 20, 2006

Ms. Stephanie Madsen
North Pacific Fishery Management Council

C-4, Gulf of Alaska Groundfish Rationalization

Dear Ms. Madsen,

I own and operate the 86 foot F/V Ruff & Reddy. I have been fishing in Alaska since 1974. I have been involved in the GOA p. cod pot fishery since the mid-1980s. I was one of the first fishermen to participate in this fishery

I have been waiting for rationalization of the GOA pot cod fishery for many years.

Rationalization of the GOA p. cod pot sector is probably the most simple rationalization program that you will ever deal with. We are one gear type. We harvest one species. We are a clean fishery, and we have no bycatch problems.

The vast majority of owners, skippers and crew from the pot sector are residents of Alaskan coastal communities. We are in great need of the stability that rationalization of the pot sector will provide.

I ask you to not delay rationalization of the pot sector any longer. The great majority, if not all, of GOA p. cod pot fishermen who have any history or traditional participation in this fishery support rationalization of the pot fishery, and have supported rationalization of this fishery for many, many years.

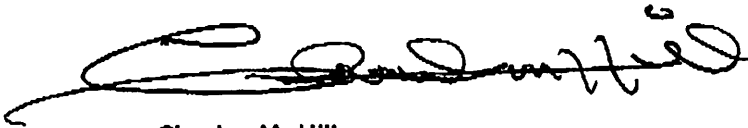
My skippers, crew and I depend heavily on our participation in the GOA p. cod pot fishery. The integrity of my past historical participation and history in the pot fishery progressively deteriorates as the approval date for rationalization of the pot sector is continually delayed. Many fishermen have entered the p. cod pot fishery in recent years to acquire fishing history because they anticipate that the qualification years will be extended as the Council continues to delay rationalizing this fishery. Displaced fishermen and boats from the Bering Sea crab fisheries are entering the GOA pot sector. Safety is a problem in the pot sector. The pot sector has been tremendously and disproportionately disadvantaged because of Sea Lion protection measures, including the 60/40 season split that came with these protection measures. Seasons continue to get shorter. The costs that are incurred by the pot fleet in conducting our fishery continue to increase. Rationalization will help to address these and other

deteriorating circumstances that continue to impact the pot sector. Rationalization will also provide the pot sector with the opportunity to benefit from many safety, stability, quality and marketing opportunities.

Also, the pot sector should be rationalized before, or at least at the same time as the trawl sector. I hope that the Council realizes that rationalizing the trawl sector any sooner than the pot sector is grossly inequitable and unfair, will destabilize the pot sector, and place the pot sector at an economic and competitive disadvantage. Also, my personal fishing history and participation, and that of many other Alaska resident pot sector participants, will be significantly discounted if the trawl sector is rationalized in advance of the pot sector. The Council has already given preferential treatment to the trawl fleet by delaying rationalization of my p. cod pot fishery while you spent valuable time to rationalize the trawl rockfish fishery ahead of every other sector. The trawlers made their choice. The pot sector deserves a chance. The pot sector merits attention from the Council.

We need help. We need your attention. Please take decisive action to rationalize the pot sector as soon as possible. Please do not put us aside any longer. Rationalization of pot sector has been put on the back burner in favor of other issues and other sectors for far too long. Please do not put rationalization of the trawl sector ahead of the pot sector. Please make rationalization of the pot sector your first priority.

Sincerely,



Charles M. Hill

REGISTERED
JAN 21 2006

Andrew Malavansky
PO Box 986
St. George Island, AK 99591

N.P.F.M.C.

January 18, 2006

North Pacific Fisheries Management Council
605 West 4th Ave, Suite 306
Anchorage, Alaska 99501

Dear North Pacific Fisheries Management Council,

Subject: Gulf of Alaska Ground fish Rationalization

I am opposed to your plan to rationalize ground fish in the Gulf of Alaska. You will imperil many communities as was done when the Bering Sea crab was rationalized, businesses collapsed, fisherman went bankrupt, families were forced to relocate, fuel prices climbed and more devastation is on the horizon in these communities already economically devastated. More!

The same will happen with your Gulf of Alaska ground fish rationalization plan. Your website as of January 18th proclaims to offset this inevitable collapse of communities by offering a "Rockfish Plan" for the city of Kodiak and only Kodiak. What of other communities? Now why wasn't there a plan in place to offset the collapse of all the Bering Sea communities from crab rationalization? Where is it? Was there research done into the socio-economic implications of each single community involved directly and indirectly?

I find your decisions to be irrational, based on self preservation and not on careful analytical, scientific research. Crab Rationalization destroyed many Bering Sea communities and so will the rationalization of the gulf ground fish.


Andrew Malavansky

RECEIVED

JAN 30 2006

N.P.F.M.C.

Ronald G. Thompson
F/V Northern Jaeger
January 30, 2006

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

Re: Item C-4 GOA Groundfish Rationalization/Including the Parallel Fishers

Dear Ms. Madsen:

I own and operate the 58 ft. F/V Northern Jaeger out of Kodiak. I have been fishing Kodiak since 1973 and have participated in the Federal Parallel Pot Cod fishery since 1990.

Give me my Federal parallel fishing history

As I have mentioned in earlier letters, I have earned my Federal fishing history and Federal fishing rights for GOA groundfish rationalization as an LLP holder during the Federal pot cod fishery inside 3 nm. GOA pot cod fishing is a very important part of my fishing business. I object to the State laying claim to the history that I have earned in the Federal fishery, and causing the delay of rationalization of my sector. Further delays in rationalizing the pot fishery, and unjustifiably taking my federal pot fishing history from me, will create financial hardship, depriving me of my ability to continue to participate in a fishery I have depended on for years.

I fully support rationalizing the GOA pot cod fishery. It is very important that the GOA parallel cod pot fishery LLP participants, and their history, are included in any GOA Groundfish Rationalization program. I ask the Council to convey to the LLP federal history parallel fishermen the same rights and privileges of any other LLP holder in the GOA Groundfish Rationalization.

Establish the pot sector as a distinct sector from the other parts of the fixed gear sector for dealing with the options and alternatives

The pot sector is distinct sector of it's own, showing common characteristics that make it separate from the longline and jig fleet. The pot sector is in great need of being rationalized. The pot sector is not an entry level fishery. The pot sector is a clean, single species, single gear type fishery. The pot sector wishes to be rationalized. We are focused and prepared to move forward on the track toward rationalization. We request that the Council direct the staff to separate out pot gear, as was done for trawl,

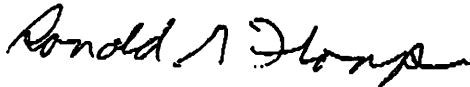
with our own alternatives elements and options, so decisions can be made concerning the specific pot sector rationalization program.

Rationalization of the pot sector immediately

The pot sector is the least complex and cumbersome, it should actually be the first sector to be addressed in GOA Groundfish rationalization. If not before the trawl sector, the pot sector should at least be rationalized simultaneously with trawl to prevent our sector from being seriously hurt.

The Council has to know and understand that the pot fleet will be put at a very serious competitive disadvantage by not rationalizing the trawl fleet and the pot fleet at the same time. Also, the Council has to know that continued delay in rationalizing the pot fleet is economically disadvantaging the LLP holders in the pot fishery due to the fact that displaced fishermen from other rationalization programs are continually entering our fishery and eroding our standing, qualifications and history in this fishery that is so important to our survival. The Council also has to know that the history of LLP holders in the qualification years in the pot fishery is being continually eroded because as the Council delays rationalizing our fishery, there will be pressure to extend and change the qualification years. The Council has to know that the more you delay rationalization of the pot fleet, the more our past years of participation will become undermined, and the more our true and important dependence on this fishery will be destroyed.

Sincerely,



Ronald G. Thompson

Mark A. Vickstrom
F/V Irene H

PO Box 318, Kodiak, AK 99615
Phone: 907-486-7622, Fax: 907-486-0418
Email: jlmonroe68@yahoo.com

Handwritten initials: MK, SD
JAN 3 2006
N.P.F.M.C.

Ms. Stephanie Madsen, Chair

January 29, 2006

North Pacific Fishery Management Council

C-5: Gulf of Alaska Groundfish Rationalization/need to rationalize the Pacific cod pot fleet

Dear Ms. Madsen,

I am the operator of and a partner in the F/V Irene H (83' LOA). I have fished for GOA p. cod with pots since approximately 1990. My partner and I were among the very early participants who developed this fishery. I have fished in Alaska for approximately 30 years. I am an Alaskan resident, with three sons and two daughters. I employ approximately 5 persons on my vessel. All of my crew have been almost entirely either Alaskan or Kodiak residents. Since I primarily fish GOA p. cod with pots, I will comment primarily on the need to rationalize the GOA p. cod pot fishery.

I am opposed to the rationalization of the GOA groundfish trawl sector separately from and in advance of rationalization of the GOA p. cod pot sector. I understand that representatives of the GOA groundfish trawl and processing sectors wish to convince the Council to develop and implement rationalization of the GOA groundfish trawl and processing sectors in advance of and on a faster time track than the development and implementation of rationalization for the GOA p. cod pot sector.

It has been obvious that rationalization has been clearly needed for many years in all GOA groundfish fisheries. It is important that the Council rationalize all GOA groundfish fisheries at the earliest possible moment. In many respects, the GOA p. cod pot fishery is in greater need of rationalization than the trawl fishery. However, rationalizing only one of the GOA p. cod sectors, while delaying and denying the benefits of rationalization to the other sectors, is very unwise, unjustified and inequitable. The GOA p. cod pot and trawl sectors have to be considered concurrently with each other.

I have a long-standing participation, and a very significant fishing history, in the GOA p. cod pot fishery. My participation and history is currently recognized in the ongoing Council plan to rationalize GOA groundfish. My fishing history will represent very important fishing rights, and will permit me to participate in a rationalized GOA p. cod pot fishery. I have worked very hard, at great cost, and with a significant personal and financial investment and sacrifice, to earn my fishing history, and the anticipated rights to participate in this fishery, and to enjoy the benefits of rationalization. I have consistently supported rationalization of the GOA p. cod pot fishery. I have been frustrated with the many delays that have impeded

rationalization of the GOA p. cod pot fishery, including the costly delay that was caused by the trawl and processing sectors when they convinced Congress to tell the Council how to go about their business by way of a Congressional mandate to the Council to focus their time and attention to the rationalization of the Central GOA rockfish fishery, and at the expense of the other fisheries that were then, and still are, in need of rationalization.

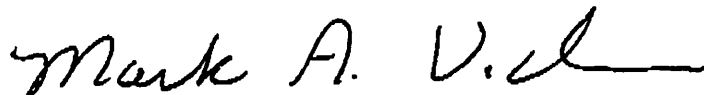
The GOA groundfish fisheries, and especially the p. cod trawl and pot fisheries, are closely associated in many ways, and have significant impact on each other. It is obvious that the same safety, marketing, economic stability, social stability, and efficiency factors and considerations that are used to justify rationalization in general, and rationalization of the GOA trawl fleet specifically, are equally and similarly present for the GOA p. cod pot fleet. Why would anyone consider that these factors are any more important for the trawl fleet than for the p. cod pot fleet, or provide preferential treatment to the trawl fleet, or treat the GOA pot fleet less equitably than the trawl fleet?

Addressing the development and implementation of a rationalization plan for the GOA p. cod pot fishery on a timetable that is less beneficial than that for the trawl fishery will put the p. cod pot fleet at a disproportionately inferior position with respect to safety, economic and harvesting efficiency, and economic stability. An unrationalized race for fish in the p. cod pot fishery will put this fleet at a significant competitive disadvantage to the trawl fleet. Delay in the rationalization of the GOA p. cod pot fleet will mean that a very large number of GOA p. cod pot fishermen will stand to lose traditional economic standing, and stability, in the GOA groundfish fishery, including their standing in many of the very important qualification criteria that are currently used as the basis of GOA groundfish rationalization. For example, recent participation is very important to the qualifications criteria of any rationalization plan, and a delay in rationalizing the p. cod pot fleet will mean that there will almost certainly be a shift in the qualification years that will be ultimately be used for rationalization of the p. cod pot fleet. This shift in the qualification years will cause my standing in the GOA groundfish fishery, and the standing of many other GOA p. cod pot fishermen, to be significantly diminished. Any delay in the rationalization of the p. cod pot fleet will almost certainly represent a direct economic loss to my fishing business, and to the economic stability and value of my fishing business; the same will occur to other p. cod pot fishing businesses that have established a traditional and economic dependence on the GOA p. cod pot fishery.

The GOA p. cod pot fleet does not want to be left in a race for fish; it needs to be rationalized as soon as possible, and it needs rationalization more than the trawl fleet. It is not wise or justified to delay the rationalization of any sector of the GOA groundfish fishery. If you wish to delay the rationalization of any sector or gear type, you should delay the development and implementation of rationalization for all sectors and gear types on the same schedule.

I respectfully request that you concurrently develop and implement rationalization of the p. cod pot fleet with the same dedication, on the same schedule, and at the same time, as you develop and implement rationalization of the trawl sector. The p. cod pot fleet should not be treated less equitably than the trawl fleet.

Respectfully,



Mark A. Vickstrom

Thorvold L. Olsen
F/V Viking Star
PO Box 322, Kodiak, AK 99615
telephone: 907-486-5387, fax: 907-486-8126
January 30, 2006

RECEIVED
JAN 30 2006
N.P.F.M.C.

Ms. Stephanie Madsen
North Pacific Fishery Management Council

C-4 GOA Groundfish Rationalization

Dear Ms. Madsen,

I sent a letter to the Council for your December Council meeting about two major issues that I am concerned about in regards to GOA Groundfish Rationalization. I ask you to please consider the concerns and issues that I put in that letter dated November 29, 2005 since they still hold true for me.

I support federal rationalization of the GOA pot cod gear sector. We should have been rationalized already, and it is time for the Council to rationalize the pot cod fleet.

I recommend that the Council should

1. Award me the federal rights and privileges to fish in a federally rationalized pot cod fishery that I earned and qualified for as an LLP holder during the many years that I participated in the federal race to catch the federal p. cod quota inside 3 miles during the federal GOA p. cod fishery. I do not want my federal pot cod history given to, taken by or claimed by the state of Alaska.
2. Rationalize the pot cod fishery as soon as possible. The pot cod fleet needs rationalization now. It is not fair or equitable that the Council is considering rationalizing the trawl fishery prior to rationalizing the pot fishery. The pot cod fishery and the trawl fishery must be rationalized together. Otherwise, you cause competitive instability and imbalance.
3. Rationalize the pot cod fishery as a first priority, and do not continue to prioritize the needs of other gear types and other areas ahead of the pot cod fleet any longer. The trawlers already had their chance and chose rockfish rationalization. The pot cod fleet should be treated fairly and equally, and the Council should give the pot cod fleet an equal chance and opportunity to rationalize their fishery.
4. List the pot sector rationalization options separate from the longline sector options. The pot cod sector is very different from the longline sector, and the details of rationalizing the pot fleet could be very different from the longline fleet.

I have been fishing for 51 years, and in the pot cod fishery since 1986. I own and operate the 58' F/V Viking Star (pot/longline/seine). I am part owner of the 78' F/V Enterprise (dragger/pot vessel). Commercial fishing is 100% of my income.

Sincerely,


Thorvold L. Olsen

Norman Mullan Fisheries, Inc.
Norman Mullan, Owner/Operator
F/V Cindria Gene
Box 92, Kodiak, AK 99615
January 30, 2006

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

Ms. Stephanie Madsen, Chair
North Pacific Fishery Management Council

C-4: GOA Groundfish Rationalization -

Dear Ms. Madsen,

I am a participant in the federal GOA p. cod pot fishery. Commercial fishing represents 100 per cent of my income. I am a small independent businessman. I own and operate the F/V Cindria Gene (a 53' steel combination vessel). I have been fishing for 34 years. I am a third generation Kodiak fisherman.

A. Need to rationalize the GOA pot cod sector soon

The Gulf of Alaska pot cod sector is in need of rationalization. The pot cod fishery has experienced a continuing and growing set of conditions that persist in eroding the operational and economic stability and efficiency of a great number of pot cod harvesters who have a long and established economic dependence on this fishery. The race for fish continues to adversely affect our sector. Safety problems persist and worsen. Stellar Sea Lion regulations have imposed a disproportional impact on the pot fleet. New entrants, including an ever-growing number of displaced fishermen from other rationalized fisheries, and fishermen who enter the fishery to speculate on building qualifications and history for themselves, are undermining the economic and traditional dependence, use and stability of the pot sector. Your problem statement perfectly applies to the pot sector.

B. Need to allocate to me, and not to the state of Alaska, my federal GOA p. cod pot fishing history and qualification that permit me to participate in a federally rationalized pot cod fishery

I respectfully request the Council and the Secretary of Commerce to not transfer to the state of Alaska any of my personal federal fishing history that I earned as an LLP holder in the federal GOA pot cod fishery, my qualification for GOA groundfish rationalization, or any fishing rights or privileges that I have earned through my federal history and qualification. I have harvested federal GOA p. cod with pots as an LLP holder continuously since 1991. Approximately 98 percent of my federal GOA pot cod fishing history, and my qualification to participate in the federally rationalized pot cod fishery, have been earned within three miles with an LLP during the federal race to harvest the federal GOA p. cod TAC during the federal p. cod fishery. I rely heavily on the federal pot cod fishery to support my family and my fishing business. My crewmembers (all local Kodiak residents) and their families also rely

heavily on the federal pot cod fishery. I want to participate in a federally rationalized pot cod fishery. I anticipate that I will qualify for a respectable allocation of federal fishing rights and privileges through rationalization of the pot cod sector. These fishing rights and privileges will permit me to maintain the solvency of my business, and will ensure my survival and competitiveness in the pot cod sector. As I have previously testified to the Council, the state of Alaska has no right to claim my history, my qualification for federal rationalization, or the rights and privileges that I, and so many other pot fishermen like me, have earned through our participation in the federal pot cod fishery.

As I have previously testified, I am agreeable to harvest my allocation of federal fishing rights under a federally rationalized GOA p. cod fishery outside of three miles.

C. Need to consider the GOA pot cod fishery as a separate sector

I suggest that the Council consider rationalization of the GOA pot cod sector separately from rationalization of the longline sector. I suggest that the Council establish a distinct and unique set of options for the pot sector, similar to what you have done for the trawl sector. While I agree that the longline sector is in need of rationalization, the pot sector and the longline sectors are very different, will probably end up with different provisions for rationalization, and should be treated differently.

D. Need to rationalize the pot cod sector at the same time as the trawl sector

The pot sector needs to be rationalized at the same time, if not before, the trawl sector. I support developing, analyzing and implementing rationalization of all the GOA groundfish sectors at the same time. The trawl fishery should not be rationalized separately from the pot cod fishery, or on a faster track.

Rationalizing the p. cod trawl sector in advance of or separate from the p. cod pot sector puts the pot sector at a competitive and economic disadvantage as compared to the trawl sector, and triggers an increasing level of instability for the pot sector that exceeds the existing but increasing instability that is seen as a result of the current race for fish that exists in the pot sector. The inter-sector economic stability impacts should be solved for the respective sectors at the same time. While pure politics may influence the Council to provide further preferential treatment to the trawl sector, reason, and the realities of the GOA groundfish fishery, and especially of the p. cod fishery, do not support continuing to treat the trawl sector preferentially.

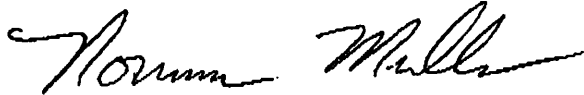
If the Council is influenced to not recognize, consider or address the interdependence and interrelationship of all the GOA groundfish sectors, or at least of the p. cod sectors, but rather wishes to rationalize one sector on a faster track than the other sectors, I respectfully suggest that the Council choose the GOA p. cod pot sector for rationalization

ahead of the other sectors. If any sector is a likely candidate to be rationalized separately from the other GOA groundfish sectors, and on an expedited time frame, it is the GOA p. cod pot sector. The GOA pot cod fishery is a single species fishery, and will be much easier to rationalize when compared to the trawl sector. The pot cod fishery is a clean and low impact fishery, especially when compared to the GOA trawl fisheries. The pot cod sector produces a high quality product, and has minimal complications with respect to bycatch, discards, and its impact on other fisheries, other species, habitat, etc.

I encourage you to rationalize the GOA pot cod sector without further delay. Please recognize that you will cause greater instability in the pot sector if you continue to further delay rationalizing this fishery.

I sent two comments to the Council about GOA groundfish rationalization for your December 2005 meeting. Please also consider the information that I provided to you in those two comments.

Sincerely,



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njmullan@alaska.com

North Pacific Fishery Management Council
605 West 4th Ave., Suite 306
Anchorage, AK 99501-2252
FAX (907)271-2817

Dear Ms. Madsen

C-4 GOA Groundfish Rationalization

Dear Ms. Madsen,

My name is Bill Polson and I own and operate the Heidi Kay and the Summer Strait. I have been fishing out of Kodiak since 1961. In the last 10 years I have a majority of my history in the GOA Groundfish in the parallel fishery.

I don't support rationalization, but if we do have to be rationalized then I wish to be included with the trawl and any other sector.

I recommend that the Council should

1. Award me the federal rights and privileges to fish in a federally rationalized pot cod fishery that I earned and qualified for as an LLP holder during the many years that I participated in the federal race to catch the federal p. cod quota inside 3 miles during the federal GOA p. cod fishery. I do not want my federal pot cod history given to, taken by or claimed by the state of Alaska.
2. Rationalize the pot cod fishery as soon as possible. The pot cod fleet needs rationalization now. It is not fair or equitable that the Council is considering rationalizing the trawl fishery prior to rationalizing the pot fishery. The pot cod fishery and the trawl fishery must be rationalized together. Otherwise, you cause competitive instability and imbalance.
3. Rationalize the pot cod fishery as a first priority, and do not continue to prioritize the needs of other gear types and other areas ahead of the pot cod fleet any longer. The trawlers already had their chance and chose rockfish rationalization. The pot cod fleet should be treated fairly and equally, and the Council should give the pot cod fleet an equal chance and opportunity to rationalize their fishery.
4. List the pot sector rationalization options separate from the longline sector options. The pot cod sector is very different from the longline sector, and the details of rationalizing the pot fleet could be very different from the longline fleet.

Sincerely,

Bill Polson

Bill Polson
PO Box 2594
Kodiak, AK 99615
telephone: 907-486-2279
fax: 907-486-3601

ATTN. NPFMC

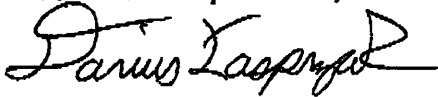
1-31-06

RE: C-4 GOA Groundfish Rationalization

I wish to continue to voice my opposition to GOA groundfish rationalization, as I believe it would economically devastate my home community of Kodiak. Particularly troubling to me would be the loss of open access to the inshore federal parallel seasons inside three miles, which so many small operators depend on. I make almost all of my income from harvesting GOA groundfish & rockfish with my modest single handed operation, and giving last year as an example, just over a third of my groundfish were caught during the parallel seasons. I was able to work the majority of the year and make ends meet. Without access to these parallel fisheries, I would not be able to stay in business, as the statewater quotas alone are simply not large enough to sustain small harvesters throughout the year. Several decades experience with all gear types harvesting GOA groundfish gives me some options as to running larger vessels or branching into other fisheries, but it is the loss of a simple, self-reliant lifestyle working the inshore waters of our archipelago that I fear the most for my colleagues and I. Federal rationalization would be the death blow of this lifestyle, especially for those of us still starting out with minimal history, as we would not be able to afford enough quota shares to continue living in and working from our home port in the manner to which we depend upon. Another topic that I would like to bring up is the plight of our shorebased processing workers. There is a certain segment of the fishing industry, that in advocating rationalization, cites that the processing workers need this measure to stabilize their working schedule, so that they can maintain their lifestyle. However, as we have seen with Bering Sea crab rationalization, the seasons have not been appreciatively extended in actual practice, as the canneries prompt their fleet to deliver within a certain time frame, so as to keep their operating costs down. Instead of rationalization, I advocate the status quo, and instead suggest implementing vessel trip limits as needed to eliminate derby or pulse fishing. This actually would protect the processor workers by lengthening and stabilizing their work schedule, as well as working to reduce excessive fleet buildup, enhance fleet safety, improve product value, and provide management with ample opportunity to monitor effort so as to avoid overfishing. With the simple addition of vessel trip limits to the already existing and functioning management system, I can see no actual need for GOA groundfish rationalization. Thank you for once again hearing out my heartfelt concerns on these issues. Cordially,

Darius Kasprzak F/V Malka (907)654-0144

Darius Kasprzak


 NPFMC
 1-31-06
 A.H.J.

ATTN: NPFMC

RE, C-4 GOA

GROUND FISH RATIONALIZATION

the North Pacific fisheries Management Council needs to be reminded that it is not their job to worry about profits. Their job is protection of the resource, PERIOD. I've heard people say that if left as is, in 30 years, there will be so many boats, no one will be able to earn a living. This is false. If people aren't making money, they get out of the business. And new people aren't going to get into fishing if it's not lucrative. That's basic economics. However it seems that the driving factor behind rationalization is profits. Protecting the profits of the few, at the expense of all the new entries into the fisheries. All of these new entries who will lose their right to fish, will no longer be assets in the communities. They will no longer be supporting all of the varying industries that depend on fishermen. I just don't understand why we can't let economics thin the fishing fleet the way it has always done. In good times the fleet grows, bad times, people go bust, and the fleet shrinks to sustainable sizes. Its capitalism at its finest. Rationalization, however, is in the opposite direction of free enterprise. I'll say it again. Rationalization benefits the few at the expense of the many. Thank you for taking time to read this.

Robert Carter F/V Maggie B
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KODIAK AK. 99615
(907) 486-4579

United Fishermen's Marketing Association, Inc.

PO Box 1035, Kodiak, AK 99615
Tel: 907-486-3453; Fax: 907-486-8362
January 31, 2006

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

Ms. Stephanie Madsen, Chair
North Pacific Fishery Management Council

Re: C-4: GOA Groundfish Rationalization

Dear Ms. Madsen,

The United Fishermen's Marketing Association, Inc. (UFMA) offers the following comments for your consideration with respect to Gulf of Alaska (GOA) Groundfish Rationalization (C-4).

I. Designate the pot sector as a distinct and separate sector for GOA Groundfish Rationalization

We recommend that the Alternatives and Options that address rationalization of the GOA groundfish pot sector should be distinct from those of the other sectors. That is, rather than considering and describing the Alternatives and Options that will form the basis of rationalizing the pot sector as "fixed gear", we recommend that the pot sector Alternatives and Options be reformatted to describe them specifically as applying to the pot sector. This reformatting will ensure that the development of Alternatives and Options for the pot sector will be considered, analyzed and acted upon as distinctly separate from the other GOA groundfish sectors, and in the same manner as the Alternatives and Options will be addressed for the trawl sector.

The pot sector is significantly different from the longline sector in terms of operational characteristics, capitalization, structure, bycatch, fleet demographics, etc. Moreover, the provisions that will ultimately form the basis of rationalizing these different and independent sectors are almost certain to contain several distinctly different provisions. Therefore, continuing to use the same Alternatives and Options for pot gear and longline gear is not practical.

II. Prioritize the rationalization of the GOA p. cod pot sector

The pot sector of the GOA groundfish fishery is in need of rationalization. Any further delay in rationalizing this sector will cause continuing avoidable, unnecessary, harmful and unfavorable economic and social effects for the pot sector. The pot sector is suffering from the effects of the race to harvest the federal GOA p. cod TAC. Moreover, the economic and social stability of the pot sector, and of the many traditional participants who have significant dependence on the pot cod fishery, have been negatively impacted by all of the predictable and avoidable effects of the race for fish that exist in the GOA pot cod fishery. These include, and are not limited to, the influx of harvesters who have been displaced or otherwise impacted by rationalized fisheries, the influx of harvesters who wish to take advantage of a potential opportunity to earn qualification and fishing history in the pot cod fishery, the disproportional impacts of the Stellar Sea Lion protective measures on the pot sector, the continuing and serious safety-related

conditions that exist in the pot sector, etc. Moreover, continual delay of Council action to rationalize the pot cod sector is responsible for significant and cumulative lost opportunities that reside in the many advantages, possibilities and associated benefits and efficiencies that are advertised and experienced as intrinsic to rationalization. These include, and are not limited to, product quality; product value; value-added opportunities; improved marketing opportunities; vessel and human safety; operational efficiencies; economic and social stability and security for the customary and traditional participants of the pot cod fishery, and for the communities in which these participants reside; etc.

The p. cod pot sector is clearly the simplest and easiest GOA groundfish sector to rationalize, and should receive priority attention from the Council with respect to the investment of your attention and resources. The pot cod fishery targets a single species, and produces a high quality product. The pot cod fishery is a prime candidate to benefit from the many advertised quality and marketing possibilities and advantages of rationalization. The pot cod fishery is a clean fishery; it is a low impact fishery with respect to habitat, incidental catch, bycatch, discards, general impacts to other fisheries and species, etc. The cost-benefit of rationalizing the pot sector is high.

III. Rationalize pot gear and trawl gear at the same time

A rationalization regime for the major GOA groundfish sectors and fisheries must be developed and implemented concurrently. A complete and comprehensive analysis of the inter-sector, interrelated and comparative impacts, costs and benefits must be conducted. The process of developing the solution of GOA groundfish rationalization must balance and link these inter-sector and interrelated economic and social considerations, impacts, costs, benefits and expected outcomes.

We clearly understand that the characteristics of each sector's regulatory regime for rationalization will certainly need to address the unique exigencies and contingencies that exist in each sector. However, the discreet, common and sector-specific elements and solutions of rationalization must be analyzed, considered, understood, balanced and implemented together.

The GOA p. cod pot sector clearly and prominently fits within the principles that you have expressed in your Problem Statement for GOA Groundfish Rationalization.

IV. Declare that the intent of the Council is to recognize the parallel fishing history of GOA groundfish p. cod pot harvesters, and to include such parallel fishing history and harvesters in any federal rationalization of GOA groundfish.

We ask the Council to take direct and unambiguous action to recognize and allocate the hard-earned federal fishing history that has been earned inside three miles by many p. cod pot LLP fishermen during the federal race to catch the federal p. cod quota during the federal p. cod fishery. This federal history represents the important qualification for these people to continue to participate in a federal fishery, and to participate in a future federally rationalized GOA p.

cod pot fishery. These fishermen wish to continue to participate in a federal fishery, and they wish to participate in a federally rationalized fishery. And, as you have read and heard, they are prepared and willing to harvest their federal fishing privileges in federal waters.

The Council should clarify and declare that you intend to recognize and reward the federal history that has been earned by these people in the same way that you intend for those harvesters who earned their history outside of three miles during the same federal race to catch the same federal p. cod quota during the same federal p. cod fishery.

V. “Gulf Rationalization Alternatives” document (January, 2006; i.e., the reformat document)

We encourage the Council to begin to narrow the Options framework that will provide the basis for further analysis and implementation of rationalization for the pot sector. We encourage the Council to select as many Options as possible at this meeting that address rationalization of the GOA pot cod sector, and to then immediately proceed with a next-higher order of analysis than currently exists for such Options.

We have proposed some additions, deletions and other modifications to several of the Options that are presented in the “Gulf Rationalization Alternatives” document (January, 2006; i.e., the reformat document). There are several additional Options for which we also intend to propose modification and submit comment during the ongoing process to determine a final suite of Alternatives and Options for rationalization of the pot sector. We have appended an Attachment 1 to these comments in an effort to illustrate some of the modifications that we have suggested. Moreover, we attempt to provide some rationale for our suggestions in the comments that follow.

A. Designate the pot sector as a distinct sector for GOA Groundfish Rationalization

We have previously suggested that the Council should develop a separate and distinct suite of Alternatives and Options with which to proceed with rationalization of the GOA pot sector.

B. General Provisions – Apply to all rationalization alternatives

G-3. State and Parallel Fishery Allocation

We suggest the REMOVAL of Option 1 from the Options and Analysis.

We note the December, 2005, Staff comment about 2.2.2.3 in the C-5(b)(3) document: “Future analysis by staff would benefit from the following Council decisions 1) defining individuals eligible for the federal program (i.e., permanent LLPs, interim LLPs, any State permitted harvests in a parallel fishery) 2) deciding whether catch of eligible participants inside of 3nm will be credited in the federal program”

G-10. Individual Allocations – Eligibility LLP participation

We suggest the REMOVAL of Suboption 1 and Suboption 2 from the Options and Analysis.

We note the December, 2005, Staff comment on 2.2.2.2 in the C-5(b)(3) document: “The Council could select a preferred option for eligibility to receive an allocation under the program. Since LLP licenses are used to control access to the fishery, the use of LLP licenses for determining eligibility to receive an allocation in the rationalized fishery would be consistent with current regulation of entry. In addition, allowing entry to persons not holding permanent LLPs might be unfair to persons that have relied on the LLP regulations in trading licenses.”

G-12. Individual Allocations – Qualifying periods

We suggest (1) that Options in this element should be separately identified for Alternative 2 and Alternative 3, respectively; (2) the REMOVAL of Option 4 and Option 5 in Alternative 2; (3) the MODIFICATION of Suboption 1 and Suboption 2 in Alternative 2; (4) the ADDITION of a new Suboption 1 and Suboption 2 in Alternative 3 for inclusion in the Analysis.

C. Options for Rationalization of the GOA pot sector

Fixed Gear Alternatives

In keeping with our recommendation that the Council develop a separate and distinct set of Alternatives and Options for the GOA pot sector, we have proposed to change the heading of this section from “Fixed Gear Alternatives” to “Pot Sector Alternatives”. This would (1) Allow comparison across Alternatives, and (2) Assist stakeholders and the Council in their understanding, consideration and development of specific Alternatives and Options that are appropriate to the Pot Sector by providing them with a format that presents separate and distinct provisions for the Pot Sector that may differ from the Trawl, Longline and Jig sectors.

F-1. Transferability - Leasing

We suggest the REMOVAL of Option 3 from the Options and Analysis in Alternative 2.
We suggest the ADDITION of a new Option 3 for inclusion in the Analysis in Alternative 2.

We suggest the REMOVAL of Option 3 from the Options and Analysis in Alternative 3.
We suggest the ADDITION of a new Option 3 for inclusion in the Analysis in Alternative 3.

F-1. Transferability - Leasing

F-2. Share Use – Owner-on-board

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

F-4. Excessive share caps – vessel use caps

F-5. Excessive share caps – vertical integration caps

F-6. Excessive share caps – cooperative use caps

The following comments refer generally to the above listed six provisions (F-1 through F-6), and to other similar provisions that may attempt to achieve the same objectives.

A document that included a general description and preliminary analysis of the general structures of the Alternatives that the Council had previously defined for GOA Groundfish Rationalization was available at the December, 2005, Council meeting to help inform Council consideration of Agenda Item C-5(b)(1). The subject document is titled "DECEMBER 2005 Gulf of Alaska Rationalization; Overview of Alternatives and Preliminary Analysis." Several references and comments with respect to the effects of Leasing and Owner-On-Board provisions are contained in the subject document. Each reference is associated with a specific Alternative, and, therefore, must be carefully considered in context.

In addressing limits on Leasing (2.2.3.3.5) and Owner-on-Board requirements (2.2.3.3.7), a comment on page 35 of the subject document states, in part, that "... exemption of cooperative members is likely to result in these provisions stimulating cooperative membership, rather than limiting leasing or encouraging share owner participation in the fishery. The cooperative exemption is likely to mean that this provision has little effect on the quantity of shares available to potential entrants." In addressing the Alternative for "Catcher Vessel Cooperative/IFQ with Limited Processor Entry; Trawl Catcher Vessel Alternative 2A and Fixed Gear Catcher Vessel Alternative High 2A", a related statement on page 15 states "Owner on board requirements (2.2.3.3.7) and leasing limitations (2.2.3.3.5) could also facilitate entry, as persons not willing to fish their shares would be forced to divest a portion of their holdings. These provisions, however, are unlikely to have any effect on entry, unless they are applied to cooperative members."

These two comments bring light to bear on the need to fully understand and consider the effects of Leasing and Owner-On-Board provisions, and the complexity of the anticipated outcomes, unintended consequences, social and economic costs, disruptions to customary practices, and reductions in efficiency that are more likely than not to result from their imposition.

We are not supportive of forcing Kodiak resident and other independent small businessperson harvesters to divest the fishing rights and privileges that originate in the practices that qualify them to participate in federal GOA Groundfish Rationalization, and, therefore, that earn them such rights and privileges. We are not supportive of forcing these individuals to divest themselves of their stability, or of the behavior and operational structure that form the very basis of their economic enterprise, and the economic well being of their crews and the communities in which they live.

The pot sector is not an entry-level sector. The current, traditional, customary and operational characteristics of this sector should be preserved and captured in any rationalization regime that may be adopted. The participation of hired skippers is a traditional, customary and important practice and characteristic of the pot sector. A significant number of hired skippers and crew have been affiliated with the pot sector, pot sector LLP holders, and pot sector vessels for many

years. These affiliations are associated with the traditional practice in the pot fleet whereby hired skippers and crew regularly operate pot sector vessels on behalf of vessel owners and LLP holders. The operation of pot sector vessels is a persistent and widely practiced characteristic of the pot sector, and should be permitted to continue. Many of the proposed Options that address Leasing, Owner-On-Board, Excessive share caps, etc. are not appropriate for the pot sector, will significantly modify the character of the pot fishery, will radically diminish the opportunities for hired skippers and other crew to take advantage of the many social and economic benefits that are associated with being a hired skipper, and will ultimately and unfortunately result in reduced employment for hired skippers and crew.

We agree that provisions should be included in GOA Groundfish Rationalization that seek to address excessive consolidation and corporate ownership, and that minimize the practice and deleterious consequences of absentee ownership of fishing privileges and vessels. We agree that such provisions should also seek to promote the active participation of those individuals who own fishing privileges and vessels, and the active participation of some appropriate level of vessels. We agree that there are significant social and economic goals and objectives that must be addressed through the application of a combination of the provisions that are available to the Council in several Options that address Transferability - Leasing, Share Use-Owner-on-board, Excessive share caps (i.e., individual use and holding caps, vessel use caps, vertical integration caps, cooperative use caps, etc.), etc.

There are a mix of provisions contained in the aforementioned Options that will address whatever social and economic objectives the Council decides to target with respect to addressing consolidation, absentee ownership, corporate ownership, levels of active vessel participation, levels of individual participation, employment opportunities, general commerce and economic activity, etc. The Council should invest the time, attention, energy and resources, and provide needed leadership, to more carefully consider, develop and define the social and economic goals and objectives that you may seek; Otherwise, such goals and objectives, and the process and solutions to achieve such, will continue on an ad-hoc basis, and continue to be subject to imprecise and indefinite influence and authority.

We do not generally support the use of Owner-On-Board provisions for the pot sector. Moreover, we hold that Owner-On-Board provisions should be the same for the trawl and pot sectors. The social and economic goals and objectives that are sought through the application of the aforementioned Options that address Leasing, Owner-On-Board, etc. should not be funded largely through the imposition of costs, controls and inefficiencies on only one sector,.

F-7 Block Program (Pot Sector)

We recommend removal of the Block Program Options for the pot sector from Alternative 2. The pot sector is not an entry-level sector, and the pot cod fishery is not an entry-level fishery. The operational, economic and capitalization characteristics of the pot sector do not comport with the generally anticipated principles and mechanisms of a block program. A block program in the pot sector is unnecessary, and will restrict the operational efficiency, customary behavior

and structure of the pot sector. Imposing block provisions on the pot sector is not reasonable, creates inefficiencies for the pot sector, and provides no practical or discernable benefits that we are able to identify. Why has the Council not included a Block Program Option for the trawl sector?

(ADD Alternative for Analysis) Alternative P2 – Pot Sector – IFQ/Cooperatives

We suggest the ADDITION of a new “Alternative P2 – Pot Sector – IFQ/Cooperatives” for inclusion in the Analysis.

This proposed Alternative suggests an additional Alternative for the pot sector, and applies the same provisions that are included in “Alternative 2L – Fixed Gear Low Producer – IFQ/Cooperatives” across the entire pot sector, rather than only to the “Low Producer” element of the pot sector.

F2L-4. Movement between cooperatives, and
F2HA-4. Movement between cooperatives, and
F2HB-5. Movement between cooperatives, and
F2C-4. Movement between cooperatives, and
F3-10. Movement between cooperatives

We suggest the REMOVAL of Option 3 from the Options and Analysis of the “Movement between cooperatives” Options.

F2L-5. Duration of cooperative agreements, and
F2HA-5. Duration of cooperative agreements, and
F2HB-4. Duration of cooperative agreements, and
F2C-5. Duration of cooperative agreements, and
F3L2-6. Duration of Initial Cooperative Agreements, and
F3-6. Duration of Initial Cooperative Agreements,

We suggest the REMOVAL of Option 3 from the Options and Analysis of the “Movement between cooperatives” Options.

Thank you for your consideration of our comments.

Sincerely,



Jeffrey R. Stephan

United Fishermen's Marketing Association, Inc.

PO Box 1035, Kodiak, AK 99615
Tel: 907-486-3453; Fax: 907-486-8362

Attachment 1

C-4: Gulf of Alaska Rationalization
UFMA Comments; January 31, 2006

Gulf Rationalization Alternatives

General Provisions – Apply to all rationalization alternatives

G-3. State and Parallel Fishery Allocation

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

~~(REMOVE from Options & Analysis) Option 1. An amount equivalent to the total annual catch (for each groundfish species/group) from state waters (inside of 3 nautical miles [e.g., parallel and 25% Pacific cod fishery]) by all vessels will be managed directly by the State of Alaska Board of Fisheries as a TAC/GHL equivalent to:~~

- ~~a. Highest amount taken in state waters by area~~
- ~~b. Highest amount taken in state waters by area plus 15%~~
- ~~c. Most recent four year average harvest from state waters~~

Option 12. All catch inside of 3 nautical miles by non-federally permitted vessels fishing the parallel fishery plus all catch under the 25% state water cod fishery and the PWS Pollock fishery remains under the authority of the State of Alaska Board of Fisheries.

Option 23. Only the catch associated with the 25% state water cod fishery and the PWS Pollock fishery remains under the authority of the State of Alaska Board of Fisheries.

(from 2.2.2.3 and 3.3.1.1)

We note the December, 2005, Staff comment about 2.2.2.3 in the C-5(b)(3) document: "Future analysis by staff would benefit from the following Council decisions 1) defining individuals eligible for the federal program (i.e., permanent LLPs, interim LLPs, any State permitted harvests in a parallel fishery) 2) deciding whether catch of eligible participants inside of 3nm will be credited in the federal program"

G-10. Individual Allocations – Eligibility

LLP participation

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

~~(REMOVE from Options & Analysis) Option 2. Non-LLP (State water parallel fishery) participation~~

~~Suboption 1. Any individual who has imprinted a fish ticket making non-federally permitted legal landings during a State of Alaska fishery in a state waters parallel fisheries for species under the rationalized fisheries.~~

~~Suboption 2. Vessel owner at time of non-federally permitted legal landing during a State of Alaska fishery in a state waters parallel fisheries for species under the rationalized fisheries.~~

(from 2.2.2.2 and 3.3.3.1)

We note the December, 2005, Staff comment on 2.2.2.2 in the C-5(b)(3) document: "The Council could select a preferred option for eligibility to receive an allocation under the program. Since LLP licenses are used to control access to the fishery, the use of LLP licenses for determining eligibility to receive an allocation in the rationalized fishery would be consistent with current regulation of entry. In addition, allowing entry to persons not holding permanent LLPs might be unfair to persons that have relied on the LLP regulations in trading licenses."

G-12. Individual Allocations – Qualifying periods

Alternative 2

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

- Option 1. 95-01 drop 1, on a species by species basis
- Option 2. 95-02 drop 1, on a species by species basis

Option 3. 95-02 drop 2, on a species by species basis
~~(Remove from Options & Analysis) Option 4. 98-02 drop 1, on a species by species basis~~
~~(Remove from Options & Analysis) Option 5. 98-03 drop 1, on a species by species basis~~

~~(from 2.2.2 and 3.3.2.2)~~

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

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

~~(from 2.2.2)~~

~~(ADD) **Alternative 3**~~

~~(ADD Option for Analysis) Suboption 1: For Pacific cod under all options consider only A season harvests from 2001~~

~~(ADD Option for Analysis) Suboption 2: For Pacific cod consider a sector allocation based on specified percentages prior to individual allocations.~~

~~(from 3.3.2.2)~~

G-28. Program Review and Data Collection

Fixed Gear/Pot Sector Alternatives

Please note that in keeping with our recommendation that the Council develop a separate and distinct set of Elements and Options for the GOA pot sector within the Alternatives, we have proposed to change the heading of this section from "Fixed Gear Alternatives" to "Pot Sector Alternatives". This would (1) Allow comparison across Alternatives, and (2) Assist stakeholders and the Council in their understanding, consideration and development of specific Alternatives and Options that are appropriate to the Pot Sector by providing them with a format that presents separate and distinct provisions for the Pot Sector that may differ from the Trawl, Longline and Jig sectors. We suggest using the indicator "P" for those Alternatives and Options that apply to the "Pot Sector" in the same way that the indicator "F" is used to designate Alternatives and Options that apply to the "Fixed Gear" sector.

PF-1. Transferability - Leasing

Alternative 2

For fixed gearpot catcher vessels

~~(REMOVE from Options & Analysis) Option 3. For individuals and entities with CV QS, no leasing restrictions for the first three years. After this grace period, leasing will be allowed in the following calendar year if the QS holder is on board or owns 20 percent or greater of a vessel on which 30 percent of the primary species shares held by the QS holder in at least 2 of the most recent 4 years were harvested.~~

~~(ADD Option for Analysis) Option 3. For individuals and entities with CV QS, leasing will be allowed if the QS holder is on board or owns 20 percent or greater of a vessel upon which a designated skipper fishes the IFQ.~~

~~(from 2.2.3.3.5)~~

Alternative 3

For fixed gearpot catcher vessels

~~(REMOVE from Options & Analysis) Option 3. For individuals and entities with CV history, no leasing restrictions for the first three years. After this grace period, leasing will be allowed in the following calendar year if the history holder is on board or owns 20 percent or greater of a vessel on which 30 percent of the primary species history held by the history holder in at least 2 of the most recent 4 years were harvested.~~

~~(ADD Option for Analysis) Option 3. For individuals and entities with CV QS, leasing will be allowed if the QS holder is on board or owns 20 percent or greater of a vessel upon which a designated skipper fishes the IFQ.~~

(new from December 2005 meeting)

PF-7. ~~Block Program~~ (Remove from Options and Analysis for Pot Sector) Note: The pot fishery is not an entry level fishery. Block provisions in the pot fishery are unnecessary, and will restrict the operational efficiency and customary operation and structure of the pot sector. Imposing block provisions on the pot sector is not reasonable, and provides no practical or discernable benefits. Why are there no Block Program provisions for the trawl sector?

(from 2.2.7.1 and 2.2.7.2 and 2.2.7.3)

(ADD Alternative for Analysis) Alternative P2 – Pot Sector – IFQ/Cooperatives

We suggest the ADDITION of a new “Alternative P2 – Pot Sector – IFQ/Cooperatives” for inclusion in the Analysis. This proposed Alternative suggests an additional Alternative for the pot sector, and applies the same provisions that are included in “Alternative 2L – Fixed Gear Low Producer – IFQ/Cooperatives” across the entire pot sector, rather than only to the “Low Producer” element of the pot sector.

Alternative P2L – Fixed Pot Sector Gear Low Producer – IFQ/Cooperatives

PF2L-4. Movement between cooperatives

Harvesters may move between cooperatives at:

- Option 1. the end of each year.
- Option 2. the expiration of the cooperative agreement.
- ~~(REMOVE from Options & Analysis) Option 3. no movement in the first two years~~

(from 2.4.5)

PF2L-5. Duration of cooperative agreements

- Option 1. 1 year
- Option 2. 3 years
- ~~(REMOVE from Options & Analysis) Option 3. 5 years~~

(from 2.4.2.3)

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

PF2HA-4. Movement between cooperatives

Harvesters may move between cooperatives at:

- Option 1. the end of each year.
- Option 2. the expiration of the cooperative agreement.
- ~~(REMOVE from Options & Analysis) Option 3. no movement in the first two years~~

(from 2.4.5)

PF2HA-5. Duration of cooperative agreements

- Option 1. 1 year
- Option 2. 3 years
- ~~(REMOVE from Options & Analysis) Option 3. 5 years~~

(from 2.4.2.3)

Alternative 2HB – Fixed Gear High Producer - IFQ/Cooperatives with Processor Linkages

PF2HB-4. Duration of cooperative agreements:

- Option 1. 1 year
- Option 2. 3 years
- ~~(REMOVE from Options & Analysis) Option 3. 5 years~~

(from 2.4.2.3)

PF2HB-5. Movement between cooperatives

Harvesters may move between cooperatives at:

- Option 1. the end of each year.
- Option 2. the expiration of the cooperative agreement.

~~(REMOVE from Options & Analysis) Option 3. no movement in the first two years~~
(from 2.4.5)

Alternative 2C – IFQ/Cooperatives with Harvest Share Allocations to Processors

PF2C-4. Movement between cooperatives

Harvesters may move between cooperatives at:

- Option 1. the end of each year.
- Option 2. the expiration of the cooperative agreement.

~~(REMOVE From Options & Analysis) Option 3. no movement in the first two years~~
(from 2.4.5)

PF2C-5. Duration of cooperative agreements

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

~~(REMOVE from Options & Analysis) Option 3. 5 years~~
(from 2.4.2.3)

Alternative 3L2 – Fixed Gear Low Producer – Cooperatives/Limited Access

PF3L2-6. Duration of Initial Cooperative Agreements

Duration of initial cooperative agreements:

- Option 1. 1 year
- Option 2. 2 years
- ~~(REMOVE from Options & Analysis) Option 3. 3 years~~
- Option 4. Any length agreed between the co-op participants.

(from 3.3.8)

Alternative 3 – Cooperatives/Limited Access with Processors Associations

PF3-6. Duration of Initial Cooperative Agreements

Duration of initial cooperative agreements:

- Option 1. 1 year
- Option 2. 2 years
- ~~(REMOVE from Options & Analysis) Option 3. 3 years~~
- Option 4. Any length agreed between the co-op participants.

(from 3.3.8)

PF3-10. Movement between cooperatives

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

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

~~(Remove from Options & Analysis) Option 3. period is 3 years~~
(from 3.3.1.2)

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A PAPER ENTITLED:

COMMUNITY, FISHING CULTURE, AND FORMS OF CAPITAL

*Forms of Capital in Alaska's Coastal Communities:
Human, Social, Cultural, Natural, Political, Financial, Economic Aspects*

SUBMITTED TO:

**The North Pacific Fisheries Management Council
As
Testimony
Concerning Gulf of Alaska Rationalization**

**February 8-14, 2006
Seattle, Washington**

Lacey J. Berns
Masters Program: Environment and Community
Department of Government and Politics
Humboldt State University

Excerpts from research on fishing communities
Thesis topic: "Alaska's Changing Coastal Communities"

Introduction

This paper is based on the research that I have been carrying out over two and one half years while attending Humboldt State University, in California, in the Master's Program entitled: *Environment and Community*. This particular program is a cohort of 25 students, chosen from all over the United States, from all diverse academic backgrounds and interests. The program is one of the only interdisciplinary programs of its kind in the United States...therefore, it is particularly interesting to interact with students from diverse areas. It is within the Department of Government and Politics. I have been studying communities, fishing communities, resource-dependent communities and types of capital that are involved within those communities—because of my three decades of involvement in Kodiak fisheries, politics, and community advocacy.

I am also a 38 year resident of Alaska, and 29 year participant in the Kodiak salmon fishery, which is a family operation. I care deeply about the current state of the fisheries in Kodiak—because I have seen our community change drastically over the past 15 years. The culture, the camaraderie, the vitality is disappearing from the impacts of low prices, instability, and the stress of rationalization on fishermen. I hope that this paper lends some new insights into community dynamics, and hopefully, for some decisions that protect the people who actually fish for a living, risk their lives on fishing boats, provide the expertise and knowledge for the catches in different fisheries-as operators do-, protects the small boat fleet, and finally, stabilizes the fishing industry in coastal communities.

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PREFACE

Who Loses? Are Alaska's Coastal Fishing Communities Going the Way of Pacific Northwest Timber Communities?

"My ministry as Archbishop of Seattle brings me to nearly 200 parishes and communities from the Canadian Border to the Columbia River, and the crest of the Cascade Mountains to the shores of the Pacific. I also pass through private and public lands that have been logged and logged again. Some of these lands have been replanted and await some future harvest. Other lands are clear-cut and fallow, all but devoid of the abundant forest life.

At the end of my drive I arrived in Hoquiam, a proud and independent town that carries on despite the recent closure of the mill that was its biggest employer. Here I meet a burly, strapping fellow in the prime of life. He has worked most of the 40 some years in the woods felling trees. He has been without work for months, stretching into years. He has lost his home, and his ties to family and friends. "Archbishop, "he asks me, "Do you know what it's like to work for 20 years and then end up sleeping in your pickup at the side of the road? I tell him honestly, I do not." But I do know that this man's tragedy has been repeated thousands of times by workers who have lost their livelihoods in our forests.

These are not only personal experiences; they are community tragedies. The man who lives in the pick up truck has lost the wherewithal and the self-worth that builds community. He does not vote. He does not belong to the Rotary Club or Kiwanis. He doesn't show up for coffee at the diner or McDonald's. The loss of that man and those like him is evident in the empty storefronts in downtown Hoquiam and other timber communities. The loss is evident in the lines at the soup kitchens and the welfare office, and the loss is evidence in the homes where unemployed workers, anxious, depressed, sunken despair, lash out at their loved ones or find solace in alcohol and drugs.

A culture, a way of life, prized and revered in our timber communities is dying. I speak today as a representative of God's creation: the forest, the workers, the workers who labor in the forest, and the communities whose livelihoods has been dependent on the forests.

I commend you, Mr. President for convening this conference, in that we can achieve a balanced solution that serves the common good. My role is to raise the moral values involved in preserving forests, employing forest workers and saving forest-dependent communities. Our hope is that common ground will be discovered so that the common good will be achieved."

The Most Reverend Thomas Murphey,
Archbishop of Seattle

The Convening of the Northwest Logging Conference by President Clinton, April 2nd, 1993
(Community and the Northwest Logger, Carroll: 1995)

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Lacey Berns

COMMUNITY, FISHING CULTURE, AND FORMS OF CAPITAL

Forms of Capital in Alaska's Coastal Communities:

Human, Social, Cultural, Natural, Political, Financial, Economic Aspects

The Magnuson-Stevens Act requires that any management changes take into account the likely effects of the measures on fishermen and fishing communities, with the following needed to be addressed: the aesthetic, historic, cultural, economic, social, or health effects which may be direct, indirect, or cumulative. NOAA Fisheries guidelines for social impact assessments specify that the following elements are utilized in the development of FMPs and FMP amendments:

- ❖ **Size, demographic characteristics of the fishery-related work force residing in the area with these determine demographics, income, employment effects in relation to the work force as a whole, by community and region.**
- ❖ **The cultural issues of attitudes, beliefs, and values of fishermen, fishery-related workers, other stakeholders, and their communities.**
- ❖ **The effects of proposed actions on social structure and organization; that is, on the ability to provide necessary social support and services to families and communities.**
- ❖ **The non-economic social aspects of the proposed action or policy; these include life-style issues, health and safety issues, and the non-consumptive and recreational use of living marine resources and their habitats.**
- ❖ **The historical dependence on and participation in the fishery by fishermen and communities, reflected in the structure of fishing practices, income distribution, and rights. (Community and Social Data Update: 2003 SAFE Report)."**

ALASKAN FISHING COMMUNITIES: COMMUNITY, FISHING CULTURE, AND CAPITAL

"Fisheries are a human phenomenon...fisheries are places where human activities are linked with marine ecosystems and renewable resources. Human fishing activity is the defining attribute of a fishery....if fisheries management is to be more successful in the future it must integrate social and cultural concerns with the management of natural resources and *ultimately the level of its success will*

Comments submitted to the NPFMC, February, 2006
Lacey Berns

rest upon how well it promotes the well being of people living in fishing communities (The Food and Agriculture Organization of the United Nations: Understanding the Cultures of Fishing Communities: A Key to Fisheries Management and Food Security 2001)."

Because commercial fishing is not solely about economics or "efficiency" and involves a complex set of dynamics between fleets, communities and harvesters, these comments review the many meanings of community, the culture of fishing, the social dynamics between fishermen, the flow of different forms of capital within communities, and the powerful dynamics of fisheries that exist in Alaskan coastal communities.

The push toward rationalization is placing fishing-dependent communities at great risk by the policy of "rationalization" based on the flawed goal of "economic efficiency" which eliminates jobs in the crewmember, and harvester sector. The social and economic foundation of coastal fishing communities will be undermined if the GOA fisheries are radically changed.

Understanding current issues within fishing communities involves more than the economic analysis of a fishery. It involves the analysis of the different meanings of community, especially rural and resource-based communities, that are formed from bonds between members of a group, through occupational identity, communities of interest, and that share the same geographical place. Critical to the understanding is derived from the discussion of community dynamics, the interaction between forms of capital that exist within a community as well as the exploration of how communities are defined. These concepts lay the historical foundation of the importance of fishing livelihoods to Alaskan culture, economy, to coastal communities, to a way of life, and sense of place.

❖ **Why are the explorations of "community" and "forms of capital" important to fisheries management?**

"Strong communities imply strong local economies, communities of interest, common dependence on a common life, and a common ground. A community is placed, its success cannot be divided from the success of its place, its natural setting and surroundings, its soils and forests, grasslands, plants and animals, water, light, air, the two economies, the natural and the human support each other; each is the other's hope of a durable and livable life. (Wendell Berry: Home Economics)."

Comments submitted to the NPFMC, February, 2006
Lacey Berns

Berry's poetic, yet accurate description of common life within a community illustrates the interdependency of all living things and serves as a grounding point in understanding the myriad characteristics of "community."

ASSESSING COMMUNITY DYNAMICS: CONCEPTUAL FRAMEWORKS

It is valid and more meaningful in a fisheries management discussion to study more than economics or efficiencies. **Types of capital which are generated within all communities create a complex and dynamic interaction between the types of capital: human, cultural, social, financial/built, natural, and political.** A state of equilibrium or "well-being" can describe the interaction of these forms of capital when the community understands, supports, invests in its human, and cultural assets or resources and utilizes its assets or existing capital, protects and sustains its resources, both natural and human, and plans strategically and politically to perpetuate their existence. This concept is particularly important to resource-based economies. To understand a community in these terms is creates a powerful tool and can lead to preserving, and sustaining a healthy and viable society.

TYPES OF CAPITAL IN ALASKAN FISHING COMMUNITIES

- ❖ **Human capital** involves the skills and abilities of individuals within a community and includes crewmembers, fishermen, skippers, operators, vessel owners, intimate knowledge of fishing areas, and fish-catching abilities.
- ❖ **Cultural capital** includes values, the way the citizen lives their lives, the festivities, traditions which form the substance and customs, and activities of the community; the norms of behavior "on the grounds."
- ❖ **Social capital:** networks, norms of reciprocity, mutual trust, which contribute to a sense of common identity and shared future. Bridging and bonding capital are important forms of social capital for community prosperity: fisheries organizations, networks of fishermen found in coastal communities, interactions and behavior on the fishing grounds, camaraderie, shared history and way of life.
- ❖ **Financial capital:** funds which are used for investment which creates more value: investment in vessels, gear, permits. This type of capital can convert into built capital: schools, libraries, and infrastructure which supports the human capital

Comments submitted to the NPFMC, February, 2006
Lacey Berns

- ❖ **that may work with renewable resources, and ultimately is the foundation of the fishing community economy. Not only does fishing income turnover in the community, but fisheries, sales, and property taxes underpin the economic well-being of coastal towns.**
- ❖ **Natural capital: is the natural world, the air, ecosystem, biodiversity, including animals, marine life, and healthy fisheries resources: the billions of pounds of Alaskan fish caught and processed around the Gulf of Alaska in coastal communities, reinforcing and providing the economic and social basis of community viability.**

WHY PROTECT THE FORMS OF CAPITAL IN A FISHING COMMUNITY?

According to Kenneth P. Wilkinson, an expert researcher in rural communities and social structure within communities, social interaction is a "pervasive feature" of living in a community. One cannot define a community without this underlying feature of interaction..."because immediate social experience is necessary to social well-being. Further, the community also enables the meeting the needs of individuals, in particular the requirement for collective involvement and the social definition of self (Wilkinson: 1999)."

"shared investment in the common field of existential experience, draws people together and enables them to express common sentiments through joint action (Wilkinson:1999)."

SOCIAL CAPITAL AND FISHING COMMUNITIES

Social interaction is the vital characteristic of a community and in particular, invigorates fishing communities. It is a dominant attribute of community life without which, a community would be nonfunctional. The characteristic of meaningful, reciprocal interaction between individuals has been studied and framed in the concept of "social capital." Key to understanding community dynamics is the capacity of social capital to enhance the vitality -the networks, connections and relationships formed— as important, even critical to the health, well-being, and sustainability of the community. This author also states that "social capital and civic virtue are the most powerful when embedded in a dense

Comments submitted to the NPFMC, February, 2006
Lacey Berns

network of reciprocal social relations." Within the context of community well being, the presence and quality of social capital between its members, benefits the whole (Putnam: 2000).

Indeed, this idea is complemented by Wilkinson's discussion on interactions within a community in which "the self therefore, connects the individual and society..the elemental bond consists of shared meanings among participants in processes of social interaction. Recognition of community can arouse feeling but community in itself simply refers to the fact that one naturally is connected to other people. When this fact is recognized and responded to emotionally and the emotion is shared in interaction, a state that is different from community occurs, according to Schmalenback...arising from the cognitive recognition of feeling and expresses recognition of a mutual sense of belonging..a communion therefore celebrates community (Wilkinson: 1999)."

Fishing communities are particularly rich in beneficial social interactions between harvesters, creating one of the most dynamic communities within any of the resource/occupational categories. Just some of the behaviors studied among fishermen include cooperation within a competitive industry, sharing of information, rescue efforts and risking of their own lives, despite being involved in an existing fishery, traditional memorials for those lost at sea, intimate and valuable information about the resources and ocean, story-telling and sharing experiences while fishing, "radio-talk" in a unique mariner's language of life on the ocean.

Characteristics of social capital involve networking, and interpersonal connections that lead to the betterment of the structure of a community. Consider that the presence of social capital enhances mutual reciprocity, and that networks of community engagement promote "norms of reciprocity" as well as of a healthy civic engagement (Putnam: 2002).

Numerous interactions between members of a community promote a general obligation and responsibility toward individuals, and ease the way for cooperation and the possibility of mutual benefit. These relationships can be considered "investment strategies" which further mutual reciprocity, and supportive "give and take" behavior. These "investment strategies" pave the way for a tight-knit community within gear types, within fisheries for the same species, within communities and throughout the state. Social capital guarantees ongoing and future reciprocity and trust.

❖ **Social Capital and the Workplace: Powerful connections in commercial fishing**

Putnam discusses this topic in terms of unions or work-related groups in which the modern setting promotes regular "collaborative contacts among peers". Fishing is an unusual but potent job experience. Fishermen regularly meet in organizations, socially in the harbors, visit while being on

Comments submitted to the NPFMC, February, 2006
Lacey Bems

anchor, or visiting during the long salmon season at each other's beaches, and for traditional gatherings.

❖ **Social Capital, Community, and Well-Being: Supporting fishermen through Investment**

Communities can boost social capital through supporting community enterprise, through responsibility and flexibility. These can be enhanced by community strategic planning, developing a shared vision, building on internal resources (Flora, Flora, Fey: 2003). For example, examine the internal resources of any fishing community and there exists a wealth of knowledge, expertise on markets, prices, and plans to raise ex-vessel values. Many fishermen could use community cold storages, micro-processing plants, and opportunities for small business incubation which supports the foundation of all fisheries: utilizing natural capital in fisheries for the benefit of resident harvesters, and in turn, benefiting the community by protecting jobs, adding value to fisheries products, and sustaining community vitality, both financially and socially.

CULTURAL CAPITAL: THE CULTURAL ASPECTS OF FISHING AND THE IMPORTANCE OF "LEGACY"

Fishing communities are losing their generational perpetuation of family-owned fishing operations, also known as "legacy" due to external threats, such as low prices, "rationalization" and processor quota shares.

Cultural capital is the "language, customs, thought of as the filter through which people live their lives, the daily or season rituals they observe and the way they regard the world around them." Cultural capital is a powerful concept in that it determines the future of any community based on the socialization process which transmits values and via many forms of communication. Legacy and changing rural communities involves what families and communities pass on to the next generation. Occupational and resource-based communities not only pass on skills and expertise of the surrounding environment but intimate knowledge of forests, the land, the seas—and most importantly, the learned skills, seamanship required to be successful so that their children will be able to participate in the family's business. This is called "enskillment" and describes how fathers or mothers pass on their knowledge about fishing, net construction, knots, machinery, electricity, engines, hydraulics, navigational skills, weather-related observations, fish behavior, and intimately-learned "way of knowing" and ocean dynamics:

Comments submitted to the NPFMC, February, 2006
Lacey Berns

"Independent entrepreneurs are found more often in rural communities. Typically values emphasize hard work, independence, and investment in their resource-based businesses. This influences the kind of legacy each family passes on to their children. A place to live, access to making a living through natural resource availability, and personal fulfillment from the "family business and involvement in the local community makes the connection between legacy and place enormously strong. When that legacy is blocked, as it was for farm families in the 80s the loss can be devastating. Legacy for this social class is place-specific...parents develop a set of skills crucial to running business and accepted in community...specific to town's culture..knowledge and connections are important to economic survival in a given community transferred from parent to child (Flora, Flora, and Fey: 2003)

CULTURAL CHARACTERISTICS OF FISHING COMMUNITIES

Fisheries are a "human phenomenon." Fisheries, generally, are places where humans are engaged with the local marine ecosystem adjacent to their communities. The occupation of fishing is intertwined with fishermen's identity, personal and cultural. For fishermen, this relationship creates a meaningful way of life and a way of securing financial support for his family. The FAO agrees with prior assertions that the way of life supports occupational values and symbols, which lead to a strong sense of personal identity. The following are characteristics of small-scale fisheries:

- ❖ **Small scale capital investments**
- ❖ **Dispersed along coastlines and depend on marine ecosystems near homes**
- ❖ **Fishing occupation tied to personal identities**
- ❖ **Nature of ecosystems/species exploited are determiner of cultural characteristics**
- ❖

Comments submitted to the NPFMC, February, 2006
Lacey Berns

- ❖ **Small scale fishers develop intimate, detailed knowledge about the marine ecosystems**
- ❖ **Systems of community based management (FAO: 2001)**

Policy makers such as the NPFMC, or community leaders should acknowledge the importance of cultural characteristics because they sustain the way of life and viability of fishing communities. Commercial fishing culture is as highly valued or even more highly valued than merely ensuring that fishing is a profitable means of ensuring their livelihoods.

- ❖ **Fishing occupations are interwoven though whole fabric of the community's culture.**
- ❖ **Cultural components of a community are shaped by fisheries activities**
- ❖ **Social organization: household, family, kinship organization is organized around fisheries**
- ❖ **Economic organization involves the provisioning physical capital, recruiting labor, sharing and distributing various economic costs and benefits**
- ❖ **Political organization: internal governance**
- ❖ **Community's cultural identity: fishing culture is pervasive and created through the network of harvesters, boats, harbors, and social interaction.**
- ❖ **Cultural self-identity of community's individual members is created through social interaction.**
- ❖ **Worth, identity, and place is inherent the social fabric of fishing.**
- ❖ **Families and intergenerational transfer of fishing "legacy" and access has been important in the past, but is diminishing because of difficult political and economic conditions.**

The inheritance of family businesses (cultural legacy) is especially valued because "a good deal of the meaning of life and the respect of others comes from actively participating in the business of one's forefathers and from using and preserving long-held family assets...businesses confer prestige. For example, kin in the Maine lobster fishing industry, share information about where the fish are on the grounds, markets, fishing practices and gear innovations. (Acheson: 1988)

Comments submitted to the NPFMC, February, 2006
Lacey Berns

Why is it important to retain cultural capital and include it in the calculations of resource access?

"Although a culture is generally adaptive, extreme or rapid changes to a culture can be detrimental to members of the culture, if "cultural change occurs too rapidly can be a source of harmful stress to the members...because a culture is the result of a considerable accumulation of human experience, a product of it's members long-term adaptations to life in the region they occupy as well as their adaptations to more immediate and contemporary circumstances." (FAO: 2001)

THE POWER OF CULTURE: SHARED HISTORY, OCCUPATION, AND IDENTITY

Attributes and Characteristics of the members of a fishing community:

- ❖ **Social interaction creates relationships, camaraderie**
- ❖ **Shared meaning created through occupational identity, involvement with other fishermen**
- ❖ **A shared system of beliefs, attitudes, activities, and commitments**
- ❖ **Connected by bonds that establish a common purpose**
- ❖ **A sense of belonging, place, and "rootedness" at home on the ocean**
- ❖ **Mutual help and cooperation, sharing, support, and trust**
- ❖ **Community emerges through social interaction, identity, and a common life**
- ❖ **Community is formed through a shared mutuality, collective sense of history**
- ❖ **The bonds of community are strongest when they are fashioned from strands of shared history and culture (Solznik, Esbjornson)**

Character of a community largely reflects the particularities of the customs, language, and institutional life; a heritage of significant events and crises; historically determined attributes as size, geography, and demography.

Comments submitted to the NPFMC, February, 2006
Lacey Berns

❖ **Cultural Capital and Identity**

Other resource-dependent communities, such as logging, look at the social-psychological perspective that relates to the idea of identity of the worker who pursues a living in the forests. Membership in the community is based on the commonalities shared as loggers and their families. Social interactions are the essence of the place-based work they share. (Carroll:1995). In the lobster fishery in Maine as documented by Acheson, the fishery is made up of a rich and "complex web of social relationships.

"Occupational communities create and sustain relatively unique work cultures consisting of among other things, task rituals, surrounding relatively routine practices, and for the membership at least compelling accounts attesting to the logic and value of these rituals, standards, and codes. (Van Maanen and Barley: 1984)."

This research suggests a definition of an occupational community with four components:

- ❖ **People who view themselves as involved in the same work**
- ❖ **Identity is closely linked to that work**
- ❖ **Share "values, norms, and perspectives connected to but extending beyond the work setting**
- ❖ **Networks of social relationships meld the realms of work and leisure (Van Maanen and Barley: 1984)**

NATURAL CAPITAL: COMMUNITY DYNAMICS AND HARVESTERS

Yet another aspect of communities involves those that are located near the natural resources and in which the economy of the community relies on those assets. MIT Sea Grant developed a "regional ecosystem approach" to study New England fishing communities modeled after Bennet's human resource model of the study of adaptive strategies of social groups...

❖ **Natural Resource Regions**

According to another definition of fishing community, in MIT's (Massachusetts Institute of Technology) Sea Grant study about New England fishing communities, it defines a fishing-dependent community as "the social, economic, and cultural relationships between fishermen and their communities." Benefits that flow from these relationships are multiplied through a series of

10

Comments submitted to the NPFMC, February, 2006
Lacey Berns

networked community exchanges and transformations based on different forms of capital-human, social, cultural. It defines them as "Natural Resource Regions." The study goes into great detail about the importance of other forms of fishing community capital than economic: social, human, and cultural capital. Cultural capital is defined "specific behaviors, values, and skills transmitted among and between members of a population, including across generations, applied to their adaptation to specific environments including the transformation and utilization of natural, human, and social resources in those environments...if the disruption is too great (to a social organization or community)..then systemic collapse may take place."

"Furthermore, a fundamental premise of the regional model (for a fishing community) is that the use of natural resources for one's primary livelihood engenders relationships of dependence between fishermen and their support networks. Significant changes in access to fisheries resources, thus has a multiplier effect across these personal networks that affects all levels of the social structure, including communities, businesses, organizations, families and individuals."

There, is the evidence needed to understand the complexities of fishing communities, harvesters, and importance to the economic and social foundation.

This approach devises a framework to study and assess coastal communities using the flow of the forms of capital and networking between coastal fishing communities. The regional approach is expanded upon in this context because of the trend for scientists to use larger more expansive systems when dealing with flows between communities. They find it more pertinent to examine communities as part of a region in which flows of capital are looked at within the larger scale of a region. Other literature about resource-based communities echoes this model. (MIT Sea Grant).

❖ **Renewable Resource Communities**

Research by Picou and Till explores the many definitions of community and community subsets, fleets, fishermen, and gear types which rely on adjacent natural resources, as "renewable resource community: the ecological symbolic approach. Their theoretical approach identifies an **Renewable Resource Community (RRC)** as "a population of individuals who live within a bounded area and whose primary cultural, social, and economic existence is based on the harvest of renewable resources. This approach makes direct links between seasonal ecosystem cycles and cultural region, a geographical location, a place where people share similar interests and

Comments submitted to the NPFMC, February, 2006
Lacey Bens

"exist in exchange relationships with their biophysical environment and their collective interpretation of this relationship is essential for community equilibrium (Picou, Gill, 1999:2)." This interpretation provides the foundation for the strong sense of place that fishermen feel on the fishing grounds, the sense of well-being for harvesters and community alike.

HUMAN CAPITAL: THE OCCUPATIONAL QUALITIES OF FISHERMEN

Attributes of skilled fishermen, the human capital, involved in fisheries, includes their contribution to their ability to earn a living, strengthen a community, contribute to groups, families, self improvement, using skills and knowledge, gained through experience. Also included are interpersonal skills, leadership capacity, teamwork, pride, and the devotion to way of life. Commercial fishing requires many skills, self-reliance, taking risks, decision-making in the face of danger and often take on a "heroic quality" in the community. The mystique of being a highly skilled skipper and uncanny way of being successful in a fishery is held in regard by local fishing fleets. Studies of the "satisfaction bonus" of being a fisherman, is not measured by economics alone. Fishing is intrinsically rewarding, and a meaningful way of spending one's life. Being a fisherman holds a tenacious quality or phenomenon which mystifies researchers and policy makers—Fishermen will often continue to fish long after it is not financially rewarding. Human capital interfaces with the ecosystem's natural capital by harvesting resources. It is the foundation of economic and social support in a fishing community.

COMMUNITY IMPLICATIONS OF GROUND FISH RATIONALIZATION

It's not enough to complete a study about the demographics of Alaskan Coastal Communities (Alaska Fisheries Science Center: 2006) to understand the social, cultural, and human dynamics within regional fisheries. While certainly full of descriptive information regarding demographics, vessels, numbers of permits, and descriptions of coastal communities, the study does not analyze the dynamics of the complex Alaskan fisheries. Coastal communities are uniquely rich with multiple forms of capital, assets that comprise healthy, diverse, and vibrant coastal towns. The regional fisheries that have built coastal communities have been Alaska's greatest renewable and sustainable assets, annually providing thousands of fishing jobs through crewmembers, skippers, permit holders, vessel owners, and cannery workers—working in the adjacent waters of their regional fisheries, in healthy ecosystems, supplying rich fisheries of natural capital.

Comments submitted to the NPFMC, February, 2006
Lacey Bemis

An example of "restructuring" with immense impacts on coastal livelihoods is the floundering salmon fishery. In 1988, the year of peak earnings in the salmon fishery, the salmon industry alone, had at least 49,665 fishermen involved, with 14,458 of those being permit holders and 35, 207 with crewmember permits. By 2002, only 27,101 were still fishing. Less than half of the human capital that once comprised a statewide fishery, were still involved (Gilbertson; Alaska Economic Trends: December 2004)."

Yet, the decline of this fishery-based solely on economic reasons-and artificially constructed for several seasons, was "restructured", completely due to disastrously low prices paid for salmon (not overcapitalization) across the state. It was a resounding collapse for the thousands of fishermen displaced from their livelihoods and way of life. This decade of decline occurred with a quiet exodus of fishermen, leaving their boats, crews, and gear.

Reactions through policy and programs of retraining, marketing, upgrading for quality weren't initiated until the salmon fleet had lost over 23,000 fishermen. When Kodiak and statewide fishermen formed associations to work toward achieving fair prices and contracts between 1997 and 2003, they were successful only through withholding product from canneries. The many "Salmon Forums" failed to achieve the goal of uniting or even providing the foundation for harvester/processor cooperation to meet the financial needs of salmon fishermen and their families. The price plunge continued across the state until it was declared a disaster in 2002. This was no minor occurrence for the economies of coastal communities. **Over \$1 billion of capital investment was lost by salmon fishermen alone from years of invested financial capital which turned into physical capital of permits, boats, gear. Marine businesses and communities suffered because of the decline in fishing revenues.** (See Appendix).Furthermore the culture of salmon fishing, the camaraderie, the unique way of life has been forever altered.

This same social and cultural decline occurred with the implementation of IFQs, a fishery which has continued to morph into an industrialized fishery. What typifies the IFQ fisheries now, are higher profits for the vessel owner (the investor), the consolidation of wealth into fewer hands, the exodus of wealthy boat owners from the state, fewer crewmembers participating, and lower crew shares are typically paid. With this form of "rationalization" which conveys ownership of the resource to vessel owners/corporation, the thrill of competition is gone and there is no longer a vital "culture" associated with the halibut or sable fish fisheries.

Comments submitted to the NPFMC, February, 2006
Lacey Berns

Therefore it is interesting to read the State of Alaska's recent Briefing Paper on MSA Reauthorization, released on November 11, 2005. In the preface it notes that "it is committed to the protection of Alaskans and Alaskan communities...and to achieve the best results for Alaskans dependent upon our fisheries resources."

If this is so, then the State needs to review its own studies and implement policy measures which use data and information from several departments within the state bureaucracy that graphically, statistically, and expertly describe the loss of jobs, financial, human, cultural, economic, and built capital from all coastal communities:

- ❖ **Alaska Economic Trends: Residency and the Alaska Fisheries: 2004, Department of Labor; Neal Gilbertsen, Labor Economist**
- ❖ **Alaska Economic Trends: The Global Salmon Market: Oct. 2003; Department of Labor; Neal Gilbertsen, Labor Economist**
- ❖ **The Alaska Salmon Industry Baseline Study: 2003, Division of Community Advocacy, State of Alaska**

Then, under 16 U.S.C. 1802, the State continues its support for the definition of "fishing community" to mean a community which is substantially dependent on or substantially engaged in the harvest or processing of fisheries resources to meet social and economic needs and included vessel owners, operators, and the **United States fish processors** that are based in such community." The State contradicts its intent to protect Alaskan fishermen and their communities by allowing the expansion of the definition of a fishing community to include processor companies.

If the State seeks to protect Alaskans and Alaskan fishermen and their communities, then its assertions to support resident fishermen and coastal communities is compromised by its support of the definition above and its position on DAPs or "dedicated access privileges, or processor quota shares, or individual fishing quotas which disproportionately impact crewmembers and local harvesters. The State of Alaska has not only negated a previous definition of "community" in their study of the Alaskan salmon industry but missed the obvious fact that nearly all of the current corporations benefiting from the large and healthy fisheries in Alaska, are based in the Pacific

Comments submitted to the NPFMC, February, 2006
Lacey Bemis

Northwest and Japan. Non-resident investment is being rewarded economically, through acquisition of Alaska's natural capital, to the detriment of resident harvesters and coastal communities.

The State seemingly fails to understand that corporate ownership of the companies-being processors or corporate vessel owners- that operate in Alaskan coastal communities does not benefit the "whole" if it perceives that corporate ownership and transfer pricing are beneficial to Alaskans. In fact, it doesn't even benefit the coffers of the State and only reflects a power shift in the politics of resource ownership-to other states or countries. Economic capital is draining out of coastal communities because of corporate ownership.

DEPENDENCY ON FISHERIES-THE DRAIN OF SOCIAL, CULTURAL, AND ECONOMIC CAPITAL FROM COASTAL COMMUNITIES

The community of Kodiak and its small fishing villages face catastrophic impacts and losses of human, social, cultural, and economic capital if ownership shares are allocated to corporations, processors, and non-resident vessel owners. These losses will occur if a rationalization program that reduces harvesters, crewmembers, and resident vessel-owners diminishes It is the most fisheries-dependent and diversified fishing community in Alaska, with fishermen participating in at least 27 different fisheries (Kodiak.org/seafood and State of Alaska Salmon Industry Baseline Study: 2003). The State of Alaska did the only study about the dying salmon fishery and assessed the economic impacts of low prices on fishing communities around the state—to establish a baseline of information. No assessments of processors or corporations were included.

The working definition in the State's study of a regional salmon fishing community measured the number of boats, permits, fishermen, crewmembers, fisheries, wholesale values, percentage of income figures, and ex-vessel values of regional salmon fisheries that are prosecuted around the Kodiak Archipelago and did not include processors in the definition of fishing community and economic impacts due to low salmon prices. It measured the human, built, and financial capital investment of fishermen in the fisheries.

In most fishing communities, fishermen do not regularly mix, unite or form relationships based on mutual reciprocity (social capital) or sign lucrative contracts for sustaining the harvesting sector (the act of sustaining local employment and earnings, to the benefit of the families and community). Fishermen, resident vessel-owners and permit holders are the foundation for generating economic capital, and are in fact, at odds with each other because the two groups have opposing economic

Comments submitted to the NPFMC. February, 2006
Lacey Berns

goals: fishermen need higher prices to survive, and processing corporations desire to pay the lowest prices for fish that they can. This situation destabilizes communities because harvesters cannot reap the income needed to pay for the cost of harvesting fish. An unstable fishing fleet with unknown variables each season is difficult for families to bear.

Furthermore, in another study completed by the State of Alaska Department of Labor, both the volume and value of the overall fish harvest in Alaska has radically changed, draining the economies of coastal communities. In 1984 residents harvested nearly 60% of the 1 billion harvested pounds landed in coastal fisheries, with the communities capturing 61% of the value. Non-residents landed 41% of the volume and 38.6% of the value. In 2002, the outflow of social and economic benefits to Alaskans drastically reduced, with 80 % of the volume and 61% of the value being landed by non-residents; residents catching only 19.9% of the volume, and 38.7% of the value.

According to the State of Alaska's study in Alaska Economic Trends: Residents and Alaska Fisheries (Department of Labor: 2004) the following is stated:

Between the mid-80s and 2005, several events led to the economic and social decline in fishing communities:

- ❖ **The dramatic decline of salmon and herring prices**
- ❖ **The implementation of IFQs, "cutting out the economic heart of the small boat fishery."**
- ❖ **The Americanization of the and Bering Sea-Aleutian Island ground fish industry which added a component to fisheries located in Alaska which was almost entirely non-Alaskan (State of Alaska: Alaska Economic Trends, Gilbertsen: 2004)**

Witness the statistics of decline which represent the once robust Kodiak salmon fishery which once boasted a fleet of nearly 600 permits, with less than 50% currently fishing. Again, fishermen and processors do not share the same economic goals. Because of that inverse relationship, over 50% of Alaskan salmon fishermen and their businesses collapsed. This will be true if any rationalization plan reduces the numbers of harvesters to achieve questionable benefits within the ground fisheries (which could be met through trip limits, and a limited entry system, along with changes in fishing behavior). Over-capitalization happens because prices are high and vessels can make a living, when prices fall or one entity seeks more political and economic control over a resource, then "rationalization"

Comments submitted to the NPFMC, February, 2006
Lacey Berns

discussions begin. Rationalization is only an academic/policy term which means reduction in harvesting capacity.

CORPORATE POLITICAL CAPITAL: CONTROLLING THE OUTCOMES OF CRITICAL FISHERIES MANAGEMENT DECISIONS

Processors already hold an excessive amount of economic and political power over Alaska's fishing fleets, as demonstrated by the American Fisheries Act, the ability to acquire benefits and resources to out of state corporations, and access to political power in high stakes settings like the NPFMC. In a recent survey of Kodiak salmon fishermen, the majority replied that they had been threatened by local processors that they would lose their salmon market if they didn't deliver their cod, herring, or halibut market if they delivered any other species of fish to another processor who may have been paying more (Berns: 2005). Additionally, halibut IFQ's and access to those are regularly used as economic leverage for tendering contracts. If fishermen want a lucrative tendering contract, generally they supply their halibut or other fish species to that processor only or are offered the right of first refusal.

Additionally, the corporate structure of the processing business in a coastal community, exports up to 80% of the value of the Alaskan fisheries resources that it buys from fishermen and reaps the highest profit where its distribution warehouses and corporate headquarters are. This does not benefit coastal communities when only the smallest portion of the overall profit, remains in the Alaskan fishing community as the "ex-vessel value." Take for example, wild salmon-whose sales are "red hot" in the domestic market. The sockeye price in Kodiak was 76.5 cents/lb. and the wholesale value of Alaskan wild salmon in areas of the Pacific Northwest, is \$7.00 per/lb. nearly 9 times the value exported from the community. Clearly, the benefit for the community would be to retain more of the value of fisheries resources adjacent to coastal communities. Will this occur if communities and the State do not reinvest in and support harvesters?

Consider the radical, market-busting American Fisheries Act which took an Act of Congress and tough lobbying (using strong political capital and wealth) by vertically-integrated companies such as Trident Seafoods, lawyers in Senator Steven's office, and other invested processors and corporate boat owners to lock up the fisheries wealth in the Bering Sea for pollock. This provided the model and impetus for permanent economic access to natural capital and power over harvesters, creating the first "partnership" between vessel owner/corporations and processing corporations. Again, consider

Comments submitted to the NPFMC, February, 2006
Lacey Berns

the Bering Sea crab "rationalization" program which caused the loss of over 800 crewmember jobs and disruption to coastal communities. (Compare that to over 23,000 jobs lost in the salmon industry).

Why pay for research in the previously mentioned studies, if the state isn't willing to provide the leadership and become the impetus for change by looking at the results? If price declines, IFQs, and the AFA have led to detrimental impacts on communities, then the Council should take action to stop what it is doing to the fabric of coastal communities. Clearly, the State of Alaska, can understand the human and economic capital draining from its coastal communities. For example, the state in its justification of the MSA paper, states that the processing sector is an integral part of a community when, "a corporation" is not a resident, "it" takes the majority of value from the fishery and exports it, and that "it" is "as important" as the harvesting sector? The State is wrong in its justification and this definition will not protect the interests, and the futures of crewmembers, operators, fishing families and communities around the State.

Instead, fisheries policies should reward those who participate in the fisheries: fishermen, crew, operators, cannery workers and vessel owners are the fundamental human, social, and cultural capital around which all fisheries revolve. Social capital is the result of human interaction and the basis for community life. Its generation is derived from groups, is interactive, and involves reciprocity, and mutual trust. Social capital also, can be generated by a community which has a common vision of the future. Putnam describes social capital as referring to "features of social organization, such as networks, norms, and trust that facilitate the coordination and cooperation for mutual benefit. Social capital enhances the benefits of investment in physical and built capital" (Putnam 1993). Often social capital is produced through the collaboration of community members as they work toward a common vision, or project. Social capital requires an ongoing replenishing of mutual reciprocity, exchanges, and through constant reinvestment in the relationships.

Having a market is important, but preserving competition between processors is crucial to fishermen in coastal communities. With the domination of large corporations buying the vast majority of seafood, the introduction of processing quote shares, goes solidly against the grain of protecting coastal communities and their fishing cultures because they give the processing sector an inordinate amount of political and economic power over many livelihoods, and the lack of competition in markets further adds to the demise of Alaskan fishermen, and in turn, stresses families and their communities. Processors and corporate vessels do not need any more power in Alaska.

Comments submitted to the NPFMC, February, 2006
Lacey Bems

Again, the State of Alaska is pursuing the wrong policy direction to be aligned with processing corporations and corporate vessel owners, represented by lobbyists, potentially reducing with their own best assets: people's livelihoods and ways of life. By not supporting the integral importance of coastal assets for its own resident fishermen, crew, and operators who rely on access to fisheries, stable prices, and markets, it has supported another contrived resource ownership schemes, such as "dedicated access privileges (DAPs), or IFQs," weakening the foundation for fishermen to survive.

WHAT IS A DYING FISHING COMMUNITY?

Alaska is seeing the impacts of rationalization and low fish prices. According to the MIT (Massachusetts Institute of Technology) Sea Grant study about New England fishing communities, it defines a fishing community fishing-dependent community as "the social, economic, and cultural relationships between fishermen and their communities. Benefits that flow from these relationships are multiplied through a series of networked community exchanges and transformations based on different forms of capital-human, social, cultural. It defines them as Natural Resource Regions. (MIT-Sea Grant)."

Further, in the study, "Dyer and Griffith isolated five variables that help identify community dependence on a fishery. These are relative isolation or integration of fishery-dependent people into alternative economic sectors, vessel types/gear strategies within the port's fisheries, degree of regional specialization; percentage of population involved in fishery or fishery-related industries; and competition and conflict within the port among different components of the fishery (MIT-Sea Grant)."

The study goes on to define a dying community through "Dyer and Padfield's work: describes declines as including (1) abandonment of a natural region, (2), decay of a socio-cultural system or civilization and (3) extinction of a particular form of association. Their "form of association" is synonymous with the totality of interdependent relationship-or total capital-that defines a community. Furthermore, the social and cultural fabric of individual communities is interwoven through a series of regional exchanges-economic, ritual, and otherwise. The exchanges define the degree of community dependence on the marine environment, and can be linked to varying regional and extra-regional influences of the marketplace, changing environments, governance, and extraction technologies. (MIT-SEA GRANT).

Comments submitted to the NPFMC, February, 2006
Lacey Berns

Fishing communities in Alaska are "dying" as evidenced by this research.

POLICY IMPLICATIONS AND FORMS OF CAPITAL IN FISHING COMMUNITIES

In an extensive literature review and material about fishermen, fishing cultures, and fishing communities, there is no study which suggests that the processing sector, or corporate ownership of fisheries resources, is beneficial to fishing communities. The literature about coastal communities which analyzes the many meanings of community including the capital analysis of fishing communities: natural, human, physical, built, financial, political, social, cultural, and community capital, indicates that local access to fisheries, the preservation of resident harvesters as crew, operators, and boat owners, is crucial to the vitality of Alaska's coastal communities. This research laid the historical foundation of the importance to culture, economy, to communities, to a way of life, and sense of place. The fundamental concept is that communities of harvesters are assets, and are not only making a living, or providing sustenance, but creating deep bonds with fellow fishermen and families through their shared occupation. That is why policies which destroy the basis of fishing communities and threatens fishing economies and culture are the wrong policy direction for the State to support or to embark on.

The purposeful rationalization or the restructuring of any fishery requires close scrutiny, despite powerful lobbying efforts to enrich already profitable corporations. Despite the evidence that processing corporations in the Gulf of Alaska do not need processor quota shares to preserve their capital investment, this rationalization scheme is being pushed forward because the impact of IFQs in the mid-90s gave fishermen more power to sell their quota shares for the highest price or to the better markets. Then, processors, seeing their power had diminished to control the markets, raced to begin the similar program of their own, aligning themselves with vessel owners who would cooperate.

"urban-based capitalists organize and manipulate hinterland "peripheries" to assure maximum flow of profits on their investments to the centers where they extract and accumulate profits, assigning particular specialized uses to places thus enforcing stratification among places. It also entails dependency, uneven development and the instability that results from the lack

Comments submitted to the NPFMC, February, 2006
Lacey Berns

from the lack of diversity in a local economy. Capitalist development in rural areas offers little promise of either rural economic development or of rural community development. Instead, development is said to be of benefit to the urban-based capitalists and to the rural elite who, in collaboration with the urban elite and government agencies, maintain rural peripheries in a state of dependent underdevelopment to assure ready access to resources (Wilkinson: 1999)."

However, processing corporations do not require quota shares to preserve their buying power or to "lock up resources." Fleets simply do not move around from Kodiak to Sand Point, or from Homer to Unalaska to offload their catches. Trawler and pot fleets in Kodiak, deliver to their markets in Kodiak. As seen above, restructuring or rationalization isn't necessary to preserve a corporation's investment yet this push for economic and political control involves complex and real issues for human, social, cultural, and community implications for the futures of all coastal communities.

Studies about fishing communities are very clear. They produce a myriad of community benefits—including economic—through the rich dynamics, heritage, and social characteristics of fishing behavior and tradition. Any management changes to the integrity of a fleet, a group of fishermen, and their livelihoods entails great risk for the coastal community in which they reside and participate in local fisheries. Policies which don't protect fishing livelihoods, and the essential facets of community, the forms of capital: natural, cultural, social, human, built, economic, and community, are dangerous and harmful to coastal economies. It's time for all residents to be informed about what exactly constitutes a "fishing community."


Lacey Berns

Kodiak fisherman, 29 years

Humboldt State University/Masters Program in Environment and Community/Government and Politics
Masters Program in Environment and Community
Government and Politics

Excerpts from research about coastal fisheries/thesis involves: "Alaska's Changing Coastal Communities."

Comments submitted to the North Pacific Fisheries Management Council Meeting, February, 2006

AFTERWORD
EXCERPTS FROM MASSACHUSETTS INSTITUTE OF TECHNOLOGY SEA GRANT:
A STUDY OF NEW ENGLAND FISHING COMMUNITIES

After the ground fish stocks collapsed:

"Key respondents in fishing communities claimed that many of those who took advantage of the fishing vessel loan program (federally funded to increase fishing capacity) were newcomers to the fishery. Specifically they claimed that from 1977 to 1980 many new vessel owners were outsiders whose primary occupations (e.g. lawyer, doctor) identified them as fishery "investors" not fishermen. As fishery "investors" they had no prior social, cultural, or human capital networks in the local fishing communities, and were thus not bound by the responsibilities and reciprocal of capital that marked traditional fishing families, households, and networks. Furthermore, the sustainability and reproduction of the social, cultural, and human capital in the natural resource region fishing communities occupying the NRR of New England Fisheries Management Zone was of no concern to these outsiders. This "outsider only" rationalization does not explain why Congress continued to authorize new funds until 1995 (for vessel investment).

As the competition for ground fish resources increased, the breakdown and loss of capital (human, social, cultural, and biophysical) also increased both within and between fishing dependent communities. Competition and acrimony increased between both fleets of different ports and gear types in the same ports. Within 12 years of the closures of the fishery, fishing jobs in Massachusetts declined from 9000 workers to 4200.

Ironically, the buyback program represented an attempt to decrease the over-capacity in economic (fishing) capital originally created by the vessel loan program. Unfortunately, a recent evaluation of the buyback program indicated that it ultimately failed to reduce capacity."

APPENDIX

SELECTED TABLES AND INFORMATION FROM:

**THE STATE OF ALASKA
DEPARTMENT OF LABOR: ALASKA ECONOMIC TRENDS
DECEMBER, 2004 ISSUE**

"RESIDENCY AND ALASKA FISHERIES"

**BY
NEAL GILBERTSEN, LABOR ECONOMIST**

Residency¹ and the Alaska Fisheries by Neil Gilbertsen Economist

Events have greatly diminished participation by Alaskans in the fisheries

In many ways the term "Alaska fisheries" is both vague and misleading. It is vague in the sense that these fisheries include both small-scale ventures such as clam digging and the industrial levels of investment and organization required of modern factory trawlers. The former are often sources of supplemental income, while the latter involve the financial complexities of corporate owned fleets of high volume catcher-processors. This disparity in scale is much like comparing the production and sales of home gardeners with the economic activities of multinational agribusiness.

The term is misleading in the sense that the majority of Alaska's fishery harvest now takes place beyond state waters in the federally controlled Extended Economic Zone (EEZ). Most of these "Alaska" fisheries fall under the

jurisdiction of federal or international bodies such as the North Pacific Fishery Management Council (NPFMC), the National Marine Fisheries Service (NMFS), or the International Pacific Halibut Commission (IPHC). The term is also misleading in the sense that most of the Alaska harvest is taken by non-residents. This has not always been the case.

Background

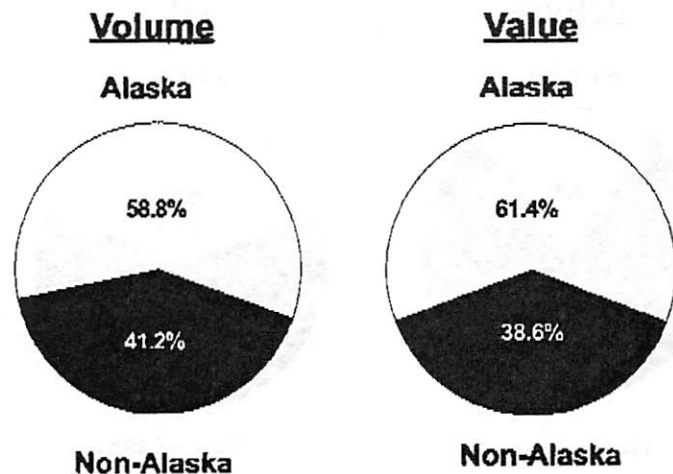
Alaska was the only U.S. territory never to exercise control over its fishery resource. Instead, non-resident processors used their considerable political influence to shape and direct federal fisheries management that permitted the use of fish traps. These devices provided an assured supply of salmon that allowed companies great latitude in setting the prices paid to independent fishermen. The Alaska statehood movement was based in large part on the efforts of territorial residents to eliminate fish traps and to end the economic paradigm of "outside exploitation" they supported.

When Alaska gained statehood in 1959, the use of traps was prohibited and the state embarked on a course of rebuilding depleted salmon stocks. It also adopted policies that were intended to transfer economic benefits from out-of-state processors to Alaska fishermen. Perhaps the most important of these was the passage of the limited entry program, which conveyed the right of fishery access to the gear operator rather than to the vessel owner. This provision ultimately resulted in salmon canneries' divesting themselves of their corporate owned fishing fleets, and provided fishermen increased bargaining power. The state also developed a loan program for resident fishermen that assisted them in financing limited entry permits and vessels.

1 1984 Alaska Fish Harvest

Percent by residency

Harvest value \$787.7M in CPI 2002 \$



Source: Commercial Fisheries Entry Commission (CFEC)

By 1984, a year after the constitutionality of Alaska's limited entry program was affirmed in the Ostrosky case, the state seemed well on its way to realizing the goal of a healthy, resident dominated fishery. In that year resident fishermen harvested 58.8 percent of the 1 billion pounds landed in the fishery and captured 61.4 percent, or \$484 million of the \$787.7 million total harvest value, as stated in Consumer Price Index-Anchorage (CPI) adjusted constant 2002 dollars. (See Exhibit 1.)

Less than twenty years later in a much larger 2002 fishery that produced 3.7 billion pounds, Alaska residents accounted for 771 million pounds or just 19.9 percent of the volume. Their share of the earnings had also fallen to \$299 million, or only 38.7 percent of the \$772 million total harvest value. (See Exhibit 2.)²

In spite of the growth in production levels, the last fifteen years have seen a dramatic decline in the numbers of people engaged in the Alaska fisheries. In 1988, the year of peak salmon earnings, at least 49,665 individuals were directly involved in the Alaska fishery harvest. 14,458 of these individuals fished permits, while an additional 35,207 purchased crewmember licenses. By 2002, only 27,101 people were still fishing. Of the 5,014 permit operators who had exited the fisheries, 4,336 or 86 percent were Alaska residents. Similarly, 12,604 fewer Alaskans purchased crewmember licenses in 2002; Alaskans represented 72 percent of the 17,550 overall decline in license sales.

With fewer Alaskans taking an ever smaller percentage of expanded fisheries, it would seem logical to suggest that non-residents have simply displaced Alaska harvesters. A closer examination of the data points out the flaws in this logic. While it is true that large numbers of Alaska fishermen have been displaced, non-resident participation has also declined. From 1988 to 2002 the number of non-residents who fished permits fell by 20.7 percent, while non-resident crew license sales declined by 39.1 percent. (See Exhibits 3 and 4.) The actual explanation of increased non-resident domination of Alaska's harvest is far more complex and involves some rapid and far-reaching changes that have recently impacted the nature and composition of Alaska's fisheries.

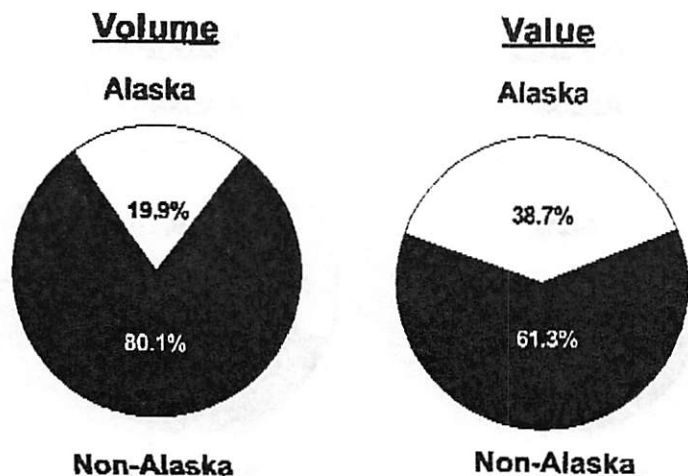
Why did Alaskans suffer more?

Resident Alaska fishermen have suffered a greater displacement than non-residents for two reasons. The first is related to a series of events that transpired in the 1990s that altered the basic economic structure of Alaska's fisheries. The second is related to the differences in the fleet profiles of resident and non-resident fishermen, and explains why non-resident fishermen as a group were better adapted to the new economic realities.

Summary of events

The major events that led to the redistribution of Alaska's fishery income center on the dramatic decline in salmon prices and resulting economic crisis in the state's largest and traditionally most lucrative fishery. A similar decline in ex-vessel prices paid to fishermen simultaneously affected the once prosperous herring fisheries. While these important fisheries were experiencing growing economic distress, access to the increasingly valuable alternative fisheries of halibut and sablefish was at first encouraged and then curtailed by the consideration and eventual adoption in 1995 of Individual Fishing Quotas

2002 Alaska Fish Harvest 2 Percent by residency Harvest value \$772M in CPI 2002 \$



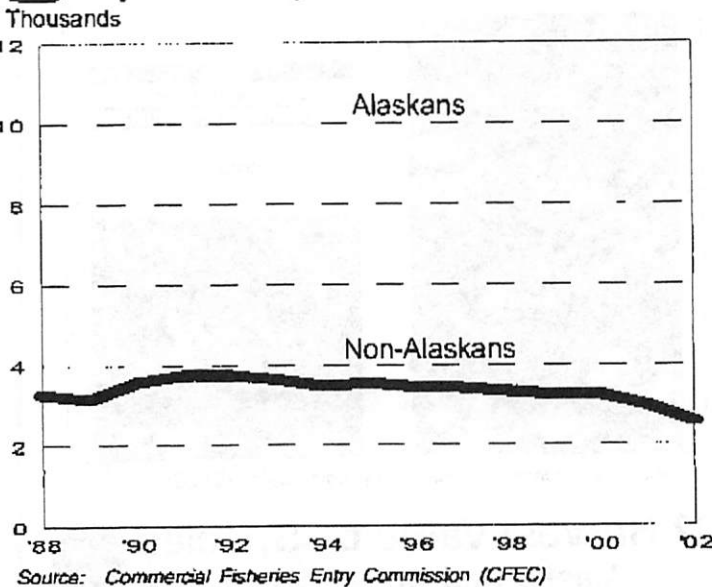
Source: Commercial Fisheries Entry Commission (CFEC)

(IFQ). As the economic heart of the small boat fishery was cut out, the relative value of the large vessel crab fishery increased. Finally, the Americanization of the Gulf of Alaska and Bering Sea-Aleutian Island (BSAI) groundfish industry added a huge new component to fisheries located in Alaska, a component that was almost entirely non-Alaskan.

These changes in the relative economic importance of the various fisheries had the effect of transferring the major share of gross earnings from the resident dominated skiff and small boat fisheries, to the non-resident dominated large vessel fisheries. (See Exhibits 5 and 6.)

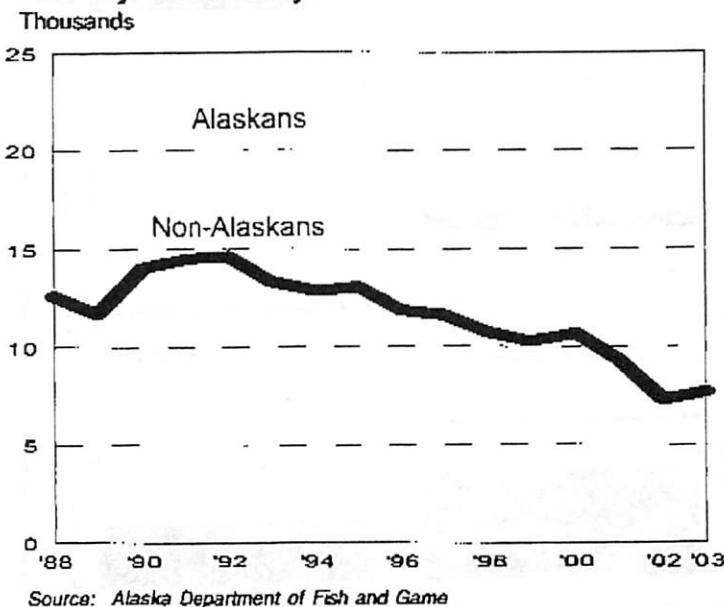
3 Individual Fishing Permits

By residency



4 Unduplicated Crew Licenses

By residency



Fleet profiles

The Alaska fishing fleet contains three major components. The "mosquito fleet" of small, mostly open vessels is primarily utilized in the salmon set net and hand troll fisheries. The small boat fleet is largely comprised of vessels designed for the salmon drift net, power troll and purse seine fisheries, but that are also utilized in the harvest of other species such as halibut, herring, groundfish, and near-shore crab. A much smaller but highly productive fleet of large specialized vessels targets the offshore crab and groundfish. Some of these large vessels also participate in the halibut and sablefish fisheries.

Salmon dictates vessel capabilities

In 1984, more than 80 percent of all individuals who fished permits spent part of the year fishing salmon. The fact that this species has traditionally provided the centerpiece of the Alaska fisheries has influenced the type of vessels most fishermen have acquired. Set net fishermen for the most part utilize open skiffs, while most drift net fishermen, power trollers, and seiners rely upon vessels that range from 30 to 58 feet in length. The type of fishing gear employed imposes practical constraints on the design and size of fishing vessels, but legislation has also played a role. Vessels larger than 32 feet are not allowed in the Bristol Bay drift net fishery, and through 2004, vessels larger than 58 feet could not be used in the salmon purse seine fishery.

These natural requirements of gear operation, as well as the legislated inefficiencies limit realistic options in terms of alternative fisheries. Most "limit seiners," for example, are simply too small to engage in the crab or trawl fisheries of the Bering Sea, while the carrying capacity of gillnet and troll vessels constrained their historical harvests in the truncated halibut seasons of the 1980s, hence their current allocations of individual quota shares.

The collapse of salmon prices, and its impact

In 1988, the year of peak salmon value, 72 percent of both residents and non-residents who fished permits spent at least some time fishing salmon. In that year, 8,111 Alaska resident salmon fishermen accounted for \$771 million or 36.5 percent of the \$2.1 billion total fisheries value, (CPI adjusted 2002 dollars) while 2,377 non-resident salmon fishermen contributed another \$352.7 million, or 16.7 percent.

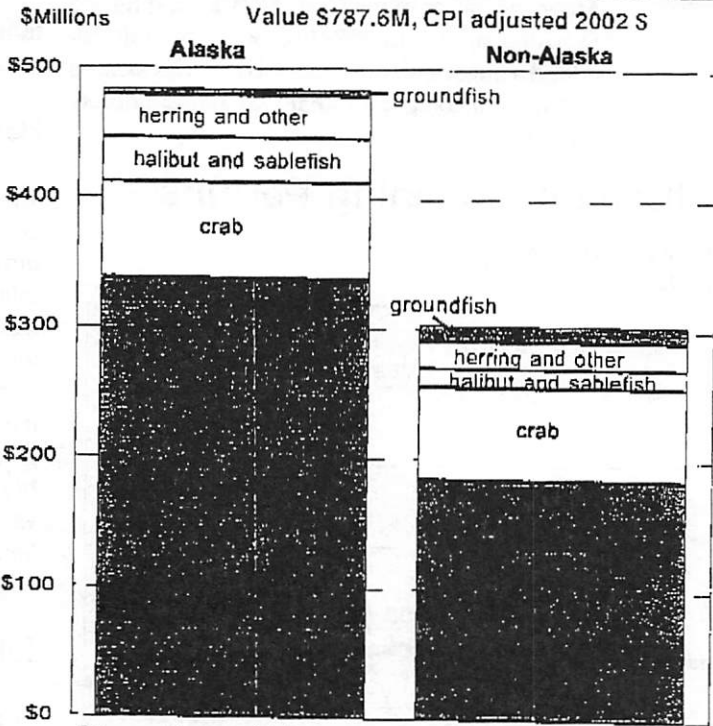
By 2002, the total Alaska fishery harvest value had fallen to \$772 million, or only \$1 million more than the resident Alaska salmon fleet alone had harvested in 1988. Almost all this decline was attributable to the collapse in salmon prices. The 2002 harvest of 524 million pounds of salmon generated only \$131 million, a mere 17 percent of the overall Alaska fishery value. Compared to the 1988 salmon fishery, which had produced a nearly identical 520 million pounds, the value of the salmon catch had fallen over 88 percent from that year's \$1,123 million harvest (in constant CPI adjusted 2002 dollars). Simply stated, a salmon fishery of the same volume produced only 12 percent of the value it had yielded fifteen years previously. (See Exhibit 7.)

This precipitous decline in value was driven by the exponential growth of the global farmed salmon industry. As pen reared salmon replaced Alaska's wild product in both foreign and domestic markets, prices paid to Alaska's salmon fishermen collapsed. (See *Alaska Economic Trends*, October 2003.) While this negatively impacted both resident and non-resident salmon fishermen, certain segments of the industry were more severely affected than others, and these were fisheries upon which Alaskans were more heavily dependent. (See Exhibits 8 and 9.)

Mosquito fleet

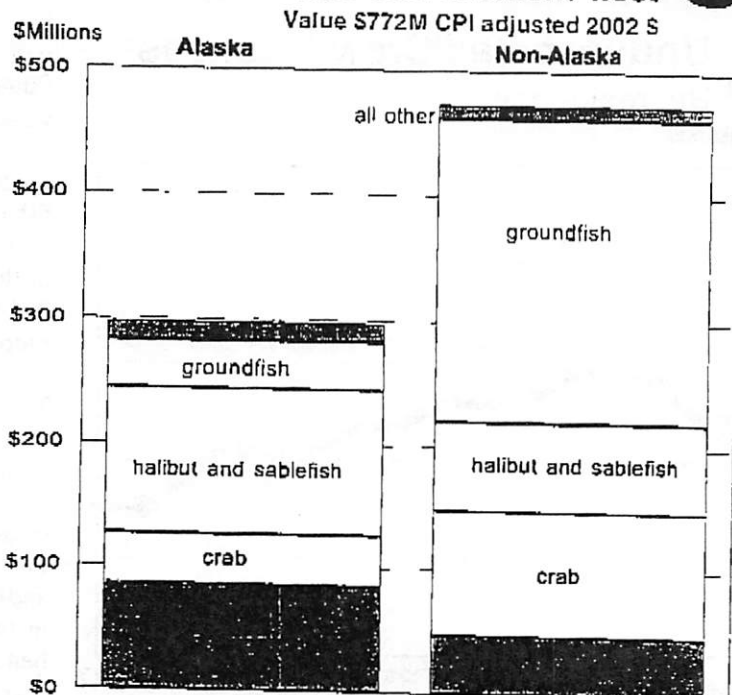
The Alaska salmon industry contains a large group of set net and hand troll fishermen. While many of these participate in low-investment, low-return fisheries, they play a vital role in their local economies. This is especially true in Western Alaska and other rural communities where

1984 Harvest Value by Species 5
Alaska and non-resident fleet



Source: Commercial Fisheries Entry Commission (CFEC)

2002 Harvest Value by Species 6
Alaska and non-resident fleet



Source: Commercial Fisheries Entry Commission (CFEC)

Gulf Rationalization Alternatives

Problem Statement

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

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

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

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

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

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

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

Table of Alternatives and Summary

To meet these purposes and needs, the Council motion has outlined sets of alternatives for three different sectors; catcher processors, trawl catcher vessels, and fixed gear catcher vessels. The alternatives applicable to each of these sectors are generally identified in separate tables, which follow together with a brief description of each alternative. The elements and options contained in the Council motion fully specify the various alternatives.

Catcher processor alternatives

The three catcher processor alternatives are outlined in Table 1.

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

<u>Alternative 1</u> Status quo	<u>Alternative 2</u> Co-op/IFQ	<u>Alternative 3</u> Co-op/limited access
No Action	Harvester IFQ-cooperative	Sector Allocations
	Shares allocated to individuals by gear type	Harvest histories allocated to individuals in cooperatives and annual harvest allocations to cooperatives
	All Catcher Processors	Sectors: CP Trawl, CP Longline, CP Pot
	Cooperative	Cooperative
	CP Provisions	CP Provisions
	No Processor Provisions	No Processor Provisions
	those that do not join cooperatives fish IFQs with option for PSC reduction	those that do not join co-ops fish open access with option for PSC reduction

Alternative 1 is the **status quo**, under which the LLP would be maintained. **Alternative 2** would create a **cooperative/IFQ** program under which share holders would be permitted to form cooperatives. Although limits on transfers of shares between gear types could be applied, cooperatives could be formed among holders of shares for different gear. Share holders that choose not to join cooperatives would receive their allocations as individual quota with a possible reduction in their PSC allocations. Under **Alternative 3** is a **co-op/limited access** program, under which sector allocations would be made to three different catcher processor sectors; the trawl sector, the longline sector, and the pot sector. The program would be history based, with holders of qualified history eligible to join a cooperative within that sector. A cooperative would receive an annual harvest allocations based on the history of its members. Holders of qualified histories that chose not to join a cooperative would be permitted to fish in a limited access fishery that will receive an allocation based on the qualified histories of sector members that chose not to join a cooperative. The PSC allocation to the limited access fishery could be reduced.

Trawl catcher vessel alternatives

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

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

<u>Alternative 1</u> Status quo	<u>Alternative 2A</u> Co-op/IFQ with processor limited entry	<u>Alternative 2B</u> Co-op/IFQ with processor linkages	<u>Alternative 2C</u> Co-op/IFQ with harvest shares to processors	<u>Alternative 3</u> Co-op/limited access with processor linkages
No Action	Harvester IFQ cooperative with license limitation for processors	Harvester IFQ cooperative with license limitation for processors and processor linkage	Harvester IFQ cooperative with processor allocation	Sector allocations with processor linkage
	Shares allocated to individuals	Shares allocated to individuals	Shares allocated to individuals	Harvest histories allocated to individuals in cooperatives and annual harvest allocations to cooperatives
	Trawl CV	Trawl CV	Trawl CV	Trawl CV
	Cooperative	Cooperative	Cooperative	Cooperative
	license limitation for processors with X% delivery obligation	license limitation for processors with specific processor linkages with X% delivery obligation and share reduction penalty to move between cooperatives	allocation of 10, 20, or 30% of harvest shares to qualified processors	specific processor linkages
those that do not join co-ops fish IFQs subject to closed class delivery requirement with option for PSC reduction	those that do not join co-ops fish IFQs subject to processor linkage delivery requirement with option for PSC reduction	those that do not join co-ops fish IFQs	those that do not join co-ops fish open access with option for PSC reductions	

Alternative 1 is the **status quo**, which would continue the LLP. **Alternative 2A** would create a **co-op/IFQ with processor limited entry** program that requires a portion of each harvester's allocation to be delivered to a processor holding a limited entry license. Processor licensing would be based on historic processing. Share holders would be permitted to form cooperatives to manage their members' allocations. Share holders that choose not to join a cooperative would continue to receive their allocations as individual quota with a possible reduction in their PSC allocations. **Alternative 2B** would create a **co-op/IFQ with processor linkages** program. Under this alternative, processors would receive limited entry licenses. The program would take an additional step by creating a system of harvester/processor linkages, under which a share holder would be required to deliver a specific percentage of landings to the linked processor. Linkages would be based on the share holder's landings history. A share holder could change the processor to which its shares are linked, but would be subject to a share reduction penalty when making that change. Share holders would be permitted to form cooperatives to manage their allocations. Share holders that chose not to join a cooperative would receive individual allocations (which would be subject to the processor linkage), but may be subject to a reduction in their PSC allocations. **Alternative 2C** would also create a **co-op/IFQ with allocations of harvest shares to processors**. Under this alternative, a portion of the harvest share pool (between 10 and 30 percent) would be allocated to processors based on their processing history. Share holders would be permitted to form cooperatives, with non-cooperative members receiving individual allocations. **Alternative 3** is a **co-op/limited access program with processor linkages**. The alternative creates history-based cooperative program, under which cooperatives would receive annual harvest share allocations based on the qualified histories of their members. Cooperatives would be required to be associated with a processor, but the details of that relationship would be determined by negotiations among the cooperative members and the processor. Initially, each holder of qualified history would be eligible to join a cooperative associated with the processor to which it delivered the most pounds during a

specific time period. Holders of qualified history that choose not to join a cooperative would be permitted to fish in a limited access fishery that would receive an annual allocation based on the histories of non-members of cooperatives. The allocation of PSC to the limited access fishery could be reduced.

Fixed gear catcher vessel alternatives

Table 3 outlines the Council’s alternatives for the fixed gear catcher vessel sector. The Council has specified 6 alternatives that would apply to all or a portion of the fixed gear sector. In general, these alternatives follow a structure similar to applicable to the trawl catcher vessel sector, with the exception of an alternative that would create an IFQ program for “low producing” fixed gear vessels.

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

<u>Alternative 1</u> Status quo	<u>Alternative 2 Low</u> Co-op/IFQ	<u>Alternative 2A High</u> Co-op/IFQ with processor limited entry	<u>Alternative 2B High</u> Co-op/IFQ with processor linkages	<u>Alternative 2C</u> Co-op/IFQ with harvest shares to processors	<u>Alternative 3</u> Co-op/limited access with processor linkages
No Action	Harvester IFQ	Harvester IFQ cooperative with license limitation for processors	Harvester IFQ cooperative with license limitation for processors and processor linkage	Harvester IFQ cooperative with processor allocation	Sector allocations with processor linkage
	Shares allocated to individuals	Shares allocated to individuals	Shares allocated to individuals	Shares allocated to individuals	Harvest histories allocated to individuals in cooperatives and annual harvest allocations to cooperatives
	low producing fixed gear CV	high producing fixed gear CV	high producing fixed gear CV	fixed gear CV	Longline CV, Pot CV
	Cooperative	Cooperative	Cooperative	Cooperative	Cooperative
	no processor delivery obligation	license limitation for processors with X% delivery obligation	license limitation for processors with specific processor linkages with X% delivery obligation and share reduction penalty to move between cooperatives	allocation of 10, 20, or 30% of harvest shares to qualified processors	specific processor linkages
	those that do not join co-ops fish IFQs	those that do not join co-ops fish IFQs subject to closed class delivery requirement with option for PSC reduction	those that do not join co-ops fish IFQs subject to processor linkage delivery requirement with option for PSC reduction	those that do not join co-ops fish IFQs	those that do not join co-ops fish open access with option for PSC reduction

Alternative 1 is the **status quo**, which would continue the LLP. **Alternative 2 Low** would create an **co-op/IFQ** program that would apply to only the “low producing” fixed gear sector, participants that receive allocations either below the average or below the 75th percentile of fixed gear allocations. Participants would be permitted to form cooperatives to coordinate harvest activities. **Alternative 2A High** would a **co-op/IFQ with processor limited entry** program similar to Alternative 2A for the trawl catcher vessel sector. This alternative would

allocate harvest shares that could be fished as IFQs or in a cooperative with a processor limited license program that requires a portion of each harvester's allocation to be delivered to a licensed processor. Processor licensing would be based on historic processing. Share holders would be permitted to form cooperatives to manage their members' allocations. Share holders that choose not to join cooperatives would continue to receive their allocations as individual quota with a possible reduction in their PSC allocations. **Alternative 2B High** would create a **co-op/IFQ with processor linkages** program similar to Alternative 2B for trawl catch vessels. This alternative would also create a harvester share program with a system of processor limited licenses. Harvester/processor linkages would be established, under which a share holder would be required to deliver a specific percentage of landings to the linked processor. Linkages would be based on the share holder's landings history. A share holder could change the processor to which its shares are linked, but would be subject to a share reduction penalty when making that change. Share holders would be permitted to form cooperatives to manage their allocations. Share holders that chose not to join a cooperative would receive individual allocations (which would be subject to the processor linkage), but may be subject to a reduction in their PSC allocations. **Alternative 2C** would create a **co-op/IFQ with allocations of harvest shares to processors** program similar to Alternative 2C for trawl catcher vessels. This program would also create a harvester IFQ program with a portion of the harvest share pool (between 10 and 30 percent) allocated to eligible processors based on their processing history. Share holders would be permitted to form cooperatives, with non-cooperative members receiving individual allocations. **Alternative 3** would create a **co-op/limited access program with processor linkages** program similar to Alternative 3 for trawl catcher vessels. This alternative is a history-based cooperative program, under which cooperatives would receive annual harvest share allocations based on the qualified histories of their members. Cooperatives would be required to be associated with a processor, but the details of that relationship would be determined by negotiations among the cooperative members and the processor.¹ Initially, each holder of qualified history would be eligible to join a cooperative associated with the processor to which it delivered the most pounds during a specific time period. Holders of qualified history that choose not to join a cooperative would be permitted to fish in a limited access fishery that would receive an annual allocation based on the histories of non-members of cooperatives. The allocation of PSC to the limited access fishery could be reduced.

Additional alternatives not included in the tables

In addition to the alternatives above, the motion contains alternatives that are not included in the tables. First, since no table exists for the jig sector, that sector is entirely excluded from the tables. The motion is not entirely clear on the scope of jig alternatives, but potentially contains three alternatives for that sector. Specifically, Alternative 3 in the Council motion contains options for managing the jig sector as a limited access fishery and an open access fishery. In addition, the motion is unclear whether the cooperative/limited access program that is the primary management form under alternative 3 applies to the jig sector. Depending on the scope of alternatives desired for the jig sector, an alternatives table could be developed for the sector.

For the fixed gear catcher vessel sector, two alternatives are created under alternative 3 for low producing catcher vessels that are not included in the table. These alternatives are a cooperative/limited access program without any processor component and a sector allocation with a limited access fishery.

Statement of intent concerning alternative 3

The Council included the following statement of intent in its motion concerning alternative 3. The reformatting of the motion to allow comparison of provisions across the alternatives does not allow for this statement to be included with only the alternative 3 provisions at this time. As the Council's motion identifying alternatives develops, this provision could be repositioned at the beginning of alternative 3.

¹ This alternative contains an option that would remove the cooperative/processor association requirement from "low producing" fixed gear vessels.

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

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

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

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

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

Following the initial co-op formation period, new co-ops can form and harvesters can move from co-op to co-op or exit a co-op and move back into open access. The rules for such movement, including compensation to other members of the co-op and the associated processor are part of the contract agreement. New processors can enter the fishery at any time, and following the initial co-op formation period, harvesters can form co-ops with those processors.

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

Key to reformatting

The reorganization of the motion is intended to serve two primary purposes. First, the motion is reorganized to allow comparison across alternatives. Second, the motion is reorganized to separate provisions that may differ across gear types to assist stakeholders in developing specific alternatives appropriate to the different gear types. Since these objectives are in some ways inconsistent, the reformatting is divided into three sections, with numbering appropriate to the section.

Several provisions apply under all rationalization alternatives. These provisions are included in the first section of the reformatted motion under a "general provisions" section. In some instances, these provisions are identical across all alternatives. Identical provisions are included as a single entry under a single heading. Similar provisions in the different alternatives are included under a common heading to allow comparison of the different provisions. These provisions are in the general provisions section of the motion and are labeled with a number preceded by G (**G – general**).

A second set of provisions apply to all of the different alternatives, but may be different for the different gear types. These provisions are included in the gear specific sections of the motions and are labeled with a number preceded by a gear type initial (i.e., T – trawl, F – fixed, and J – jig). Each gear section begins with provisions applicable to all alternatives for that gear type. Following these gear level provisions, options that are specific to each alternative are included, each labeled with a number preceded by the gear type and alternative number. For example, provisions contained in trawl 2A are labeled T2A. The following abbreviations are used:

Trawl Alternatives

T2A – IFQ/Cooperatives with Processor License Limitation

T2B – IFQ/Cooperatives with Processor Linkages

T2C – IFQ/Cooperatives with Harvest Share Allocations to Processors

T3 – Cooperatives/Limited Access with Processor Associations

Fixed Gear Alternatives

F2L – Low Producer – IFQ/Cooperatives

F2HA – High Producer – IFQ/Cooperatives with Processor License Limitation

F2HB – High Producer – IFQ/Cooperatives with Processor Linkages

F2C – IFQ/Cooperatives with Harvest Share Allocations to Processors

F3L1 – Low Producer – Sector Allocation with Limited Access Fishery

F3L2 – Low Producer – Cooperatives/Limited Access

F3 – Cooperatives/Limited Access with Processor Associations

Jig Gear Alternatives

J2 – Open Access

J3A – Jig Sector Allocation

J3B – Cooperatives/Limited Access with Processor Associations (the motion is unclear concerning whether this alternative applies to the jig sector)

In addition to the alternatives listed above, the status quo (i.e., continued management under the LLP) would be analyzed for each sector.

General Provisions – Apply to all rationalization alternatives

G-1. Management Areas

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

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

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

(from 2.2.1 and 3.1)

G-2. Species

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

Trawl:

- pollock
- Pacific cod
- deepwater flatfish

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

Longline:

Pacific cod
pelagic shelf rockfish
Pacific ocean perch
deep water flatfish (if turbot is targeted)
northern rockfish
arrowtooth flounder

Pot:

Pacific cod

Jig:

Pacific cod

(from 2.2.3.1 and 3.2.3 and 3.3.2)

Species identified for allocation should be reviewed to verify the appropriateness of allocations for each gear type. In conducting this review, the Council could address two questions:

- a) is the potential for targeting the species limited, in which case an allocation for a directed fishery might be inappropriate, or***
- b) is the potential for targeting the species high, but an inadequate history for the gear type exists in the sector, in which case an allocation for a directed fishery might be appropriate, but should be based on some other measure than catch history.***

If history is inadequate to determine a reasonable allocation, the Council could develop other criteria for the allocation, including a graduated allocation that would accommodate development of the fishery, but would cap the growth (to prevent encroachment on other gear types) similar to the provision for allocations to the jig sector.

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

Trawl:

Thornyhead
Roughey
Shortraker
other slope rockfish
Atka mackerel
sablefish

Longline:

Thornyhead
Roughey
Shortraker
other slope rockfish
Atka mackerel

Pot:

Thornyhead
Roughey
Shortraker
other slope rockfish

Atka mackerel

(from 2.2.4 and 3.2.4)

- 1) *Species identified for allocation should be reviewed to verify the appropriateness of allocations for each gear type.*
- 2) *Provisions for management of unallocated species should be developed. This management could be continued management under the existing system of MRAs. If so, the usage of the species by sectors not receiving an allocation should be accommodated in the annual TAC setting process.*

G-3. State and Parallel Fishery Allocation

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

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

(from 2.2.2.3 and 3.3.1.1)

G-4. Sector/Gear Designations

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

CV trawl
CV longline
CV pot
jig

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

(from 2.2.3.1 and 2.2.3.2 and 2.2.3.2.1 and 3.2)

If high producer/low producer distinction is created, four catcher vessel fixed gear sectors (distinct from the jig sector) will be created, two for longline gear and two for pot gear.

G-5. Catcher Vessel/Catch Processor Designation Criteria

Alternative 2

Harvest share sector designations:

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

(from 2.2.3.2.2)

Alternative 3

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

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

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

- Option 1: determined by the aggregate of all species
- Option 2: determined by primary species groupings in Section 3.3.5

(from 3.2)

The Council should clarify whether this provision is used to define sector allocations or/and individual allocations.

G-6. Sector Allocations - Primary Species

Alternative 2

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

Alternative 3

Sector allocations will be based on the aggregate history of vessels in each sector during the qualifying period. Sector allocation qualifying periods and landing criteria (same for all gears in all areas).

- Option 1. 95-01
- Option 2. 95-02
- Option 3. 98-02

Suboption: for each sector drop the year of lowest tonnage.

(from 3.2.1)

Sector Qualifying landing criteria (same for all gears in all areas)

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

(from 3.2.2)

The analysis will assess AFA vessels as a group.

Preliminary data analyses suggest that allocations to the sector for a defined qualifying period are near equivalent, whether based on aggregation of qualified individual allocations (as under alternative 2) or based on explicit sector histories (as under alternative 3). Given the similarity of the allocations, the Council should question whether the added complexity separate sector level calculations under alternative 3 have offsetting benefits. The use of individual vessel qualification for sector definition (i.e., catch processor and LLP qualification), then using aggregate history for allocations complicates the calculations of sector and individual allocations.

G-7. Sector Allocations – Secondary Species

Alternative 2

Allocation to the sector is determined by management at the individual level.

- Option 1. Allocation to the sector is based on individual allocations
- Suboption 1. Other slope rockfish in the Western Gulf will not be allocated, but will be managed by MRA and will go to PSC status when the TAC is reached.
 - Suboption 2. Deduct the secondary species catch from fixed gear types from TAC. If deduction is not adequate to cover secondary species catch in fixed gear types, on a seasonal basis, place that species on PSC status until overfishing is reached.

- Option 2. Retain these species on bycatch status for all gear types with current MRAs.

(from 2.2.4)

Two options for individual management are generally 1) individual allocations based on average or 75th percentile bycatch rates for the different target fisheries or 2) continued management by MRA. In addition, the motion contains an option to allocate secondary species only to trawl participants. Annually, the estimated usage of the fixed gear sector would be deducted from the TAC prior to making the allocation to trawl participants.

Alternative 3

- Option 1: Sector allocation for secondary species is based on each sector's average catch during the sector allocation qualifying period by area and primary species target fishery. *The two stage allocation of secondary species and halibut PSC will also complicate calculations. The Council should assess whether these added complexities have an offsetting benefit.*
- Option 2: Maintain current MRA management for secondary species. *The analysis will need to examine the degree to which MRAs at current levels may be inadequate to control harvest of secondary species in a rationalized fishery.*

(from 3.2.4)

The Council should clarify the extent to which these different allocations apply to the jig sector.

G-8. Sector Allocations – Halibut PSC

Alternative 2

Pot sector

Pot vessels continue their exemption from halibut PSC caps.

Hook and line sector

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

Trawl Sector

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

(from 2.2.5 and 2.2.5.1)

Alternative 3

- Option 1: Sector allocation for halibut PSC is based on each sector's average catch during the sector allocation qualifying period by area and primary species target fishery. ***The two stage allocation of secondary species and halibut PSC will also complicate calculations. The Council should assess whether these added complexities have an offsetting benefit.***
- Option 2: Maintain current halibut PSC allocations. ***The analysis will need to examine the degree to which halibut PSC is limiting and whether management of halibut at the fleet level would perpetuate a race for fish.***

(from 3.2.4)

G-9. Sector Allocations – Jig Sector

- Option 1. The jig fishery would receive an allocation based on its historic landings in the qualifying years
—
 - 1. 100%
 - 2. 125%
 - 3. 150%
 - 4. 200%

(from 2.2.1 and 3.1)

- Option 2. **(Applies only to Alternative 2)** Catch by jig would be accounted for in a manner similar to sport halibut harvests in halibut IFQ fishery.
Suboption: Cap jig harvest at ___% of current harvest by species and area:
 - 1. 100%
 - 2. 125%
 - 3. 150%
 - 4. 200%

(from 2.2.1)

The Council should identify species that would be allocated to the jig sector to support directed fisheries and provisions for the management of species that are not allocated for directed fisheries.

Note: Individual allocations under Alternative 2 do not apply to the jig sector. Individual allocations under Alternative 3 do apply to the jig sector. No provisions below referred to as "Alternative 2" provisions apply to the jig sector.

G-10. Individual Allocations – Eligibility

LLP participation

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

Staff analysis assumes that any vessel that is subject to an LLP exemption (i.e., 26 feet or less LOA) would be considered eligible.

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

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

Option 2. Non-LLP (State water parallel fishery) participation

Suboption 1. Any individual who has imprinted a fish ticket making non-federally permitted legal landings during a State of Alaska fishery in a state waters parallel fisheries for species under the rationalized fisheries.

Suboption 2. Vessel owner at time of non-federally permitted legal landing during a State of Alaska fishery in a state waters parallel fisheries for species under the rationalized fisheries.

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

(from 2.2.2.2 and 3.3.3.1)

The Council could select a preferred option for eligibility to receive an allocation under the program. Since LLP licenses are used to control access to the fishery, the use of LLP licenses for determining eligibility to receive an allocation in the rationalized fishery would be consistent with current regulation of entry. In addition, allowing entry to persons not holding permanent LLPs might be unfair to persons that have relied on the LLP regulations in trading licenses.

Including holders of interim LLP licenses could be argued by some to be fair, since these licenses have not been fully adjudicated and may be held by some persons that would ultimately be awarded permanent licenses. However, the agency anticipates having all appeals resolved prior to implementation of this program, so outstanding appeals concerning interim licenses should not be an issue at the time of implementation. Using a threshold date (such as January 1, 2003 in Suboption 1) could be supported by an argument that persons who maintained appeals through that date should be included. As written in suboption 1, persons whose appeals were denied after that date would still be eligible for an allocation. Eligibility for any holders of interim permits, however, could be argued to be unfair by those that either met the requirements for a permanent license or chose to purchase a license to continue in the fisheries. Persons that have purchased licenses to remain in the fishery, in particular, have a compelling argument that holders of interim licenses should be excluded. In some cases, appeals are likely to have been perpetuated by persons that knew their appeals would be denied to avoid having to purchase a license. Even in the case of legitimate appeals, including persons denied licenses would not have met the threshold requirements for the license appears to be inconsistent with the Council's earlier decisions concerning eligibility.

G-11. Individual allocations – Qualifying landing criteria

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

(from 2.2.2.1 and 3.3.2.2)

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

(from 2.2.2.1)

The primary provision is contained in the individual and sector allocation sections of alternative 3. If only included here, it would be assumed to apply to both the sector and individual history calculations. The primary provision bases allocations on a person's history during qualified years divided by all history in the qualifying years (i.e., a person's percent of the qualified history). The suboption is contained only in alternative 2. The suboption would base the allocation on the average annual percent of the qualified history.

G-12. Individual Allocations – Qualifying periods

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

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

(from 2.2.2 and 3.3.2.2)

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

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

(from 2.2.2)

The analysis will assess AFA vessels as a group. Options to drop years would be to accommodate SSL restrictions or the inclusion of the state portion of the parallel fishery.

G-13. Individual allocations – Secondary Species

Alternative 2

Under both alternatives, allocations to and management of secondary species for halibut and sablefish IFQ holders would be governed by a separate motion.

Option 1. Share Allocations

Option 1. Allocate shares to all fishermen based on fleet bycatch rates by gear:

Suboption 1. based on average catch history by area and target fishery

Suboption 2. based on 75th percentile by area by target fishery

Option 2. Allocation of shares will be adjusted pro rata to allocate 100% of the annual TAC for each bycatch species. *Is this an option or a requirement. Likely it is a requirement, if all gear types receive allocations.*

Suboption. Allocate these species for one gear type only (e.g., trawl). Deduct the secondary species catch of other gear types from TAC. If deduction is not adequate to cover secondary species catch in other gear types, on a seasonal basis, place that species on PSC status until overfishing is reached.

Option 2. Retain these species on bycatch status for all gear types with current MRAs.

(from 2.2.4)

Alternative 3

Option 1: Allocation of secondary species to and within cooperatives is based on the distribution of primary species history of individual cooperative members and the sector's average catch during the sector allocation qualifying period by area and primary species target fishery.

The two stage allocation of secondary species and halibut PSC will also complicate calculations. The Council should assess whether these added complexities have an offsetting benefit.

Option 2: Maintain current MRA management for secondary species.

The analysis will need to examine the degree to which MRAs at current levels may be inadequate to control harvest of secondary species in a rationalized fishery.

(from 3.2.4 and 3.3.3)

G-14. Individual allocations – Halibut PSC

Alternative 2

Option 1: Share allocations (if applicable to the sector and gear type)

Each recipient of fishing history would receive an allocation of halibut mortality (harvest shares) based on their allocation of the primary species shares. Secondary species would receive no halibut allocation.

Initial allocation based on average halibut bycatch by directed primary species during the qualifying years. Allocations will be adjusted pro rata to equal the existing halibut PSC cap.

By sector average bycatch rates by area by gear:

Option 1. Both sectors

Option 2. Catcher Processor/Catcher Vessel

Option 2. Fleet management, specified in sector allocation of halibut (above)

(from 2.2.2.5)

Alternative 3

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

The two stage allocation of secondary species and halibut PSC will also complicate calculations. The Council should assess whether these added complexities have an offsetting benefit.

Option 2: Maintain current MRA management for secondary species.

The analysis will need to examine the degree to which MRAs at current levels may be inadequate to control harvest of secondary species in a rationalized fishery.

(from 3.2.4 and 3.3.3)

G-15. Individual allocations – Halibut PSC reductions outside of cooperatives

Alternative 2

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

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

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

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

(from 2.2.5.3.1)

This provision applies to persons fishing IFQs rather than fishing in cooperatives.

Alternative 3

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

Option 1:

- a. 0 percent
- b. 10 percent
- c. 20 percent
- d. 30 percent

Option 2:

- a. 0 percent
- b. 5 percent beginning on the date of program implementation;
an additional 5 percent beginning on the second year of program implementation;
an additional 10 percent beginning on year 5 of program implementation; and

Note: this reduction may differ by sector

(from 3.6, Issue 1)

G-16. Transferability - Gear Restrictions

Alternative 2

Harvest gear restrictions apply to primary species only.

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

Option 1: No restrictions

Option 2: Fixed gear allocations may not be harvested using trawl gear

Option 3: Pot gear allocations may not be harvested by longline or trawl gear

(from 2.2.3.2.4)

Alternative 3

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

(from 3.3.2, Option 1)

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

(from 3.4.7.3)

Although alternative 3 creates sector allocations, its provision would be clarified by explicitly stating any prohibition of the use of one gear's allocation by another gear type, if that is intended for vessels other than catcher processors.

G-17. Transferability - Vessel Type Restrictions

Alternative 2

Restrictions on transferability of CP harvest shares

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

When CP shares are redesignated as CV shares

CP harvest shares retain their gear designation upon transfer.

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

(from 2.2.3.3.2 and 2.2.3.3.3)

Alternative 3

Option 1. Restrictions on transferability of CP harvest shares:
CP GH may be converted to CV GH. Once it is converted, it cannot be changed back to CP GH. CP GH maintains its designation when transferred to a person that continues to catch and process the resulting GQ at sea (within a cooperative or in open access.)

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

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

(from 3.4.7 and 3.4.7.1 and 3.4.7.2)

The Council could select options for the conversion of catcher processor history to catcher vessel history at this time.

Option 1 would convert catcher processor history to catcher vessel history, if transferred and subsequently landed onshore. This provision would limit the conversion of history, with the conversion taking place only on the use of the history as catcher vessel history by the holder.

The suboptions under Option 2 would limit the holders of catcher processor history to those that receive an initial allocation of catcher processor history. Suboptions 2 and 3 would limit the provision to trawl and longline catcher processor history, respectively. In the event that the Council chose a provision that applied to only one type of history, it should also identify a provision for the other gear types. This provision would convert all catcher processor history to catcher vessel history once transferred from initial recipients limiting the market for those shares, and possibly diminishing their value in some fisheries.

G-18. Transferability – Secondary Species

Permit transfer of secondary species QS

- Option 1. Primary species shares and secondary species shares are non-separable and must be transferred as a unit.
- Option 2. Primary species shares and secondary species shares are separable and may be transferred separately

(from 2.2.4 and 3.3.3.3)

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

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

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

(from 2.2.4)

The motion appears to contain no provision for leasing of secondary species shares (IFQ transfers) beyond the trawl sablefish provision.

G-19. Transferability – Halibut PSC – Long term transfers

- Option 1. Groundfish primary species QS/history and Halibut PSC QS/history are non-separable and must be transferred as a unit
Suboption. exempt Pacific cod
- Option 2. Groundfish primary species harvest shares (QS) and Halibut PSC QS/history are separable and may be transferred separately

(from 2.2.5.4 and 3.3.3.3)

G-20. Transferability – Halibut PSC – Annual transfers

Alternative 2

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

Suboption 1. 0%

Suboption 2. 5%

Suboption 3. 7%

Suboption 4. 10%

Suboption 5: Exclude any halibut PSC transferred for participation in the incentive fisheries (includes transfers outside the cooperative).

Suboption 6: Exclude any halibut PSC transferred within a cooperative.

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

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

(from 2.2.5.3)

G-21. Retention requirements (rockfish, sablefish and Atka mackerel)

Alternative 2

Option 1. no retention requirements

Option 2. require retention (all species) until the annual allocation (or IFQ) for that species is taken with discards allowed for overages

Option 3. require 100% retention (all species) until the annual allocation (or IFQ) for that species is taken and then stop fishing

(from 2.2.3.3.9)

The Council should clarify whether the retention requirements apply to all species or only rockfish, sablefish, and Atka mackerel.

G-22. Limited processing for CVs

Alternative 2

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

(from 2.2.3.3.10)

G-23. Processing by Catcher Processors

Alternative 2

Option 1. CPs may buy CV share fish not subject to processor landing requirements.

Suboption. 3 year sunset

Option 2. CPs would be prohibited from buying CV fish.

Option 3. CPs may buy incentive fish and incidental catches of CV fish not subject to processor landing requirements.

Option 4. CPs may buy delivery restricted CV fish, if they hold a processing license.

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

(from 2.2.3.3.11)

G-24. Regionalization

Alternative 2

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

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

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

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

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

Central Gulf: Two regions are proposed to classify harvesting shares: North - South line at 58°51.10' North Latitude (Cape Douglas corner for Cook Inlet bottom trawl ban area) extending west to east to the intersection with 140° W long, and then southerly along 140° W long.

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

CGOA Pollock (area 620 and 630)
CGOA aggregate flatfish,
CGOA aggregate rockfish and
CGOA Pacific cod.

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

Secondary species shares

Secondary species shares would not be subject to regionalization

This provision can be deleted since regionalized species are clearly defined.

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

Option 1. the preferred individual allocation qualifying period
Option 2. 1999 – 2002

(from 2.2.9.1. and 2.2.9.1.1 and 2.2.9.1.2)

Alternative 3

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

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

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

Catcher processor history is not subject to regionalization.

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

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

Central Gulf: Two regions are proposed to classify harvesting shares: North - South line at 58°51.10' North Latitude (Cape Douglas corner for Cook Inlet bottom trawl ban area) extending west to east to the intersection with 140° W long, and then southerly along 140° W long.).

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

CGOA Pollock (area 620 and 630),

CGOA aggregate flatfish,

CGOA aggregate rockfish, and

CGOA Pacific cod.

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

In the event GH is regionalized, a harvester will be eligible to bring its history in a region to a cooperative associated with the processor in the region to which the harvester delivered the most pounds during the cooperative formation qualifying period using species aggregations (i.e., pollock, Pacific cod, aggregate rockfish, and aggregate flatfish) and:

- Option 1. the cooperative/processor association period or
- Option 2. the individual allocation qualifying period.

(from 3.7.1)

This provision is unclear. Is it meant to potentially supersede the identified association using the cooperative/processor association period.

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

Option 1. the years 1999-2002.

Option 2. consistent with the qualifying period under cooperative formation in Section 3.3.5

(from 3.7.1.1)

The Council should note the difference between alternative 2 and alternative 3 options for determining regionalization. Under alternative 2, the harvest qualifying period is an option. Using these years, each harvesters shares would be regionalized based on the harvester's regional distribution of landings during the qualifying years. Under alternative 3, the period used for determining processor associations is an option. Under this option, each harvester's history would be regionalized based on the harvester's regional distribution of landings in the processor association years. Under both alternatives, the period 1999 through 2002 is an option. Under this option, each harvester's allocation would be regionalized based on the harvester's regional distribution of landings in the period 1999 through 2002.

The Council should note that regionalization does not occur in the limited access under alternative 3.

G-25. Skipper/Crew

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

Option 1. No skipper and/or crew provisions

Option 2. Establish license program for certified skippers. For initial allocation Certified Skippers are either:

- i. Vessel owners receiving initial QS or harvest privileges; or
- ii. Hired skippers who have demonstrated fishing experience in Federal or State groundfish fisheries in the BSAI or GOA for 3 out of the past 5 years as documented by a CFEC permit and signed fish tickets and/or appropriate NMFS documentation (starting date for five years is 2003).

Suboption 1. include crew in the license program.

Suboption 2. require that new Certified Skippers licenses accrue to individuals with demonstrated fishing experience (Groundfish – BSAI/GOA, state or federal waters) similar to halibut/sablefish program.

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

Option 3. (Applies to Alternative 2 only) Allocate to skippers and/or crew

Suboption 1. Initial allocation of 5% shall be reserved for captains and/or crew

Suboption 2. Initial allocation of 10% shall be reserved for captains and/or crew

Suboption 3. Initial allocation of 15% shall be reserved for captains and/or crew

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

(from 2.2.8 and 3.5)

G-26. Incentive species

Alternative 2

Incentive species are:

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

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

Allocation of incentive species

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

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

Option 1. Total retained catch of the participants divided by the number of years in the qualifying period.

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

Option 3. Total catch of the participants divided by the number of years in the qualifying period.

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

Eligibility to fish in the incentive fisheries

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

Catch accounting for and entry to the incentive fisheries

Use of allocated QS and incentive fishery quota

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

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

(from 2.2.6 and 2.2.6.1 and 2.2.6.2 and 2.2.6.3)

Alternative 3 contains no provision for an incentive fishery.

G-27. Sideboards

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

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

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

Alternative 2

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

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

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

(from 2.2.2.12)

Alternative 3

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

(from 3.9)

G-28. Program Review and Data Collection

Data collection

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

Program Review

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

(from 2.2.10 and 2.2.10.1 and 2.2.10.2 and 3.8 and 3.8.1 and 3.8.2)

Trawl Gear Alternatives

T-1. Transferability - Leasing

Alternative 2

- Option 1: Apply leasing limitation only outside of cooperatives
Option 2: Apply leasing limitation inside and outside of cooperatives

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

For trawl catcher vessels

- Option 1. No leasing of CV QS (QS holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the IFQ).
Suboption: Allowing leasing by initial recipients of QS (grandfather clause)
- Option 2. Allow leasing of CV QS, but only to individuals and entities eligible to receive QS/IFQ by transfer.
- Option 3. For individuals and entities with CV QS, no leasing restrictions for the first three years. After this grace period, leasing will be allowed in the following calendar year if the QS holder is on board or owns 20 percent or greater of a vessel on which 30 percent of the primary species shares held by the QS holder in at least 2 of the most recent 4 years were harvested.

For trawl catcher processors

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

(from 2.2.3.3.5)

Alternative 3

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

For trawl catcher vessels

- Option 1. No leasing of CV history (history holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the annual allocation).
Suboption: Allowing leasing by initial recipients of history (grandfather clause)
- Option 2. Allow leasing of CV history, but only to individuals and entities eligible to receive history by transfer.
- Option 3. For individuals and entities with CV history, no leasing restrictions for the first three years. After this grace period, leasing will be allowed in the following calendar year if the history holder is on board or owns 20 percent or greater of a vessel on which 30 percent of the primary species history held by the history holder in at least 2 of the most recent 4 years were harvested.

For trawl catcher processors

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

(new from December 2005 meeting)

Under alternative 3, the Council should consider that vessel documentation requirements may prohibit some foreign owned processors from fishing any history held by the processor.

Under both of the alternatives, leasing requirements imposed on cooperative members could be monitored through requiring the cooperative to include compliance reporting in its annual report.

The Council could decide the extent of any limits on catcher vessel leasing at this time.

Leasing prohibitions tend to be supported as a means of discouraging absentee ownership of interests in the fisheries. Leasing limitations require a share holder to either actively fish on a vessel or to own a portion of a vessel, making an investment in physical capital in the fishing industry. In considering whether to apply the above limitations on leasing, the Council should consider that cooperative members could be exempted from the leasing limitations (i.e., allowing free leasing to cooperative members). While the Council may wish to encourage cooperative membership by allowing free leasing in cooperatives, preventing any leasing by non-members of cooperatives may limit the effectiveness of any prohibition on leasing from serving any purpose other than encouraging cooperative membership. In considering selecting preferred options, the Council could apply different leasing provisions to different sectors (i.e., low producing fixed gear catcher vessels, high producing fixed gear catcher vessels, trawl catcher vessels).

Under alternatives 2C and 3, the Council should consider that vessel documentation requirements may prohibit some foreign owned processors from fishing any history held by the processor.

Under any of the alternatives, leasing requirements imposed on cooperative members could be monitored through requiring the cooperative to include compliance reporting in its annual report.

T-2. Share Use – Owner-on-board

Alternative 2

Option 1: Apply owner-on-board requirements only outside of cooperatives

Option 2: Apply owner-on-board requirements inside and outside of cooperatives

For trawl catcher vessels

A range of 0-70% of the trawl quota shares initially issued to fishers/harvesters would be designated as “owner on board.”

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

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

(from 2.2.3.3.7)

Alternative 3 contains no owner-on-board provision.

Owner-on-board requirements imposed on cooperative members could be monitored through requiring the cooperative to include compliance reporting in its annual report.

In the hardship exemption, the Council should clarify the exemption as being from owner on board requirements and leasing limitations.

The Council could consider selecting a preferred owner on board provision. In determining whether to require owner-on-board use of shares, the Council should consider the nature of the fisheries and whether such a requirement is reasonable for the future conduct of these fisheries. Establishing a portion of shares as owner-on-board could lead to a more fluid market for those shares since holders would be required to be on the vessel fishing those shares. Tenure of share holdings would likely decline for the owner-on-board shares. Owner-on-board shares are also likely to trade at a lower price than shares not subject to an owner-on-board requirement.

As with the leasing limitations discussed in 2.2.3.3.5 above, the Council should consider that the provisions as drafted would apply only to cooperative members (suggesting that no owner-on-board requirement would apply to cooperative members). The Council should bear in mind that removing owner on board requirements for members of cooperatives may limit the effectiveness of owner-on-board provisions in achieving any purpose other than encouraging cooperative membership.

The Council could also apply different owner-on-board provisions to different sectors (i.e., low producing fixed gear catcher vessels, high producing fixed gear catcher vessels, trawl catcher vessels).

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

Alternative 2

Caps will be expressed as QS units indexed to the first year of implementation.

- Option 1. Caps apply to all harvesting categories by species with the following provisions:
1. Apply individually and collectively to all harvest share holders in each sector and fishery.
 2. Percentage-caps by species and management area are as follows (a different percentage cap may be chosen for each fishery):

Trawl CV and/or CP (can be different caps)

Use cap based at the following percentile of catch history for the following species (i.e., 75th percentile represents the amount of harvest shares that is greater than the amount of harvest shares for which 75% of the fleet will qualify) pollock, Pacific cod, deepwater flatfish, rex sole, shallow water flatfish, flathead sole, Arrowtooth flounder, northern rockfish, Pacific ocean perch, pelagic shelf rockfish

- | | |
|--------------|------|
| Suboption 1. | 75 % |
| Suboption 2. | 85% |
| Suboption 3. | 95 % |

- Option 2. Caps equal to a percentage that would allow contraction of QS holders in the fishery by 20%, 30% or 50% of the number of initially qualified QS recipients by species and sector.

Application of caps to intercooperative transfers

To effectively apply individual ownership caps, the number of shares or history that each cooperative member could hold and bring to cooperatives would be subject to the individual ownership caps (with initial allocations grandfathered). Transfers between cooperatives would be undertaken by the members individually, subject to individual ownership caps.

CP QS/IFQ conversion to CV QS/IFQ

CP shares converted to CV shares will count toward CV caps

Caps will be applied to prohibit acquisition of shares in excess of the cap.

(from 2.2.3.3.6)

Alternative 3

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

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

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

(from 3.4.3)

The Council should specify whether this provision will be implemented using an individual and collective rule (similar to halibut and sablefish IFQ and crab rationalization) or a threshold rule (similar to the AFA).

CP history conversion to CV history

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

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

(from 3.4.7.4)

Alternative 3 contains no provision to apply caps to intercooperative transfers.

Under both alternatives, the current cap provision applies only to primary species. The Council should assess whether secondary species caps should be applied. This may depend, in part, on the nature of those allocations (i.e., whether they are severable from the primary species allocations).

T-4. Excessive share caps – vessel use caps

Alternative 2

Individual vessel use cap

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

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

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

(from 2.2.3.3.6)

Cooperative vessel use cap

Co-op use caps for harvest shares on any given vessel shall be:

- Option 1. Set at the same level as the individual vessel level.
- Option 2. 3 times individual vessel use cap.
- Option 3. No use caps

(from 2.4.4.2)

Alternative 3

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

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

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

(new from December 2005 meeting)

The "cooperative vessel use cap" from Alternative 2 is unnecessary since the Alternative 3 vessel cap applies to cooperatives (where all fishing of shares occurs).

T-5. Excessive share caps – vertical integration caps

Alternatives 2A High and 2B High

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

(from 2.2.3.3.4)

Alternative 2C

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

(from 2.3.2)

To implement the alternative 2C provision for limiting processor holding of catcher vessel shares, the term "processor" will need to be defined.

Alternative 3

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

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

(from 3.4.5)

T-6. Excessive share caps – cooperative use caps

Alternative 2

Set co-op use caps at 25 to 100% of total TAC by species

(from 2.4.4.1)

Alternative 3

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

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

(from 3.4.4)

T-7. Overage Provisions

Alternative 2

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

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

(from 2.2.3.3.8)

T-8. Transferability – Eligibility to Receive

Alternative 2

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

For CP history/shares:

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

For CV history/shares:

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

Definition of sea time:

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

(from 2.2.3.3 and 2.2.3.3.1)

Alternative 3

Persons qualified to receive history by transfer include:

- 1) processors that associate with initial cooperatives and
- 2)

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

Definition of sea time:

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

(from 3.4.2.1 and 3.4.2.2)

Alternative T2A – IFQ/Cooperatives with Processor License Limitation

T2A-1. Voluntary Cooperatives

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

(from 2.4.1)

T2A-2. Cooperative formation

Co-ops can be formed between

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

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

(from 2.4.2.1)

T2A-3. Cooperative/processor affiliations

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

Option 2. CV cooperatives must be associated with

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

The associated processor must be:

- a) any processor
- b) a limited entry processing license holder

Processors can associate with more than one co-op

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

(from 2.4.2.1.1)

T2A-4. Movement between cooperatives

Harvesters may move between cooperatives at:

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

(from 2.4.5)

T2A-5. Duration of cooperative agreements

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

Suboption 1: Duration is minimum.

Suboption 2: Duration is maximum.

(from 2.4.2.3)

T2A-6. Rules Governing Cooperatives

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

(from 2.4.3.1)

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

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

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

(from 2.2.3.2.5)

The Council could make a decision on the suboption, namely, whether processor affiliates would receive only A shares (and no B shares). In making the determination, the Council should consider the purpose of distinguishing Class A and Class B shares and the effects of the determination on differently situated participants and the management implications of its decision. Differences in Alternative 2A (license limitation for processors) and Alternative 2B (harvest shares with processor linkages), which could affect the impacts of this provision, should also be considered.

Recall, that Class A shares are subject to delivery restrictions. Under Alternative 2A, Class A shares may be delivered to any licensed processor. Under Alternative 2B, Class A shares are required to be delivered to the processor that the shares are associated with. Processor associations can be changed (or removed) by the harvester forfeiting a portion of its shares for a period of time. Class B shares are not subject to landing limitations. Because of this lack of landings restrictions, B share landings could command a higher price than A share landings. The price disparity for B share landings is likely larger under Alternative 2B, because of the greater limit on landings under that alternative. Class B shares are generally intended to provide bargaining leverage to independent harvesters. This purpose generally suggests that Class B shares should not be issued to vertically integrated harvesters (i.e., processor affiliates). Likewise, to the extent that Class B shares are intended to create opportunities for entry in the processing sector, issuance of B shares only to independent harvesters is most likely to facilitate that entry, since Class B shares provide the only opportunity for unlicensed processors to enter the general fishery.

One possible competing effect under Alternative 2B could support an argument for allocating B shares to processor affiliates. Under Alternative 2B, if Class B shares are issued only to independent harvesters, the relative Class B share allocation to each independent share holder will increase with each increase in the vertical integration in the fishery. This could increase the incentive for processors to vertically integrate, as processors that are not vertically integrated would be faced with associated share holders that would hold substantially fewer Class A shares. For example, in a fishery with no vertical integration if the A share/B share ratio is 80/20, a non-vertically integrated processor that is associated with 100 quota shares (long term shares) would have 80 IFQ associated with it. If instead 50 percent of the harvest shares in the fishery are vertically integrated and B shares are issued only to independent harvesters, the same non-vertically integrated processor that associated with 100 QS would be associated with only 60 IFQ (since the B share allocation to the independent harvesters would be doubled). This effect could be mitigated by limits on vertical integration and would be affected by the A share/B share ratio adopted by the Council. No similar issue arises under Alternative 2A because of the lack of processor associations in that alternative.

An additional aspect of Alternative 2B could suggest that the allocation of only A shares to licensed processors may have unintended consequences. Under Alternative 2B, if a vertically integrated processor were to hold shares that are associated with a different processor, the allocation of only A shares to the vertically integrated processor would disadvantage that vertically integrated processor in its negotiations with the processor to which its shares are linked. To overcome this potential problem, a provision could be adopted for Alternative 2B under which only A shares would be issued for QS held by the processor to which the QS is linked.

From a management perspective, determinations of affiliation are problematic. Corporate structures can change year-to-year complicating both administration and enforcement of a system that allocates only A shares to affiliated harvesters. Administration of annual allocations is greatly complicated, if affiliation affects the nature of annual allocations. These costs and complexities should be weighed against the potential to achieve distributional goals through the decision. If those goals can be achieved through other means (such as selecting an fixed level for the A share/B share allocation that will fairly balance the interests of the two sectors) that other method might be preferred for its administrative simplicity.

T2A-8. Provisions for Processor License Limitation

Apply processor provisions generally at the company level.

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

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

(from 2.3.1.1.1)

T2A-10. Processor License Qualifications

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

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

Eligible Processors – minimum annual processing
Trawl

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

Trawl and fixed gear eligible processors

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

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

Operator – must hold a federal or state processor permit.

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

(from 2.3.1.2.1 and new from December 2005 meeting)

This also may need to be by management area (instead of “region” in the lead in).

Under this alternative, licenses are allocated at the “company level. It is unclear whether a licensed processor would be limited in the number of plants that could be operated using single license. The Council should clarify whether any limitation on the number of plants that a company could operate would exist under this alternative.

T2A-11. Transferability of eligible processor licenses

Processor licenses can be sold, leased, or transferred.

Within the same region

(from 2.3.1.2.3)

T2A-12. Processing Use Caps

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

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

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

Processing caps apply at the entity level.

(from 2.3.1.2.4)

T2A-13. License ownership restrictions on processors

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

(from 2.3.1.2.6)

The Council could consider adopting provisions that limit licenses that a processor could hold. Although option 2 could be used to limit holding of fixed gear licenses by persons holding licenses endorsed for fixed and trawl gear, the Council should also consider whether to limit the number of licenses that a processor can hold, as aggregating licenses in the absence of such a limitation could be an effective way of limiting competition in the processing sector. Consolidation of license holdings could be an effective way to limit competition in processing and prevent entry. Under this alternative, consolidating licenses would simply limit the number of processors competing for A share landings.

Alternative T2B – IFQ/Cooperatives with Processor Linkages

T2B-1. Voluntary Cooperatives

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

(from 2.4.1)

T2B-2. Cooperative formation

Co-ops can be formed between

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

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

(from 2.4.2.1)

The Council should consider the effects on processor entry of requiring 4 distinct entities for cooperative formation. If penalties (such as PSC reductions) are imposed on persons that choose not to join a cooperative and cooperative formation requires 4 entities, it is possible that some processor entry could be discouraged. This issue could be addressed either by removing penalties intended to encourage cooperative membership or by reducing the threshold to cooperative formation. The need for penalties to encourage cooperative formation might be questioned, if cooperative fishing has intrinsic benefits.

T2B-3. Cooperative/processor affiliations

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

Option 2. CV cooperatives must be associated with

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

The associated processor must be:

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

Processors can associate with more than one co-op

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

(from 2.4.2.1.1)

T2B-4. Duration of cooperative agreements

Option 1. 1 year

Option 2. 3 years

Option 3. 5 years

Suboption 1: Duration is minimum.

Suboption 2: Duration is maximum.

(from 2.4.2.3)

T2B-5. Movement between cooperatives

Harvesters may move between cooperatives at:

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

(from 2.4.5)

T2B-6. Rules Governing Cooperatives

- Annual allocations of cooperative members would be issued to the cooperative.
- Co-op members may internally allocate and manage the co-op's allocation per the co-op membership agreement. Subject to any harvesting caps that may be adopted, member allocations may be transferred and consolidated within the co-op to the extent permitted under the membership agreement.
- Monitoring and enforcement requirements would be at the co-op level. Co-op members are jointly and severally responsible for co-op vessels harvesting in the aggregate no more than their co-op's allocation of primary species, secondary species and halibut mortality, as may be adjusted by interco-op transfers.
- Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Co-ops may penalize or expel members who fail to comply with their membership agreement.
- Processor affiliates cannot participate in price setting negotiations except as permitted by general antitrust law.

- Co-ops may engage in inter-cooperative transfers to the extent permitted by rules governing transfers of shares among sectors (e.g., gear groups, vessel types).
- Require that a cooperative accept membership of any eligible participant subject to the same terms and conditions that apply to other cooperative members.

(from 2.4.3.1)

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

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

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

(from 2.2.3.2.5)

The Council could make a decision on the suboption, namely, whether processor affiliates would receive only A shares (and no B shares). In making the determination, the Council should consider the purpose of distinguishing Class A and Class B shares and the effects of the determination on differently situated participants and the management implications of its decision. Differences in Alternative 2A (license limitation for processors) and Alternative 2B (harvest shares with processor linkages), which could affect the impacts of this provision, should also be considered.

Recall, that Class A shares are subject to delivery restrictions. Under Alternative 2A, Class A shares may be delivered to any licensed processor. Under Alternative 2B, Class A shares are required to be delivered to the processor that the shares are associated with. Processor associations can be changed (or removed) by the harvester forfeiting a portion of its shares for a period of time. Class B shares are not subject to landing limitations. Because of this lack of landings restrictions, B share landings could command a higher price than A share landings. The price disparity for B share landings is likely larger under Alternative 2B, because of the greater limit on landings under that alternative. Class B shares are generally intended to provide bargaining leverage to independent harvesters. This purpose generally suggests that Class B shares should not be issued to vertically integrated harvesters (i.e., processor affiliates). Likewise, to the extent that Class B shares are intended to create opportunities for entry in the processing sector, issuance of B shares only to independent harvesters is most likely to facilitate that entry, since Class B shares provide the only opportunity for unlicensed processors to enter the general fishery.

One possible competing effect under Alternative 2B could support an argument for allocating B shares to processor affiliates. Under Alternative 2B, if Class B shares are issued only to independent harvesters, the relative Class B share allocation to each independent share holder will increase with each increase in the vertical integration in the fishery. This could increase the incentive for processors to vertically integrate, as processors that are not vertically integrated would be faced with associated share holders that would hold substantially fewer Class A shares. For example, in a fishery with no vertical integration if the A share/B share ratio is 80/20, a non-vertically integrated processor that is associated with 100 quota shares (long term shares) would have 80 IFQ associated with it. If instead 50 percent of the harvest shares in the fishery are vertically integrated and B shares are issued only to independent harvesters, the same non-vertically integrated processor that associated with 100 QS would be associated with only 60 IFQ (since the B share allocation to the independent harvesters would be doubled). This effect could be mitigated by limits on vertical integration and would be affected by the A share/B share ratio adopted by the Council. No similar issue arises under Alternative 2A because of the lack of processor associations in that alternative.

An additional aspect of Alternative 2B could suggest that the allocation of only A shares to licensed processors may have unintended consequences. Under Alternative 2B, if a vertically integrated processor were to hold shares that are associated with a different processor, the allocation of only A shares to the vertically integrated processor would disadvantage that vertically integrated processor in its negotiations with the processor to which its shares are linked. To overcome this potential problem, a provision could be adopted for Alternative 2B under which only A shares would be issued for QS held by the processor to which the QS is linked.

From a management perspective, determinations of affiliation are problematic. Corporate structures can change year-to-year complicating both administration and enforcement of a system that allocates only A shares to affiliated harvesters. Administration of annual allocations is greatly complicated, if affiliation affects the nature of annual allocations. These costs and complexities should be weighed against the potential to achieve distributional goals through the decision. If those goals can be achieved through other means (such as selecting a fixed level for the A share/B share allocation that will fairly balance the interests of the two sectors) that other method might be preferred for its administrative simplicity.

T2B-8. Provisions for Processor License Limitation

Apply provisions generally at the facility (plant) level.

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

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

(from 2.3.1.1.1)

T2B-9. Processor License Qualifications

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

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

Eligible Processors – minimum annual processing

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

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

Operator – must hold a federal or state processor permit.

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

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

(from 2.3.1.2.1)

This also may need to be by management area (instead of "region" in the lead in).

T2B-10. Linkage (Linkages apply by area)

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

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

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

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

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

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

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

The Council could decide whether to choose option 1 or option 2 and which of the suboptions (i, ii, or iii) to select, if an option is chosen. Since this provision is in the section on establishing linkages at the outset of the program, staff assumes that the provision applies only on implementation (provisions later in the section would apply to circumstances that arise after implementation). This option could be used to limit the potential for a harvester to be linked to a secondary processor, should the processor it would otherwise be linked to stop operating in the community. The provision could be justified, if the Council believes it is unreasonable to require a harvester to deliver to either the same processor in another community or to another processor in the same community. The rationale for removing the linkage could be that the intent of the processor linkage provision in general is to protect only the processing plant with the strongest relationship to a harvester historically.

In approaching this question, the Council should consider the interaction of this provision with other provisions concerning processor associations. The outcome should be a package of consistent provisions that meet Council objectives. As a starting point, the Council decided at a previous meeting to use a facility-based approach under this alternative. So, a harvest share/processor linkage would be determined at the facility level (which by its nature would establish the association within a single community). The first choice is whether a harvester that would be associated with a processor that is no longer operating should have any processor association. The Council could choose either option 1 or 2 to first clarify whether any linkage would be established for harvesters that delivered a majority of catch to a processor that is no longer operating.

The choice between option 1 or 2 should be decide based on whether the Council believes that a transfer of processor history among processors (independent of a harvester) should be credited under the program. Under option 1, if a processor in the same community purchases the history of a defunct processor, the purchaser would receive any associations of the defunct facility. Under option 2, the associations would not transfer to the purchaser of the history.

The suboptions (i, ii, or iii) would be used to define the processors that a harvester may deliver to, if its associated processor is no longer in operation. In selecting an option the Council should clearly state whether an association will arise.

If the Council selects option i, the harvest shares could be delivered to any processor, if the associated processor discontinued operations. The Council could either allow the shares to be delivered freely to any processor thereafter or require a linkage to a processor selected by the harvester. This first approach could be applied, if the Council intended this alternative to establish a one-time linkage that would not be transferred to a second processor once severed (i.e., suboption C from T2B-11 is consistent with the approach). This approach would create an initial linkage for each delivery restricted share, but once the linkage is broken the shares would be subject to a license limitation program for processors similar to alternative T2A. The second approach, which would create a linkage, could be applied to a system that establishes either a one-time linkage or a system of perpetual associations (i.e. suboptions A or B from T2B-11) is consistent with the approach.

The Council could alternatively choose to limit the harvester to delivering to a processor within the community (suboption ii) or to the processor it delivered the second most pounds to (suboption iii). The provision that limits landings to the same community would be intended to ensure that the community benefits from the processing association even if a processing plant closes. Creating an association with the processor that the harvester delivered the second most pounds to would create a system that credits the processing plant with landings regardless of the potential loss to the community of the closed facility. The provision is not inconsistent with efforts that attempt to protect community interests with processing associations, since it would create an association with open processor facility that the harvester delivered the most pounds to. The community of that facility would receive the benefits of the association. These provisions would be consistent with either a system with a single association or a system with perpetual linkages (any of the suboptions under T2B-11).

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

(from 2.3.1.1.2)

T2B-11. Movement between linked processors

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

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

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

Suboptions:

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

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

(from 2.3.1.1.3)

T2B-12. Transferability of eligible processor licenses

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

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

(from 2.3.1.2.3)

T2B-13. License Transfers Among Processors

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

(from 2.3.1.2.3.1)

T2B-14. Processing Use Caps

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

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

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

(from 2.3.1.2.4)

T2B-15. License ownership restrictions on processors

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

(from 2.3.1.2.6)

The Council could consider adopting provisions that limit licenses that a processor could hold. Although option 2 could be used to limit holding of fixed gear licenses by persons holding licenses endorsed for fixed and trawl gear, the Council should also consider whether to limit the number of licenses that a processor can hold, as aggregating licenses in the absence of such a limitation could be an effective way of limiting competition in the processing sector. Consolidation of license holdings could be an effective way to limit competition in processing and prevent entry. Under this alternative, consolidation of licenses could effectively limit competition. Given that the Council has included processor linkages as a means of protecting processors' historic interests, allowing processors to consolidate licenses could distort any balance of negotiating power between harvesters and processors that the Council intended to establish by selecting the percent of delivery restricted shares (A shares) and the penalty for changing linkages. For example, if a few

processors purchase several licenses, the prospect of entry and the competition for linkages could be drastically reduced.

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

T2C-1. Voluntary Cooperatives

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

(from 2.4.1)

T2C-2. Cooperative formation

Co-ops can be formed between

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

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

(from 2.4.2.1)

T2C-3. Cooperative/processor affiliations

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

Option 2. CV cooperatives must be associated with

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

The associated processor must be:

- a) any processor
- b) a limited entry processing license holder (*i.e., CVP holder*)

Processors can associate with more than one co-op

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

(from 2.4.2.1.1)

The application of this provision is unclear. The provision could be interpreted as requiring cooperative association with a processor that holds CVP.

T2C-4. Movement between cooperatives

Harvesters may move between cooperatives at:

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

(from 2.4.5)

T2C-5. Duration of cooperative agreements

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

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

(from 2.4.2.3)

T2C-6. Rules Governing Cooperatives

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

(from 2.4.3.1)

T2C-7. Processor Eligibility

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

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

Eligible Processors – minimum annual processing

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

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

- Operator – must hold a federal or state processor permit.
- Custom processing history would be credited to the processor that purchased the fish as indicated on the fish ticket and paid for processing

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

(from 2.3.1.2)

This provision may need revision to apply to this alternative. This also may need to be by management area (instead of "region" in the lead in).

T2C-8. Processor Allocations

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

(from 2.3.2)

The term "CV recipients" is unclear. This is assumed to be persons eligible to acquire CV QS. The provision could be revised to read: Up to 30% of CV QS shall be designated as "CVP" shares and may be held by processors and persons eligible to acquire CV QS.

This provision should be revised to define the portion of CVP that will be allocated to processors.

T2C-9. CVP Transferability

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

(from 2.3.2)

The use of the term eligible CV holders is confusing. Does this refer to "persons eligible to receive CV shares".

To enforce this provision, "processors" will need to be defined.

Also, this provision is confusing given the redundant provision concerning the transfer of shares that follows. The second provision could be revised to cover leases.

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

(from 2.3.2)

T2C-10. CVP Use

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

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

(from 2.3.2)

T2C-11. CVP Caps on Use and Holdings

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

(from 2.3.2)

T2C-12. Limit on Vertical Integration

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

(from 2.3.2)

Application of this limit will require a definition of the term "processor".

T2C-13. CVP Regionalization

CVP shares will be regionalized.

(from 2.3.2)

The method for regionalization should be specified. CVP could be regionalized based on the location of processing that led to the allocation.

Alternative T3 – Cooperatives/Limited Access with Processor Associations

T3-1. Voluntary Cooperatives

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

(from 3.3)

T3-2. Allocations to Individuals and Cooperatives

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

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

(from 3.3.1 and 3.3.2)

T3-3. Cooperative Eligibility - Catcher Vessel Cooperatives

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

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

Provisions applied to a, b, and c:
For the following species groups:

- Pollock
- Pacific cod
- Aggregate rockfish
- Aggregate flatfish

(from 3.3.5)

T3-4. Cooperative Formation - Catcher Vessel Cooperatives

Cooperatives are required to have at least:

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

(from 3.3.7)

The Council could consider selecting cooperative formation thresholds for the alternatives at this meeting. For all sectors, harvesters can access Gulf History only by joining a cooperative. Limiting harvesters' access to the rationalized fishery through cooperative membership should raise concern that the cooperative formation rules and agreements may provide undue negotiating leverage to some participants. In addition, if the Council should choose to reduce PSC allocations to the limited access fishery for non-members of a cooperative, it would be possible for members of a cooperative to assert greater negotiating leverage over non-members. Rules that require a majority of share holders eligible for cooperative formation could provide negotiating leverage to either those agreeing to join the cooperative or those that have yet to join, depending on the circumstances. Generally, the power will be with the non-members until the membership threshold is met and will shift to members once that threshold is reached. As should be apparent, the level of the threshold will determine whether the negotiating leverage lies with a majority of those eligible for the cooperative or a minority and the size of that majority or minority, as the case may be. This leverage could be used to distributions from cooperative harvests, which could redistribute benefits of share holdings under the program.

Allowing each harvester to be eligible to join more than one cooperative should limit the ability of harvesters to use cooperative rules to obtain undue negotiating leverage over one another. For example, a provision that requires 50 percent of eligible shares to form a cooperative would create a system in which holders of a majority of shares would have the ability to structure a cooperative agreement unfavorable to other share holders. In short, in a system in which a person is eligible to join only one cooperative, setting a threshold for cooperative formation without impacting the distribution benefits from the allocation of shares is likely not possible. Increasing the number of cooperatives that a person can join will reduce this effect.

T3-5. Initial Cooperative Agreement Requirements

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

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

Requiring an agreement among all cooperative members and the processor raises antitrust concerns. Typically, persons can only negotiate terms collectively, if they are members of an FCMA cooperative. This provision appears to require FCMA cooperative membership.

Following the initial co-op period, new GH can be generated by eligible harvesters that have never been co-op members only by joining a co-op in association with the eligible processor pursuant to the terms of an agreement that meets the requirements for an initial co-op.

(from 3.3.11)

T3-6. Duration of Initial Cooperative Agreements

Duration of initial cooperative agreements:

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

(from 3.3.8)

T3-7. Catcher Vessel - Cooperative/processor associations

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

- i. any licensed processor
- ii. any licensed processor in the community (If there are no eligible processors in that community, the harvester may join a co-op in association with any eligible processor within the region.)
- iii. the licensed processor to whom the harvester delivered the second most pounds

Option 2: If the processing facility with whom the harvester *would be initially* associated is no longer operating in the community, the harvester is eligible to deliver to

- i. any licensed processor
- ii. any licensed processor in the community (If there are no eligible processors in that community, the harvester may join a co-op in association with any eligible processor within the region.)
- iii. the licensed processor to whom the harvester delivered the second most pounds

The Council could decide whether either of the above options will be incorporated into this alternative. Both provide for processor/cooperative associations in the event a processor is no longer operating. The first could be adopted, if the Council wished to acknowledge transfers of history, while the second does not acknowledge transfers.

Under the either option, the first provision (i) would allow harvesters eligible for a cooperative with the closed processor to join a cooperative with any other processor. The first option may be favored, if the specific harvester-processor relationship is intended to be protected by the association and other associations are not

relevant to the Council's purpose in establishing this element of the program. If a community interest is intended to be protected, the second option (ii) could be favored, which requires the harvester to join a cooperative that is associated with a processor in the community. The third provision (iii) would require the harvester to join a cooperative in association with the processor that the harvester delivered the second most landings to.

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

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

The eligible processor is:

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

(from 3.3.9)

T3-8. Cooperative Eligibility - Catcher Processor Cooperatives

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

(from 3.3.6)

T3-9. Cooperative Formation - Catcher Processor Cooperatives

Cooperatives are required to have at least:

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

(from 3.3.7)

The Council could consider selecting cooperative formation thresholds for the alternatives at this meeting. For all sectors, harvesters can access Gulf History only by joining a cooperative. Limiting harvesters' access to the rationalized fishery through cooperative membership should raise concern that the cooperative formation rules and agreements may provide undue negotiating leverage to some participants. In addition, if the Council should choose to reduce PSC allocations to the limited access fishery for non-members of a cooperative, it would be possible for members of a cooperative to assert greater negotiating leverage over non-members. Rules that require a majority of share holders eligible for cooperative formation could provide negotiating leverage to either those agreeing to join the cooperative or those that have yet to join, depending on the circumstances. Generally, the power will be with the non-members until the membership threshold is met and will shift to members once that threshold is reached. As should be apparent, the level of the threshold will determine whether the negotiating leverage lies with a majority of those eligible for the cooperative or a minority and the size of that majority or minority, as the case may be. This leverage could be used to distributions from cooperative harvests, which could redistribute benefits of share holdings under the program.

Allowing each harvester to be eligible to join more than one cooperative should limit the ability of harvesters to use cooperative rules to obtain undue negotiating leverage over one another. For example, a provision that

requires 50 percent of eligible shares to form a cooperative would create a system in which holders of a majority of shares would have the ability to structure a cooperative agreement unfavorable to other share holders. In short, in a system in which a person is eligible to join only one cooperative, setting a threshold for cooperative formation without impacting the distribution benefits from the allocation of shares is likely not possible. Increasing the number of cooperatives that a person can join will reduce this effect.

T3-10. Movement between cooperatives

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

Option 1. period is 1 year

Option 2. period is 2 years

Option 3. period is 3 years

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

(from 3.3.12)

T3-11. Rules Governing Cooperatives

The following provisions apply to all cooperatives:

- a. The harvesters that enter into a co-op membership agreement shall be the members of the co-op. The processor will be an associate of the cooperative but will not be a cooperative member.
- b. Except for CP cooperatives, a pre-season Contract between eligible, willing harvesters in association with a processor is a pre-requisite to a cooperative receiving an allocation of GQ. For an initial co-op, the Contract must meet the *initial cooperative agreement requirements*.
- c. The co-op membership agreement and the Contract will be filed with the RAM Division. The Contract must contain a fishing plan for the harvest of all co-op fish.
- d. Co-op members shall internally allocate and manage the co-op's allocation per the Contract.
- e. Subject to any harvesting caps that may be adopted, GH or GQ may be transferred and consolidated within the co-op to the extent permitted under the Contract.
- f. The Contract must have a monitoring program. Monitoring and enforcement requirements would be at the co-op level. Co-op members are jointly and severally responsible for co-op vessels harvesting in the aggregate no more than their co-op's allocation of primary species, secondary species and halibut PSC mortality, as may be adjusted by inter-cooperative transfers.
- g. Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Co-ops may penalize or expel members who fail to comply with their membership agreement.
- h. Co-op membership agreements will specify that processor affiliated vessels cannot participate in negotiations concerning price setting, code of conduct, mechanisms for expelling members, or exit agreements.

- i. Co-op membership agreements shall allow for the entry of other eligible harvesters into the co-op under the same terms and conditions as agreed to by the original agreement. Harvesters that have never been a member of a cooperative must enter an agreement that meets all requirements for an initial co-op, as specified under *initial cooperative agreement requirements*.

(from 3.4.1)

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

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

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

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

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

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

(from 3.4.2)

T3-13. Transfers by catcher processors

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

- a) not permitted
- b) permitted.

(from 3.3.10)

This provision is only required if CP history/shares will be treated differently from history/shares of other participants.

T3-14. Use of Annual Allocations

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

(from 3.3.11)

T3-15. LLP/Limited Access Fishery

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

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

(from 3.6)

MRAs may need to be adjusted to keep catch under the allocation.

T3-16. Movement from a Cooperative to the LLP/Limited Access Fishery

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

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

(from 3.6, Issue 2)

The staff suggested correction is to use “and” in place of “or”. The Council also could consider including PSC requirements.

T3-17. Processing Use Caps

Processors shall be capped at the entity level.

No processor shall process more than:

- Option 1. 25% of total harvest by area and primary species groups in Section 3.3.5
- Option 2. 50% of total harvest by area and primary species groups in Section 3.3.5
- Option 3. 75% of total harvest by area and primary species groups in Section 3.3.5
- Option 4. no cap

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

(from 3.4.6)

Fixed Gear Alternatives

F-1. Transferability - Leasing

Alternative 2

- Option 1: Apply leasing limitation only outside of cooperatives
Option 2: Apply leasing limitation inside and outside of cooperatives

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

For fixed gear catcher vessels

- Option 1. No leasing of CV QS (QS holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the IFQ).
Suboption: Allowing leasing by initial recipients of QS (grandfather clause)
- Option 2. Allow leasing of CV QS, but only to individuals and entities eligible to receive QS/IFQ by transfer.
- Option 3. For individuals and entities with CV QS, no leasing restrictions for the first three years. After this grace period, leasing will be allowed in the following calendar year if the QS holder is on board or owns 20 percent or greater of a vessel on which 30 percent of the primary species shares held by the QS holder in at least 2 of the most recent 4 years were harvested.

For fixed gear catcher processors

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

(from 2.2.3.3.5)

Alternative 3

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

For fixed gear catcher vessels

- Option 1. No leasing of CV history (history holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the annual allocation).
Suboption: Allowing leasing by initial recipients of history (grandfather clause)
- Option 2. Allow leasing of CV history, but only to individuals and entities eligible to receive history by transfer.
- Option 3. For individuals and entities with CV history, no leasing restrictions for the first three years. After this grace period, leasing will be allowed in the following calendar year if the history holder is on board or owns 20 percent or greater of a vessel on which 30 percent of the primary species history held by the history holder in at least 2 of the most recent 4 years were harvested.

For fixed gear catcher processors

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

(new from December 2005 meeting)

Under alternative 3, the Council should consider that vessel documentation requirements may prohibit some foreign owned processors from fishing any history held by the processor.

Under both of the alternatives, leasing requirements imposed on cooperative members could be monitored through requiring the cooperative to include compliance reporting in its annual report.

The Council could decide the extent of any limits on catcher vessel leasing at this time.

Leasing prohibitions tend to be supported as a means of discouraging absentee ownership of interests in the fisheries. Leasing limitations require a share holder to either actively fish on a vessel or to own a portion of a vessel, making an investment in physical capital in the fishing industry. In considering whether to apply the above limitations on leasing, the Council should consider that cooperative members could be exempted from the leasing limitations (i.e., allowing free leasing to cooperative members). While the Council may wish to encourage cooperative membership by allowing free leasing in cooperatives, preventing any leasing by non-members of cooperatives may limit the effectiveness of any prohibition on leasing from serving any purpose other than encouraging cooperative membership. In considering selecting preferred options, the Council could apply different leasing provisions to different sectors (i.e., low producing fixed gear catcher vessels, high producing fixed gear catcher vessels, trawl catcher vessels).

Under alternatives 2C and 3, the Council should consider that vessel documentation requirements may prohibit some foreign owned processors from fishing any history held by the processor.

Under any of the alternatives, leasing requirements imposed on cooperative members could be monitored through requiring the cooperative to include compliance reporting in its annual report.

F-2. Share Use – Owner-on-board

Alternative 2

- Option 1: Apply owner-on-board requirements only outside of cooperatives
- Option 2: Apply owner-on-board requirements inside and outside of cooperatives

For fixed gear catcher vessels

A range of 0-80% of the fixed gear quota shares initially issued to fishers/harvesters would be designated as "owner on board."

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

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

(from 2.2.3.3.7)

Alternative 3 contains no owner-on-board provision.

Owner-on-board requirements imposed on cooperative members could be monitored through requiring the cooperative to include compliance reporting in its annual report.

In the hardship exemption, the Council should clarify the exemption as being from owner on board requirements and leasing limitations.

The Council could consider selecting a preferred owner on board provision. In determining whether to require owner-on-board use of shares, the Council should consider the nature of the fisheries and whether such a requirement is reasonable for the future conduct of these fisheries. Establishing a portion of shares as owner-on-board could lead to a more fluid market for those shares since holders would be required to be on the vessel fishing those shares. Tenure of share holdings would likely decline for the owner-on-board shares. Owner-on-board shares are also likely to trade at a lower price than shares not subject to an owner-on-board requirement.

As with the leasing limitations discussed in 2.2.3.3.5 above, the Council should consider that the provisions as drafted would apply only to cooperative members (suggesting that no owner-on-board requirement would apply to cooperative members). The Council should bear in mind that removing owner on board requirements for members of cooperatives may limit the effectiveness of owner-on-board provisions in achieving any purpose other than encouraging cooperative membership.

The Council could also apply different owner-on-board provisions to different sectors (i.e., low producing fixed gear catcher vessels, high producing fixed gear catcher vessels, trawl catcher vessels).

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

Alternative 2

Caps will be expressed as QS units indexed to the first year of implementation.

- Option 1. Caps apply to all harvesting categories by species with the following provisions:
1. Apply individually and collectively to all harvest share holders in each sector and fishery.
 2. Percentage-caps by species and management area are as follows (a different percentage cap may be chosen for each fishery):

Longline and Pot CV and/or CP (can be different caps)
based on the following percentiles of catch history for the following species:
Pacific cod, pelagic shelf rockfish, Pacific ocean perch, deep water flatfish (if Greenland turbot is targeted), northern rockfish

- | | |
|--------------|------|
| Suboption 1. | 75 % |
| Suboption 2. | 85% |
| Suboption 3. | 95 % |

- Option 2. Caps equal to a percentage that would allow contraction of QS holders in the fishery by 20%, 30% or 50% of the number of initially qualified QS recipients by species and sector.

Application of caps to intercooperative transfers

To effectively apply individual ownership caps, the number of shares or history that each cooperative member could hold and bring to cooperatives would be subject to the individual ownership caps (with initial allocations grandfathered). Transfers between cooperatives would be undertaken by the members individually, subject to individual ownership caps.

CP QS/IFQ conversion to CV QS/IFQ

CP shares converted to CV shares will count toward CV caps

Caps will be applied to prohibit acquisition of shares in excess of the cap.

(from 2.2.3.3.6)

Alternative 3

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

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

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

(from 3.4.3)

The Council should specify whether this provision will be implemented using an individual and collective rule (similar to halibut and sablefish IFQ and crab rationalization) or a threshold rule (similar to the AFA).

CP history conversion to CV history

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

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

(from 3.4.7.4)

Alternative 3 contains no provision to apply caps to intercooperative transfers.

Under both alternatives, the current cap provision applies only to primary species. The Council should assess whether secondary species caps should be applied. This may depend, in part, on the nature of those allocations (i.e., whether they are severable from the primary species allocations).

F-4. Excessive share caps – vessel use caps

Alternative 2

Individual vessel use cap

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

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

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

(from 2.2.3.3.6)

Cooperative vessel use cap

Co-op use caps for harvest shares on any given vessel shall be:

- Option 1. Set at the same level as the individual vessel level.
- Option 2. 3 times individual vessel use cap.
- Option 3. No use caps

(from 2.4.4.2)

Alternative 3

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

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

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

(new from December 2005 meeting)

F-5. Excessive share caps – vertical integration caps

Alternatives 2A High and 2B High

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

(from 2.2.3.3.4)

Alternative 2C

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

(from 2.3.2)

To implement the alternative 2C provision for limiting processor holding of catcher vessel shares, the term “processor” will need to be defined.

Alternative 2A for Low Producing fixed gear vessels contains no explicit limit on processor share holdings. Two rationales for not limiting processor share holdings are possible. First, provisions incompatible with processor share holding (such as leasing prohibitions and owner-on-board) are adequate to prevent processor share holding. Second, since the program contains no processor protection, vertical integration limits are not necessary.

Alternative 3

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

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

(from 3.4.5)

F-6. Excessive share caps – cooperative use caps

Alternative 2

Set co-op use caps at 25 to 100% of total TAC by species

(from 2.4.4.1)

Alternative 3

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

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

(from 3.4.4)

F-7. Block Program

Alternative 2

Preserving entry level opportunities for P. cod

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

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

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

Eligible participants would be allowed to hold a maximum of:

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

Any person may hold:

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

(from 2.2.7.1 and 2.2.7.2 and 2.2.7.3)

The suboption exempting allocations to halibut and sablefish ITQ holders could be removed, since the allocations to participants in that program are addressed in a separate section of the motion.

F-8. Overage Provisions

Alternative 2

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

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

(from 2.2.3.3.8)

F-9. Retention of halibut out of season

Alternative 2

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

- Option 1: In all GOA areas.
- Option 2: Limited to Areas 3A, 3B, and 4A.

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

(from 2.2.5.5)

F-10. Transferability – Eligibility to Receive

Alternative 2

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

For CP history/shares:

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

For CV history/shares:

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

Definition of sea time:

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

(from 2.2.3.3 and 2.2.3.3.1)

Alternative 3

Persons qualified to receive history by transfer include:

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

Definition of sea time:

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

(from 3.4.2.1 and 3.4.2.2)

Alternative F2L – Fixed Gear Low Producer – IFQ/Cooperatives

Applies only to low producing fixed gear vessels

Low producing vessels are exempt from delivery requirements

(from 2.3.1.1.1)

F2L-1. Voluntary Cooperatives

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

(from 2.4.1)

F2L-2. Cooperative formation

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

(from 2.4.2.1)

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

(from 2.4.2.2)

F2L-3. Co-op/processor affiliations

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

Option 2. CV cooperatives must be associated with

a) a processing facility

b) a processing company

Processors can associate with more than one co-op

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

(from 2.4.2.2.1)

F2L-4. Movement between cooperatives

Harvesters may move between cooperatives at:

Option 1. the end of each year.

Option 2. the expiration of the cooperative agreement.

Option 3. no movement in the first two years

(from 2.4.5)

F2L-5. Duration of cooperative agreements

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

Suboption 1: Duration is minimum.

Suboption 2: Duration is maximum.

(from 2.4.2.3)

F2L-6. Rules Governing Cooperatives

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

(from 2.4.3.1)

F2L-7. Regionalization

It should be clarified whether regionalization applies under this alternative.

Alternative F2HA – Fixed Gear High Producer - IFQ/Cooperatives with Processor License Limitation

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

F2HA-1. Voluntary Cooperatives

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

(from 2.4.1)

F2HA-2. Cooperative formation

Co-ops can be formed between

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

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

(from 2.4.2.1)

The Council should consider the effects on processor entry of requiring 4 distinct entities for cooperative formation. If penalties (such as PSC reductions in 2.2.5.3.1) are imposed on persons that choose not to join a cooperative and cooperative formation requires 4 entities, it is possible that some processor entry could be discouraged. This issue could be addressed either by removing penalties intended to encourage cooperative membership or by reducing the threshold to cooperative formation. The need for penalties to encourage cooperative formation might be questioned, if cooperative fishing has intrinsic benefits.

F2HA-3. Cooperative/processor affiliations

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

Option 2. CV cooperatives must be associated with

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

The associated processor must be:

- a) any processor
- b) a limited entry processing license holder

Processors can associate with more than one co-op

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

(from 2.4.2.1.1)

F2HA-4. Movement between cooperatives

Harvesters may move between cooperatives at:

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

(from 2.4.5)

F2HA-5. Duration of cooperative agreements

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

Suboption 1: Duration is minimum.

Suboption 2: Duration is maximum.

(from 2.4.2.3)

F2HA-6. Rules Governing Cooperatives

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

(from 2.4.3.1)

F2HA-7. Harvest Share Allocations – A share/B share allocations

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

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

(from 2.2.3.2.5)

The Council could make a decision on the suboption, namely, whether processor affiliates would receive only A shares (and no B shares). In making the determination, the Council should consider the purpose of distinguishing Class A and Class B shares and the effects of the determination on differently situated participants and the management implications of its decision. Differences in Alternative 2A (license limitation for processors) and Alternative 2B (harvest shares with processor linkages), which could affect the impacts of this provision, should also be considered.

Recall, that Class A shares are subject to delivery restrictions. Under Alternative 2A, Class A shares may be delivered to any licensed processor. Under Alternative 2B, Class A shares are required to be delivered to the processor that the shares are associated with. Processor associations can be changed (or removed) by the harvester forfeiting a portion of its shares for a period of time. Class B shares are not subject to landing limitations. Because of this lack of landings restrictions, B share landings could command a higher price than A share landings. The price disparity for B share landings is likely larger under Alternative 2B, because of the greater limit on landings under that alternative. Class B shares are generally intended to provide bargaining leverage to independent harvesters. This purpose generally suggests that Class B shares should not be issued to vertically integrated harvesters (i.e., processor affiliates). Likewise, to the extent that Class B shares are intended to create opportunities for entry in the processing sector, issuance of B shares

only to independent harvesters is most likely to facilitate that entry, since Class B shares provide the only opportunity for unlicensed processors to enter the general fishery.

One possible competing effect under Alternative 2B could support an argument for allocating B shares to processor affiliates. Under Alternative 2B, if Class B shares are issued only to independent harvesters, the relative Class B share allocation to each independent share holder will increase with each increase in the vertical integration in the fishery. This could increase the incentive for processors to vertically integrate, as processors that are not vertically integrated would be faced with associated share holders that would hold substantially fewer Class A shares. For example, in a fishery with no vertical integration if the A share/B share ratio is 80/20, a non-vertically integrated processor that is associated with 100 quota shares (long term shares) would have 80 IFQ associated with it. If instead 50 percent of the harvest shares in the fishery are vertically integrated and B shares are issued only to independent harvesters, the same non-vertically integrated processor that associated with 100 QS would be associated with only 60 IFQ (since the B share allocation to the independent harvesters would be doubled). This effect could be mitigated by limits on vertical integration and would be affected by the A share/B share ratio adopted by the Council. No similar issue arises under Alternative 2A because of the lack of processor associations in that alternative.

An additional aspect of Alternative 2B could suggest that the allocation of only A shares to licensed processors may have unintended consequences. Under Alternative 2B, if a vertically integrated processor were to hold shares that are associated with a different processor, the allocation of only A shares to the vertically integrated processor would disadvantage that vertically integrated processor in its negotiations with the processor to which its shares are linked. To overcome this potential problem, a provision could be adopted for Alternative 2B under which only A shares would be issued for QS held by the processor to which the QS is linked.

From a management perspective, determinations of affiliation are problematic. Corporate structures can change year-to-year complicating both administration and enforcement of a system that allocates only A shares to affiliated harvesters. Administration of annual allocations is greatly complicated, if affiliation affects the nature of annual allocations. These costs and complexities should be weighed against the potential to achieve distributional goals through the decision. If those goals can be achieved through other means (such as selecting an fixed level for the A share/B share allocation that will fairly balance the interests of the two sectors) that other method might be preferred for its administrative simplicity.

F2HA-8. Provisions for Processor License Limitation

Apply processor provisions generally at the company level.

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

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

(from 2.3.1.1.1)

F2HA-9. Processor License Qualifications

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

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

Eligible Processors – minimum annual processing

Fixed gear

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

Trawl and fixed gear eligible processors

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

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

Operator – must hold a federal or state processor permit.

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

(from 2.3.1.2.1 and December 2005 meeting)

This also may need to be by management area (instead of “region” in the lead in).

Under this alternative, licenses are allocated at the “company level. It is unclear whether a licensed processor would be limited in the number of plants that could be operated using single license. The Council should clarify whether any limitation on the number of plants that a company could operate would exist under this alternative.

F2HA-10. Transferability of eligible processor licenses

Processor licenses can be sold, leased, or transferred.

Within the same region

(from 2.3.1.2.3)

F2HA-11. Processing Use Caps

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

Option 1. Range 70% to 130% of TAC processed for all groundfish species for the largest licensed processor

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

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

Processing caps apply at the entity level.

(from 2.3.1.2.4)

F2HA-12. License ownership restrictions on processors

Option 1. No restrictions

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

(from 2.3.1.2.6)

The Council could consider adopting provisions that limit licenses that a processor could hold. Although option 2 could be used to limit holding of fixed gear licenses by persons holding licenses endorsed for fixed and trawl gear, the Council should also consider whether to limit the number of licenses that a processor can hold, as aggregating licenses in the absence of such a limitation could be an effective way of limiting competition in the processing sector. Consolidation of license holdings could be an effective way to limit competition in processing and prevent entry. Under this alternative, consolidating licenses would simply limit the number of processors competing for A share landings.

Alternative F2HB –Fixed Gear High Producer - IFQ/Cooperatives with Processor Linkages

Applies only to high producing fixed gear vessels and catcher processors

F2HB-1. Voluntary Cooperatives

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

(from 2.4.1)

F2HB-2. Cooperative formation

Co-ops can be formed between

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

Cooperatives are required to have at least 4 distinct and separate harvesters (using the 10% threshold rule)
(from 2.4.2.1)

F2HB-3. Co-op/processor affiliations

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

Option 2. CV cooperatives must be associated with

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

The associated processor must be:

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

Processors can associate with more than one co-op

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

(from 2.4.2.1.1)

F2HB-4. Duration of cooperative agreements:

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

Suboption 1: Duration is minimum.

Suboption 2: Duration is maximum.
(from 2.4.2.3)

F2HB-5. Movement between cooperatives

Harvesters may move between cooperatives at:

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

(from 2.4.5)

F2HB-6. Rules Governing Cooperatives

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

(from 2.4.3.1)

F2HB-7. Harvest Share Allocations – A share/B share allocations

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

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

(from 2.2.3.2.5)

The Council could make a decision on the suboption, namely, whether processor affiliates would receive only A shares (and no B shares). In making the determination, the Council should consider the purpose of distinguishing Class A and Class B shares and the effects of the determination on differently situated participants and the management implications of its decision. Differences in Alternative 2A (license limitation for processors) and Alternative 2B (harvest shares with processor linkages), which could affect the impacts of this provision, should also be considered.

Recall, that Class A shares are subject to delivery restrictions. Under Alternative 2A, Class A shares may be delivered to any licensed processor. Under Alternative 2B, Class A shares are required to be delivered to the processor that the shares are associated with. Processor associations can be changed (or removed) by the harvester forfeiting a portion of its shares for a period of time. Class B shares are not subject to landing limitations. Because of this lack of landings restrictions, B share landings could command a higher price than A share landings. The price disparity for B share landings is likely larger under Alternative 2B, because of the greater limit on landings under that alternative. Class B shares are generally intended to provide bargaining leverage to independent harvesters. This purpose generally suggests that Class B shares should not be issued to vertically integrated harvesters (i.e., processor affiliates). Likewise, to the extent that Class B shares are intended to create opportunities for entry in the processing sector, issuance of B shares only to independent harvesters is most likely to facilitate that entry, since Class B shares provide the only opportunity for unlicensed processors to enter the general fishery.

One possible competing effect under Alternative 2B could support an argument for allocating B shares to processor affiliates. Under Alternative 2B, if Class B shares are issued only to independent harvesters, the relative Class B share allocation to each independent share holder will increase with each increase in the vertical integration in the fishery. This could increase the incentive for processors to vertically integrate, as processors that are not vertically integrated would be faced with associated share holders that would hold substantially fewer Class A shares. For example, in a fishery with no vertical integration if the A share/B share ratio is 80/20, a non-vertically integrated processor that is associated with 100 quota shares (long term shares) would have 80 IFQ associated with it. If instead 50 percent of the harvest shares in the fishery are vertically integrated and B shares are issued only to independent harvesters, the same non-vertically integrated processor that associated with 100 QS would be associated with only 60 IFQ (since the B share allocation to the independent harvesters would be doubled). This effect could be mitigated by limits on vertical integration and would be affected by the A share/B share ratio adopted by the Council. No similar issue arises under Alternative 2A because of the lack of processor associations in that alternative.

An additional aspect of Alternative 2B could suggest that the allocation of only A shares to licensed processors may have unintended consequences. Under Alternative 2B, if a vertically integrated processor were to hold shares that are associated with a different processor, the allocation of only A shares to the vertically integrated processor would disadvantage that vertically integrated processor in its negotiations with the processor to which its shares are linked. To overcome this potential problem, a provision could be adopted for Alternative 2B under which only A shares would be issued for QS held by the processor to which the QS is linked.

From a management perspective, determinations of affiliation are problematic. Corporate structures can change year-to-year complicating both administration and enforcement of a system that allocates only A shares to affiliated harvesters. Administration of annual allocations is greatly complicated, if affiliation affects the nature of annual allocations. These costs and complexities should be weighed against the potential to achieve distributional goals through the decision. If those goals can be achieved through other means (such as selecting a fixed level for the A share/B share allocation that will fairly balance the interests of the two sectors) that other method might be preferred for its administrative simplicity.

F2HB-8. Provisions for Processor License Limitation

Apply provisions generally at the facility (plant) level.

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

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

(from 2.3.1.1.1)

F2HB-9. Processor License Qualifications

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

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

Eligible Processors – minimum annual processing

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

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

Operator – must hold a federal or state processor permit.

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

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

(from 2.3.1.2.1)

This also may need to be by management area (instead of “region” in the lead in).

F2HB-10. Linkage (Linkages apply by area)

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

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

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

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

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

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

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

The Council could decide whether to choose option 1 or option 2 and which of the suboptions (i, ii, or iii) to select, if an option is chosen. Since this provision is in the section on establishing linkages at the outset of the

program, staff assumes that the provision applies only on implementation (provisions later in the section would apply to circumstances that arise after implementation). This option could be used to limit the potential for a harvester to be linked to a secondary processor, should the processor it would otherwise be linked to stop operating in the community. The provision could be justified, if the Council believes it is unreasonable to require a harvester to deliver to either the same processor in another community or to another processor in the same community. The rationale for removing the linkage could be that the intent of the processor linkage provision in general is to protect only the processing plant with the strongest relationship to a harvester historically.

In approaching this question, the Council should consider the interaction of this provision with other provisions concerning processor associations. The outcome should be a package of consistent provisions that meet Council objectives. As a starting point, the Council decided at a previous meeting to use a facility-based approach under this alternative. So, a harvest share/processor linkage would be determined at the facility level (which by its nature would establish the association within a single community). The first choice is whether a harvester that would be associated with a processor that is no longer operating should have any processor association. The Council could choose either option 1 or 2 to first clarify whether any linkage would be established for harvesters that delivered a majority of catch to a processor that is no longer operating.

The choice between option 1 or 2 should be decided based on whether the Council believes that a transfer of processor history among processors (independent of a harvester) should be credited under the program. Under option 1, if a processor in the same community purchases the history of a defunct processor, the purchaser would receive any associations of the defunct facility. Under option 2, the associations would not transfer to the purchaser of the history.

The suboptions (i, ii, or iii) would be used to define the processors that a harvester may deliver to, if its associated processor is no longer in operation. In selecting an option the Council should clearly state whether an association will arise.

If the Council selects option i, the harvest shares could be delivered to any processor, if the associated processor discontinued operations. The Council could either allow the shares to be delivered freely to any processor thereafter or require a linkage to a processor selected by the harvester. This first approach could be applied, if the Council intended this alternative to establish a one-time linkage that would not be transferred to a second processor once severed (i.e., suboption C from F2HB-11 is consistent with the approach). This approach would create an initial linkage for each delivery restricted share, but once the linkage is broken the shares would be subject to a license limitation program for processors similar to alternative T2A. The second approach, which would create a linkage, could be applied to a system that establishes either a one-time linkage or a system of perpetual associations (i.e. suboptions A or B from F2HB-11) is consistent with the approach.

The Council could alternatively choose to limit the harvester to delivering to a processor within the community (suboption ii) or to the processor it delivered the second most pounds to (suboption iii). The provision that limits landings to the same community would be intended to ensure that the community benefits from the processing association even if a processing plant closes. Creating an association with the processor that the harvester delivered the second most pounds to would create a system that credits the processing plant with landings regardless of the potential loss to the community of the closed facility. The provision is not inconsistent with efforts that attempt to protect community interests with processing associations, since it would create an association with open processor facility that the harvester delivered the most pounds to. The community of that facility would receive the benefits of the association. These provisions would be consistent with either a system with a single association or a system with perpetual linkages (any of the suboptions under F2HB-11).

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

(from 2.3.1.1.2)

F2HB-11. Movement between linked processors

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

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

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

Suboptions:

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

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

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

(from 2.3.1.1.3)

F2HB-12. Transferability of eligible processor licenses

Processor licenses can be sold, leased, or transferred.

Within the same region

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

(from 2.3.1.2.3)

F2HB-13. License Transfers Among Processors

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

(from 2.3.1.2.3.1)

F2HB-14. Processing Use Caps

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

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

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

(from 2.3.1.2.4)

F2HB-15. License ownership restrictions on processors

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

(from 2.3.1.2.6)

The Council could consider adopting provisions that limit licenses that a processor could hold. Although option 2 could be used to limit holding of fixed gear licenses by persons holding licenses endorsed for fixed and trawl gear, the Council should also consider whether to limit the number of licenses that a processor can hold, as aggregating licenses in the absence of such a limitation could be an effective way of limiting competition in the processing sector. Consolidation of license holdings could be an effective way to limit competition in processing and prevent entry. Under this alternative, consolidation of licenses could effectively limit competition. Given that the Council has included processor linkages as a means of protecting processors' historic interests, allowing processors to consolidate licenses could distort any balance of negotiating power between harvesters and processors that the Council intended to establish by selecting the percent of delivery restricted shares (A shares) and the penalty for changing linkages. For example, if a few processors purchase several licenses, the prospect of entry and the competition for linkages could be drastically reduced.

Alternative F2C – IFQ/Cooperatives with Harvest Share Allocations to Processors

Applies to all fixed gear vessels

F2C-1. Voluntary Cooperatives

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

(from 2.4.1)

F2C-2. Cooperative formation

Co-ops can be formed between

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

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

(from 2.4.2.1)

F2C-3. Co-op/processor affiliations

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

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

(from 2.4.2.1.1)

The application of this provision is unclear. The provision could be interpreted as requiring cooperative association with a processor that holds CVP.

F2C-4. Movement between cooperatives

Harvesters may move between cooperatives at:

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

(from 2.4.5)

F2C-5. Duration of cooperative agreements

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

Suboption 1: Duration is minimum.

Suboption 2: Duration is maximum.

(from 2.4.2.3)

F2C-6. Rules Governing Cooperatives

- Annual allocations of cooperative members would be issued to the cooperative.
- Co-op members may internally allocate and manage the co-op's allocation per the co-op membership agreement. Subject to any harvesting caps that may be adopted, member allocations may be transferred and consolidated within the co-op to the extent permitted under the membership agreement.
- Monitoring and enforcement requirements would be at the co-op level. Co-op members are jointly and severally responsible for co-op vessels harvesting in the aggregate no more than their co-op's allocation of primary species, secondary species and halibut mortality, as may be adjusted by inter-co-op transfers.
- Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Co-ops may penalize or expel members who fail to comply with their membership agreement.
- Processor affiliates cannot participate in price setting negotiations except as permitted by general antitrust law.

- Co-ops may engage in inter-cooperative transfers to the extent permitted by rules governing transfers of shares among sectors (e.g., gear groups, vessel types).
- Require that a cooperative accept membership of any eligible participant subject to the same terms and conditions that apply to other cooperative members.

(from 2.4.3.1)

F2C-7. Processor Eligibility

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

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

Eligible Processors – minimum annual processing

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

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

Operator – must hold a federal or state processor permit.

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

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

(from 2.3.1.2)

This provision may need revision to apply to this alternative. This also may need to be by management area (instead of “region” in the lead in).

F2C-8. Processor Allocations

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

(from 2.3.2)

The term “CV recipients” is unclear. This is assumed to be persons eligible to acquire CV QS. The provision could be revised to read: Up to 30% of CV QS shall be designated as “CVP” shares and may be held by processors and persons eligible to acquire CV QS.

This provision should be revised to define the portion of CVP that will be allocated to processors.

F2C-9. CVP Transferability

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

(from 2.3.2)

The use of the term eligible CV holders is confusing. Does this refer to “persons eligible to receive CV shares”.

To enforce this provision, “processors” will need to be defined.

Also, this provision is confusing given the redundant provision concerning the transfer of shares that follows. The second provision could be revised to cover leases.

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

(from 2.3.2)

F2C-10. CVP Use

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

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

(from 2.3.2)

F2C-11. CVP Caps on Use and Holdings

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

(from 2.3.2)

F2C-12. Limit on Vertical Integration

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

(from 2.3.2)

Application of this limit will require a definition of the term “processor”.

F2C-13. CVP Regionalization

CVP shares will be regionalized.

(from 2.3.2)

The method for regionalization should be specified. CVP could be regionalized based on the location of processing that led to the allocation.

Alternative F3L1 – Fixed Gear Low Producer – Sector Allocation with Limited Access Fishery

Applies to low producing fixed gear vessels.

Exclude from co-op program, provide sector allocation and continue as an LLP fishery. *The sector allocation would be defined by G-6, G-7, and G-8.*

(from 3.2)

Alternative F3L2 – Fixed Gear Low Producer – Cooperatives/Limited Access

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

(from 3.2)

F3L2-1. Voluntary Cooperatives

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

(from 3.3)

F3L2-2. Allocations to Individuals and Cooperatives

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

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

(from 3.3.1 and 3.3.2)

F3L2-3. Cooperative Eligibility - Catcher Vessel Cooperatives

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

(from 3.3.5)

F3L2-4. Cooperative Formation - Catcher Vessel Cooperatives

Cooperatives are required to have at least:

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

(from 3.3.7)

F3L2-5. Initial Cooperative Agreement Requirements

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

(from 3.3.1)

Note other provisions of initial cooperative formation are inapplicable because of exemption from processor associations.

F3L2-6. Duration of Initial Cooperative Agreements

Duration of initial cooperative agreements:

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

(from 3.3.8)

F3L2-7. Movement between cooperatives

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

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

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

(from 3.3.12 and 3.4.1)

F3L2-8. Rules Governing Cooperatives

The following provisions apply to all cooperatives:

- a. The harvesters that enter into a co-op membership agreement shall be the members of the co-op.
- b. The co-op membership agreement will be filed with the RAM Division. The Contract must contain a fishing plan for the harvest of all co-op fish.
- c. Co-op members shall internally allocate and manage the co-op's allocation per the cooperative agreement.
- d. Subject to any harvesting caps that may be adopted, GH or GQ may be transferred and consolidated within the co-op to the extent permitted under the Contract.
- e. The cooperative agreement must have a monitoring program. Monitoring and enforcement requirements would be at the co-op level. Co-op members are jointly and severally responsible for co-op vessels harvesting in the aggregate no more than their co-op's allocation of primary species, secondary species and halibut PSC mortality, as may be adjusted by inter-cooperative transfers.
- f. Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Co-ops may penalize or expel members who fail to comply with their membership agreement.

- g. Co-op membership agreements will specify that processor affiliated vessels cannot participate in negotiations concerning price setting, code of conduct, mechanisms for expelling members, or exit agreements.
- h. Co-op membership agreements shall allow for the entry of other eligible harvesters into the co-op under the same terms and conditions as agreed to by the original agreement.

(from 3.4.1)

F3L2-9. General Provisions Concerning Transfers of GH and GQ.

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

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

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

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

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

(from 3.4.2)

F3L2-10. Use of Annual Allocations

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

(from 3.3.11)

This provision may be unnecessary.

F3L2-11. LLP/Limited Access Fishery

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

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

(from 3.6)

MRAs may need to be adjusted to keep catch under the allocation.

F3L2-12. Movement from a Cooperative to the LLP/Limited Access Fishery

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

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

(from 3.6, Issue 2)

The staff suggested correction is to use “and” in place of “or”. The Council also could consider including PSC requirements.

F3L2-13. Processing Use Caps

Processors shall be capped at the entity level.

No processor shall process more than:

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

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

Primary species groups are:

Pacific cod
Aggregate flatfish
Aggregate rockfish

(from 3.4.6 and 3.3.5)

Alternative F3 – Cooperatives/Limited Access with Processors Associations

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

F3-1. Voluntary Cooperatives

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

(from 3.3)

F3-2. Allocations to Individuals and Cooperatives

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

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

(from 3.3.1 and 3.3.2)

F3-3. Cooperative Eligibility - Catcher Vessel Cooperatives

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

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

Provisions applied to a, b, and c:

For the following species groups:

- Pollock
- Pacific cod
- Aggregate rockfish
- Aggregate flatfish

(from 3.3.5)

F3-4. Cooperative Formation - Catcher Vessel Cooperatives

Cooperatives are required to have at least:

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

(from 3.3.7)

The Council could consider selecting cooperative formation thresholds for the alternatives at this meeting. For all sectors, harvesters can access Gulf History only by joining a cooperative. Limiting harvesters' access to the rationalized fishery through cooperative membership should raise concern that the cooperative formation rules and agreements may provide undue negotiating leverage to some participants. In addition, if the Council should choose to reduce PSC allocations to the limited access fishery for non-members of a cooperative, it would be possible for members of a cooperative to assert greater negotiating leverage over non-members. Rules that require a majority of share holders eligible for cooperative formation could provide negotiating leverage to either those agreeing to join the cooperative or those that have yet to join, depending on the circumstances. Generally, the power will be with the non-members until the membership threshold is met and will shift to members once that threshold is reached. As should be apparent, the level of the threshold will determine whether the negotiating leverage lies with a majority of those eligible for the cooperative or a minority and the size of that majority or minority, as the case may be. This leverage could be used to distributions from cooperative harvests, which could redistribute benefits of share holdings under the program.

Allowing each harvester to be eligible to join more than one cooperative should limit the ability of harvesters to use cooperative rules to obtain undue negotiating leverage over one another. For example, a provision that requires 50 percent of eligible shares to form a cooperative would create a system in which holders of a majority of shares would have the ability to structure a cooperative agreement unfavorable to other share holders. In short, in a system in which a person is eligible to join only one cooperative, setting a threshold for cooperative formation without impacting the distribution benefits from the allocation of shares is likely not possible. Increasing the number of cooperatives that a person can join will reduce this effect.

F3-5. Initial Cooperative Agreement Requirements

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

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

Requiring an agreement among all cooperative members and the processor raises antitrust concerns. Typically, persons can only negotiate terms collectively, if they are members of an FCMA cooperative. This provision appears to require FCMA cooperative membership.

Following the initial co-op period, new GH can be generated by eligible harvesters that have never been co-op members only by joining a co-op in association with the eligible processor pursuant to the terms of an agreement that meets the requirements for an initial co-op.

(from 3.3.11)

F3-6. Duration of Initial Cooperative Agreements

Duration of initial cooperative agreements:

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

(from 3.3.8)

F3-7. Catcher Vessel - Cooperative/processor associations

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

- i. any licensed processor
- ii. any licensed processor in the community (If there are no eligible processors in that community, the harvester may join a co-op in association with any eligible processor within the region.)
- iii. the licensed processor to whom the harvester delivered the second most pounds

Option 2: If the processing facility with whom the harvester ***would be initially*** associated is no longer operating in the community, the harvester is eligible to deliver to

- i. any licensed processor
- ii. any licensed processor in the community (If there are no eligible processors in that community, the harvester may join a co-op in association with any eligible processor within the region.)
- iii. the licensed processor to whom the harvester delivered the second most pounds

The Council could decide whether either of the above options will be incorporated into this alternative. Both provide for processor/cooperative associations in the event a processor is no longer operating. The first could be adopted, if the Council wished to acknowledge transfers of history, while the second does not acknowledge transfers.

Under the either option, the first provision (i) would allow harvesters eligible for a cooperative with the closed processor to join a cooperative with any other processor. The first option may be favored, if the specific harvester-processor relationship is intended to be protected by the association and other associations are not relevant to the Council's purpose in establishing this element of the program. If a community interest is intended to be protected, the second option (ii) could be favored, which requires the harvester to join a cooperative that is associated with a processor in the community. The third provision (iii) would require the harvester to join a cooperative in association with the processor that the harvester delivered the second most landings to.

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

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

The eligible processor is:

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

(from 3.3.9)

F3-8. Cooperative Eligibility - Catcher Processor Cooperatives

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

(from 3.3.6)

F3-9. Cooperative Formation - Catcher Processor Cooperatives

Cooperatives are required to have at least:

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

(from 3.3.7)

The Council could consider selecting cooperative formation thresholds for the alternatives at this meeting. For all sectors, harvesters can access Gulf History only by joining a cooperative. Limiting harvesters' access to the rationalized fishery through cooperative membership should raise concern that the cooperative formation rules and agreements may provide undue negotiating leverage to some participants. In addition, if the Council should choose to reduce PSC allocations to the limited access fishery for non-members of a cooperative, it would be possible for members of a cooperative to assert greater negotiating leverage over non-members. Rules that require a majority of share holders eligible for cooperative formation could provide negotiating leverage to either those agreeing to join the cooperative or those that have yet to join, depending on the circumstances. Generally, the power will be with the non-members until the membership threshold is

met and will shift to members once that threshold is reached. As should be apparent, the level of the threshold will determine whether the negotiating leverage lies with a majority of those eligible for the cooperative or a minority and the size of that majority or minority, as the case may be. This leverage could be used to distributions from cooperative harvests, which could redistribute benefits of share holdings under the program.

Allowing each harvester to be eligible to join more than one cooperative should limit the ability of harvesters to use cooperative rules to obtain undue negotiating leverage over one another. For example, a provision that requires 50 percent of eligible shares to form a cooperative would create a system in which holders of a majority of shares would have the ability to structure a cooperative agreement unfavorable to other share holders. In short, in a system in which a person is eligible to join only one cooperative, setting a threshold for cooperative formation without impacting the distribution benefits from the allocation of shares is likely not possible. Increasing the number of cooperatives that a person can join will reduce this effect.

F3-10. Movement between cooperatives

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

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

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

(from 3.3.12)

Should specify rules applicable to catcher processors.

F3-11. Rules Governing Cooperatives

The following provisions apply to all cooperatives:

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

aggregate no more than their co-op's allocation of primary species, secondary species and halibut PSC mortality, as may be adjusted by inter-cooperative transfers.

- g. Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Co-ops may penalize or expel members who fail to comply with their membership agreement.
- h. Co-op membership agreements will specify that processor affiliated vessels cannot participate in negotiations concerning price setting, code of conduct, mechanisms for expelling members, or exit agreements.
- i. Co-op membership agreements shall allow for the entry of other eligible harvesters into the co-op under the same terms and conditions as agreed to by the original agreement. Harvesters that have never been a member of a cooperative must enter an agreement that meets all requirements for an initial co-op, as specified under *initial cooperative agreement requirements*.

(from 3.4.1)

F3-12. General Provisions Concerning Transfers of GH and GQ.

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

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

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

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

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

(from 3.4.2)

F3-13. Transfers by catcher processors

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

- a) not permitted
- b) permitted.

(from 3.3.10)

This provision is only required if CP history/shares will be treated differently from history/shares of other participants.

F3-14. Use of Annual Allocations

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

(from 3.3.11)

F3-15. LLP/Limited Access Fishery

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

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

(from 3.6)

MRAs may need to be adjusted to keep catch under the allocation.

F3-16. Movement from a Cooperative to the LLP/Limited Access Fishery

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

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

(from 3.6, Issue 2)

The staff suggested correction is to use "and" in place of "or". The Council also could consider including PSC requirements.

F3-17. Processing Use Caps

Processors shall be capped at the entity level.

No processor shall process more than:

- Option 1. 25% of total harvest by area and primary species groups in Section 3.3.5
- Option 2. 50% of total harvest by area and primary species groups in Section 3.3.5
- Option 3. 75% of total harvest by area and primary species groups in Section 3.3.5
- Option 4. no cap

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

(from 3.4.6)

Jig Gear Alternatives

Alternative J2 – Jig Sector Allocation – Open Access

Jig Sector receives sector allocation and is prosecuted as an open access fishery. *(G-9 identifies the sector allocation)*

(from 2.2.1)

The Council should note that the jig fishery is currently a limited access fishery under the LLP, with only vessels that do not exceed 26 feet exempt from the LLP requirement.

Alternative J3A – Jig Sector Allocation

Option for jig sector: jig sectors would be exempt from co-op provisions. *(G-9 identifies the sector allocation)*

(from 3.1)

The Council should clarify whether this provision is intended institute an open fishery or continue the current limited access management.

The Council should note that the jig fishery is currently a limited access fishery under the LLP, with only vessels that do not exceed 26 feet exempt from the LLP requirement.

Alternative J3B – Cooperatives/Limited Access with Processors Associations

The provisions applicable to the fixed gear low producing catcher vessels could be used to develop this alternative, if the Council wished to pursue this alternative.

**North Pacific Fishery Management Council
Gulf of Alaska Groundfish Rationalization
Provisions relating to the IFQ halibut/sablefish fishery and Southeast Outside**

IFQ provisions

IFQ-1. Management areas

Applies to Sablefish areas SE, WY, CG, WG. Applies to halibut areas 2C, 3A, 3B, 4A.

IFQ-2. Primary species

P.cod, Greenland turbot, POP,

QS will be issued to the halibut/sablefish QS holder. Any QS/IFQ issues for these primary species will not be subject to regionalization, mandatory coop, closed class processor, or processor linkage provisions of GOA rationalization.

IFQ-3. Secondary species

RE/SR, Thornyheads, Pelagic shelf, Other Slope, Northern, and Other rockfish. Allocation to the halibut/sablefish IFQ fishery shall be determined by:

- A) Sablefish: Allocation based on the average rate and 75th percentile of observed bycatch rates, by area (the rate which 75% of observed sets did not exceed)
- B) Halibut: Allocation based on the average rate and 75th percentile of bycatch rates experienced in IPHC surveys by area (the rate which 75% of survey sets did not exceed).

The IPHC survey data will look at the years 1995-2002 and 1998-2002.

IFQ-4. Management provisions for secondary species

- a) Management of RE/SR, Thornyheads, Pelagic, Other Slope, Northern, and Other rockfish shall be Option 1: Managed in aggregate on an area basis using current MRA regulations.

Option 2: Allocated to individual sablefish or halibut QS owners proportional to their QS holdings. Secondary species QS can only be permanently transferred with the underlying parent QS, but IFQ may be leased across vessel categories and species within the halibut and sablefish IFQ program.

Suboption 1: Allow an individual to choose, on an annual basis, individual allocations or to participate in the common pool.

Suboption 2: Allow a 7 day grace period after an overage occurs for the owner to lease sufficient Secondary species IFQ to cover the overage. Failure to secure sufficient IFQ would result in forfeiture of the overage and fines.

- b) An estimate of non commercial use of secondary species will be made based on observer and IPHC data. Non commercial use of secondary species for gurdy bait will not require QS/IFQ.
- c) Require full retention of Secondary species listed under A.

Southeast Outside provisions

SEO-1. Secondary Species

SEO is exempt from GOA rationalization program except for the management of RE/SR, Thornyheads, and Other Slope as secondary species

SEO-2. Management provisions for secondary species

Management provisions for secondary species

- a) Any QS/IFQ issued for these secondary species will not be subject to regionalization, mandatory coop, closed class processor, or processor linkage provisions of GOA rationalization
- b) Management of RE/SR, Thornyheads, and Other Slope rockfish shall be:
 - Option 1: Managed in aggregate on an area basis using current MRA regulations.
 - Suboption: separate allocations for each target fishery
 - Option 2: Allocated to the vessel owner or qualified lease holder as a ratio of target species
- c) Non commercial use of secondary species for gurdy bait will not require QS/IFQ.
- d) Develop sideboards for the SEO area

February 8, 2006

Ms Stephanie Madsen, Chair NPFMC

Re: C-4 GOC Rationalization
From: Mark Chandler, F/V Topaz

Dear Ms Madsen,

Due to other obligations I will be unable to attend the Feb. 2006 NPFMC meeting at the time GOA rationalization is addressed. I would greatly appreciate the opportunity to submit brief comments on several parts of this complex issue.

I would like to go on record in support of a consensus AGDB proposal to replace the " Leasing' and ' Owner on Board' sections of the CV Trawl Gear Alternatives with a new 'Active Participation' Section.

Some level of leasing is necessary in order to realize the efficiencies intended under a rationalized fishery. At the same time excessive leasing permits a level of consolidation that could disrupt those people and communities dependent on those fisheries. AGDB and it's members have tried to craft language that bridges these disparate needs.

The ' Owner on Board ' provisions as currently structured would be a radical reshaping of the profile of the Gulf trawl fisheries. The goal of maintaining the fleet structure and assuring participation of vessels and crews is successfully addressed in the AGDB proposal. I don't believe redesigning the current owner/operator profile of the fleet is a need or intention of rationalization. Additionally requiring owners on board would displace many skippers presently employed in the GOA trawl fisheries.

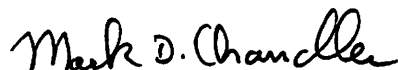
As corporate ownership of vessels and LLPs is widespread in the GOA trawl fisheries, 'Entities eligible to document a vessel' should also be included as an option under Alt. 2 in the 'Transferability-Eligibility to Receive' section.

A second issue I would like to address is the vessel/processor linkage provisions under Alt. 2B and 3. The 'all or none' linkages that result from current options could create unintended winners and losers among processors and disrupt some longstanding relationships between vessels and processors. The suboption proposal by AGDB would go a long ways toward resolving these possible inequities by allowing a vessel to enter 2 coops if a threshold was not reached in historic deliveries to one processor.

Under Alt. 3, making sector allocations and individual allocations as separate calculations with different criteria creates unnecessary complexity for this alternative. Calculating sector allocations simply as the sum of individual allocations within a sector would streamline the process greatly.

The last issue I'd like to comment on is the lack of an incentive fishery in Alt. 3. This not only allocates fish that have never been caught historically; but also fails to utilize some of the central tenets of rationalization – that is, maximizing best use of the resource and spreading incentives to minimize bycatch throughout the fishery. Since the flatfish fishery is always driven by PSC catches, rationalization of PSCs will effectively rationalize these fisheries even though they would not be totally allocated.

Thank you for your consideration of these points and best of luck on this issue.



Mark Chandler

Owner of the F/V Topaz, a trawler working in the GOA since 1980.

Crewmen's Association

Fish killers and boat fillers
BOX 967 Kodiak, AK 99615

TO: Chris Oliver, Council Members

RE: GOA Rationalization

1. Maintain status quo; I keep hearing that all the trawlers and pot fishermen support privatization. This refers only to boat owners.

NONE of the crew that I have talked to from any of these sectors support the privatization of our fisheries. They are apprehensive of job loss and crew share reduction caused by fleet consolidation and allocation leasing. The processing workers in Kodiak I have talked to also fear a loss of overtime hours under rationalization.

Excluded in halibut and black cod IFQ's, worse yet in crab rat, the disenfranchised skippers and crew outnumber those being graced with ownership of our once public resource by a huge percentage. Only those who are in line to benefit greatly, stand behind the gifting of our fisheries resources to individuals and corporate entities.

It seems that in the effort to end the race for fish, a competition for ownership of our fisheries resources has been created. The symbiotic relationship between boat owners, processors, and skippers and crew has been strained, and social divisions in our fishing communities have become apparent.

2.If GOA ground fish is privatized, all sectors should be moved forward simultaneously.

A. We were able to gather 150 signatures in an afternoon on a petition to that effect in Kodiak.

3. Processor linkage should be implemented only for the trawl sector and should include sunset provisions.

Processors become too powerful with absolute market control, as demonstrated by Trident Sea foods charging a 9168\$ standby fee for boats delivering crab to St.Paul after February 28.

Regionalization would ensure processors would still receive product and foster competition.

4. In the event of GOA groundfish privatization, community protections should be ensured by skipper and crew provisions, including these stakeholders in the division of their traditionally harvested resources.

A. Allocate to skippers and crew their traditional % of harvest quota, as directed in G-25 option '3; 5, 10, or 15 % with 15 to skippers, and between 5-10 % for each crewman. OR

B. Allow formation of a skipper and crew co-op, with members made up of historically engaged fishermen, documented by sea time affidavits, settlement sheets, and limited tax records to verify the same. This would quantify their participation and status as stakeholders. The QS/IFQ eligibility document would facilitate this.

C. A percentage of the TAC, based on historic boat and crew % split, designated for skipper/

crew organization control, not direct ownership, by would ensure continued engagement and provide a basis on which to bargain for fair pay.

Not actual ownership, but a stewardship of the allocation put into a quota pool, to be fished only on privatized boats, would ensure both jobs with traditional share splits for fishermen and competent crew for the privatized boats.

This plan would not take anything away from boat owners and would foster inclusion of traditional crews and pay scales.

D. Consolidation of the fleet, which is basically the retirement of allocation holders, whether through leasing or sale of initial quota allocation, should be countered by a severance tax, similar to penalties for leaving a cooperative linked to a processor. This capitol, be it monetary or in the form of TAC % would best be used to form a severance package for the skippers and crew displaced by the privatization of our nations public resources.

Active fishing requirements and use caps don't address crew share reductions or displacement of fishermen, I feel this plan would be more fair and effective.

We request that the council have staff look into these concepts

5. The jig fishery should remain open access to allow skippers and crew displaced by fleet consolidation to move into this sector.

This small boat fleet is mostly local, with a high rate of owner operators, and provides a high quality, low bycatch venue for harvesting our groundfish.

A. In section G-9 under primary species option 3 a % of the federal TAC of GOA groundfish should be set aside for the jig sector to ensure sustained income for the small boat fleet. This percentage should increase if the jig fleet expands.

B. an exemption of LLP requirements should be established for the jig fleet to allow the least abusive gear sector better access to our groundfish stocks.

The implementation of these proposals would serve bycatch reduction and slow the race for fish.

6. Harvest quota should not be allocated to processor entities.

A. Allocation of quota to foreign owned corporate entities seems contrary to the Magnusen Stevens act, which "Americanized" our fisheries.

B. Excessive market control and wide spread vertical integration could possibly result from direct resource ownership by processors.

7. Processing licenses should not be capped or restricted.

A. A free market must be maintained and economics will limit over investment or over capacity.

These proposals address the problem statement for GOA Rationalization.

8. In G 2 sector allocations we would like to voice support for formation of an entry level longline and jig fishery for rockfish.

9. We request the packet be separated by gear sector as to better understand and simplify building on our plan.

Thank you for your time and effort

Steve Branson
Crewmen's Association

C-4

Global Seafoods North America LLC
11100 NE 8 Th Street
Bellevue, WA 98004 USA
Phone: 425 45137 05
Fax: 425 45110 67
www.globalseafoods.com



Global Seafoods North America

NPFMC Meeting February 10, 2006

Good morning. My name is Oleg Nikitenko and I am the owner of the Global Seafoods plant in Kodiak.

I would like to start of by thanking you; the chairmen and members of the council for adding option #4 into the paragraph 2.4.3.1. However I would like for you to complete the evaluation of paragraph 2.4.3.1 as following: **To qualify for a processor license, a processor must have purchased a minimum amount of groundfish by region in at least 4 years in and between the years of 2000 and 2004.** All the changes noted above will include all of the current processors in the Gulf of Alaska into the rationalization plan. During the last few meetings no reasonable objections were stated of why these years should not be the standard years used to record processing history. All other options in this paragraph are the creations greedy processors, who cannot stand strong on the market today and try to use political influence to select certain years in which they have the most advantage to thrive and cut of all other competition from flourishing in the market.

The second most important issue faced by us today is the linkage between processor and harvester. **Instead we would like to establish another alternative and that is the linkage of the harvester and the region in which he sells his catch making it qualified for regionalism landing history we can use as option #1 1995-2005 or option #2: 2000-2005.** Now we have a few different alternatives and options, which describe how to create a marriage between the processor and harvester, but all of these options look more like a socialistic attempt to drive business with mass amounts of complicated rules, sub-rules and penalties for changing your coops or joining other coops. By doing this you are attempting to misplace or replace the most important rule in the here nation, which is free market and free enterprise. The US Senate insists of no linkage between processors and harvester during the renewing of the Madison-Steven Act of last year. Why must we spend time and effort to make extremely complicated laws relationships between processors and harvesters, which can become "scrap metal" in two or three years? Let us focus on the regionalism of catch deliveries, which can become an insurance plan for local economies and fishermen can sell their catch on the open market just as the processor may accept or refuse to buy it.

Thank you for your time.

Oleg Nikitenko

175th Plenary Session
North Pacific Fishery Management Council
February 8-14, 2006
Doubletree Hotel
Seattle, WA

C-4

Testimony for the Alaska Jig Association

RE:C-4 GOA Groundfish Rationalization

Mr. Secretary, Madame Chair, Council members, and honorable citizens of this United States:

I'm Shawn Dochtermann Vice-President of the Alaska Jig Association based in Kodiak. I represent 70 vessels and I will be speaking on their behalf:

First, we'd like to request alternative one: Status Quo. If we must be rationalized, then these are our views. After reviewing the problem statement of GOA rationalization plan again we must emphasize that the jig group does the best job of avoiding all of the alleged grounds for rationalization. Therefore, we'd like to state the facts about each bullet point on the problem statement (page 1):

1. The jig group promotes economic viability to the harvesters, processors, and GOA communities, as we employ the greatest number of fishermen. If we had more of the TAC to fish year round it would create more jobs at sea, on the waterfront, and provide more economic benefits to the communities.
2. We don't have a derby type fishery, and don't contribute to the race to fish. In fact, we resolve that problem, as the pace at which we catch Pacific Cod is the most time extending of all the gear groups.
3. We have the most participants in our user group with the lowest amount of by-catch and almost zero mortality when discarded.
4. We can only execute our fishery during fair weather and our history verifies the promotion of significant safety.
5. We have the potential to create the freshest & finest consumer products available. The value and quality of our jig caught fish is significantly higher than trawl caught fish.
6. Our small boat fleet delivers our product inside our region. Therefore, community stability is promoted and regional economic benefits are enhanced.
7. We have the ability to adapt to MSA requirements to minimize by-catch and protect habitats, as we are the most ecologically sound gear group involved in the Pacific Cod fishery.
8. We have the ability to adapt to changes of other applicable laws in the future. We are the most flexible gear group, as we can pick up and move our gear in the

shortest amount of time if we were to encounter gear conflicts or endangered species.

The fixed gear fleet as a whole has the ability to improve on the economic efficiencies of the fisheries. In the future we have the capability to improve the value of our products. Pacific Cod is one of the most under valued fish, so we have the potential to increase values and this in turn increases our efficiency.

The jig group does not have excess harvesting capacity. Any increase in capacities in the past 15 years have come from the trawl fleet, as many vessels have been lengthened and widened and repowered enabling them to tow bigger nets. Is the rest of the groundfish fleet going to take the hit for one gear groups careless actions to over capacitize themselves?

The Alternatives for our gear group are not clearly addressed. We'd like to endorse (page 85) alternative J2: a sector allocation with an open access fishery.

On the Sector Allocation G-9: Jig (page 13) option 3 has been added without a numerical value as ___ % of the TAC. I'll need to get back to our association to further discuss the percentages as options for the council proposal. We'd like to propose a non-historical based allocation (page 8) as we are the gear group that is accepting new entrants now and into the future. We'd also like to ask for a graduated allocation that would accommodate the development of our fishery, but with a cap on growth. We plan to have a firm proposal hammered out and ready to put forth on the table for the Council and the AP at the April 2006 meeting.

The jig fleet has never had the chance to fully participate in the Federal groundfish fishery, as the majority of the Pacific Cod TAC in the past was caught during the first quarter (A season) of the year. We've been unable to participate due to inclement weather. Therefore, our gear group has had almost no opportunity to gather history and LLPs. It would then be necessary to receive an LLP exemption for our gear group in Federal waters, and a vessel size limit would be necessary. We won't have a sustainable fishery if we are left out of obtaining Federal Quota and without an exemption from LLPs. We'd like to request that the council take our proposal under serious consideration.

We cannot accept any type of processor association, co-ops, regional harvest quotas or processor quotas. They are not in the MSA Sustainable Fisheries Act, and they do not apply to the problem statement. Competition and the free market with uncontrolled comparable prices endorse higher values for our product.

We'd like to request that the jig gear sector be split from the fixed gear sector, as this would enable the council to identify the best solutions for all.

GOA Rationalization is addressed as a whole, so the logical solution is to have all sectors rationalized concurrently.

Under section G-2 Species: jig (page 8) Pacific Cod is listed as the only primary directed fishery. We feel that all rockfish, flounders, sole, and ling cod should be listed as a directed fishery, as the Rockfish Pilot Program has provisions for the future entry participants such as our gear group. We have the potential in the future to catch these species, with the most protective methods to the environment.

The MSA's main focus is about conservation and sustainable fish stocks. It is necessary to allocate a greater percentage of the TAC to those gear groups that provide the greatest amount of protection of our fish stocks with the least amount of bycatch.

In conclusion:

All those that have been involved in the fisheries have made investments. Those same boat owners, skippers, and crewmen have profited from their labors. Why then do so many of those grabbing for allocations think they alone deserve to own the right to catch the fish forever? Everyone in these United States holds ownership to these resources, so the future generations of fishermen should have just as much access if not more than those that have already profited.

Thank you for providing this time to speak on these matters,

Shawn C. Dochtermann
Vice-President
Alaska Jig Association

February 8, 2006

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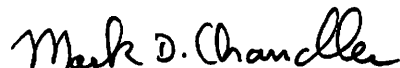
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Thank you for your consideration of these points and best of luck on this issue.



Mark Chandler

Owner of the F/V Topaz, a trawler working in the GOA since 1980.

ATTN. NPFMC

RE: C-4 GOA ground fish rationalization

Madam Chair, secretary, and council members: My name is Darius Kasprzak, and I have participated in harvesting in GOA ground fish in all gear sectors for several decades. I make all of my income (aside from Alaska PFD) from harvesting GOA ground fish and rockfish with my modest single-handed jig operation (F/V Malka), and giving last year as an example, just over a third of my ground fish deliveries were harvested during the open access parallel seasons, whose future is uncertain at best. I greatly fear the loss of a simple, self-reliant lifestyle working the inshore waters of our archipelago, as the current state managed quotas alone are not sufficient. I advocate the status quo, and furthermore suggest implementing trip limits as needed to eliminate pulse or derby fishing, reduce excessive fleet buildup, enhance fleet safety, improve product value, provide management with ample opportunity to monitor effort so as to avoid over fishing, and protect processor workers by stabilizing their work schedule. I also urge the council to thoroughly peruse the thesis excerpts previously submitted by Lacy Berns. She fluently explains the complex working and social fabric of our fishing community, of which capital investment is only one of the many interwoven threads that contribute to our wellbeing and dignity. When capital investment is prioritized and rewarded by management out of proportion to human capital such as represented by generation-perpetuating family fishing legacies, widespread enskillment of the upcoming fisherman class before and as they enter the workforce, and diverse cooperation coupled with longstanding camaraderie between economically undivided harvesters and also those businesses and town functions that depend on them, then the whole fabric begins to unravel as these values are neglected, and soon we the community are left holding the loose ends.

With this being said, and regardless of the council's response to numerous pleas for status quo, I wish to address some specific concerns of the jig sector. We are the gear type with the highest value product and largest potential for growth in regards to our limited history. I ask that for P.cod the council award the jig sector a non-historic % of TAC (AP motion G-9, option 3) and also ask that this allocation be LLP exempt, as there are not enough LLPs on market to satisfy the growing jig fleet. For rockfish I ask that the council follow AP motion expressed in G-2, establishing an LLP exempt entry level fishery. We currently receive approximately 5 times trawl value for our rockfish (example dusky) with potential to increase. This would also solve the immediate problem of non-LLP jig vessels harvesting state-managed black rockfish out to 200 miles and having to release bloated and dying alternate rockfish bycatch caught outside the 3 mile line. This current situation is a waste of resource and a blemish on the otherwise excellent environmental and conservation record of the GOA jig sector. Thank you for hearing out my heartfelt concerns on these issues.

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