AGENDA C-5
APRIL 2006

MEMORANDUM

TO: Council and AP Members

FROM: Chris Oliver
Executive Director

ESTIMATED TIME
6 HOURS

DATE: March 27, 2006

SUBJECT: Gulf of Alaska Groundfish Rationalization

ACTION REQUIRED

(a) Review discussion paper on skipper and crew provisions
(b) Review critical path analysis
(c) Review other information and revise alternatives/options as appropriate

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.

(a) Review discussion paper on skipper and crew provisions

The Council motion includes provisions intended to directly address skipper and crew interests. Specifically, the motion includes provisions that would make an initial allocation of a portion of the long term harvest share (or catch history) pool to skippers and crew for exclusive use by qualified skippers and crew (applies to Alternative 2 only). Also, the motion includes a provision that would establish a skipper and crew license program, under which harvest shares would be required to be harvested by licensed skippers and crew. Although the current motion provides that further development of skipper and crew provisions would be deferred as a trailing amendment (to be completed in a timely manner for implementation simultaneously with the main program), at its February 2006 meeting, the Council directed staff to draft a discussion paper examining the structure and effects of skipper/crew provisions that:

a. allocate a certain amount of quota to qualified skipper/crew;
b. require that qualified skipper/crew be on board during the harvest of a percentage of a vessel's allocation; and
c. provide that, upon transfer of quota share/history, a percentage of the quota and/or transfer price is reserved for crew/skippers.

The attached paper (**Item C-5(a)**) is intended to respond to the Council's request. The paper attempts to outline various structures and elements that could be used to establish and define the different skipper and crew provisions. The paper also discusses potential effects of the provisions, which are highly dependent on the specific structure and elements selected.

(b) Review critical path analysis

At its February 2006 meeting, the Council also requested staff to develop a discussion paper that outlines the procedure for adoption of a preferred alternative for Gulf of Alaska rationalization. The attached paper (**Item C-5(b)**) is intended to inform the Council, stakeholders, and the public of the process that will be used for the development of alternatives and the selection of a preferred alternative to provide for more effective decision making and public participation.

(c) Review other information and revise alternatives/options as appropriate

The Council has requested staff to consult NOAA General Counsel concerning two issues. Specifically, the Council wishes to obtain NOAA General Counsel's guidance concerning:

a) the scope of the Council's authority under the Magnuson-Stevens Act to adopt the alternatives currently under consideration; and
b) any antitrust concerns that arise under the alternatives currently under consideration.

The attached paper (**Item C-5(c)**) is the product of staff's communication with NOAA General Counsel and reflects NOAA General Counsel's suggestions concerning the scope of the Council's MSA authority and the antitrust issues, based on the current motion under consideration by the Council.

To assist the Council with the continuing process of refining the alternatives for analysis, staff has provided the Council with an annotated copy of the motion (**Item C-5(d)**). The motion includes both staff-suggested clarifications, as well as preliminary analysis of some of the options. Based on this information, the Council may choose to streamline the options to be included in the analysis of alternatives.

Skipper and Crew Discussion Paper
Gulf of Alaska Rationalization
North Pacific Fishery Management Council
April 2006

In developing the program options for the rationalization of the Gulf of Alaska groundfish fisheries, the Council has developed provisions intended to provide stability to skipper and crew interests in the rationalized fishery. Currently, the Council motion provides options for:

1) the initial allocation of a portion of the long term harvest share (or catch history) pool to skippers and crew for exclusive use by qualified skippers and crew (applies to Alternative 2 only), and
2) development of a skipper and crew license program, under which harvest shares would be required to be harvested by licensed of skippers and crew.

The current motion provides that further development of skipper and crew provisions would be deferred as a trailing amendment, to be completed in a timely manner for implementation simultaneously with the main program.

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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 halibut and sablefish fisheries 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 broadly distributes the benefits of rationalization to harvesers, processors and fishery-dependent coastal 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.

Since the purpose and need statement is intended to define Council objectives for the rationalization program as a whole, the rationale for the development and inclusion of skipper and crew provisions in the program may not be apparent. The statement makes a single reference to crew, citing the "significant, and at times, severe adverse social and economic impacts on

harvesters, processors, *crew*, and communities depending on GOA fisheries" that have resulted from changes in the fisheries, including Steller sea lion protections and increased participation. The statement goes on to broadly provide that managers do not have the ability to improve economic efficiency or reduce excess harvesting capacity and resource allocation problems.

Although improving economic efficiency and reducing capacity will have implications for skippers and crew, the statement does little to define the specific crew concerns that should be addressed by the development of skipper and crew provisions. Several objectives could be served by the various measures that could be developed in the skipper and crew provisions. For example, one objective could be to provide existing skippers and crew with a stake in the Gulf fisheries to ensure that crew who lose positions as a result of consolidation receive some compensation on departure from the fishery. An alternative objective could be to ensure that crew employment remains at its current level. Possible objectives for skipper and crew provisions that could be identified by the Council include:

1) maintain current skipper and crew employment levels;
2) establish skipper and crew share holdings;
3) compensate skippers and crew that lose employment as a result of consolidation;
4) maintain current level of negotiating leverage for future skippers and crew; and
5) ensure current (or experienced) skippers and crew receive priority in future employment in the fisheries; and
6) ensure a portion of the quota pool is held by active skippers and crew.

In addition to these objectives, other objectives could be developed as the Council deems appropriate. **In developing objectives for skipper and crew provisions, the Council should carefully compare those objectives with its general program objectives to ensure consistency.** Once decided, these objectives could be incorporated into the overall purpose and need statement to establish an overarching statement of program objectives.[1]

Preliminary Discussion of Skipper and Crew Provisions

This section provides a preliminary discussion of the three skipper and crew provisions identified by the Council (skipper and crew quota allocations, skipper and crew licenses, and assessments on the first transfer of quota for the benefit of skipper and crew). Beyond the usual complications that arise in assessing impacts of Council actions, three complications arise in providing any analysis of these provisions at this stage in the development of the rationalization program. First, as noted above, the Council has not fully identified its objective in developing these provisions. Further clarification of the Council's objectives should help focus the analysis on salient issues, as well as assist the Council in further development of the provisions (and the program as a whole). Second, the provisions have little definition currently. Since the specific terms of the provisions often determine the effects (and may advance or hinder desired effects), any analysis at this stage is conditional on the development of the specific elements that define the provisions. Third, the provisions are part of the larger Gulf rationalization program. The interaction of the

[1] Since certain of the skipper and crew objectives (such as maintain current employment levels) could be inconsistent with other objectives of the program (such as remove excess capacity), making a single purpose and need statement (which includes both objectives for the overall program and objectives for the skipper and crew provisions) could help ensure consistency of objectives in the purpose and need statement. Alternatively, a separate purpose and need statement could be adopted, but would need to be coordinated with the overarching purpose and need statement to ensure consistency.

provisions with the larger program will likely impact their effects. For example, a license system intended to provide negotiating leverage to crew is likely to be ineffective, if licenses are liberally granted and consolidation is unlimited. If licensed crew greatly exceed the number necessary to operate vessels remaining in the fleet, licenses are unlikely to provide any negotiating leverage to crew able to secure the remaining positions.

Given the uncertainty of impacts at this stage, the Council could use this paper for a few different purposes. First, as noted above, the paper could be used by the Council to develop its objectives with respect to skipper and crew under the rationalization program. Second, consistent with its identified objectives, the Council could use this paper to determine whether to fully develop all three of the different provisions. If a provision does not serve the Council's identified objectives, the Council could choose not to develop that provision. Thirdly, the Council could use this paper to more fully identify provisions that it wishes to advance for analysis. Once the Council has identified its objectives for skippers and crew, this discussion paper could be used to develop skipper and crew provisions to meet those objectives. In addition, the overall motion defining alternatives could be reviewed to ensure its consistency with any revision to the purpose and need statement made at this meeting.

Current Skipper and Crew Provisions

The Council motion currently includes the following two skipper and crew provisions:

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.

Option 1 would provide no specific skipper or crew provisions. The choice of no options for skipper and crew could be selected, if the Council believes that skipper and crew interests are adequately addressed in the overall program. The Council might take such a position, in the unlikely circumstance that its only objective with respect to skippers and crew is that no jobs be lost from the fishery. In that case, limits on the amount of fish that could be harvested on a vessel might ensure that no fleet consolidation occurs and no loss of jobs occurs.[2] If maintaining the quality of skipper and crew jobs is of concern, however, the Council might need to incorporate further protections into the program. In general, it is possible that some skipper and crew objectives could be adequately addressed through measures not specifically directed to skipper and crew needs, but whether that circumstance arises will need to be determined after objectives are fully identified and the specific elements of the rationalization alternatives are better defined. Retaining the no skipper and crew provisions option (Option 1), at this time could provide contrast to the analysis to aid in the understanding of the impacts of the skipper and crew provisions under consideration by the Council.

Option 2 could be used to establish a license program for skippers and crew. Under such a program, all or a portion of each harvest allocation would be required to be fished by licensed skippers and/or crew. A licensing program could be used to protect interests of long term skippers and crew, who would receive licenses based on historic participation. A limited number of licenses could effectively provide negotiating leverage to person's receiving licenses. The effects of a license requirement are very difficult to predict and depend greatly on the provisions defining the overall program, as well as the specific provisions that define the system of licenses. A licensing program is likely to be effective, only if the number of licensed skippers and crew are constraining. For example, in a fishery with 100 licensed skippers and 50 active vessels, a license holder is likely to derive little negotiating leverage from the license when negotiating a share agreement.

Option 3 provides for an initial allocation of shares to eligible skippers and/or crew. The effects of such an allocation depend on the terms of the share allocation. If resale is unrestricted, the only effect of the allocation would be compensating eligible skippers and crew. Restrictions on transfer and use would affect the distribution of benefits from the shares, both reducing their value at the outset and their price on transfer. Restrictions, however, would limit the benefits to persons that meet the qualifications to hold the shares.

Both Option 2 and Option 3 could be adapted to serve several objectives depending on the Council's purpose(s) for establishing skipper and crew provisions. In addition, other provisions within the broader program could be modified or selected to protect identified skipper and crew interests.

[2] Such a policy could result in a decline in pay or quality of jobs.

Allocation of Quota to Skippers and Crew

Many different objectives could be served by the allocation of quota to skippers and crew. Most obviously, such an allocation could be used to compensate eligible current skippers and crew for their time in the fishery. Such compensation could be justified on the basis that transition to a rationalized fishery could reduce the skipper and crew employment or affect the terms of share agreements. If constraints are imposed on the transfer and use of shares, other effects of the allocation are likely to arise. In addition, the value of the allocation as compensation is likely to be reduced as those constraints are likely to reduce the value of the shares. Share allocations to skippers and crew could also be used to ensure that persons working on vessels maintain a share holding in the fisheries. Imposing limits on the transfer of these shares (such as requiring active participation to hold the shares or requiring share holders to be on the vessel fishing the shares) could have this effect.[3] Although these holdings would not necessarily compensate future share holders, the limitation could provide share holders with some leverage for negotiation of crew share agreements, if the skipper/crew holdings represent a marketable quantity of fish.

This section focuses on several aspects of skipper and crew share allocations and the effects of decisions with respect to those aspects. The discussion focuses on both the potential compensation arising from the allocation of shares, and the potential operational impacts that could arise, including those that arise from terms that govern the use and transfer of shares. The section concludes with a list of possible provisions that the Council could consider developing, if it wishes to include a skipper and crew allocation in this rationalization program.

The Council must first determine whether skipper and crew allocations will be sector specific (i.e., trawl, pot, longline, catcher vessel, catcher processor). Making the allocations sector specific is likely needed to scale the allocations appropriately to the fishing activity.

The Council must also determine which species (i.e., primary, secondary, and/or halibut PSC) should be allocated to skippers and crew. Allocation of all species may have some appeal since it is possible that secondary species or halibut PSC may be constraining and/or of the greatest value.[4] The allocation of primary species, secondary species, and halibut PSC, however, could complicate use of the shares, particularly if leasing is limited or share holders are required to be on the vessel fishing the shares. In a multispecies fishery, if one species allocation is constraining, other species allocations may be unfishable. If shares cannot be transferred, a holder may be left with stranded shares. While it is possible that vessel owners or cooperative members holding shares in the general share pool could help overcome these shortfalls, the value of skipper and crew shares could be diminished. On the other hand, if skipper and crew allocations do not include necessary allocations of secondary species and halibut PSC, the value of the primary species allocation could be diminished, if incidental catch species are constraining. The complexity of fishing multispecies allocations complicates even the choice of species to include in a skipper and crew allocation.

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[3] The rationale for applying these restrictions only to shares initially allocated to skippers and crew is unclear. Since constrained shares are likely to trade for a lower price, applying the constraints to the initial allocations of skippers and crew only has the effect of reducing the value of the initial allocations of only this segment of the fishery.

[4] The importance of choices of species allocations varies across gear types. Particularly, since the pot sector currently has little regulated bycatch, the allocation of secondary species and halibut PSC are unnecessary. As a result, the discussion of secondary species and halibut PSC allocations does not apply to the pot sector.

Compensation of skippers and crew will also depend on the magnitude of the allocation (i.e., the percentage of the pool allocated to skippers and crew), with a larger portion of the pool increasing the compensation. The determination of the portion of the pool to be allocated to skippers and crew is largely a political question concerning fairness of the allocations to the various interests in the fishery. Some commentators argue that capital investment should be controlling, suggesting that minimal (or even no) share allocation to skippers and crew is justified. Other commentators acknowledge that the transition to a rationalized fishery is likely to affect labor demands in the fishery. A share allocation to skipper and crew to compensate for job losses and loss of negotiating leverage could be justified by this market restructuring.

The criteria on which allocations are based will in large part determine the distribution of any compensation from the allocation. Distributing the allocation broadly through liberal eligibility criteria and considering history from several years could be favored as a means to benefit the greatest number of skipper and crew. A broad distribution, however, could substantially reduce the value of any individual allocation effectively leaving a recipient with little or no meaningful compensation. If only a small portion of the pool is allocated to skippers and crew, a relatively broad allocation could also result in many allocations being too small to be usable by the recipient. A broad distribution could also reward persons with minimal history reducing the benefits to longer term participants with higher dependence on the fisheries.

The allocation of shares to skippers could be determined based on participation, catch histories, or other criteria. Participation and catch histories of skippers can be verified through CFEC permits and fish tickets. Whether other forms of verification should be accepted would be at the discretion of the Council.

With respect to crew, use of participation and catch histories for making allocations would be less precise and more difficult to verify. Affidavits could be used as the primary source of information with other sources (such as tax records and settlement sheets) used for verification as needed. Since catch history records may be less verifiable, a system of equal share distributions might be likely to cause less controversy and simplify administration. A system under which allocations are strictly proportional to catch histories could be complicated with appeals concerning catch history verification. If the Council wished to differentiate allocations, it could tier allocations, categorizing crew by general levels of participation, with all crew in a category receiving equivalent allocations. For example, participants with two years of history could receive one size allocation, while crew with three years of history would receive another. Categorizing participation in this manner could greatly simplify implementation of a crew allocation and substantially reduce the need for appeals.

Constraints on share use and limits on transfers could also be considered to ensure shares remain in the hands of persons fishing on vessels. In general, shares subject to leasing limitations and "owner on board" requirements will trade at lower prices than shares free from those qualifications. Similarly, limiting the class of persons eligible to acquire the shares (i.e., allowing only active participants to purchase shares) will also reduce the value of the shares to the extent that the class of eligible persons is constraining. Also, as noted above, in a multispecies program, simple constraints on use and transfer could substantially reduce the value of shares to their holders. For example, "owner on board" requirements could limit a participant's ability to use an entire multispecies allocation, if one species allocation is constraining.

If including owner on board requirements or leasing limitations on shares, the Council should also consider including a provision to accommodate hardships. Hardships could either be accommodated through provisions that provide an exemption from share conditions on proof of a hardship or by limiting the application of the requirement or limitation (i.e., requiring owner on board in 3 of 5 most recent years). Provisions with limited application of the requirement or limitation can be used to avoid disputes and reduce administration costs.

Skipper and Crew Allocation Program Elements

If the Council elects to include skipper and crew allocations in the rationalization program, several elements will need to be considered and selected to define the terms of the allocation. The following provisions could be considered for inclusion in this aspect of the program:

Shares to be allocated (species, gear, and portion of total pool)
Division of allocation between skippers and crew
Eligibility for an initial allocation (may differ for skippers and crew)
Criteria for allocation of shares (may differ for skippers and crew)
Use requirements (such as owner on board)
Eligibility to receive by transfer (such as defined active participation)
Provisions governing leases (including provisions to address hardships)

Skipper and Crew License Program

Requiring licensed skippers and crew to harvest all (or a portion) of the allocated harvest shares in the fishery could limit competition in the labor market and provide negotiating leverage to licensed skippers and crew. A licensing program could protect interests of long term skippers and crew, who would receive licenses based on historic participation, by increasing demand for their employment. A licensing program is likely to be effective, only if the number of licensed skippers and crew are constraining. For example, in a fishery with 100 licensed skippers and 50 active vessels, a license holder is likely to derive little negotiating leverage from the license when negotiating a share agreement. The specific protection of a licensing program depends on the terms of the rationalization program (including the specific terms of the licensing program) and the conditions in the fishery after the rationalization program is implemented.

The current provision would grant a skipper license to (a) any vessel owner receiving an initial allocation and (b) any skipper that demonstrates participation with a CFEC permit and landings in three of the five years from 1999 to 2003, inclusive. Issuing licenses to skippers with the requisite history could be used to protect their historic interests in the fishery after transition to rationalized management. The rationale for licensing vessel owners receiving an initial allocation is not clear. Such a provision could entice a retired skipper that owns a vessel, who is dissatisfied with share negotiations, to reenter the fishery as a skipper. In addition to licenses initially issued, licenses could be granted in the future to skippers after demonstrated participation. The specific requirements for granting licenses in the future are not specified.

The provision concerning crew licenses provides for the inclusion of crew in the program without specifying the terms that would govern crew licenses. Provisions will need to be defined for determining the allocation of licenses and the requirements for using licenses to harvest shares. Since the crew provisions contain little definition, the majority of this discussion focuses on skipper licensing. Issues specific to a crew licensing program are discussed throughout.

Whether a licensing program can effectively provide labor market protection to current or future skippers and crew is not clear and may differ over time and across gear types.[5] In general licenses will provide market protection to the extent that demand for licensed skippers and crew exceeds the number of licensed skippers and crew. Both factors will be highly dependent on specific rationalization program elements (including elements of the licensing program) and conditions in the fisheries. As a result, both factors are difficult to predict and may change over time.

The number of licensed skippers and crew will depend both on the terms of the licensing program and fishing practices. The current skipper provision does not specify any threshold landings amount, but only a requirement of participation in at least 3 of 5 identified years. Consistent skipper participation across the five-year period, together with some rotation of skippers on each vessel, could result in substantially more licensed skippers than historic participating vessels. On the other hand, if many skippers left the fishery during this time period, while many others entered, it is possible that fewer skipper licenses would be issued than the number of historic fishing vessels. The dynamics of entry and exit of skippers and participation patterns of skippers during the identified period will determine the number of licenses issued.

In the long run, the provisions governing the licensing of new skippers (qualified after implementation) will also affect the pool of licensed skippers. Since fleet size and characteristics could change after implementation of the program, the criteria for allocating licenses prior to implementation may need to differ from the criteria after implementation. For example, if skippers in the current fleet fish in several different fisheries (including fisheries outside of the Gulf) a higher eligibility threshold may be desirable to issue licenses only to the core group of skippers that are most dependent on the Gulf. If the fleet contracts substantially, and this core group of skippers dominates the market, it may be desirable to apply a more lenient threshold for qualification to ensure that an adequate pool of licensed skippers are available to compete for existing jobs.

The interaction between the license qualification requirements and the requirement for catch by licensed skippers could also affect the pool of eligible skippers. At the extreme, a requirement that all shares be fished by licensed skippers would prevent any entry, ultimately leading to no qualified skippers. On the other hand, a requirement that a small percentage of shares be fished by licensed skippers could provide a relatively easy avenue for entry (and little protection to licensed skippers).

While most of the issues concerning skipper allocations also apply to the allocation of crew licenses, crew licensing could be substantially more complex and less predictable than skipper licensing. Reasonable estimates of the number of eligible skippers can be generated using fish ticket data. Estimates of the number of crew licenses that would be issued will be much less reliable for several reasons. No sources comparable to fish ticket data are available for estimating crew eligibility. The poor availability of verifiable sources of crew participation will raise uncertainty in analytical estimates of eligible crew and could affect the standards applied in reviewing applications under the program. Application review standards are likely to be less rigorously applied, if application information is difficult or costly to verify or refute. The potential for eligible crew to apply for a license cannot be predicted. On the whole, crew are

[5] As drafted the current provision does not distinguish licenses across gear types. If a universal license is granted for all gear types, the protection of skippers by the license is reduced.

likely to be more transient than skippers, as crew entry requires less training and time investment. If license eligibility criteria are lenient, it is possible that a number of eligible crew that have moved on from the fisheries will not apply for a license. This uncertainty concerning the potential number of crew licenses complicates the ability of the Council to define licensing program criteria that reach a desirable balance between the number of crew licenses and the demand for licensed crew, particularly at the outset of the program.[6]

Demand for licensed skippers and crew after implementation of the program will depend on several factors. The specific requirements for share holders to employ licensed skippers and crew will have the most direct effect on demand for licensed skippers and crew. In general, the smaller the share of the catch that is required to be made by licensed skippers, the lower the demand for licensed skippers. The particular terms of the requirement, however, could also affect demand. For example, demand for licensed skippers is likely to be lower under a requirement that a cooperative harvest a specific portion of its total allocation (in tons) with licensed skippers, when compared to a requirement that a licensed skipper harvest a specific portion of the annual catch on each vessel (or a portion of each share holders allocation). Applying the requirement at the cooperative level could allow a cooperative to stack all of its catch by licensed skippers on a few vessels, substantially reducing the number of licensed skippers that the cooperative would need to hire from a requirement applied at the vessel level. On the other hand, applying the requirements at the cooperative level could simplify administration by shifting a portion of that burden to the cooperative.

Since several crew are employed on each vessel, crew licensing requirements have an added, complicating dimension; the requirement could be to have either a single licensed crewmember aboard when shares are harvested or a requirement that a specific percentage of or all crew be licensed. Alternatively, a requirement could be to have more than a specific percentage of employed crew carry licenses on a tonnage basis. Under such a requirement, a vessel would need to track its crew at each landing, with each crewmember credited with the tonnage of the landing. At the end of the season, the vessel would need to have at least a certain percentage of its total tonnage by crew credited to licensed crew.[7] In any case, tracking compliance of crew license requirements is likely to be costly and complex. Shifting a portion of the tracking burden to vessel owners or cooperatives through establishing a publicly reviewable reporting system could substantially reduce this administrative burden. Whether such a reporting system could be established under the existing confidentiality rules would need to be explored.

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[6] The interaction between requirements for the use of licensed crew and entry of crew to the license program is also complicated. As with skippers, a high threshold for use of licensed crew could limit the ability of crew to enter the license program. The additional complication of the requirement for licensed crew is that vessels employ multiple crew. Specifying the requirement for the use of licensed crew will need to accommodate the employment of multiple crew.

[7] As a specific example, consider a rule requiring at least 50 percent of all tonnage by licensed crew. Also consider a vessel that employs three crewmembers at all times and makes two landings in a season. The first landing is 20 tons, while the second is 10 tons. If the first landing is made with 2 licensed crew, the vessel would be credited with 40 licensed crew tons (2 licensed crew times 20 tons) and 60 total crew tons (3 total crew times 20 tons). The second landing would include 30 total crew tons (3 total crew times 10 tons), so the vessel would have a total of 90 crew tons for the season. Since the vessel already has 40 licensed crew tons from its first landing, it would need to employ at least one licensed crew for its second landing to meet the 50 percent licensed crew ton requirement for the season (i.e., half of its 90 crew tons, or 45 licensed crew tons, for the season).

Beyond the obvious statement that more rigid requirements will increase demand for licensed crew, the implications of choosing between these requirements are unclear and could vary across fleets, participants, and time. A vessel owner with a long term stable crew may have little difficulty complying with the most extreme standard. Retirement of one or more of those crewmembers, however, could make compliance difficult or costly. Fleet consolidation can be expected to have a great impact on demand for licensed skippers and crew. Fleet consolidation, in turn, will be affected by many factors. Efficiency choices of cooperatives are likely to drive many fleet consolidation decisions. These choices could be constrained by caps on individual and cooperative share holdings and vessel use caps. The specific cooperative structure, any leasing limitations, regionalization of landings, processor protections, and provisions determining the allocations across sectors and share trading between sectors will also affect the degree of consolidation in the various fleets. Conditions in the fisheries (e.g., stock abundance, TAC levels, catch rates, market demands) can also be expected to impact the demand for licensed skippers and crew. These factors make the level of fleet consolidation very difficult to predict.[8]

In developing a licensing program, the Council should also consider skipper and crew entry. The program should be fashioned to accommodate reasonable turnover, balancing the number of retiring license holders with the number of entering license holders. In addition, the Council should consider the implications of creating a tiered labor market. In the current fisheries, experienced skippers and crew may receive added compensation, based in part on their experience and proven skills. A licensing system can be expected to affect compensation decisions for both licensed and unlicensed skippers and crew by regulating the use of both those who are licensed and those who are not licensed. In setting licensing criteria, the Council should consider the implications for both of these segments of the labor market.

The objective of a license program is likely to provide skippers and crew with reasonable negotiating in the labor market. Establishing a skipper and crew license system that strikes a reasonable balance of supply (through license eligibility criteria) and demand (through license harvest requirements) is likely to be very challenging, particularly in the first years of the program, when uncertainty concerning supply of and demand for licensed skippers and crew are the greatest. In the long run, the Council could revise the program to calibrate supply and demand, with more certainty concerning effects.

Skipper and Crew License System Elements

If the Council elects to include skipper and crew license system in the rationalization program, several elements will need to be considered and selected to define the terms of the allocation. The following provisions could be considered for inclusion in this aspect of the program:

Sectors subject to the license system (gear and vessel type)
License eligibility on implementation (may differ for skippers and crew)
License eligibility after implementation (may differ for skippers and crew)
Terms of licensed catch requirements
- Species (primary and/or secondary)
- Percent of catch subject to requirement
- Level of application (cooperative, share holder, vessel)

[8] Fleet consolidation could also be affected by the license program itself. If few skipper licenses are allocated, it is possible that the availability of licensed skippers could constrain fleet size.

Tax on First Transfer for the Benefit of Skippers and Crew

The third provision the Council asked staff to discuss in this paper would reserve a portion of the first transfer of any shares (or the purchase price from the first transfer of any shares) for distribution to eligible skippers and crew. Although not stated, the rationale for taxing the first transfer of shares could be based on an assumption that the transfer will both consolidate fishing, removing skippers and crew from the fishery, and will result in the capture of a portion of the resource rents by the seller of the shares. Under these assumptions, extracting a portion of the resource rents from the transaction to compensate skippers and crew that lose employment from the consolidation could be justified. Waiting for the first transaction might be justified by the assumption that up until that point, the share holder is employing a skipper and crew to harvest shares.[9]

If the rationale is that described above, several issues arise. Under either cooperative or IFQ management, a transfer may not be necessary for consolidation to occur. So, skipper and crew job losses can occur regardless of whether an identifiable transfer has occurred. In addition, several other forms of skipper and crew losses can occur without job loss. Most importantly, any detrimental change in terms and conditions of employment would not be addressed by this provision, if the share holder elected not to transfer the shares. Given the gaps in protection of the tax on transfer, the Council should verify consistency with its intent for establishing skipper and crew protections prior to advancing provisions that impose taxes on first transfers.

Administrative issues that arise with a tax on first transfers also raise concerns. Share holders clearly will benefit through developing ownership structures that minimize circumstances that would qualify as transfers. For example, depending on administration of the provision, it is possible that some changes in corporate ownership might not be defined as a transfer when a similar effective change in ownership under a non-corporate structure would be defined as a transfer. This disparity in treatment of share holders could be perceived as unfair. Alternatively, the cost of tracking ownership information to avoid these disparities could be substantial. In general, the Council should assess whether the administrative costs of tracking changes in ownership and transfers are commensurate with the benefits of the tax on first transfer provision.

If the Council elects to impose a financial tax on first transfers, determination of the tax could be complicated. Some transfers are monetary purchases, but others are gifts or involve in-kind exchanges. Determining the monetary value of the transfer could be complicated in some cases. Taxing the transaction by collecting a portion of the shares transferred would simplify the determination of the tax, but could also affect the benefits. If the shares received through the tax are subdivided and passed on to several different skippers and crew, the value of the benefits to any one recipient are likely to be very small. Alternatively, a management entity could be created to manage the shares for the benefit of skippers and crew, but such an entity would also add administrative costs and complexity, and requires substantial oversight.

The benefits of the program will depend, in part, on the disbursement of shares or revenues collected through the tax. Provisions defining this disbursement will need to be developed to

[9] A primary rationale for the allocation of shares cost free on implementation of rationalization programs is the need to ensure that capital investments of fishery participants are not undermined by transition to the share-based management. A provision taxing the first transfer of shares might appeal to some observers as a means delaying the imposition of costs of the transfer of shares to skippers and crew until the share recipient has realized the full benefits of the initial allocation.

assess the effects of the provision. In developing the distribution, the Council should consider its intent for establishing the provision. If the intent is simply to protect persons directly affected by the transfer, the tax could be redistributed to persons harvesting the transferred shares in the most recent years prior to the transfer. If the intent is to benefit a more general group of skippers and crew, criteria for redistribution would need to be developed to identify those beneficiaries. The nexus between the source of the revenues and the recipients of the benefits becomes more questionable, if the program is intended to protect remaining and/or recent skippers and crew. Some of the current or recent skippers and crew may have suffered no loss, while others may have lost jobs. A tax on first transfer provision, however, is unlikely to be a good tool for providing benefits to historic skippers and crew, since first transfers could occur several years after program implementation (and possibly after several of the current skippers and crew have left the fishery).

Tax-on-First-Transfer Program Elements

If the Council elects to include a tax on first share transfer provision to benefit skipper and crew, several elements will need to be considered and selected to define the terms of the provision. The following provisions could be considered for inclusion in this aspect of the program:

Shares subject to the tax (species and gear)
Transfers subject to the tax
- Transfers of long term history or shares
- Leases prior to the first transfer of long term history or shares
- Definition of transfer (i.e., changes in corporate structure or change in named holder, etc.)

Nature of the tax (tax on revenues from the sale or portion of shares transferred)
- Determining sale price (for sales without explicit market price)

Distribution of benefits
- Identification of skippers and crew to benefit from a tax (historical, current, or specific skippers and crew affected by the transfer)
- Division of benefits between skippers and crew

Restrictions (if any) on the use of shares received

GOA Rationalization 'Critical Path'

The following attempts to list some of the issues and obstacles to moving the GOA Rationalization project forward.

EIS/RIR/RFA Process	Comments
Scoping – formal scoping comment period took place in autumn of 2002	The main purpose of scoping is to identify and define issues and areas of concern relating to the proposed action, which should be used to help define the alternatives. New information is incorporated during each council meeting.
Development of alternatives – choose a reasonable range of alternatives to analyze; options must be sufficiently narrow so that the Council/public can understand the effects of any combination of options within the alternatives; in addition, staff will likely request review of certain aspects of discussion papers and preliminary analyses	The Council has been struggling to narrow the myriad options into comprehensive alternatives. This remains the major obstacle for moving forward with the analysis. The AP is anticipated to play an integral part in this process. The analysis must be able to look at the effects of all the different options in an alternative in combination, in order for the Council and the public to understand the effect of each decision point. This is impossible when the realm of possible combinations is immense. The Council can clarify the alternatives by reducing the number of suboptions available in certain components. Listed below are suggestions of where the Council could narrow the decision points: • Suboptions defining low-producing (versus high-) CV longline and pot vessels (Component G-4) • Suboptions in Alternative 3 governing the re-designation of CP shares to CV shares (Component G-15) • Options determining how the Council will address the State and parallel fishery allocation (Component G-3) • Options for cooperative formation thresholds in Alternative 3 (Component T3-4 (CVs), T3-9 (CPs), P3L2-4 (CVs), P3-4 (CVs), P3-9 (CPs), L3L2-4 (CVs), L3-4 (CVs), L3-9 (CPs)) • Options for skipper and crew provisions (discussion paper C-5(a)) • Options for community provisions (discussion paper, not presented at this meeting) • Options for prohibited species catch limits for salmon and crab species (discussion paper, not presented at this meeting) Several other areas of the motion would benefit from additional clarification prior to analysis of the alternatives.
(Development of alternatives)	Recently, the format of the alternatives has been split out to allow each sector to see the various options that pertain to their sector. Based on this reformatting, each sector may wish to refine applicable options, as appropriate.

Council is here

Preliminary review draft – complete analysis of the alternatives is presented to the SSC, AP, and Council, for release as an initial review draft; Council may wish to identify a preliminary preferred alternative	Once the alternatives have been narrowed, staff will analyze the alternatives and present a complete analysis to the Council. The Council may choose to select a preliminary preferred alternative, which will then be identified in the published initial review draft. This would indicate to the public the Council's initial intentions with regard to the final program, and would focus public comment. The preliminary review draft will be approved by the Council for release as an initial review draft
Initial review draft EIS/RIR/IRFA – notice published in Federal Register	The initial review draft will be filed with CEQ, and a notice of its availability will be published in the Federal Register. The draft will be made available to interested persons and agencies.
Public comment period – minimum 45 days	Public comments on the initial review draft will be accepted by NOAA Fisheries during the public comment period, which must be a minimum of 45 days in duration. The agency may hold one or multiple public hearing(s) to accept comments on the draft EIS.
Comment summary report for Council – so Council can consider comments and make changes/ determine preferred alternative(s) as appropriate	In order to assist the Council with its final decision-making on the alternatives, staff will summarize the comments received during the comment period Statutorily, NOAA Fisheries must include responses to all received comments in the Final EIS. Based on comments received, the Council may wish to review minor revisions or additions to the analysis.
Selection of preferred alternative(s) – Council will identify preferred alternative(s) for final document	Once the analysis is complete, the Council will select a preferred alternative(s) to recommend to the Secretary of Commerce. This alternative will be identified in the Final EIS.
Final EIS/RIR/FRFA – notice published in Federal Register	The Final EIS will be filed with CEQ, and made available to interested parties.
Record of Decision – by the Secretary of Commerce, occurs a minimum of 30 days after Final EIS is published	A minimum of 30 days must pass before the Secretary of Commerce can publish a Record of Decision on the proposed action. Once the Final EIS is published, NOAA Fisheries must also prepare the proposed and final rules (regulations) with which the program will be implemented.
Trailing amendments – will require tiered NEPA analysis (either an EA or EIS)	The Council has identified some issues to be addressed as trailing amendments to this action, within the assumption that the amendments will be implemented simultaneously with the rationalization program.

APRIL 2006
NPFMC
Gulf of Alaska Rationalization
MSA Authority and Antitrust Concerns

At its February 2006 meeting, the Council requested staff to seek assistance from NOAA GC concerning the following two issues:

1) clarify the extent of Council authority under the Magnuson Steven Act to adopt any of the alternatives under consideration; and
2) address any antitrust concerns that arise under system of cooperative structures and processor associations that would be established under the alternatives under consideration.

This paper was drafted by staff with assistance from NOAA GC, in response to the Council request. The paper briefly summarizes the alternatives, provides a brief discussion of the extent of MSA authority for the alternatives, and summarizes antitrust issues that arise from the cooperative structure and processor associations prescribed by the alternatives. The paper also provides suggested revisions to the elements of the alternatives to address the antitrust concerns cited.

The Alternatives

To Council motion outlines sets of alternatives by gear type for catcher processors and catcher vessels. The structural aspects of the different alternatives for purposes of the issues discussed in this paper apply universally regardless of gear type. This paper, therefore, does not distinguish the alternatives by gear type.

Catcher processor alternatives

The three catcher processor alternatives are outlined in Table 1.

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

Alternative 1 **Status quo**	**Alternative 2** **Co-op/IFQ**	**Alternative 3** **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.

Catcher vessel alternatives

Table 2 outlines the Council's alternatives for the fixed gear catcher vessel sector. The Council has specified 6 alternatives that would apply to catcher vessels. Alternative 2 Low applies only to "low producing" fixed gear catcher vessels. Alternatives 2A High and 2B High apply to both trawl catcher vessels and "high producing" fixed gear catcher vessels. The remainder of the alternatives apply to call catcher vessels.

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

Alternative 1 Status quo	Alternative 2 Low Co-op/IFQ	Alternative 2A High Co-op/IFQ with processor limited entry	Alternative 2B High Co-op/IFQ with processor linkages	Alternative 2C Co-op/IFQ with harvest shares to processors	Alternative 3 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 for high producing fixed gear catcher vessels and trawl catcher vessels. 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 for high producing fixed gear catcher vessels and 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**. 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. 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.

Scope of Magnuson Stevens Act authority

The Magnuson Stevens Act authorizes the regulation of fishing and authorizes the allocation of fishing privileges. Several of the catcher vessel alternatives included for analysis would go beyond the current authority of the Council and Secretary of Commerce under the Magnuson Stevens Act because they directly regulate onshore processing.[2] The only catcher vessel alternatives that are authorized under the Act are the cooperative/IFQ alternative (Alternative 2 Low – for low producing fixed gear vessels) and cooperative/IFQ with harvest share allocations to processors (Alternative 2C). Alternatives 2A and 2B

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

[2] Reauthorization of the MSA is currently under consideration in Congress. Since the exact language of any revision to the Act and any supporting statements of statutory intent are uncertain, it is not possible to determine whether those revisions may authorize any of the current alternatives.

involve limitations on landing and processing of catch. These alternatives are not authorized under the Magnuson Stevens Act and would require Congressional authorization to be implemented. Under Alternative 3, the requirement that a harvester join a cooperative in association with a specific processor is effectively an allocation of processing privileges. This alternative is also not authorized under the Magnuson Stevens Act and would require Congressional approval to be implemented.

Antitrust Considerations

Under all of the alternatives, harvesters would be permitted to join a cooperative that would coordinate the harvest of the allocations of its members. If not properly defined, the function of these cooperatives has the potential to raise antitrust concerns.[3] The general activity of these cooperatives is the harvest of fish, so for clarity these cooperatives are often referred to and should be thought of as "harvest cooperatives". The creation of a harvest cooperative necessarily raises the question of whether the cooperative would qualify for the antitrust exemption of the Fishermen's Collective Marketing Act. Under the terms of all of the alternatives, processor affiliated vessels (i.e., vessels owned or controlled by a processor) are qualified for harvest cooperative membership. Allowing or requiring harvest cooperative membership by these entities likely disqualifies that cooperative from the antitrust exemption of the FCMA, limiting the activities that the cooperative can engage in. As a result, a harvest cooperative clearly cannot engage in negotiations of the price or terms of delivery of catch to a processor. Both sections of the motion (section 2 and section 3) currently provide that processor affiliates cannot participate in price negotiations. The motions, however, could be clarified further concerning the limited role intended of these cooperatives. In a prior action (the rockfish pilot program), the Council similarly clarified the nature of cooperatives by including the following two provisions:

The cooperatives formed under this program are harvest associations that are intended only to conduct and coordinate harvest activities of their members and are not FCMA cooperatives. Processor affiliated vessels will be permitted to join harvest cooperatives to the extent permitted by antitrust laws.

Co-op membership agreements will specify that processor affiliated harvesters cannot participate in price setting negotiations except as permitted by general antitrust law.[4]

These provisions could be included in the following sections:

T2A-6	P2L-6	L2L-6
T2B-6	P2HA-6	L2HA-6
T2C-6	P2HB-6	L2HB-6
	P2C-6	L2C-6
	P3L2-8	L3L2-8.

Issues specific to Alternative 3

Under Alternative 3, for each primary species group for which a harvester receives an allocation that harvester will be required to join a cooperative in association with a processor. Under the terms of the alternative, processor affiliated catcher vessels (i.e., vessels owned or controlled by a processor) are qualified for harvest cooperative membership. Allowing or requiring harvest cooperative membership by

[3] The cooperative structure under Alternative 3 creates some antitrust issues that are not relevant to Alternative 2. As a result, a more expansive discussion of Alternative 3 follows this general discussion.
[4] These changes have generally been incorporated into the trawl sector alternatives.

these entities could disqualify that cooperative from the antitrust exemption of the FCMA, limiting the activities that the cooperative can engage in. As a result, a harvest cooperative clearly should not engage in any negotiations of the price or terms of delivery of catch to a processor. Since the contracts between harvesters and associated processors are intended to govern the terms of their relationship (including delivery obligations and the transfer of shares on severing the relationship), the negotiation of the terms of that agreement are not an appropriate role for a harvest cooperative. Harvesters without processor affiliations could enter a separate FCMA cooperative for negotiation of those terms, but that FCMA cooperative need not have (and in some cases may be prohibited from having) the same membership as the harvest cooperative.[5]

In considering the effect of the alternative, it should be noted that the provision requiring a harvest cooperative to accept membership of any eligible participants subject to the same terms and conditions as govern all other harvest cooperative members cannot effectively guarantee any harvester price or terms of delivery or exit agreement terms because the harvest cooperative agreement cannot contain those provisions, since the harvest cooperative need not be an FCMA cooperative.

To carry forward the intention of the current motion consistent with this understanding of the role of cooperatives the Council could revise the sections T3-5, P3-5, and L3-5 with the following changes:

Initial Cooperative 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, ***an eligible harvester*** ~~*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*~~ ***eligible harvester*** *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.*

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 ***and entering into a Contract with the processor the harvester is initially eligible to join a cooperative in association with. The Contract must meet the harvester/processor contract requirements for initial co-op membership*** ~~*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.*~~

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.

In addition, sections T3-11, P3-11, and L3-11 could be revised to include the following changes:

[5] As currently written, T3-5, P3-5, and L3-5 require a contract between a harvest cooperative and its associate processor that includes the terms under which a harvester may exit the cooperative and association. To be consistent with current antitrust law, this provision should be modified so that each "cooperative member" is required to enter a contract with the processor defining the terms under which the cooperative member may exit the cooperative and the processor association.

General Cooperative Requirements

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* ***an*** *eligible, willing harvester**s*** *in association with a processor is a pre-requisite to* ***cooperative membership and*** *a cooperative receiving an allocation of GQ* ***based on the history of that harvester.*** *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***~~ ***cooperative agreement*** *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***~~ ***cooperative agreement.***

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* ***cooperative agreement*** ~~***Contract***~~*.*

f) *The* ***cooperative agreement*** ~~***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) ***The cooperatives formed under this program are harvest associations that are intended only to conduct and coordinate harvest activities of their members and are not FCMA cooperatives. Processor affiliated vessels will be permitted to join harvest cooperatives.*** *Co-op membership agreements will specify that processor affiliated harvesters cannot participate in price setting negotiations, except as permitted by general antitrust law, code of conduct, mechanisms for expelling members, or exit agreements,* ***except as permitted by general antitrust law.***

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* ***cooperative*** *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.*

j) *The cooperatives formed under this program are harvest associations that are intended only to conduct and coordinate harvest activities of their members and are not FMCA cooperatives. Processor affiliated vessels will be permitted to join harvest cooperatives.*

Gulf Rationalization Alternatives – (showing all provisions and options)

Staff Annotation
April 2006

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 halibut and sablefish fisheries 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 broadly distributes the benefits of rationalization to harvesters, processors and fishery-dependent coastal 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.

Statement of intent concerning alternative 3

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 assignation 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 one or more cooperative(s) associated with the processor(s) through which its GH (qualified landings of primary species) arose 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.

Upon formation of a cooperative, members may dissolve their relationship with that cooperative subject to the dissolution terms and either: a) join a different cooperative, b) transfer their residual quota to a different cooperative or individual, or c) move into limited 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 formatting

Provisions labeled **G** are general provisions that apply to all sectors and alternatives. A second set of provisions are labeled by gear types: **T – trawl gear, P – pot gear, L – longline (or hook-and-line) gear**, and **J – jig gear**). Provisions applicable to a single alternative are labeled using the following abbreviations:

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

Pot Gear Alternatives
P2L – Low Producer – IFQ/Cooperatives
P2HA – High Producer – IFQ/Cooperatives with Processor License Limitation
P2HB – High Producer – IFQ/Cooperatives with Processor Linkages
P2C – IFQ/Cooperatives with Harvest Share Allocations to Processors
P3L1 –Low Producer – Sector Allocation with Limited Access Fishery
P3L2 –Low Producer – Cooperatives/Limited Access
P3 – Cooperatives/Limited Access with Processor Associations

Hook-and-Line Gear Alternatives
L2L – Low Producer – IFQ/Cooperatives
L2HA – High Producer – IFQ/Cooperatives with Processor License Limitation
L2HB – High Producer – IFQ/Cooperatives with Processor Linkages
L2C – IFQ/Cooperatives with Harvest Share Allocations to Processors
L3L1 –Low Producer – Sector Allocation with Limited Access Fishery
L3L2 –Low Producer – Cooperatives/Limited Access
L3 – 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)

Requested Input, Discussion Papers, and Analysis

Should the fixed gear longline sector and/or the fixed gear jig sector wish to modify current alternatives for GOA Groundfish rationalization they should provide direction to the AP and Council. It is not the Council's intent to have these sectors impact the timeframe for decision regarding rationalization of the pot and trawl sectors.

~~**The Council directs staff to draft a discussion paper examining the structure and effects of skipper/crew provisions that:**~~

~~**a. allocate a certain amount of quota to qualified skipper/crew**~~
~~**b. requires that qualified skipper/crew be on board during the harvest of a percentage of a vessel's allocation.**~~
~~**c. provide that, upon transfer of quota share/history, a percentage of the quota and/or transfer price is reserved for crew/skippers.**~~

The Council requests that staff provide:

1) Distributions of Quota share by Area and Sector for aggregate rockfish and aggregate flatfish species groups for LLP catch history from 3 to 200 miles (EEZ, excludes parallel fish catch) for purposes of excessive share caps.
2) Distributions of Quota share by Area and Sector for pollock, Pacific cod, aggregate rockfish and aggregate flatfish species groups for LLP catch history from 0 to 200 miles (includes parallel fish catch) for purposes of excessive share caps.
3) Provide the number of potentially qualifying licenses by processing entity for 2A
4) Provide the number of potentially qualifying facility licenses by processing entity for alternative 2B
5) Potential Association combinations between processors and vessels for alternative 2 & 3

Staff is requested to separate CV and CP alternatives.

The Council requested that staff separate CV and CP alternatives. This request could be met in a few different ways. The most complete method would be to fully separate CV alternatives from CP alternatives. This separation could have two detrimental effects. It would substantially lengthen the motion, making it less accessible to readers. It would also increase the potential for unintended inconsistencies across gear types. A second way to separate the motion would be to put all provisions pertaining to catcher processors in a single section of each alternative. While this approach has greater appeal, fully separating catcher processor provisions would also substantially lengthen the motion, if these provisions were included in a complete manner. Alternatively, only those specific portions of provisions that affect catcher processors could be grouped, which would not increase the length of the motion. This approach, however, has the potential to result in discontinuity in the motion and contribute to confusion. At this point, staff could not conceive of a way to restructure the motion to meet this request without adding confusion or substantially lengthening the motion. To aid in the development of catcher processor provisions, the following is a list of provisions that currently reference the catcher processor sector (or that apply differently to catcher processors):

G-5 – catcher processor share designations
G-14 – transfer of shares across gear types
G-15 – catcher processor transfers to catcher vessels
G-21 – processing of catcher vessel catch by catcher processors

T-2 – individual share caps
T-4 – vertical integration caps
T-5 – cooperative caps
T-7 – eligibility to receive shares by transfer
T2A-2 – cooperative formation
T2A-3 – catcher processor cooperative exemption from processor association
T2B-2 – cooperative formation
T2B-3 – catcher processor cooperative exemption from processor association
T2C-2 – catcher processor cooperative exemption from processor association
T3-8 – cooperative eligibility
T3-9 – cooperative formation threshold
T3-11 – catcher processor cooperative exemption from processor association

P-2 – individual share caps
P-4 – vertical integration caps
P-5 – cooperative caps
P-8 – eligibility to receive shares by transfer
P2HA-2 – cooperative formation
P2HA-3 – catcher processor cooperative exemption from processor association
P2HB-2 – cooperative formation
P2HB-3 – catcher processor cooperative exemption from processor association
P2C-2 – catcher processor cooperative exemption from processor association
P3-8 – cooperative eligibility
P3-9 – cooperative formation threshold
P3-11 – catcher processor cooperative exemption from processor association

L-1 – limits on leasing
L-3 – individual share caps
L-5 – vertical integration caps
L-6 – cooperative caps
L-10 – eligibility to receive shares by transfer
L2HA-2 – cooperative formation
L2HA-3 – catcher processor cooperative exemption from processor association

L2HB-2 – cooperative formation
L2HB-3 – catcher processor cooperative exemption from processor association
L2C-2 – catcher processor cooperative exemption from processor association
L3-8 – cooperative eligibility
L3-9 – cooperative formation threshold
L3-11 – catcher processor cooperative exemption from processor association

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

Include in the analysis a discussion of the history from 1) 0-200 miles (including parallel history), 2) 3-200 miles, and 0-200 miles, including parallel history and state water fishery history.

The analysis will assess AFA vessels as a group.

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)

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
- WGOA deep water flatfish

Pot:
- Pacific cod

Jig:
- Pacific cod

Entry Level Fishery: Pacific Ocean perch, Northern Rockfish and pelagic shelf rockfish for non-trawl catcher vessels

- An annual set aside for CV non-trawl gear capped at 2-5% of each of these target rockfish species
- The set aside will begin at 1% of the annual TAC
- The set aside amount will increase by one percentage point the following year in which the set aside quota is reached.

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

Trawl:

Thornyhead
Rougheye
Shortraker
Other slope rockfish
Atka mackerel
sablefish

Longline:

Thornyhead
Rougheye
Shortraker
Other slope rockfish
Atka mackerel

Suboption: 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.

Unallocated species will be managed under the existing MRA system and will be accommodated in the annual TAC-setting process.

Once data are available, 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.

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.

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.

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.

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

G-6. Sector Allocations for Trawl, Pot, and Hook-and-Line Gears – Primary Species, Secondary Species, and Halibut PSC

Alternative 2 and 3

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

G-7. Sector Allocations – Jig Sector

Option 1. The jig fishery would receive an allocation *of Pacific cod* based on its historic landings in the qualifying years

1. 100%
2. 125%
3. 150%
4. 200%

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 Pacific cod by area:

1. 100%
2. 125%
3. 150%
4. 200%

Option 3. _____ % of TAC

G-8. 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.

G-9. 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.

Qualified catch is from:

Option 1: 3-200 miles

Option 2: 3-200 miles, plus 0-3 miles parallel history

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

The suboption is contained only in alternative 2. The suboption would base the allocation on the average annual percent of the qualified history.

G-10. 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

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.

G-11. Individual allocations – Secondary Species

Alternative 2

Option 1. Share Allocations

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

Allocation of shares will be adjusted pro rata to allocate 100% of the annual TAC for each bycatch species.

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.

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: Allocation of secondary species to and within cooperatives and to the limited access 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.
Option 2: Maintain current MRA management for secondary species.

G-12. Individual allocations – Halibut PSC

Alternative 2

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

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.

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.
Option 2: Maintain current PSC management for halibut.

G-13. 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).

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

G-14. 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

Alternative 3

Option: Trawl GQ may be fished using fixed gear, if yes – appropriate mechanism to transfer GH/GQ across sectors needed.
CP provision: Allow leasing within cooperative or pursuant to an inter-co-op agreement within CP sectors (no CP leases allowed across gear types.)

Transfers of GH or leases of GQ across CP gear types is
a) not permitted
b) permitted.

(provision is from T3-13, P3-13, and L3-13)

The "CP provision" is potentially inconsistent with the option allowing transfers across gear types.

G-15. 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.

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

It is the intent of the NPFMC that this provision not apply to transfers between the first degree of kindred.

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.

The provision excluding transfers to first degree of kindred addresses the potential that a transfer to an immediate family member as an inheritance would not result in a conversion of the shares to catcher vessel shares. Additional situations, however, could arise including restructuring of a corporation on retirement of a member, which would result in the conversion to CV shares and could be disruptive to an ongoing operation.

G-16. 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; they are fully leasable across gear type and sector and are allocated annually based on primary species allocation.

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.

The provisions appear to offer limited flexibility in developing secondary species transfer provisions. No provision is available to make long term primary and secondary species shares non-separable, but to allow leasing of secondary species shares separate from the associated primary species shares.

G-17. 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

G-18. 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).

G-19. 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

G-20. 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))

G-21. 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.

The Council could select a preferred provision concerning the extent of catcher vessel harvests that may be processed by catcher processors. If Option 2 is adopted as a preferred provision, the Council should clarify whether it would permit catcher processors to process harvest shares subject to processor landing requirements, if the catcher processor met those requirements. For example, in Alternative 2A a licensed processor is permitted to receive deliveries of any A share landings. The Council should clarify whether a catcher processor that purchased a processing license would be permitted to purchase A share landings under that alternative. Similarly, under Alternative 2B, whether a catcher processor could purchase a license and establish linkages with harvest shares should be clarified. Although deliveries to catcher processors are very limited in the Gulf of Alaska fisheries, the Council should clarify whether a catcher processor that met qualifications for either a processing license or a linkage would be permitted to receive landings to the extent permitted by the license and linkage.

G-22. 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.

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

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

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 5851.10' 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.

This provision is unclear. Is it meant to potentially supersede the identified association using the cooperative/processor association period in T3-3, P3-3, and L3-3. This provision seems unnecessary and inconsistent.

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

G-23. 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.

G-24. Incentive species

Alternative 2 and Alternative 3

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.

G-25. 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.

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.

G-26. 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.

Trawl Gear Alternatives

T-1. Transferability - Leasing

Alternative 2 and 3

Active participation requirements for trawl CVs (leasing restrictions):

1. For initial issuants of trawl QS/GH who receive initial allocations of Pcod, pollock, or aggregate rockfish primary species less than:
    a. 60th percentile
    b. 65th percentile
    c. 70th percentile
    d. 75th percentile

    Their initial allocation of primary species trawl QS/GH can be leased freely for the first 3 years of the program.
2. For initial issuants of trawl QS/GH who receive initial allocations greater than the amount established above in 2 of 3 most recent years:
    a. 30%
    b. 40%
    c. 50%

    of their aggregate primary species trawl QS/GH for Pcod, pollock, and aggregate rockfish must either (a) be fished by a vessel which the trawl QS/GH holder owns at least
        Option 1. 20%
        Option 2. 30%
        Option 3. 40%
        Option 4. >50%

    of, or (b) fished on a vessel with the trawl QS/GH holder on board.
3. After 3 years from the start of this rationalization program, the above option 2 applies to all QS/GH holders.

(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.)

Leasing requirements imposed on cooperative members will be monitored by the cooperative. Compliance will be reported in the cooperative annual report.

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.

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. Leasing prohibitions would likely force these processors to divest their shares.

The Council should consider the need for and administrative burden of a hardship provision. If leasing requirements allow for some degree of leasing, including leasing of all shares for a period of one year, a hardship provision may not be necessary. In the instance of a hardship, a person would have a full year to recover from the hardship or transfer shares to another person. A year, however, may not be sufficient for hardship situations.

T-2. Excessive share caps – individual caps on use and holdings

Alternative 2 and 3

History holdings *of an individual 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.	3% of the history by area, sector and species group
Option 3.	5% of the history by area, sector and species group
Option 4.	20% of the history by area, sector and species group
Option 5.	30% of the history by area, sector and species group
Option 6.	no cap

Allocations to original issuees would be grandfathered at the original level of history.
Apply individually and collectively to all harvest share holders in each sector and fishery.
Different caps can be chosen in the CV sector and the CP sector.

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.

The current provision does not appear to apply to intercooperative transfers. The Council could clarify whether it intends intercooperative transfers to be limited by the cap.

Under both alternatives, the current cap provisions apply 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, see G-16).

T-3. Excessive share caps – vessel use caps

Alternative 2 and 3

Individual vessel use cap (applies within *and outside of* co-ops)
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 group/area/sector*. 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.

T-4. 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 (*by species group/area/sector)*.

Alternative 2C

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

To implement the alternative 2C provision for limiting processor holding of catcher vessel shares, the term "processor" will need to be defined. The simplest definition might be to apply an annual processing limit.

Alternative 3

Any processor holdings of harvest 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

by species group/area/sector.

T-5. Excessive share caps – cooperative use caps

Alternative 2 and 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 group (pollock, Pacific cod aggregate rockfish, aggregate flatfish).
Option 2. 25% by area, sector and species group.
Option 3. 45% by area, sector and species group.
Option 4. no cap.

Separate caps can be chosen for the CV and CP sector.

T-6. 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).

T-7. Transferability – Eligibility to Receive

Alternative 2

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

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
4) Individuals eligible to document a vessel with at least 150 days of sea time

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

Alternative 3

Persons qualified to receive history by transfer include:

1) processors that associate with initial cooperatives and
2) for CP/CV history/shares:
   a. entities eligible to document a vessel
   b. initial recipients of CV or CP harvest shares
   c. community administrative entities eligible to receive shares/history by transfer
   d. individuals eligible to document a vessel with at least 150 days of sea time

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

The Council could consider whether to select eligibility criteria that require sea time (i.e., choose between 1) and 4) in Alternative 2; choose between 2a. and 2d. in Alternative 3).

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)

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)

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

The Council could consider whether to require a processor association for cooperatives under this alternative. The processor association could facilitate better coordination of landings and increase specific processor protection, at least in-season. A processor association, however, might be deemed inconsistent with the alternative, which allows delivery of A shares to any licensed processor. In addition, when combined with a requirement of 4 harvesters and a PSC reduction for non-members of cooperatives, a requirement of a cooperative-processor association could discourage entry or disadvantage small processors.

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

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

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.

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.
- Co-op membership agreements will specify that processor affiliated harvesters 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.
- The cooperatives formed under this program are harvest associations that are intended only to conduct and coordinate harvest activities of their members and are not FCMA cooperatives. Processor affiliated vessels will be permitted to join harvest cooperatives ***to the extent permitted by antitrust laws.***

Suggestions changes based on comments from NOAA GC.

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.

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 could decide the percentage of delivery restricted shares under this alternative. Generally, the Council should set the percentage of A shares to balance the interests of harvesters and processors. The larger the percentage of A shares, the greater the restriction on the harvest share holder's market for

landings. Under this alternative (2A), share holders would be required to deliver A shares to processors holding licenses. Under alternative 2B, A shares would be required to be delivered to the processor to which the shares are linked. Given the less restrictive delivery obligation under this alternative, imposing delivery restrictions on a higher percentage of shares is likely reasonable. Under this alternative, a harvester would be able to induce competition among several license-holding processors for all landings, with each processor, generally, on equal footing for attracting those landings. Under Alternative 2B, processors would be able to compete for A share landings only by inducing a share holder to break the linkage associated with those shares, which requires a share reduction penalty. B shares, which are not delivery restricted, could be used to attempt to induce the linked processor to pay a higher price for A share landings or to induce a competing processor to pay a price for A shares that is high enough to make the penalty share reduction worthwhile. Under either alternative, the appropriate level for the restriction should balance the historic investment interests of the processors in having a closed market for a portion of the allocation against the interests of harvesters in having a broader, more competitive market for their landings.

The interests of potential entrants to the processing market should also be considered in setting the percentage. The Council should consider the need to allow new entrants to experiment with innovations, which could benefit the industry in the long run. Leaving a very small portion of the fishery for unrestricted delivery may severely limit opportunity for entry. Under this alternative, the potential to enter the fishery by purchasing relatively small amounts of fish should be assessed. Since harvester shares do not have specific processor linkages, more harvesters should have less strong relationships with processors with greater competition for landings. The competition among licensed processors, however, is likely to be extensive and could affect the market for shares that are not delivery restricted. In addition, the Council should consider whether catcher processors are permitted to purchase catch from catcher vessel shares that have no processor delivery restrictions (see G-21). Although current catcher processors may have little interest in this catch, it is possible that catcher processors could have an advantage over entering shore-based processors in competing for landings of unrestricted catch. If catcher processors are permitted to purchase catch made with unrestricted B shares, the percentage of shares available as B shares may need to be higher to provide entry opportunities.

T2A-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
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

A licensed processor may operate an unlimited number of facilities under one license.

T2A-10. Transferability of eligible processor licenses

Processor licenses can be sold, leased, or transferred.
Within the same region

T2A-11. Processing Use Caps

Processing caps at the entity level by processor license type ***(Western Gulf; Central Gulf & West Yakutat (combined))*** on A share landings:

Option 1. Range 70% to 130% of TAC processed ***by area, sector and species group*** for the largest licensed processor

Option 2. Processing use caps would be equal to a percentage that would allow contraction of processing companies by 20%, 30%, or 50% of the number initially qualified processing companies ***by area, sector and species group***

(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.
Initial issuees that exceed the processor use cap are grandfathered at their current level.

For consistency with the licensing and transferability provisions, caps could be at the regional level.

T2A-12. License ownership restrictions on processors

(Applies at the entity level) by region

Processors may acquire additional licenses so that they hold a combination of licenses allowing them to process 'A' shares from both the fixed gear and trawl gear sectors. Owners of fixed licenses can buy trawl/fixed licenses, owners of trawl/fixed may not buy additional licenses.

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)

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)

The Council should consider the effects on processor entry of requiring 4 distinct entities for cooperative formation. If penalties (such as PSC reductions, see G-13) 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 through 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.

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.

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

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 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.
- Co-op membership agreements will specify that processor affiliated harvesters 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.
- The cooperatives formed under this program are harvest associations that are intended only to conduct and coordinate harvest activities of their members and are not FCMA cooperatives.

Processor affiliated vessels will be permitted to join harvest cooperatives *to the extent permitted by antitrust laws.*

Suggestions changes based on comments from NOAA GC.

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.**~~

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.

Processor associations and penalties

The Council could clarify the processing sector provisions for alternative 2B in several respects at this meeting. As the Council considers these issues, it will be important to develop a coherent package, which incorporates several different consistent decisions into a comprehensive alternative. Since this section contains several overlapping decisions, to aid the Council's development of alternatives the following potential decisions are listed:

1) ***The percent of shares that will be delivery restricted (A shares) and unrestricted (B shares) (T2B-8)***
2) ***The level of the penalty for movement between linked processors***
    a. ***Percentage of shares***
    b. ***Number of years***
    c. ***Does the penalty apply to A shares or both A shares and B shares***
    d. ***Whether penalties are one time or apply to subsequent linkages (or are discounted after the first linkage is severed (T2B-11)***
3) ***Whether processor history is transferable for purposes of establishing linkages (T2B-10)***
4) ***Whether transfers of processor licenses will affect linkages (T2B-13)***

A share (delivery restricted) percentage

The Council could decide the percentage of delivery restricted shares in both alternatives. Generally, the Council should set the percentage of A shares to balance the interests of harvesters and processors. The larger the percentage of A shares, the greater the restriction on the harvest share holder's market for landings. Under this alternative, a share holder would be required to deliver their delivery restricted A shares to the particular processor to which its shares are linked (with linkages based on historic landings patterns). Given the more restrictive delivery obligation under this alternative (as compared to Alternative 2A), imposing delivery restrictions on a lower percentage of shares is likely reasonable. Under this alternative, processors would be able to compete for A share landings only by inducing a share holder to break the linkage associated with those shares, which requires a share reduction penalty. B shares, which are not delivery restricted, could be used to attempt to induce the linked processor to pay a higher price for A share landings or to induce a competing processor to pay a price for A shares that is high enough to make the penalty share reduction worthwhile. The appropriate level for the restriction should balance the historic

investment interests of the processors in having a closed market for a portion of the allocation against the interests of harvesters in having a broader, more competitive market for their landings.

The interests of potential entrants to the processing market should also be considered in setting the percentage. The Council should consider the need to allow new entrants to experiment with innovations, which could benefit the industry in the long run. Leaving a very small portion of the fishery for unrestricted delivery may severely limit opportunity for entry. Under this alternative, the ability to land unrestricted shares with any processor could be of greater importance to new entrants for a few reasons. The linkage creates a relatively strong and specific relationship between the harvest share holder and the linked processor. This relationship could encompass not only the delivery restricted shares, but also the unrestricted shares. If only a small portion of the fishery is unrestricted, the ability of a processor to enter in an effective manner could require not only strong competition for the unrestricted shares, but also establishment of linkages with some share holders. While the establishment of linkages is a reasonable expectation for processors that are to be long term participants, entrants that are experimenting with relatively small quantities of deliveries should not reasonably be expected to make the investment in establishing linkages.

When considering the appropriate percentage of delivery restricted shares under this alternative, the Council should also consider other aspects of the processor dimension of the program. The protection provided to any processor will depend not only on the percentage of shares that are subject to the delivery restriction, but also on the penalty for share movement. While not a direct trade off, the two decisions are closely related. In general, a higher percentage of delivery restricted shares determines the quantity of shares for which a linked processor has a market advantage. The penalty determines the extent of the market advantage with respect to those linked shares.

Lastly, the Council could decide whether to permit catcher processors to purchase catcher vessel shares that have no processor delivery restrictions. This provision could affect the appropriate level of unrestricted shares, if catcher processors are likely to have a competitive advantage relative to entering processors (see G-21).

T2B-9. Processor License Qualifications

To qualify for a processor license, a processor must have purchased and processed a minimum amount of groundfish by area *(Western Gulf; Central Gulf & West Yakutat (combined))* and 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.

T2B-10. Linkage (Linkages apply by area)

A harvester's processor linked shares are associated with the licensed fixed or trawl processor to which the harvester delivered the most pounds of primary groundfish species by area (Western Gulf; Central Gulf & West Yakutat (combined)) and region (North/South) during the

a) qualifying years.
b) most recent 1, 2, or 3 years from the qualifying years.
c) last ___ years of prior to 2004.
   i. 1
   ii. 2
   iii. 3

Suboption:
A harvester is initially eligible to join a cooperative in association with a processor who processed
a) 80% or b) 90%
of the harvesters eligible history. If no processor processed this percentage of a harvester's eligible history, the harvester linked shares are with the processor that processed the most qualified landings and the processor that processed the second most qualified landings on a pro rata basis

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's shares would be linked*** ~~***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 establish a share linkage with another processor*** in the following order:

1) The licensed processor to whom the harvester delivered the second most pounds in the community as long as that processor accounts for at least 20% of harvester's history
2) Any licensed processor in the community
3) The licensed processor to whom the harvester delivered the second most pounds in the region
4) Any licensed processor in the region

Option 2: If the processing facility with whom the ***harvester's shares would be linked*** ~~***is associated***~~ is no longer operating in the community, the harvester is eligible to ***establish a share linkage with another processor*** in the following order:

1) The licensed processor to whom the harvester delivered the second most pounds in the community as long as that processor accounts for at least 20% of harvester's history
2) Any licensed processor in the community
3) The licensed processor to whom the harvester delivered the second most pounds in the region
4) Any licensed processor in the region

The Council could decide whether to retain option 1or option 2 for future consideration. 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). 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 choice between option 1 and option 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.

At a later time, the Council could decide whether to include the retained option in its final alternative.

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).

Penalty magnitude

The Council could decide the penalty for movement between linked processors. The level of penalty should balance the interests of processors in the protection arising from the linkage/penalty provisions against the interests of harvesters in having a broader market in which to sell their harvests. The Council should recognize that the penalty represents a loss of revenues to a harvester, which could be used to defer long term fixed costs, such as vessel loans, in addition to variable costs, which are reduced by not having to harvest the shares subject to penalty. This loss of revenues should be balanced against the long term loss of revenues to a processor that occurs, if a processor loses the linkage. In a program of perpetual linkages, the linkages could be of greater importance to a processor, since the competition for delivery restricted shares linked to other processors will be limited by the need to pay an ex vessel price that covers the penalty.

As a part of this decision, the Council could decide whether the penalty will be applied in a single year or over the course of more than one year. Extended terms for penalties are likely to discourage movement between processors by increasing the cost of movement. Discounting suggests that extending a penalty over several years, however, is likely to be less costly to a harvester than imposing a penalty of the same quantity of fish over a shorter period of time (i.e., 2 percent per year for 4 years is less costly than 8 percent in a single year, if the TAC and product markets remain constant). Extending the penalty to reduce its magnitude in a single year could also avoid disruption to a harvester's operations that could occur from imposing a larger penalty in a single year. Long term penalties, however, could discourage movement and competition. On the other hand, penalties of relatively long terms could contribute to stronger relationships between harvesters and processors. If a penalty is imposed over several years, the processor with which a new linkage is established could establish a relationship for the term of the penalty (or beyond) to cover the harvester's costs of penalty.

Penalize A or B shares

The Council could decide whether to apply the penalty to delivery restricted A shares or to both the delivery restricted A shares and the unrestricted B shares. Assessing the penalty on both types of shares would affect the magnitude of the penalty and the nature of the penalty. Reducing B share allocations to a share holder on severing a linkage, would reduce not only the allocation, but the ability of a harvester to use B share revenues (which are likely to be at least as large as A share revenues on a per pound basis) to disburse the cost of the penalty.

Penalize first move or more than one move

The Council could also decide whether penalties are discounted (or entirely waived) after the first move between linked processors. The possible rationale for discounting (or waiving) the penalty is that the second processor would not have the historic processing association with the share holder that is the justification for the system of linkages. On the other hand, retaining the penalty could be justified as a means to add stability to the processing sector. A discounted penalty could provide a middle ground, diminishing the potential for a harvester to move among freely among processors every year, but recognizing that a the second linked processor has less of a historic interest than the initial linked processor. Discounting penalties after the first move will have two competing effects in the market for ex vessel landings. On one side, the second linked processor will have a lower incentive to pay to establish a new association with a share holder, since its association can be more easily severed by the share holder. On the other side, a share holder will be willing to accept less from the secondary processor for severing the linkage since the share holder will have greater freedom to move among processors thereafter (because of the decreased penalty). This effect is more pronounced, if penalties apply only to the first movement. If no penalty is applied after the first move, a share holder would move, if the fair market value of unrestricted share landings are large enough to cover the cost of the loss of shares through the penalty. In either case (the reduced penalty or no penalty after the first linkage), a share holder and processor could negotiate a long term agreement under which the share holder voluntarily commits landings to a processor to induce the processor to cover the cost of the penalty for the first move.

[If the Council elects to structure Alternative 2B, so that no penalty applies after the first movement from a linked processor, shares that are subject to delivery restrictions (A shares) would be landed under a limited license program for processors. If the Council intends the program to operate differently, clarification should be made.]

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 ***share*** linkages are broken and ***shares may be linked to*** any licensed processor within the same community or, if no processor exists in the community, within the same region.

T2B-13. License Transfers Among Processors (in the same community)

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 association with that license will transfer to the processor receiving the license. All harvest share/history holders will be subject to any share reduction at the full penalty for movement the first year; for the second year, half penalty applies to change the processor association. Harvest share holders would be allowed to develop a new association with a licensed processor within the same community if another processor is in the community or if no processor in the community within the same region.

Option 3. 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 at the full penalty for the first year; for the second year, no penalty applies to change the processor association. Harvest share holders would be allowed to develop a new association with a licensed processor within the same community if another processor is in the community or if no processor in the community within the same region.

License transfers – the effects on linkages and penalties when shares are transferred within a community

Under T2B-12, transfer of a license outside a community severs any linkage. The harvester holding the formerly linked shares may then establish a linkage with any other processor in the community (or region, if the community has no processor). This provision (T2B-13) addresses the effects of any transfer of shares within a community. Under the first option, the linkage would transfer with retention of the penalty structure, in its entirety. This option would establish a strong processor linkage with full transferability. The rationale for such as structure could be that processor protection is not maintained unless the entire processor interest is fully transferable. Without full transferability, it is likely that some processor interests would be maintained (instead of being sold), simply since they have no value in transfer.

Under the second option, the first year after the transfer, the full penalty applies. In the second year, the penalty would be half of the standard penalty, provided the harvester establishes a linkage with another processor in the community (unless the community has no other licensed processor, in which case the linkage would be with any other processor in the region). This option could be intended to create an incentive for a harvester to spend one year with shares linked to the new processor, to determine whether the linkage might be acceptable. After the first year, the harvester would be permitted to move with one half of the penalty. This provision could be used with either a program with either a full or one-half penalty for the second movement. If the full penalty is used for movement after the first move, it is assumed that after the second year, the penalty would return to its full level. If the provision is applied to a program with one-half penalty after the first move, the penalty in the second year would be assumed to be one-half of the applicable penalty (i.e., one-half penalty in the second year, if the harvest has not moved; or one-quarter penalty in the second year, if the harvester has moved) and would return to its standard level in the third year (i.e., full penalty, if the harvester has not moved; or one-half penalty, if the harvester has moved).

Under the third option is similar to the second option, but instead of applying one-half penalty in the second year after a transfer of processor interests, no penalty would be applied in the second year after a transfer of processor interests. As with the second alternative, the provision is intended to provide a one-time opportunity to move from a processor after a transfer of processing interests. The one-time opportunity would only occur after a year in which the linkage would apply. By delaying the movement by a year, the harvester is given an incentive to attempt to establish a working relationship with the new processor after the transfer.

The second and third options might be preferred, if the Council intends to favor transferability of processing interests, but believe that in some instances, the transfer may lead to a linkage that is unworkable in the eyes of the harvesters. Either option would create some value of processor interests in transfer. A rule that imposes a no penalty in the second year, however, would substantially reduce that value, as a processor would have less certainty of acquiring fleet associations since cost-free movements would be permitted in the second year. This provision is likely to induce harvesters to check all market opportunities in the second year, with little loyalty to the linked processor. A half-penalty, however, could induce both a harvester and processor to make a good faith effort to establish a working relationship, knowing that the second year would provide an opportunity for a reduced cost move, if the relationship was decided to be unworkable.

T2B-14. Processing Use Caps

Processing caps apply at the entity level by processor license type (by CGOA and WGOA regulatory areas) on A share landings:

Option 1. Range 70% to 130% of TAC processed ***by area, sector and species group*** for the largest licensed processor

Option 2. Processing use caps would be equal to a percentage that would allow contraction of processing companies ***by area, sector and species group*** 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)
Initial issuees that exceed the processor use cap are grandfathered at their current level.

T2B-15. License ownership restrictions on processors

Applies at the entity level by region
Option 1. A maximum of one facility license
Option 2. A maximum of two facility licenses
Option 3. A maximum of three facility licenses
Option 4. An unlimited number of facility licenses
Initial issuees that exceed the license ownership cap are grandfathered at their current level.

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)

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)

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.

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

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.

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.
- ***Co-op membership agreements will specify that processor affiliated harvesters cannot participate in price setting negotiations except as permitted by general antitrust law.***

T2C-7. Processor Eligibility

To qualify for a ***CVP allocation*** ~~**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 ***eligible for a CVP allocation in the region*** ~~**issued a license for the facility**~~ in which it processed the most fish.

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.

T2C-9. CVP Transferability

CVP is transferable between eligible CV holders and /or processors.

CVP shares may be transferred or leased to any entity eligible to receive CV QS by transfer.

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.

T2C-11. CVP Caps on Use and Holdings

Caps of CVP will apply at the company level ***by area, sector and species group*** and will be a 10-30% of the total pool of CVP shares available in the ***area, sector and species group***. Recipients of CVP that exceed the cap will be grandfathered.

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.

T2C-13. CVP Regionalization

CVP shares will be regionalized.

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.

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.

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 combined) 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:
Option 1:

- Pollock
- Pacific cod
- Aggregate rockfish
- Aggregate flatfish

Option 2: All groundfish

Suboption: A harvester is initially eligible to join a cooperative in association with a processor who processed

a) 80%
b) 90%

of the harvesters eligible history. If no processor processed this percentage of a harvester's eligible history, the harvester can enter into initial cooperatives with the processor that processed the most qualified landings and, the processor that processed the second most qualified landings on a pro rata basis.

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)

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, **an eligible harvester** ~~**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**~~ **eligible harvester** 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.

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 **and entering into a Contract with the processor the harvester is initially eligible to join a cooperative in association with. The Contract must meet the harvester/processor contract requirements for initial co-op membership** ~~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.~~

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.

Suggestions changes based on comments from NOAA GC.

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.

Different options may apply to CV and CP coops

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 in the following order

1) The processor to whom the harvester delivered the second most pounds in the community as long as that processor accounts for at least 20% of harvester's history
2) Any processor in the community
3) The processor to whom the harvester delivered the second most pounds in the region
4) Any processor in the region

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 in the following order

1) The processor to whom the harvester delivered the second most pounds in the community as long as that processor accounts for at least 20% of harvester's history
2) Any processor in the community
3) The processor to whom the harvester delivered the second most pounds in the region
4) Any processor in the region

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

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.

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)

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. no initial formation period (0 years)
Option 2. period is 1 year
Option 3. period is 2 years
Option 4. period is 3 years

Different options may apply to CV and CP sectors

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.

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 **an** eligible, willing harvesters in association with a processor is a pre-requisite to **cooperative membership and** a cooperative receiving an allocation of GQ **based on the history of that harvester**. 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**~~ **cooperative agreement** 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**~~ **cooperative agreement**.
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 **cooperative agreement** ~~**Contract**~~.
f) The **cooperative agreement** ~~**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) **The cooperatives formed under this program are harvest associations that are intended only to conduct and coordinate harvest activities of their members and are not FCMA cooperatives. Processor affiliated vessels will be permitted to join harvest cooperatives.** Co-op membership

agreements will specify that processor affiliated harvesters cannot participate in price setting negotiations, except as permitted by general antitrust law, code of conduct, mechanisms for expelling members, or exit agreements, **except as permitted by general antitrust law**.

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 **cooperative** 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.

j) The cooperatives formed under this program are harvest associations that are intended only to conduct and coordinate harvest activities of their members and are not FMCA cooperatives. Processor affiliated vessels will be permitted to join harvest cooperatives.

Suggestions changes based on comments from NOAA GC.

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.

~~T3-13. Transfers by catcher processors~~

~~**Transfers of GH or leases of GQ across CP gear types is**~~

~~**a) not permitted**~~

~~**b) permitted.**~~

(provision is included at G-14)

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.

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.

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.

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 ***by area, sector and species group***
Option 2. 50% of total harvest ***by area, sector and species group***
Option 3. 75% of total harvest ***by area, sector and species group***
Option 4. no cap
Option 5. no cap in areas with two or fewer processors.

Processors eligible to associate with an initial cooperative will be grandfathered.
There is no limit on the amount of fish that an eligible processor can buy from the open access fishery.

Pot Gear Alternatives

P-1. Transferability - Leasing

Alternative 2 and 3

Active participation requirements for trawl CVs (leasing restrictions):

1. For initial issuants of pot QS/GH who receive initial allocations of Pacific cod less than:
    a. 60th percentile
    b. 65th percentile
    c. 70th percentile
    d. 75th percentile

    Their initial allocation of primary species pot QS/GH can be leased freely for the first 3 years of the program.
2. For initial issuants of pot QS/GH who receive initial allocations greater than the amount established above in 2 of 3 most recent years:
    a. 30%
    b. 40%
    c. 50%

    of their aggregate primary species pot QS/GH for Pacific cod must either (a) be fished by a vessel which the pot QS/GH holder owns at least
        Option 1. 20%
        Option 2. 30%
        Option 3. 40%
        Option 4. >50%

    of, or (b) fished on a vessel with the pot QS/GH holder on board.
3. After 3 years from the start of this rationalization program, the above paragraph 2 applies to all QS/GH holders.

(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.)

Leasing requirements imposed on cooperative members will be monitored by the cooperative. Compliance will be reported in the cooperative annual report.

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.

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. Leasing prohibitions would likely force these processors to divest their shares.

The Council should consider the need for and administrative burden of a hardship provision. If leasing requirements allow for some degree of leasing, including leasing of all shares for a period of one year, a hardship provision may not be necessary. In the instance of a hardship, a person would have a full year to recover from the hardship or transfer shares to another

P-2. Excessive share caps – individual caps on use and holdings

Alternative 2 and 3

Holdings of pot gear Pacific cod shares/history by an individual in each area shall be capped at:

Option	0.5%
Option 1.	1%
Option 2.	3%
Option 3.	5%
Option 4.	20%
Option 5	30%
Option 6	no cap

Allocations to original issuees would be grandfathered at the original level of history.
Apply individually and collectively to all harvest share/history holders in the pot sector.

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.

The current provision does not appear to apply to intercooperative transfers. The Council could clarify whether it intends intercooperative transfers to be limited by the cap.

Under both alternatives, the current cap provisions apply 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, see G-16).

P-3. Excessive share caps – vessel use caps

Alternative 2 and 3

Individual vessel use cap **(applies within and outside co-ops)**
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 ***pot gear Pacific cod by area***. 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.

P-4. 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 ***pot gear Pacific cod*** harvest CV shares ***by area***.

Alternative 2C

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

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 ***of pot gear Pacific cod by area***
Option 2. 115%-150% of initial allocation of CV history ***of pot gear Pacific cod by area***
Option 3. 115%-150% of initial allocation of CP history ***of pot gear Pacific cod by area***
Option 4. no cap

To implement the alternative 2C provision for limiting processor holding of catcher vessel shares, the term "processor" will need to be defined. The simplest definition might be to apply an annual processing limit.

P-5. Excessive share caps – cooperative use caps

Alternative 2 and 3

Control of history or use of annual allocations of ***pot gear*** Pacific cod by a co-op shall be capped at:

Option 1. 15% by area.
Option 2. 25% by area.
Option 3. 45% by area.
Option 4. no cap

Different caps can be chosen for CPs and CV

P-6. Block Program

Alternative 2

Preserving entry level opportunities for Pacific cod

Each initial allocation of Pacific 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

P-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 10% of the last trip will be allowed with rollover provisions for underages up to 10% of harvest shares (or IFQ).

Option 2. Overages 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).

P-8. Transferability – Eligibility to Receive

Alternative 2

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

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
4) Individuals eligible to document a vessel with at least 150 days of sea time

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

Alternative 3

Persons qualified to receive history by transfer include:

1) processors that associate with initial cooperatives and
2) For CP/CV history shares:
   a) Entities eligible to document a vessel
   b) Initial recipients of CV or CP harvest shares
   c) Community administrative entities eligible to receive shares/history by transfer
   d) Individuals eligible to document a vessel with at least 150 days of sea time

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

The Council could consider whether to select eligibility criteria that require sea time (i.e., choose between 1) and 4) in Alternative 2; choose between 2a. and 2d. in Alternative 3).

Alternative P2L – Pot Low Producer – IFQ/Cooperatives

Applies only to low producing fixed gear vessels
Low producing vessels are exempt from delivery requirements

P2L-1. Voluntary Cooperatives

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

P2L-2. Cooperative formation

Co-ops can be formed between holders of low producing fixed gear catcher vessel harvest shares in an area.

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

P2L-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.

P2L-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

P2L-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.

P2L-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.
- ***Co-op membership agreements will specify that*** 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.
- ***The cooperatives formed under this program are harvest associations that are intended only to conduct and coordinate harvest activities of their members and are not FCMA cooperatives. Processor affiliated vessels will be permitted to join harvest cooperatives to the extent permitted by antitrust laws.***

Suggestions changes based on comments from NOAA GC.

P2L-7. Regionalization

It should be clarified whether regionalization applies under this alternative.

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

Applies only to high producing fixed gear catcher vessels and fixed gear catcher processors

P2HA-1. Voluntary Cooperatives

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

P2HA-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)

P2HA-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

The Council could consider whether to require a processor association for cooperatives under this alternative. The processor association could facilitate better coordination of landings and increase specific processor protection, at least in-season. A processor association, however, might be deemed inconsistent with the alternative, which allows delivery of A shares to any licensed processor. In addition, when combined with a requirement of 4 harvesters and a PSC reduction for non-members of cooperatives, a requirement of a cooperative-processor association could discourage entry or disadvantage small processors.

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

P2HA-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

P2HA-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.

P2HA-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.
- ***Co-op membership agreements will specify that*** 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.
- ***The cooperatives formed under this program are harvest associations that are intended only to conduct and coordinate harvest activities of their members and are not FCMA cooperatives. Processor affiliated vessels will be permitted to join harvest cooperatives to the extent permitted by antitrust laws.***

Suggestions changes based on comments from NOAA GC.

P2HA-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.

P2HA-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 could decide the percentage of delivery restricted shares under this alternative. Generally, the Council should set the percentage of A shares to balance the interests of harvesters and processors. The larger the percentage of A shares, the greater the restriction on the harvest share holder's market for landings. Under this alternative (2A), share holders would be required to deliver A shares to processors holding licenses. Under alternative 2B, A shares would be required to be delivered to the processor to which the shares are linked. Given the less restrictive delivery obligation under this alternative, imposing delivery restrictions on a higher percentage of shares is likely reasonable. Under this alternative, a harvester would be able to induce competition among several license-holding processors for all landings, with each processor, generally, on equal footing for attracting those landings. Under Alternative 2B, processors would be able to compete for A share landings only by inducing a share holder to break the linkage associated with those

shares, which requires a share reduction penalty. B shares, which are not delivery restricted, could be used to attempt to induce the linked processor to pay a higher price for A share landings or to induce a competing processor to pay a price for A shares that is high enough to make the penalty share reduction worthwhile. Under either alternative, the appropriate level for the restriction should balance the historic investment interests of the processors in having a closed market for a portion of the allocation against the interests of harvesters in having a broader, more competitive market for their landings.

The interests of potential entrants to the processing market should also be considered in setting the percentage. The Council should consider the need to allow new entrants to experiment with innovations, which could benefit the industry in the long run. Leaving a very small portion of the fishery for unrestricted delivery may severely limit opportunity for entry. Under this alternative, the potential to enter the fishery by purchasing relatively small amounts of fish should be assessed. Since harvester shares do not have specific processor linkages, more harvesters should have less strong relationships with processors with greater competition for landings. The competition among licensed processors, however, is likely to be extensive and could affect the market for shares that are not delivery restricted. In addition, the Council should consider whether catcher processors are permitted to purchase catch from catcher vessel shares that have no processor delivery restrictions (see G-21). Although current catcher processors may have little interest in this catch, it is possible that catcher processors could have an advantage over entering shore-based processors in competing for landings of unrestricted catch. If catcher processors are permitted to purchase catch made with unrestricted B shares, the percentage of shares available as B shares may need to be higher to provide entry opportunities.

P2HA-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

P2HA-10. Transferability of eligible processor licenses

Processor licenses can be sold, leased, or transferred.

Within the same region

P2HA-11. Processing Use Caps

Processing caps by processor license type *(Western Gulf; Central Gulf & West Yakutat (combined))* on A share landings:

Option 1. Range 70% to 130% of TAC processed for *of pot gear Pacific cod by area* for the largest licensed processor

Option 2. Processing use caps would be equal to a percentage that would allow contraction of processing companies *of pot gear Pacific cod by area* 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.

For consistency with the licensing and transferability provisions, caps could be at the regional level.

P2HA-12. License ownership restrictions on processors

Option 1. No restrictions

Option 2. Trawl/fixed license holders cannot hold any additional fixed gear only licenses

Alternative P2HB –Pot High Producer - IFQ/Cooperatives with Processor Linkages

Applies only to high producing fixed gear vessels and catcher processors

P2HB-1. Voluntary Cooperatives

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

P2HB-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)

The Council should consider the effects on processor entry of requiring 4 distinct entities for cooperative formation. If penalties (such as PSC reductions, see G-13) 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 through 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.

P2HB-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.

P2HB-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.

P2HB-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

P2HB-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.
- ***Co-op membership agreements will specify that*** 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.
- ***The cooperatives formed under this program are harvest associations that are intended only to conduct and coordinate harvest activities of their members and are not FCMA cooperatives. Processor affiliated vessels will be permitted to join harvest cooperatives to the extent permitted by antitrust laws.***

Suggestions changes based on comments from NOAA GC.

P2HB-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.

P2HB-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.

Processor associations and penalties

The Council could clarify the processing sector provisions for alternative 2B in several respects at this meeting. As the Council considers these issues, it will be important to develop a coherent package, which incorporates several different consistent decisions into a comprehensive alternative. Since this section contains several overlapping decisions, to aid the Council's development of alternatives the following potential decisions are listed:

5) ***The percent of shares that will be delivery restricted (A shares) and unrestricted (B shares) (T2B-8)***
6) ***The level of the penalty for movement between linked processors***
   a. ***Percentage of shares***
   b. ***Number of years***
   c. ***Does the penalty apply to A shares or both A shares and B shares***
   d. ***Whether penalties are one time or apply to subsequent linkages (or are discounted after the first linkage is severed (T2B-11)***
7) ***Whether processor history is transferable for purposes of establishing linkages (T2B-10)***
8) ***Whether transfers of processor licenses will affect linkages (T2B-13)***

A share (delivery restricted) percentage

The Council could decide the percentage of delivery restricted shares in both alternatives. Generally, the Council should set the percentage of A shares to balance the interests of harvesters and processors. The larger the percentage of A shares, the greater the restriction on the harvest share holder's market for landings. Under this alternative, a share holder would be required to deliver their delivery restricted A shares to the particular processor to which its shares are linked (with linkages based on historic landings patterns). Given the more restrictive delivery obligation under this alternative (as compared to Alternative 2A), imposing delivery restrictions on a lower percentage of shares is likely reasonable. Under this alternative, processors would be able to compete for A share landings only by inducing a share holder to break the linkage associated with those shares, which requires a share reduction penalty. B shares, which are not delivery restricted, could be used to attempt to induce the linked processor to pay a higher price for A share landings or to induce a competing processor to pay a price for A shares that is high enough to make the penalty share reduction worthwhile. The appropriate level for the restriction should balance the historic investment interests of the processors in having a closed market for a portion of the allocation against the interests of harvesters in having a broader, more competitive market for their landings.

The interests of potential entrants to the processing market should also be considered in setting the percentage. The Council should consider the need to allow new entrants to experiment with innovations, which could benefit the industry in the long run. Leaving a very small portion of the fishery for unrestricted delivery may severely limit opportunity for entry. Under this alternative, the ability to land unrestricted shares with any processor could be of greater importance to new entrants for a few reasons. The linkage creates a relatively strong and specific relationship between the harvest share holder and the linked processor. This relationship could encompass not only the delivery restricted shares, but also the unrestricted shares. If only a small portion of the fishery is unrestricted, the ability of a processor to enter in an effective manner could

require not only strong competition for the unrestricted shares, but also establishment of linkages with some share holders. While the establishment of linkages is a reasonable expectation for processors that are to be long term participants, entrants that are experimenting with relatively small quantities of deliveries should not reasonably be expected to make the investment in establishing linkages.

When considering the appropriate percentage of delivery restricted shares under this alternative, the Council should also consider other aspects of the processor dimension of the program. The protection provided to any processor will depend not only on the percentage of shares that are subject to the delivery restriction, but also on the penalty for share movement. While not a direct trade off, the two decisions are closely related. In general, a higher percentage of delivery restricted shares determines the quantity of shares for which a linked processor has a market advantage. The penalty determines the extent of the market advantage with respect to those linked shares.

Lastly, the Council could decide whether to permit catcher processors to purchase catcher vessel shares that have no processor delivery restrictions. This provision could affect the appropriate level of unrestricted shares, if catcher processors are likely to have a competitive advantage relative to entering processors (see G-21).

P2HB-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.

The Council could consider applying this provision by area and region (see T2B-9).

P2HB-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 1or 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 P2HB-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 P2LA. 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 P2HB-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 P2HB-11).

P2HB-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).

Penalty magnitude

The Council could decide the penalty for movement between linked processors. The level of penalty should balance the interests of processors in the protection arising from the linkage/penalty provisions against the interests of harvesters in having a broader market in which to sell their harvests. The Council should recognize that the penalty represents a loss of revenues to a harvester, which could be used to defer long term fixed costs, such as vessel loans, in addition to variable costs, which are reduced by not having to harvest the shares subject to penalty. This loss of revenues should be balanced against the long term loss of revenues to a processor that occurs, if a processor loses the linkage. In a program of perpetual linkages, the linkages could be of greater importance to a processor, since the competition for delivery restricted shares linked to other processors will be limited by the need to pay an ex vessel price that covers the penalty.

As a part of this decision, the Council could decide whether the penalty will be applied in a single year or over the course of more than one year. Extended terms for penalties are likely to discourage movement between processors by increasing the cost of movement. Discounting suggests that extending a penalty over several years, however, is likely to be less costly to a harvester than imposing a penalty of the same quantity of fish over a shorter period of time (i.e., 2 percent per year for 4 years is less costly than 8 percent in a single

year, if the TAC and product markets remain constant). Extending the penalty to reduce its magnitude in a single year could also avoid disruption to a harvester's operations that could occur from imposing a larger penalty in a single year. Long term penalties, however, could discourage movement and competition. On the other hand, penalties of relatively long terms could contribute to stronger relationships between harvesters and processors. If a penalty is imposed over several years, the processor with which a new linkage is established could establish a relationship for the term of the penalty (or beyond) to cover the harvester's costs of penalty.

Penalize A or B shares

The Council could decide whether to apply the penalty to delivery restricted A shares or to both the delivery restricted A shares and the unrestricted B shares. Assessing the penalty on both types of shares would affect the magnitude of the penalty and the nature of the penalty. Reducing B share allocations to a share holder on severing a linkage, would reduce not only the allocation, but the ability of a harvester to use B share revenues (which are likely to be at least as large as A share revenues on a per pound basis) to disburse the cost of the penalty.

Penalize first move or more than one move

The Council could also decide whether penalties are discounted (or entirely waived) after the first move between linked processors. The possible rationale for discounting (or waiving) the penalty is that the second processor would not have the historic processing association with the share holder that is the justification for the system of linkages. On the other hand, retaining the penalty could be justified as a means to add stability to the processing sector. A discounted penalty could provide a middle ground, diminishing the potential for a harvester to move among freely among processors every year, but recognizing that a the second linked processor has less of a historic interest than the initial linked processor. Discounting penalties after the first move will have two competing effects in the market for ex vessel landings. On one side, the second linked processor will have a lower incentive to pay to establish a new association with a share holder, since its association can be more easily severed by the share holder. On the other side, a share holder will be willing to accept less from the secondary processor for severing the linkage since the share holder will have greater freedom to move among processors thereafter (because of the decreased penalty). This effect is more pronounced, if penalties apply only to the first movement. If no penalty is applied after the first move, a share holder would move, if the fair market value of unrestricted share landings are large enough to cover the cost of the loss of shares through the penalty. In either case (the reduced penalty or no penalty after the first linkage), a share holder and processor could negotiate a long term agreement under which the share holder voluntarily commits landings to a processor to induce the processor to cover the cost of the penalty for the first move.

[If the Council elects to structure Alternative 2B, so that no penalty applies after the first movement from a linked processor, shares that are subject to delivery restrictions (A shares) would be landed under a limited license program for processors. If the Council intends the program to operate differently, clarification should be made.]

P2HB-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.

P2HB-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.

P2HB-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 *of pot gear Pacific cod by area* for the largest licensed processor

Option 2. Processing use caps would be equal to a percentage that would allow contraction of processing companies *of pot gear Pacific cod by area* 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)

P2HB-15. License ownership restrictions on processors

Option 1. No restrictions

Option 2. Trawl/fixed license holders cannot hold any additional fixed gear only licenses

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 P2C – Pot IFQ/Cooperatives with Harvest Share Allocations to Processors

Applies to all fixed gear vessels

P2C-1. Voluntary Cooperatives

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

P2C-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)

P2C-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.

P2C-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

P2C-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.

P2C-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.
- ***Co-op membership agreements will specify that p***rocessor 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.
- ***The cooperatives formed under this program are harvest associations that are intended only to conduct and coordinate harvest activities of their members and are not FCMA cooperatives.***

Processor affiliated vessels will be permitted to join harvest cooperatives to the extent permitted by antitrust laws.

Suggestions changes based on comments from NOAA GC.

P2C-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.

P2C-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.

P2C-9. CVP Transferability

CVP is transferable between eligible CV holders and /or processors.

CVP shares may be transferred or leased to any entity eligible to receive CV QS by transfer.

P2C-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.

P2C-11. CVP Caps on Use and Holdings

Caps of ***pot gear Pacific cod*** CVP will apply at the company level ***by area*** and will be a 10-30% of the total pool ***of pot gear Pacific cod*** CVP shares available in the management area. Recipients of CVP that exceed the cap will be grandfathered.

P2C-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.

Application of this limit will require a definition of the term "processor".

P2C-13. CVP Regionalization

CVP shares will be regionalized.

The method for regionalization should be specified. CVP could be regionalized based on the location of processing that led to the allocation.

Alternative P3L1 – Pot 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 catch histories under G-6, G-7, and G-8.

Alternative P3L2 – Pot 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).

P3L2-1. 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.

P3L2-2. 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.

P3L2-3. Cooperative Eligibility - Catcher Vessel Cooperatives

Catcher vessel co-ops may be established within sectors between eligible harvesters.

P3L2-4. 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)

P3L2-5. 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.

P3L2-6. 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.

P3L2-7. 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.

P3L2-8. 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**~~.

Under this alternative, no processor contract is required.

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) **The cooperatives formed under this program are harvest associations that are intended only to conduct and coordinate harvest activities of their members and are not FCMA cooperatives. Processor affiliated vessels will be permitted to join harvest cooperatives.** Co-op membership

agreements will specify that processor affiliated harvesters cannot participate in price setting negotiations, except as permitted by general antitrust law, code of conduct, mechanisms for expelling members, or exit agreements, **except as permitted by general antitrust law**.

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.

Suggestions changes based on comments from NOAA GC.

P3L2-9. 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.

P3L2-10. 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.

P3L2-11. 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.

P3L2-12. 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.

P3L2-13. 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 *of pot gear Pacific cod*
Option 2. 50% of total harvest by area *of pot gear Pacific cod*
Option 3. 75% of total harvest by area *of pot gear Pacific cod*
Option 4. no cap

Processors eligible to associate with an initial cooperative will be grandfathered.

Alternative P3 – Pot Cooperatives/Limited Access with Processors Associations

Applies to all fixed gear vessels (catcher vessels and catcher processors)

P3-1. 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.

P3-2. 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.

P3-3. 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 *pot gear Pacific cod* 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

P3-4. 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)

P3-5. 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, **an eligible harvester** ~~**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~~ **eligible harvester** 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.

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 **and entering into a Contract with the processor the harvester is initially eligible to join a cooperative in association with. The Contract must meet the harvester/processor contract requirements for initial co-op membership** ~~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.~~

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.

Suggestions changes based on comments from NOAA GC.

P3-6. 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.

P3-7. 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

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

P3-8. 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.

P3-9. 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)

P3-10. 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.

P3-11. 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 **an** eligible, willing harvesters in association with a processor is a pre-requisite to **cooperative membership and** a cooperative receiving an allocation of GQ **based on the history of that harvester**. 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**~~ **cooperative agreement** 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**~~ **cooperative agreement**.
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 **cooperative agreement** ~~**Contract**~~.
f) The **cooperative agreement** ~~**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) **The cooperatives formed under this program are harvest associations that are intended only to conduct and coordinate harvest activities of their members and are not FCMA cooperatives. Processor affiliated vessels will be permitted to join harvest cooperatives.** Co-op membership agreements will specify that processor affiliated harvesters cannot participate in price setting negotiations, except as permitted by general antitrust law, code of conduct, mechanisms for expelling members, or exit agreements, **except as permitted by general antitrust law**.

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 **cooperative** 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.

j) The cooperatives formed under this program are harvest associations that are intended only to conduct and coordinate harvest activities of their members and are not FMCA cooperatives. Processor affiliated vessels will be permitted to join harvest cooperatives.

Suggestions changes based on comments from NOAA GC.

P3-12. 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.

~~P3-13. Transfers by catcher processors~~

~~**Transfers of GH or leases of GQ across CP gear types is**~~

~~**a) not permitted**~~

~~**b) permitted.**~~

Provision is included at G-14.

P3-14. 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.

P3-15. 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.

P3-16. 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.

P3-17. 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 ***of pot gear Pacific cod***
Option 2. 50% of total harvest by area ***of pot gear Pacific cod***
Option 3. 75% of total harvest by area ***of pot gear Pacific cod***
Option 4. no cap

Processors eligible to associate with an initial cooperative will be grandfathered.

Hook-and-Line Gear Alternatives

L-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 that 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.

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 that 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.

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.

L-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.

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 (i.e., loss of vessel does not generally apply to owner on board).

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 L-1 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 catcher vessels, high producing catcher vessels).

L-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 CV and/or CP (can be different caps)
based on the following percentiles of catch history for the following species:
Pacific cod by area and WGOA deep water flatfish

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 ***area***.

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.

Alternative 3

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

Option 1.	1% of the history ***by area and primary species (Pacific cod and WGOA deep water flatfish***)
Option 2.	5% of the history by ***area and primary species***
Option 3.	20% of the history ***by area and primary species***
Option 3	30% of the history ***by area and primary species***
Option 4	no cap

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

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.

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).

L-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 primary species and area.*** 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.

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

by primary species and area

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 primary species and area.*** 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.

L-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 ***by primary species and area.***

Alternative 2C

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

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 ***by primary species and area***
Option 2. 115%-150% of initial allocation of CV history ***by primary species and area***
Option 3. 115%-150% of initial allocation of CP history ***by primary species and area***
Option 4. no cap

L-6. Excessive share caps – cooperative use caps

Alternative 2

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

Alternative 3

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

Option 1. 15% ***by primary species and area (Pacific cod and WGOA flatfish).***
Option 2. 25% ***by primary species and area***
Option 3. 45% ***by primary species and area***
Option 4. no cap

L-7. Block Program

Alternative 2

Preserving entry level opportunities for Pacific cod

Each initial allocation of Pacific 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

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.

L-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. Overages 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. Overages 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).

L-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.

L-10. 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.

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.

Alternative L2L – Hook-and-Line Gear Low Producer – IFQ/Cooperatives

Applies only to low producing fixed gear vessels
Low producing vessels are exempt from delivery requirements

L2L-1. Voluntary Cooperatives

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

L2L-2. Cooperative formation

Co-ops can be formed between holders of low producing fixed gear catcher vessel harvest shares in an area.

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

L2L-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.

L2L-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

L2L-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.

L2L-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.
- ***Co-op membership agreements will specify that*** 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.
- ***The cooperatives formed under this program are harvest associations that are intended only to conduct and coordinate harvest activities of their members and are not FCMA cooperatives. Processor affiliated vessels will be permitted to join harvest cooperatives to the extent permitted by antitrust laws.***

Suggestions changes based on comments from NOAA GC.

L2L-7. Regionalization

It should be clarified whether regionalization applies under this alternative.

Alternative L2HA – Hook-and-Line Gear High Producer - IFQ/Cooperatives with Processor License Limitation

Applies only to high producing fixed gear catcher vessels and fixed gear catcher processors

L2HA-1. Voluntary Cooperatives

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

L2HA-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)

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.

L2HA-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.

L2HA-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

L2HA-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.

L2HA-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.
- ***Co-op membership agreements will specify that*** 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.
- ***The cooperatives formed under this program are harvest associations that are intended only to conduct and coordinate harvest activities of their members and are not FCMA cooperatives. Processor affiliated vessels will be permitted to join harvest cooperatives to the extent permitted by antitrust laws.***

Suggestions changes based on comments from NOAA GC.

L2HA-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.

L2HA-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

L2HA-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

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.

L2HA-10. Transferability of eligible processor licenses

Processor licenses can be sold, leased, or transferred.

Within the same region

L2HA-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 ***by primary species and area*** for the largest licensed processor

Option 2. Processing use caps would be equal to a percentage that would allow contraction of processing companies ***by primary species and area*** 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.

L2HA-12. License ownership restrictions on processors

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

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 L2HB – Hook-and-Line Gear High Producer - IFQ/Cooperatives with Processor Linkages

Applies only to high producing fixed gear vessels and catcher processors

L2HB-1. Voluntary Cooperatives

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

L2HB-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)

L2HB-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.

L2HB-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.

L2HB-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

L2HB-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.
- ***Co-op membership agreements will specify that*** 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.
- ***The cooperatives formed under this program are harvest associations that are intended only to conduct and coordinate harvest activities of their members and are not FCMA cooperatives. Processor affiliated vessels will be permitted to join harvest cooperatives to the extent permitted by antitrust laws.***

Suggestions changes based on comments from NOAA GC.

L2HB-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.

L2HB-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.

L2HB-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.

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

L2HB-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 1or 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 L2HB-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 L2A. 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 L2HB-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 L2HB-11).

L2HB-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).

L2HB-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.

L2HB-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.

L2HB-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 ***by primary species and area*** for the largest licensed processor

Option 2. Processing use caps would be equal to a percentage that would allow contraction of processing companies ***by primary species and area*** 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)

L2HB-15. License ownership restrictions on processors

Option 1. No restrictions

Option 2. Trawl/fixed license holders cannot hold any additional fixed gear only licenses

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 L2C – Hook-and-Line IFQ/Cooperatives with Harvest Share Allocations to Processors

Applies to all fixed gear vessels

L2C-1. Voluntary Cooperatives

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

L2C-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)

L2C-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.

L2C-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

L2C-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.

L2C-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.
- ***Co-op membership agreements will specify that*** 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.
- ***The cooperatives formed under this program are harvest associations that are intended only to conduct and coordinate harvest activities of their members and are not FCMA cooperatives. Processor affiliated vessels will be permitted to join harvest cooperatives to the extent permitted by antitrust laws.***

Suggestions changes based on comments from NOAA GC.

L2C-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.

L2C-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.

L2C-9. CVP Transferability

CVP is transferable between eligible CV holders and /or processors.
CVP shares may be transferred or leased to any entity eligible to receive CV QS by transfer.

L2C-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.

L2C-11. CVP Caps on Use and Holdings

Caps of CVP will apply at the company level ***by primary species and 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.

L2C-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.

L2C-13. CVP Regionalization

CVP shares will be regionalized.

The method for regionalization should be specified. CVP could be regionalized based on the location of processing that led to the allocation.

Alternative L3L1 – Hook-and-Line 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.

Alternative L3L2 – Hook-and-Line 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).

L3L2-1. 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.

L3L2-2. 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.

L3L2-3. Cooperative Eligibility - Catcher Vessel Cooperatives

Catcher vessel co-ops may be established within sectors between eligible harvesters.

L3L2-4. 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)

L3L2-5. 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.

L3L2-6. 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.

L3L2-7. 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.

L3L2-8. 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~~.

Under this alternative, no processor contract is required.

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) **The cooperatives formed under this program are harvest associations that are intended only to conduct and coordinate harvest activities of their members and are not FCMA cooperatives. Processor affiliated vessels will be permitted to join harvest cooperatives.** Co-op membership agreements will specify that processor affiliated harvesters cannot participate in price setting negotiations, except as permitted by general antitrust law, code of conduct, mechanisms for expelling members, or exit agreements, **except as permitted by general antitrust law.**

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.

Suggestions changes based on comments from NOAA GC.

L3L2-9. 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.

L3L2-10. 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.

L3L2-11. 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.

L3L2-12. 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.

L3L2-13. Processing Use Caps

Processors shall be capped at the entity level.
No processor shall process more than:

Option 1. 25% of total harvest ***by primary species and area***
Option 2. 50% of total harvest ***by primary species and area***
Option 3. 75% of total harvest ***by primary species and area***
Option 4. no cap

Processors eligible to associate with an initial cooperative will be grandfathered.

Alternative L3 – Hook-and-Line Gear Cooperatives/Limited Access with Processors Associations

Applies to all fixed gear vessels (catcher vessels and catcher processors)

L3-1. 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.

L3-2. 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.

L3-3. 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:

- Pacific cod
- Western GOA deep water flatfish

L3-4. 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)

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.

L3-5. 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, **an eligible harvester** ~~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~~ **eligible harvester** 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.

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 **and entering into a Contract with the processor the harvester is initially eligible to join a cooperative in association with. The Contract must meet the harvester/processor contract requirements for initial co-op membership** ~~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.~~

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.

Suggestions changes based on comments from NOAA GC.

L3-6. 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.

L3-7. 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.)
iv. the licensed processor to whom the harvester delivered the second most pounds

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

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.

L3-8. 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.

L3-9. 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)

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.

L3-10. 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.

L3-11. 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 **an** eligible, willing harvesters in association with a processor is a pre-requisite to **cooperative membership and** a cooperative receiving an allocation of GQ **based on the history of that harvester**. 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**~~ **cooperative agreement** 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**~~ **cooperative agreement**.
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 **cooperative agreement** ~~**Contract**~~.
f) The **cooperative agreement** ~~**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) **The cooperatives formed under this program are harvest associations that are intended only to conduct and coordinate harvest activities of their members and are not FCMA cooperatives. Processor affiliated vessels will be permitted to join harvest cooperatives.** Co-op membership agreements will specify that processor affiliated harvesters cannot participate in price setting negotiations, except as permitted by general antitrust law, code of conduct, mechanisms for expelling members, or exit agreements, **except as permitted by general antitrust law.**
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 **cooperative** 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.

j) The cooperatives formed under this program are harvest associations that are intended only to conduct and coordinate harvest activities of their members and are not FMCA cooperatives. Processor affiliated vessels will be permitted to join harvest cooperatives.

Suggestions changes based on comments from NOAA GC.

L3-12. 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.

~~L3-13. Transfers by catcher processors~~

~~**Transfers of GH or leases of GQ across CP gear types is**~~

~~**a) not permitted**~~

~~**b) permitted.**~~

Provision is included at G-14

L3-14. 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.

L3-15. 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.

L3-16. 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.

L3-17. Processing Use Caps

Processors shall be capped at the entity level.
No processor shall process more than:

Option 1. 25% of total harvest ***by primary species and area***
Option 2. 50% of total harvest ***by primary species and area***
Option 3. 75% of total harvest ***by primary species and area***
Option 4. no cap

Processors eligible to associate with an initial cooperative will be grandfathered.

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)

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)

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.

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

AGENDA C-5
Supplemental
APRIL 2006

March 28, 2006

Stephanie Madsen, Chair
North Pacific Fishery Management Council
605 West 4th Ave, Suite 306
Anchorage, AK 99501-2252

Re: Agenda Item C-5, Gulf of Alaska Groundfish Rationalization

Dear Members of the NPFMC,

Enclosed you will find signed letters protesting the privatization of our nation's fisheries. Please review and take this under serious consideration.

Thank You!

Tony Lara, Rhonda Maker

Tony Lara
Crab Fisherman / Captain
Owner:
M/V Lazy Bay
Marine Transportation & Salvage
420 Marine Way
P.O. Box 8090
Kodiak, AK 99615
(907) 486-4041
(907) 486-2649 Fax

Rhonda Maker
Owner:
The Treasury
Jewelry, Gifts and Home Décor
The Treasury Home
Furniture Décor and More!
907-481-3100
907-486-5001 Fax

We received 340 of these comments - see Helen for originals.

Did you know.....?

THE FEDERAL GOVERNMENT IS SYSTEMATICALLY PRIVATIZING THE FISHERIES OF ALASKA

Proposals now in front of the North Pacific Fisheries Management Council seek to lock up the groundfish fisheries which include cod, flatfish, etc, in the Gulf of Alaska.

Crab Rationalization has already led to a dramatic loss of employment and is collapsing the economic infrastructure of many Alaskan coastal communities. It is generating windfall profits for the Wealthiest companies, creating huge barriers to advancement in the industry and mandating fishermen sell to specific markets

We believe the Ocean is a Public Resource
It is no one's to GIVE AWAY

DO YOU HAVE THE COURAGE TO DO YOUR PART?
Help Us Keep Our Oceans Accessible Now and for Future Generations.

If you agree, write a letter or simply sign and fax this ad to:
(907) 486-2649
by 5pm March 28th, 2006

I Pete Hannah **, AM AGAINST LEGISLATION THAT LEADS TO THE PRIVATIZATION OF OUR NATION'S FISHERIES.**

Signed Peter Hannah Date 3/24/06
City Kodiak State AK

You can also fax these people:
Ted Stevens .....AK:(907) 258-9305 ..... DC:(202) 224-2354
Jim Clark, Chief of Staff for Gov. Murkowski .....(907) 465-3532
Gabrielle LeDoux, AK Rep. .....(907) 465-4956

Sponsored By:

Alaska Hydraulics	M/V Lazy Bay	Breakwater John	Joe Ludvick
Arc-N-Spark	Norman's on the Mall	Jay Anderson	Mitch McManus
B&B Bar	Radar Alaska	Reńe Anthony	Danny Powell
Cy's Sporting Goods	Sutliff's True Value	Blaine Briggs	Debbie Refior
El Chicanos	Tony's Bar	Randy Ensign	Justine Richardson
Flying Geese Quilting	The Treasury	Bob Hatcher	Sadina Tolle
Kodiak Outfitters		Alexus Kwachka	

For more information call:
Rhonda Maker 481-3100, Danny Powell 486-4689 or Shawn Dochtermann 486-8777

We received 37 pages of these signatures - see Helen for originals.

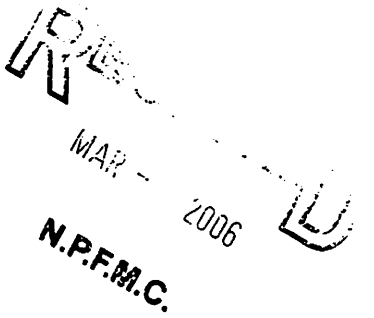
We, the undersigned concerned citizens of coastal Alaska, stand united against mandatory delivery requirements in the form of processor association/linkages in the Gulf of Alaska Groundfish Rationalization Program. We support open, competitive markets that preserve healthy community fishing economies and maintain diverse independent fishing fleets.

Printed Name	Signature	Community	Vessel/ occupation
Steven Mathew	[signature]	Kodiak	F/V Kahuna Pres. AK Jig Association
Douglas Stewart	[signature]	Chiniak	fisherman Welder
David Shields	[signature]	Kodiak	Retired
Tim Deplazes	[signature]	Kodiak	—
David L. Cavender	[signature]	Kodiak	Security AAD
Darius R Kasprzak	[signature]	Kodiak	F/V Malka
James Houston	[signature]	Kodiak	F/V Naomi
Billy Boskofsky	[signature]	Kodiak	F/V Tessa marie
Ray Kelly	[signature]	Ouzinkie	Self Employed
Dennis Wolfe	[signature]	Kodiak	BEI
Marsha Nichols	[signature]	Kodiak	—
Beverly Jones	[signature]	Kodiak	—
Robert H Chudnoff	[signature]	Kodiak	—
Michael Anderson	[signature]	Kodiak	—
Carmen J. Lunde	[signature]	Kodiak	retired
Bob Erickson	[signature]	Kod	self employ
Theresa Peterson	[signature]	Kodiak	F/V Patricia Sue

SWAMC
Southwest Alaska Municipal Conference
3300 Arctic Boulevard, Suite 203 Anchorage, AK 99503 p: 907.562.7380 f: 907.562.0438 www.swamc.org

Alaska Peninsula
Aleutian Chain
Bristol Bay
Kodiak Island
Pribilof Islands

March 1, 2006



Chris Oliver
North Pacific Fishery Management Council
Executive Director
605 West 4th, Suite 306,
Anchorage, Alaska 99501-2252

Dear Mr. Oliver:

On behalf of the Board of Directors and members of the Southwest Alaska Municipal Conference (SWAMC), please accept the enclosed resolution that was recently adopted by the SWAMC membership during the Southwest Alaska Economic Summit and SWAMC annual meeting.

This resolution reflects the concerns and priorities of the communities of Southwest Alaska.

Thank you for taking this position into consideration as this matter is presented before your organization. Please call on me if I can provide further information.

Sincerely,

Southwest Alaska Municipal Conference

Wanetta Ayers
Executive Director

Enclosure: Resolution

pc: SWAMC Board of Directors

SWAMC Southwest Alaska Municipal Conference
3300 Arctic Boulevard, Suite 203 Anchorage, AK 99503 p: 907.562.7380 f: 907.562.0438 www.swamc.org

Alaska Peninsula
Aleutian Chain
Bristol Bay
Kodiak Island
Pribilof Islands

Resolution 06 - 16

A resolution of the Southwest Alaska Municipal Conference requesting the 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 Gulf coastal communities are substantially involved in and substantially dependent upon the Gulf of Alaska ground fish fisheries, and

WHEREAS, the Gulf coastal communities' economic and social health is inherently dependent on their sustained participation in all aspects of the Gulf groundfish fisheries, and

WHEREAS, the Gulf coastal communities are 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 the 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, while 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 rewarding 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 Gulf coastal communities prior to implementation,

NOW, THEREFORE, BE IT RESOLVED the members of the Southwest Alaska Municipal Conference that, should the North Pacific Fishery Management Council continue to develop a Gulf of Alaska groundfish fishery management plan, the following actions are hereby requested:

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 alternative son 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. Develop and bring forward for consideration an additional alternative which includes no processing shares, linkages or privileges of any kind. 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 systems.
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.

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 and such program includes reasonable limits on the amount of harvesting privileges that nay single eligible community may hold.

PASSED AND ADOPTED by a duly constituted quorum of the members of Southwest Alaska Municipal Conference this Third day of February 2006.

Signed:

Glen Gardner
President

Attest:

Wanetta Ayers
Executive Director

Submitted by: Staff
Reviewed by Board: February 1, 2006
Referred to: Fisheries Committee
Report from Fisheries Committee: Do Pass
Membership Meeting:
Motion to Adopt: Linda Freed
Second: Mayor Chris Napoli
Motion Passed
Ratified by Board: February 4, 2006

STATE OF ALASKA

Central Peninsula Fish & Game Advisory Committee

Frank H Murkowski, Governor

David Martin, Chair
P.O. Box 468
Clam Gulch, AK 99568
Phone: 567-3306

March 9, 2006

The Honorable
Frank H. Murkowski
Governor of Alaska
P.O. Box 110001
Juneau, AK. 99811-0001

Dear Governor Murkowski,

The Central Peninsula Fish and Game Advisory Committee unanimously voted against the Gulf of Alaska groundfish plan to force partnerships between fishermen and processors that are now under development by the North Pacific Fishery Management Council.

The State of Alaska promised that processor quota would be used only in the Bering Sea crab plan implemented in 2005. The Gulf of Alaska groundfish fisheries must not include processor quota or force fishermen to sell their catch to any designated processor or port. To do so is nothing but pure Socialism. One of the main reasons for Alaska statehood was to break the hold the processing industry had on the fishermen and the fisheries and create open and competitive markets. Let us not go back full circle.

Free open and competitive markets for fishermen is not only the American dream but an American right. Voluntary cooperatives create a healthy industry. A forced cooperative between harvesters and processors creates monopolies and will reduce prices paid to fishermen. This leads to depressed opportunities and growth in the communities and limits the capital improvements and safety within the fleet and fishing industry as a whole. New and younger fishermen will also be discouraged from entering the Gulf of Alaska ground fisheries.

Please don't allow processor quotas and mandatory cooperatives between processors and fishermen in the Gulf of Alaska groundfisheries!

Sincerely,

David R. Martin, Chairman

Cc: North Pacific Fishery Management Council
Board of Fish
House Special Committee on Fisheries
Co-Ch: Representative Gabrielle LeDoux and Representative Bill Thomas

To: NPFMC

From: Mark Thomas
P.O. box 3481
Kodiak AK 99615
909-486-2858

This is a letter to express my deep concern of the current path we are taking to rationalize yet another fishery. My history in fisheries began in 1991. I began by longlining, Crab fishing in the Bering Sea, and gillnetting Salmon in Bristol Bay. I now currently own and operate a 32 foot Bay boat and fish for Salmon, Cod, and Halibut. I also participated in the 2006 Limited King Crab fishery. The direct impact of rationalization on my crew contract are as follows; 2005 through 2005 full share for a deckhand on my boat was 5.5 to 6.0%. We also were charged $27 a day for our food bill. That was it. In 2006 I was presented a contract that had the following deductions, off the top were taken 2-5% for the buyback tax.(keep in mind that the extra crab given to the vessel became the boats personal property to sell if they wish later) 3% for the lawyer if the price went to arbitration (which it did), and also percentages for the IFQ and landing taxes. Also cargo insurance was taken off the top. Factor in now food, bait, and groceries, and my new full share percentage of 3.5% crewshare and you get the picture. I actually had no intention of participating in 2006, but I got a frantic phone call from the owner that one of the deckhands lost his hand in the bait chooper and they needed a replacement. I was there in less than 24 hours and was then presented with this new contract. Lets just say that had I known the terms I would not have gotten on the plane.

Ratonalization affects all those involved in fisheries. When Uni-Sea bought Royal Aluetion, I lost a market to sell Halibut in Dutch Harbor. Also, the locals who participate in the small gillnet Herring fishery lost thier only Market. If proccessors are guaranteed Pollack and Crab every year, how enthusiastic will they be to purchase Salmon, Cod, Herring, Halibut or any number of other species? The grab has already begun. I was dissapointed to read this morning that Trident had puchased Ocean Beauty. I happen to sell to Trident. They are a proffessional and well run operation and if I was Mr. Bundrant I would also want to expand as much as possible. But I believe that these takeovers are more driven by a mad dash to control Processor Quota, than they are to simply get larger and more profitable.

I believe that if left to each gear sector to decide whether to rationalize or not, the ripple effect to fisheries, communities, and local business' will be damaging and the full scope of which will only be realized in the years to come. There will be no turning back. The motivation for this letter is to ask that the council step back and take a long hard look at what at what we are doing and make a decision that we can all be proud of in the future. It doesn't appear that that anyone in the gulf is in immeadiate danger of going broke right now, so lets slow down and take a breath.

This is the first time I have written to anyone about my views about Gulf Rationalization. Many I know have the same fears of what may come. The point is, they do not neccesarily write letters, and may think that the decisions should be left to the experts. Those that stand to inheirate thousands or millions of dollars if this propposal goes through are highly motivated to write, phone, and take plane rides to be at every meeting. I hope that the Council keeps this in mind.

Thank you

Mark Thomas 3/28/06

To: NPFMC

From: Allen Grauel
P.O. box 2669
Kodiak AK 99615
907-486-5452

This is a letter to voice my opposition to any new Rationalization program for the Gulf of Alaska. I have fished in Alaska since 1979, and have seen the negative impacts that the A.F.A. program, and Crab rationalization has brought to costal communities. The problems that face certain fisheries are not all resolved by simply handing out fishing rights and processing rights to the privilaged few. If the concept of rationalization is to create absentee ownership, fewer jobs,(on vessels as well land), and close the door on any hopes of the next generation participating in fisheries, it has worked very effectively-and very quickly I might add. Picture a young 18 year old man standing next to a large factory Trawler. Will you be able to say to him, "Just hang in there young man. Work hard and someday this may be yours." Short answer- NO. Long answer, "You got legislated out son. Money was more important to some than others." Please before you go any further in this proccess, think this through. Sometimes it is better to do nothing than ram something through that we will all regrete later.

Thank you

Allen Grauel

3/28/06

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

F/V Miss Linda
Linda L. Sutton
PO Box 1363
Kodiak, AK 99615

3/27/06

North Pacific Fishery Management Council
605 West 4th Avenue, Suite 306
Anchorage, AK 99501-2252

Stephanie Madsen, Chair:

Re: Agenda Item C-5 GOA Groundfish Rationalization
Including the GOA Parallel Cod Pot Fishery in the GOA Groundfish Rationalization

My husband and I owned the Miss Linda out of Kodiak. He fished the Kodiak waters since 1964. He died when he was out Cod fishing in 1999. He participated in the Federal Cod fishery inside the 3 nm for many years until his death. I still own and manage the boat and my son is fishing it.

I respectfully request that the Council make a clear statement that Parallel fishing history will be award to those who earned it, and that such persons will be provided with the opportunity to participate in the GOA Groundfish rationalization. The Council should maintain that the Parallel history must be harvested outside of three miles. I ask that the State do the likewise.

The Parallel fishers need the unambiguous statement now, so we can be at the table to select those alternatives, elements and options in the GOA Groundfish Rationalization that best address our needs.

When rationalization occurs, I ask that the Council not allow the trawl sector to be rationalized prior to the pot sector. The Pot and trawl sector should be developed, analyzed and rationalized simultaneously.

Thank you,

Sincerely,

Linda L. Sutton

Linda L. Sutton

FISHING VESSEL OWNERS' ASSOCIATION
INCOPORATED
ROOM 232, WEST WALL BUILDING • 4005 20TH AVE. W.
SEATTLE, WASHINGTON 98199-1290
PHONE (206) 284-4720 • FAX (206) 283-3341

SINCE 1914

March 24, 2006

Ms. Stephanie Madsen
Chairwoman
North Pacific Fishery Management Council
605 - 4th Avenue., Suite 306
Anchorage, AK 99501-2252

RE: Gulf Rationalization

Dear Ms. Madsen;

The Fishing Vessel Owners' Association in Seattle has followed the Gulf of Alaska rationalization process and has the following recommendations and observations.

It is the opinion of our membership that the options have become so varied that the Council has lost its vision of what best answers the problem statement of the Council. Additionally, it has been suggested that action on this item may be delayed. Therefore, the Association recommends the Council take the following actions:

1. Drop all attempts to rationalize any fishery operations other than the Gulf Pollock fishery and GOA Pacific cod.
2. For the Pollock fishery within federal jurisdiction, focus on the co-op options that have been developed.
3. For Pacific cod, we recommend, for the trawl, pot, and longline fleets in federal waters, you establish a halibut/sablefish style of IFQ format.
4. Trawl Pacific cod quota could be moved to pot or longline gear options.
5. The Pacific Cod would be designed as non-processing IFQ at sea; and frozen @ sea (similar to the halibut/sablefish program). Historical at-sea processors would be credited.

Rationale

The rationale to provide single market co-ops to the Pollock fleet would address a longtime Council policy adopted in the 1980's, relative to limited entry programs, to embrace those options the fleet felt most comfortable with. The Pollock fleet seems comfortable with single market co-ops and in order to move forward with GOA rationalization, this may be a fair compromise to address the Pollock fishery with.

Dropping the other species for rationalization makes sense because it is not at all clear what the problem is relative to resource, safety, harvest accountability, or current negative impacts on the coastal communities. Trying to develop the infrastructure to accommodate this level of management seems extremely burdensome and unnecessary.

Providing the cod fleet with an unprocessed, at-sea quota should satisfy any concern of where the first point of sale and delivery will take place. This fish will spoil if anyone were to run the fish outside of Alaska. The fear of losing fish to outside of Alaska deliveries is not supportable based on the halibut/sablefish experience. More of the halibut/sablefish harvest is now landed in the State of Alaska than during the "derby" years. Under this option, all the cod quota would be processed in Alaska and provide shorebased labor and processing opportunities. We do believe those who have a history of processing at-sea should be given that right to continue to do so.

We believe allowing trawl cod IFQ recipients to move their cod to fixed-gear harvest would address two Council concerns. It would address, in part, essential fish habitat concerns by having gear that has less impact on the seafloor harvest Pacific cod. Secondly, by having fixed gear harvest the previously trawled cod, it would extend the use of the Gulf of Alaska halibut cap for the trawl fleet to pursue arrowtooth flounder. Third, it would provide a mechanism to encourage the use of fixed-gear to harvest Pacific cod, without an allocation fight between those gear groups.

The last issue of allowing the cod fleet, both trawl and fixed, to deliver to the most competitive market would allow the true value of the resource to be realized. Currently, there is a world-wide shortage of white fish. In particular, the west coast restaurant trade is short of white fish. We believe that GOA cod could have an additional 30 to 40 cent ex-vessel value if its harvesting and delivery structure was changed to accommodate the lower coastal markets. The current opening date and derby do not accommodate this. The halibut/sablefish format would accommodate this.

Much of the transportation system and markets have been established with the IFQ halibut program. In fact, many Gulf processors are now using the trucking and air services established to move halibut in order to move salmon in the summer. There is no reason high quality GOA Pacific cod could not enjoy this market niche. If the price to fishermen increased 40 cents a pound, this would put $40 million dollars instantly into the Gulf communities.

We additionally do not support any more single market co-ops because we believe with crab rationalization and with the proposed single market co-op for Pollock in the gulf, the existing processors would have adequate advantages for their existence relative to new competitors. It does not make sense to us that every species needs to be rolled into a single market co-op in order to protect existing processors.

In summary, we ask the Council to narrow its options in Gulf rationalization to the cod and Pollock resources as suggested above. With these two fisheries in federal waters rationalized, 80% of the Gulf problem could be accommodated as outlined in your problem statement. The state fleet on inside harvest of Pollock and cod would be further rationalized by the State of Alaska or left as open entry fisheries.

Sincerely,

Robert D. Alverson
Manager

RDA:cmb

March 24, 2006
North Pacific Fishery Management Council
605 West 4th Ave., Suite 306
Anchorage, AK 99501-2252
FAX (907)271-2817
Stephanie Madsen, Chair

Re: Including the GOA Parallel cod pot fishery in the GOA Groundfish Rationalization

I own and operate the F/ V New Dawn out of Kodiak. I have been fishing Kodiak waters since 1981 and have participated in the GOA cod pot fishery inside 3nm since 1986.

I respectfully request that the Council make a clear statement that the Parallel fishing history will be awarded to those who earned it, and that such persons will be provided with the opportunity to participate in the GOA Groundfish rationalization.

The Council should maintain that the Parallel history must be harvested outside of three miles. I ask that the State do the likewise.

The Parallel fishers need this unambiguous statement now, so we can be at the table to select those alternatives, elements and options in the GOA Groundfish Rationalization that best address our needs.

It should also be recognized that fishermen with Parallel fishing history who wish to participate in the federal rationalization program with such history should not have to give up their State Waters p. cod pot fishing history as a prerequisite to do so.

When rationalization occurs, I ask that the Council not allow the trawl sector to be rationalized prior to the pot sector. The pot and trawl sector should be developed, analyzed and rationalized simultaneously.

Respectfully

Terry Ivanoff, Owner / Operator
F / V New Dawn
PO Box 2394
Kodiak, AK 99615
907.486.5834

March 27, 2006

Stephanie Madsen, Chair
North Pacific Fishery Management Council
605 West 4th. Ave, Suite 306
Anchorage, Ak. 99501-2252

Dear Members of the NPFMC,

As a twenty three year business owner and resident of Kodiak Island, I have seen the negative impacts which your rationalization programs have had on our economy both in the recent crab rationalization and the halibut IFQ program implemented a number of years ago. It is my opinion that you folks just pay lip service to the concept of protecting the economic viability of the coastal communities which are dependent upon the stable employment of those who harvest and process these resources.

I'm against all forms of processor quota shares or processor linkages. These provisions and anti-competitive and will eventually lead to less processors remaining in business in towns like Kodiak. In this regard, I would like to see at least one or more of the alternatives include no reference to "linkages".

I would like to see a review of the two most recent "rationalizations" completed todate (Bering Sea Crab and the Bering Sea-AFA cod and pollack rationalization plan). These plans should be evaluated in terms of whether they corrected their respective problem statements and a determination of what their impacts are on the economic viability of the coastal communities. Further, this review should be done PRIOR to the passing of any new rationalization plans so that pitfalls from previous plans can be avoided.

Before we consider assigning permanent harvest rights to harvesters such as draggers (whose poor history of conservation is just becoming generally understood due to lack of verifiable bycatch history)—we would be prudent to increase this observer program to some level whereby we are confident that we know the extent to other species of fish are affected by these destructive harvest methods. Currently no bycatch figures are available for King and Tanner crab and King Salmon in the Kodiak area. Attached is a scientific study by C. Braxton Dew and Robert A. McConnaughey which suggests that trawling on the brood stock of the Bristol Bay King Crab stock in the early 1980's was a likely cause of this stock collapse in 1983. It has been 20 years since we have had a King Crab season in Kodiak. If the drag fleet is Kodiak is acting to slow or prevent these stocks from reaching harvestable levels again in our area—the only way we are going to find this out is through some meaningful bycatch data collection. I'm not ready to award PERMANENT harvest rights to draggers when we have unanswered questions on what impacts their drag nets have on our other fisheries.

I'm of the opinion that this "groundfish rationalization" plan is being fast-tracked through in order to avoid the public scrutiny which it deserves.

Sincerely yours,

Andy Lundquist
Box 589
Kodiak, Alaska 99615

I

Ecological Applications, 15(3), 2005, pp. 919–941

DID TRAWLING ON THE BROOD STOCK CONTRIBUTE TO THE COLLAPSE OF ALASKA'S KING CRAB?

C. BRAXTON DEW[1] AND ROBERT A. MCCONNAUGHEY

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Abstract. The 1976 U.S. Magnuson-Stevens Fishery Conservation and Management Act effectively eliminated the no-trawl zone known as the Bristol Bay Pot Sanctuary, located in the southeastern Bering Sea, Alaska. Implemented by the Japanese in 1959, the boundaries of the Pot Sanctuary closely matched the well-defined distribution of the red king crab (*Paralithodes camtschaticus*) population's mature-female brood stock, thus affording a measure of protection to the reproductive potential of the stock. In 1980, the point at which the commercial harvest of Bristol Bay legal-male red king crab reached an all-time high after a decade-long increase, domestic bottom trawling in the brood-stock sanctuary began in earnest with the advent of a U.S.–Soviet, joint-venture, yellowfin sole fishery. In the first year of trawling in the Pot Sanctuary, the Bering Sea/Aleutian Islands (BSAI) red king crab bycatch increased by 371% over the 1977–1979 average; in 1981 the BSAI bycatch increased another 235% over that in 1980, most of which were mature females. As the number of unmonitored domestic trawls in the brood-stock area increased rapidly after 1979 and anecdotal reports of "red bags" (trawl cod-ends plugged with red king crab) began to circulate, the proportion of males in the mature population (0.25 in 1981 and 0.16 in 1982) jumped to 0.54 in 1985 and 0.65 in 1986. It is unlikely that normal demographics caused this sudden reversal in sex ratio. Our hypothesis is that sequential, sex-specific sources of fishing mortality were at work. Initially there were ten years (1970–1980) of increasing, male-only exploitation in the directed pot fishery, followed by a drastic reduction in the male harvest after 1980 (to zero in 1983). Then, beginning around 1980, there was an increase in bottom trawling among the highly aggregated, sexually mature female brood stock concentrated near the western end of the Alaska Peninsula, an area documented by previous investigators to be the most productive spawning, incubation, and hatching ground for Bristol Bay red king crab. There has been considerable discussion about possible natural causes (e.g., meteorological regime shifts, increased groundfish predation, epizootic diseases) of the abrupt collapse of the Bristol Bay red king crab population in the early 1980s. The purpose of our study was to conduct a rigorous examination of existing data in order to evaluate the relative likelihood that the collapse was caused by human fishing instead of natural mortality. Our discussion focuses on the association between record harvests of male crab in the directed fishery, the onset of large-scale commercial trawling within the population's primary reproductive refuge, and the population's collapse.

Key words: *Alaska red king crab; Bering Sea; bottom trawling; brood-stock habitat; fisheries management; larval transport; meteorological regime shift; overfishing;* Paralithodes camtschaticus; *podding behavior; population collapse; reproductive refuge.*

INTRODUCTION

The abrupt collapse of Alaska's Bristol Bay red king crab (*Paralithodes camtschaticus*) population was one of the more spectacular crashes in the history of U.S. fisheries management. For about a decade during the 1970s the Bristol Bay red king crab fishery was the crown jewel of Alaska's fishery resources, second in value only to the five Pacific salmon species combined. Red king crab represented Alaska's most valuable single-species fishery until 1980, but by 1983 the catch had dropped to zero and the small Aleutian fishing port of Dutch Harbor, elevated to national preeminence by red king crab dollars, looked like a "ghost town" (Wooster 1992:16).

Despite the precipitous nature of the crash and the substantial economic and social impacts resulting from it, there has been little scientific analysis or documentation of factors that might have led to the population's collapse. Orensanz et al. (1998) wrote at length about the serial depletion of crustacean fisheries in Alaska but excluded from their analysis the collapse of Bristol Bay red king crab, noting that it had been well documented by Otto (1986). Otto (1986:105) concluded that:

> ... *directed or undirected fishing has not been a major cause of population decline in Bristol Bay red*

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king crab. . . . . Management measures failed to prevent recent declines in landings because causes of declines in abundance are not related to fishing, and hence largely beyond control.

This conclusion is consistent with the position of U.S. and Alaskan crab managers and modelers (e.g., NPFMC 2000, Zheng and Kruse 2002) that the crash of the Bristol Bay red king crab stock was not related to fishing but was due entirely to natural mortality associated with a recurrent meteorological regime shift called the Pacific Decadal Oscillation (Mantua et al. 1997). The consensus hypothesis that Alaska's red king crab stocks were catastrophically affected by a regime shift and unaffected by record levels of fishing mortality contrasts sharply with the position of Orensanz et al. (1998:151), who stated:

From a managerial perspective, the pattern and magnitude of the collective rise and fall of the crustacean fisheries of Alaska are such that overfishing has to be considered as the default working scenario, even before being tested as a scientific hypothesis.

The positions of Otto (1986) and Orensanz et al. (1998) are incompatible; yet, more than 20 years after the collapse, each has staunch proponents among the management and scientific communities, suggesting that the story of the Bristol Bay red king crab has been told in a way that fails to resolve the issues surrounding the collapse.

The world's largest population of red king crab resides on the west coast of Kamchatka in the Sea of Okhotsk (Rodin 1989). The second-largest population is located in Bristol Bay, Alaska, in the southeastern Bering Sea. Elements common to both populations are a broad, unbroken coastal shelf and a longshore current for larval transport. The shelf must be sufficiently long (>200 km) so that recently hatched crab larvae remain on nearshore grounds suitable for settlement, after drifting downcurrent as plankters for 3–4 months. The shelf must be continuous and broad enough for the upcurrent, return migration of the population's breeders to the region where they themselves were hatched (Rodin 1989). This "endless-belt" reproductive strategy, common to many aquatic invertebrates with an extended planktonic life stage, was pieced together for Kamchatka king crab by Russian and Japanese scientists (e.g., Marukawa 1933, Galkin 1960) after years of research (Vinogradov 1969). A critical factor in the endless-belt strategy is the location, near the upcurrent end of the shelf, of the brood stock that annually replenishes the population. The reproductive center for the entire Kamchatka population is located in the Khairyuzov region around latitude 56° to 60° N (Rodin 1989). Understanding the importance of minimizing any disturbance to the seminal brood stock, managers of the Kamchatka population implemented in 1969 a coastal refuge between 56.3° N and 57.0° N, where trawling and other fishing was prohibited out to a depth of 400 m (Vinogradov 1969, Thomson 1989).

Using their own scientists' findings for Kamchatka, the Japanese government in 1959 prohibited trawling by its domestic fleet in a 67 000-km^2 area of Bristol Bay known as the Pot Sanctuary (Fig. 1). Because the Japanese fishing fleet was the only fleet trawling in the eastern Bering Sea during the 1950s (Kasahara 1972, Witherell and Pautzke 1997), the ban on Japanese trawling effectively eliminated most of the trawling within the Pot Sanctuary during the 1960s. The stated purpose of the Pot Sanctuary was to avoid gear conflicts between Japan's trawl fleets and its red king crab pot and tangle-net fisheries (Fredin 1987, Ackley and Witherell 1999), but clearly the closure made sense ecologically as well as administratively. A key feature of the Pot Sanctuary was that, after four years of fine-tuning (1959–1963), its final boundaries closely conformed to the spatial distribution of mature female red king crab (e.g., Fig. 2), suggesting that the no-trawl zone was designed, in part, as a reproductive refuge for the population's brood stock.

As U.S. fishermen entered the Bristol Bay crab-pot fishery in greater numbers during the 1960s, bilateral agreements were negotiated between the United States and Japan, and separately between the United States and the USSR, with the objective of reinforcing the self-imposed Japanese trawling prohibition in the Pot Sanctuary (Naab 1968*a*, *b*, 1971). These agreements, renegotiated every two years during 1964–1968, established a special sanctuary on the nearshore grounds north of Unimak Island and Black Hill (Fig. 1), where trawling and tangle-net fishing for red king crab were prohibited, with the objectives of protecting the emerging U.S. king crab fishery and safeguarding the king crab resource (Naab 1968*a*). The diplomatic focus on obtaining special-sanctuary status for an area within the Pot Sanctuary already protected by the Japanese trawling prohibition, emphasizes the area's particular value with regard to red king crab. Research conducted over the next 30 years confirmed the area's importance as the population's most productive spawning, incubation, and hatching ground (Haynes 1974, Fukuhara 1985, Armstrong et al. 1986, 1993, McMurray et al. 1986, Hsu 1987, Loher 2001). However, after enactment of the U.S. Magnuson-Stevens Fishery Conservation and Management Act of 1976 (MSFCMA),[2] this same Unimak-Port Moller area, once recognized by negotiating governments, scientists, and fishermen as habitat essential to Bristol Bay red king crab, became the most heavily trawled region in the eastern Bering Sea (Fig. 3).

By 1970, it was clear that a key element in the management of the world's largest red king crab populations was the establishment of sanctuaries that, in effect

[2] 13 April 1976, and as amended. U.S. code title 14, sections 1801–1882.

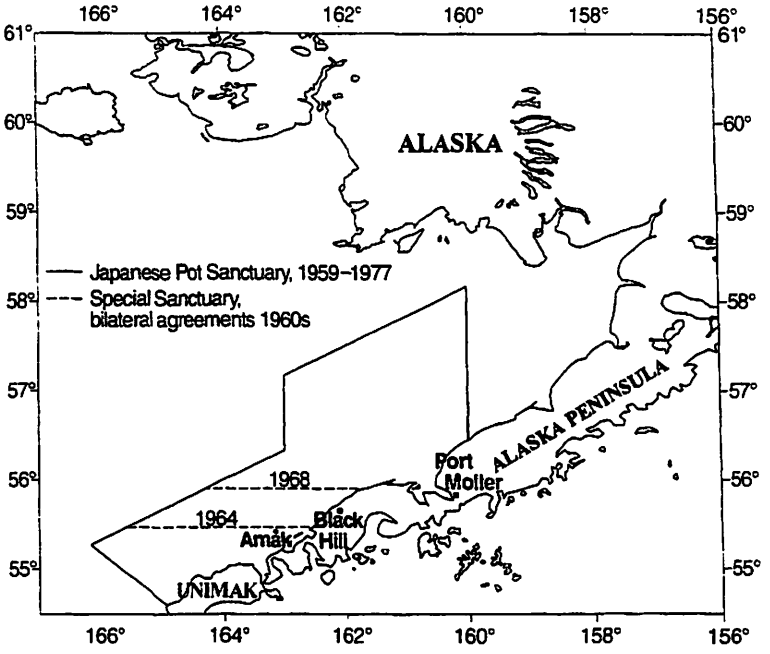

FIG. 1. The Japanese Pot Sanctuary, a 67 000 km² area of Bristol Bay, Alaska, USA (Southeast Bering Sea), showing the "special sanctuary" (Naab 1968*a*) off Unimak-Amak-Black Hill, where both trawling and tangle-net fishing were prohibited.

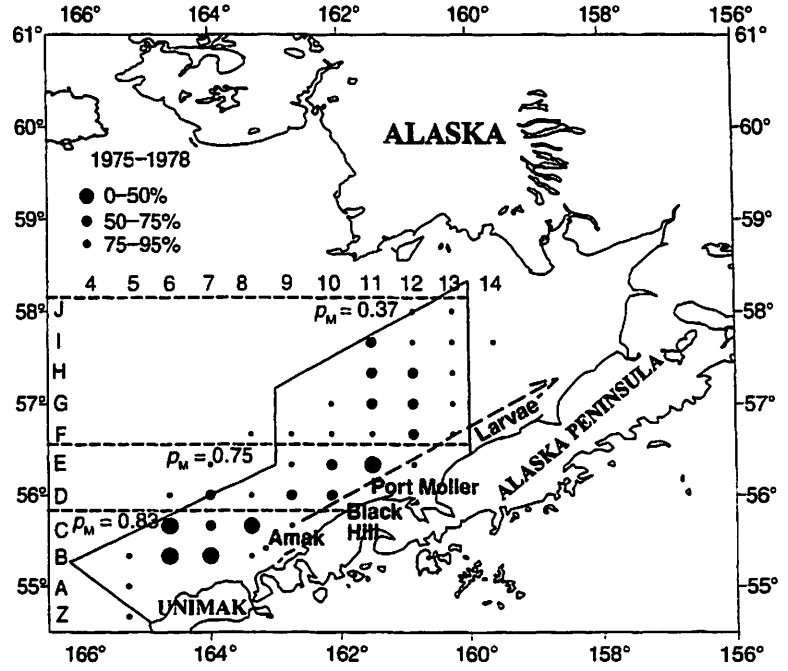

FIG. 2. The crab-weighted spatial distribution of egg-bearing females collected in the NMFS survey during 1975–1978, before trawling began in the Pot Sanctuary. The Pot Sanctuary protected from trawling all but a small fraction of the brood stock (symbols represent 95% of the total brood stock). The five largest symbols represent ~50% of the brood stock, bulk of which is off Unimak and Amak Islands. The ranges (percentage of total brood stock) are approximate and ... overlap. The proportion of multiparous females (p_M) increased from northeast to southwest. The northeast to southwest movement of the maturing brood stock complements the southwest to northeast drift of larvae.

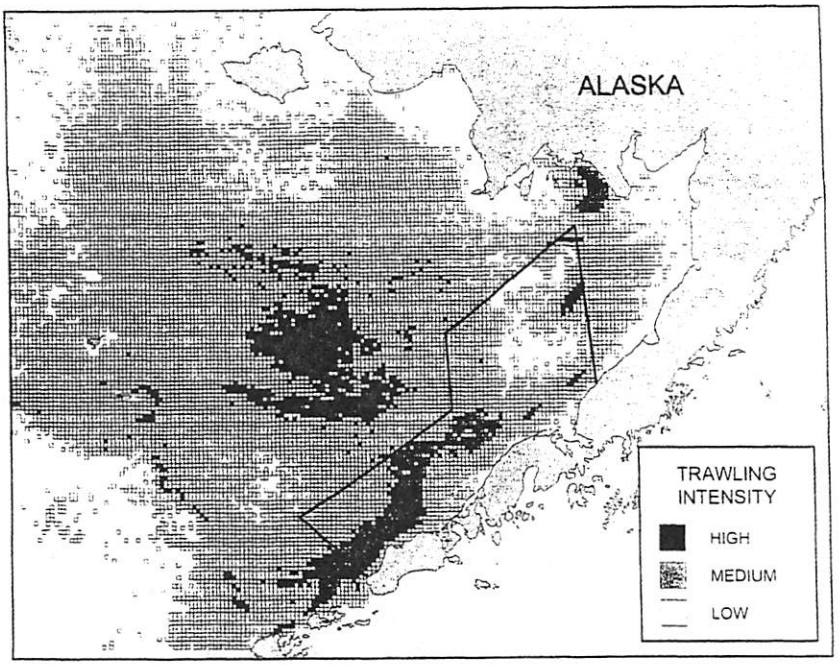

FIG. 3. The trawl-density distribution of observed tows and observed joint-venture deliveries within 25-km^2 grid squares during 1973–2001. The old Pot Sanctuary (black boundary line) no longer exists. Trawling intensity is highest (darkest squares) in the Unimak area and low (lightest) in the more offshore area of the old Pot Sanctuary, where the present-day brood stock remains.

or by design, protected the brood stock from trawling. Despite this, it was not long before the sanctuary strategy was abandoned by U.S. fisheries managers, largely because of incentives provided by the MSFCMA. Under the MSFCMA the level of foreign fishing was limited to that portion of the allowable catch not harvested by U.S. fishermen (Fredin 1987). This arrangement spurred the rapid development of a domestic groundfish trawl industry in the eastern Bering Sea, and the Pot Sanctuary was formally opened to year-round domestic trawling via Amendment 1 to the Bering Sea-Aleutian Islands Groundfish Fishery Management Plan (e.g., NPFMC 2002). However, by the time Amendment 1 took effect in January 1984, at least 5,000 domestic commercial groundfish tows, each covering 0.3–0.4 km^2 (74–99 acres), had already had been conducted within the boundaries of the Pot Sanctuary. In 1980, the year trawling began in earnest in the Sanctuary (Fisher 1980), crab-pot fishermen landed a record 59 $\times$ 10^6 kg (130 million pounds) of Bristol Bay male red king crab. Three years later, in 1983, the spawning-stock abundance had plummeted by 90–95% and the red king crab season was closed.

For the Bristol Bay red king crab population, 1980 was a turning point with regard to fishing mortality, which now included not only the retained catch from the directed pot fishery, with its discarded bycatch of female and sub-legal crab, but also the bycatch from a burgeoning domestic groundfish trawl fishery. After a decade of annually increasing red king crab harvests, the percentage of the legal-male (carapace length [CL] $\geq$ 135 mm) population taken by the pot fishery reached an all-time high in 1980 of greater than 60% (Table 1). Then, in concert with the push to Americanize the groundfish fishery, domestic trawlers in 1980 began bottom trawling within the Pot Sanctuary. We believe that the role of fishing has been understated in published accounts of the collapse of the Bristol Bay red king crab population. Moreover, we believe that management's failure to act to prevent the breaching of the Pot Sanctuary with year-round bottom trawling put the brood stock at risk and compromised the reproductive potential of the population. We hypothesize further that the population's endless-belt reproductive strategy was thwarted by the loss of the most productive segment of the brood stock from the western end of the Alaska Peninsula, a region that evolved from a 1960s special sanctuary for red king crab to a heavily trawled area known as "Cod Alley." Our hypothesis includes the premise that what was once a successful reproductive strategy is now simply a migration of the population's most fecund females into the most heavily trawled region of the eastern Bering Sea. It is possible that this is one of the mechanisms that has kept the population at depressed levels for the past 20 years.

METHODS

We compiled information on red king crab behavior from two sources. The first is the indirect information on the behavior and spatial distribution of red king crab

TABLE 1. Bristol Bay (Alaska, USA) red king crab harvest (C, retained catch), the utilization of harvest rate (U_t), and fishing mortality (F), 1975–1981, under a regime of constant natural mortality (M = 0.2) for legal males.

Year	Legal population N_0 (t = 0)	Legal population N_t (t = 4/12 yr)	Retained catch C	U_t†	F‡
1975	21 000 000	19 645 647	8 745 294	0.45	0.59
1976	32 700 000	30 591 078	10 603 367	0.35	0.43
1977	37 600 000	35 175 063	11 733 101	0.33	0.41
1978	46 600 000	43 594 626	14 745 709	0.34	0.41
1979	43 900 000	41 068 757	16 808 605	0.41	0.53
1980	36 100 000	33 771 802	20 845 350	0.62	0.96
1981	11 300 000	10 571 229	5 307 947	0.50	0.70

Notes: Legal population and retained catch data are from NPFMC (2001); a legal-male red king crab has carapace length ≥135 mm. At M = 0.2 for legal males, the retained catch is equivalent to a 1975–1981 average fishing mortality of F = 0.57. Sources for M = 0.2: Balsiger (1974), NOAA (1998*a*), Stevens et al. (2000: Appendix C).

† $U_t = C/N_t$.

‡ $F = -\ln(1 - U_t)$.

based on analysis of data from the annual Bristol Bay bottom-trawl survey conducted by the U.S. National Marine Fisheries Service (NMFS) since 1975. These data, part of the NMFS Alaska Fisheries Science Center's shellfish assessment program, reside at the Kodiak Fisheries Research Center, Kodiak, Alaska, USA. The second source of information is the direct, in situ observation from underwater investigations conducted in waters near Kodiak, Alaska, during 1984–1997 (e.g., Dew 1990, 1991, Dew et al. 1992). A NMFS trawl sample provides "indirect" information because it is a composite distribution collected from an area of 40 000–50 000 m^2; a trawl sample cannot reveal the fine-scale distribution readily apparent from direct, in situ observation (e.g., Figs. 4 and 5).

Data on the intensity of commercial bottom trawling in Bristol Bay during 1973–2001, estimated from the number of observed tows plus the number of joint-venture deliveries within 25-km^2 grid-squares (Fig. 3), were obtained from the north Pacific (NORPAC) fishery-observer database maintained at the Alaska Fisheries Science Center, NMFS, Seattle, Washington, USA. A joint-venture fishery is one where the unmonitored domestic trawler fleet delivers its catches directly to foreign processor vessels, some of which have observers on them. The NORPAC counts do not include tows that were unobserved because of partial observer coverage. For example, observers were present during only 29% of the joint-venture fishing effort in 1980 and 22% in 1981 (Nelson et al. 1981, 1982). Thus the NORPAC counts underestimate the actual number of commercial tows conducted in Bristol Bay during the 1980s. Prior to 1990 there was little or no observer coverage on the domestic vessels doing the fishing. Since 1990, observer coverage on domestic vessels has been 100% for vessels >38 m (125 feet) long, 30% for vessels 18–38 m (60–125 feet), and 0% for vessels <18 m (60 feet) (Megrey and Wespestad 1990, NMFS/OST 2000). Here "coverage" refers to the percentage of vessel fishing days during which an observer was on board. The actual percentage of tows inspected by a single observer on a continuously fishing vessel >38 m would be substantially less than 100%.

In this analysis we defined the proportion of sexually mature males in the mature population as $m/(m + f)$, where m = the number of males ≥120 mm CL and f = the number of females ≥90 mm CL caught in the NMFS trawl survey. For purposes of converting between m/f and $m/(m + f)$, $m/f = [m/(m + f)]/[1 - m/(m + f)]$ and $m/(m + f) = 1 - [1/(m/f + 1)]$. The size at maturity for Bristol Bay females (≥90 mm CL) the size at which approximately 50% are carrying egg clutches (Otto et al. 1989, Pengilly et al. 2001). The size at maturity for males (≥120 mm CL) is unconfirmed for Bristol Bay; it is based on the in situ observation at Kodiak that the smallest male capable of grasping and holding on to a female was 123 mm CL (Powell et al. 1973). These are the sizes at maturity used to manage the Bristol Bay fishery (Zheng et al. 1997). The sex ratio for each year's trawl survey was calculated by summing the sexes across all tows rather than obtaining the average sex ratio per tow. The ratio of the sums ensured that each catch was weighted according to its size.

The NMFS annual trawl survey in Bristol Bay often collects multiple samples at various station locations on an ad hoc basis, thus unbalancing the distribution of trawling effort across a grid of stations designed for systematic sampling (e.g., Zheng et al. 1995). Because adult male and female red king crab tend to occupy separate regions of Bristol Bay (Korolev 1964, Chebanov 1965, Rodin 1970, 1989, Takeshita et al. 1989), spatial imbalances in sampling effort over the years have resulted in biased estimates of sex ratio, which may have masked real changes. A random resampling of the original data would simply replicate the sex-ratio bias of an unbalanced sampling design. To retain all of the catch information and to ensure that the samples were unbiased, we rescaled the original sample-data vector so that the probability of randomly se-

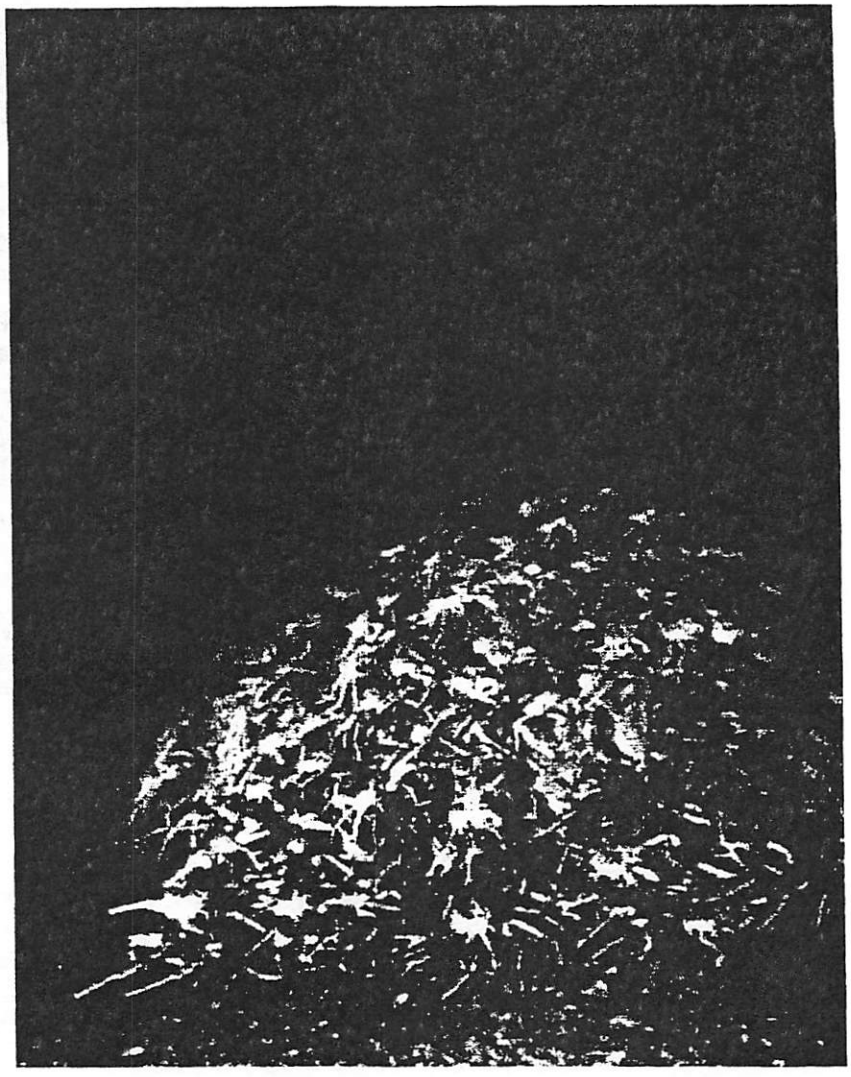

FIG. 4. A resting pod of some 9000 adult and subadult red king crab, forming a pile ~2.4 m high at a water depth of 23 m near Kodiak, Alaska, September 1993. This aggregation represents a local density of >500 individuals/m^2. (Photo by C. B. Dew.)

lecting sex-ratio data from a station location using bootstrap resampling was equal for all stations. We used the method shown in Table 2, where seven hypothetical samples are shown for station A, three for station B, and one for station C. Using the original, unadjusted data, the probability of randomly selecting a male-female number pair from station A was 2.3 times that of station B and 7 times that of station C. Using the rescaled data, the probability of randomly selecting a number pair from a particular station is equal for all stations. Because a station's scaling factor was a multiple of the number of samples collected at each of the other stations (e.g., $7 \times 3 = 21$ for station C, Table 2), some rescaled data vectors were quite large (>10 000).

The red king crab brood stock comprises two classes of sexually mature females, most of which are carrying egg clutches: primiparous females, carrying their first clutch, and multiparous females, carrying other than their first clutch. All females ≥100 mm CL carrying uneyed-egg clutches, as well as those carrying eyed-egg clutches or egg cases, were designated as multiparous. Because the fecundity of a population is ultimately limited by the number of females in the population (Ricklefs 1973), the size of the brood stock is an important population characteristic. The multiparous portion of the brood stock, composed of several age groups of relatively high-fecundity females (Otto et al. 1989, Johnson et al. 2002), represents that fraction of the stock with the greatest reproductive value.

To examine the impact of commercial trawling on brood-stock density we used a power curve, linearized by a (base 10) log–log transformation of the data (+1 to enable log transformation of 0-values) as follows:

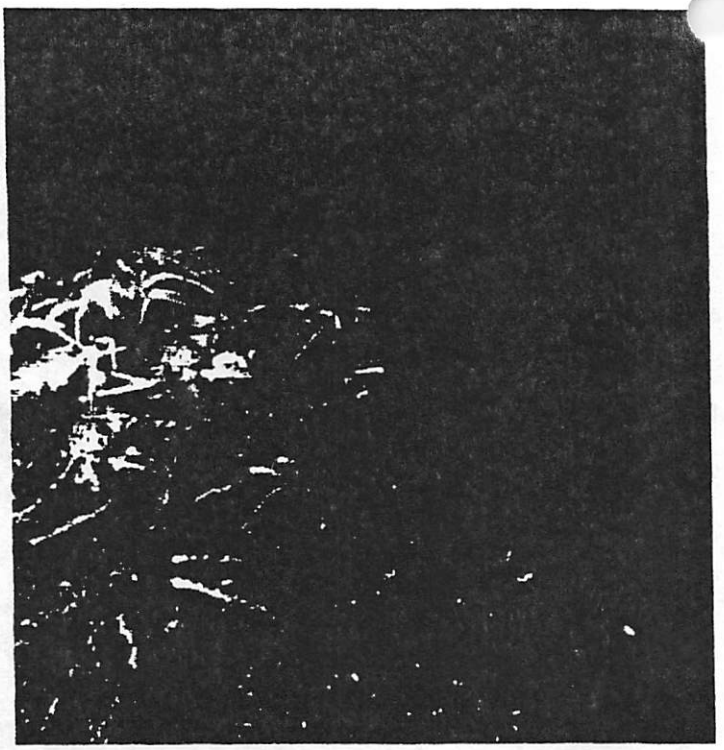

FIG. 5. A red king crab pod alternates, approximately diurnally, between resting and foraging. This foraging pod, photographed (by C. B. Dew) in August 1993, is part of the same aggregation seen in Fig. 4. The crabs forage in a single layer, staying together and moving as a group, similar to the podding behavior documented for juveniles (Dew 1990).

$$d_t = a(c_t + 1)^b - 1$$

$$\log(d_t + 1) = \log(a) + b \log(c_t + 1)$$

where d_t = the average brood-stock density (no. crabs/km^2) from the annual trawl survey in year t, c_t = cumulative number of commercial tows during the five-year period from year $(t - 4)$ through year t, a = brood-stock density at $c_{75} = 0$; i.e., the antilog of the intercept of the regression of $\log(d_t + 1)$ vs. $\log(c_t + 1)$, and b = the slope of the regression of $\log(d_t + 1)$ vs. $\log(c_t + 1)$.

RESULTS

Between 1977 and 1983, after a period of successive record harvests and harvest rates that eventually exceeded 60% (Table 1), and after bottom trawling began in the Pot Sanctuary, the Bristol Bay spawning stock of Alaska red king crab declined in abundance by an

TABLE 2. Illustration of method for rescaling a geographically biased sample vector to an equally weighted vector from which bootstrap resampling will select a random sample.

Illustrative data

Station	No. samples per station	Selection probability: Station	Sample	Joint	LCM†	Scaling factor‡
A	7	1/3	1/7	1/21	63	3
B	3	1/3	1/3	1/9	63	7
C	1	1/3	1/1	1/3	63	21

Rescaling illustration

Original sample vector (n = 11)	→	Rescaled sample vector (n = 63)
$\{a_1,a_2,a_3,a_4,a_5,a_6,a_7,b_1,b_2,b_3,c_1\}$	→	$\{a_1,a_2,a_3,a_4,a_5,a_6,a_7,a_1,a_2,a_3,a_4,a_5,a_6,a_7,a_1,a_2,a_3,a_4,a_5,a_6,a_7,$ $b_1,b_2,b_3,b_1,b_2,b_3,b_1,b_2,b_3,b_1,b_2,b_3,b_1,b_2,b_3,b_1,b_2,b_3,b_1,b_2,b_3,$ $c_1,c_1,c_1,c_1,c_1,c_1,c_1,c_1,c_1,c_1,c_1,c_1,c_1,c_1,c_1,c_1,c_1,c_1,c_1,c_1,c_1\}$

Note: Lowercase letters with subscripts denote samples from their respective (uppercase letter) stations; e.g., a_6 is the sixth sample from Station A and is represented three times in the rescaled sample vector. The repetition is the result of rebalancing the sample vector so that each station (A, B, C) has an equal chance of being included in a random, computerized, bootstrap selection of samples. The probability of including Station C before rescaling was 1/11 = 0.091 vs. 21/63 = 0.333 after rescaling.

† Least common multiple of the joint-probability denominators.

‡ Scaling factor = LCM × joint probability.

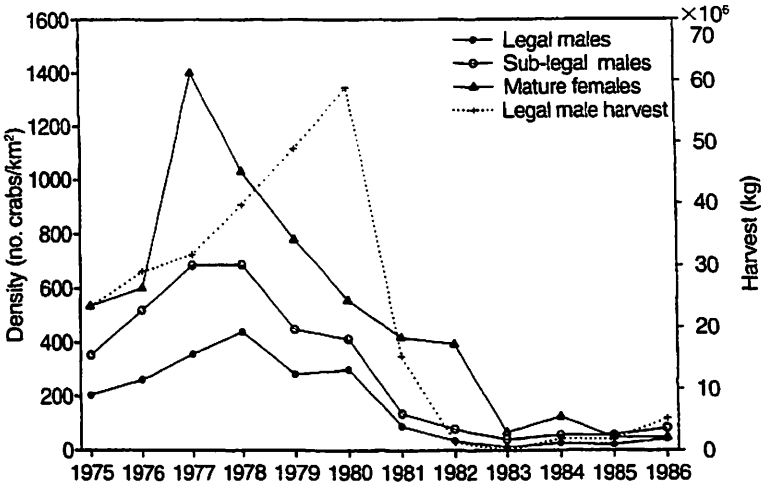

FIG. 6. Trends in density and catch over time, showing the decline of nontargeted components of the stock as well as legal male red king crabs, Bristol Bay, Alaska, USA. Record harvests were taken in 1979 and 1980, after the targeted legal population had begun its decline. Increasing harvests from a declining stock resulted in high bycatch of nontargeted red king crab.

alarming 90–95%. The decline was not limited to the relatively small fraction of the population directly targeted by the fishery (legal males ≥135 mm CL), but included sub-legal, mature males (120–134 mm CL) and mature females (≥90 mm CL) (Fig. 6).

Crab behavior and vulnerability

Red king crab may be particularly vulnerable to trawling because of their unique podding behavior, as revealed by in situ investigations at Kodiak (Dew 1990, 1991, Dew et al. 1992) and southeast Alaska (Stone et al. 1992, 1993). Unlike Tanner crab mounds, which are transitory mating aggregations consisting primarily of mature females with eyed-egg clutches (Stevens et al. 1994), podding is the persistent, year-round, day-to-day, social functioning of cohesive, identifiable population units composed of juvenile, sub-adult, and adult red king crab of both sexes. Podding behavior causes red king crab to be spatially distributed within their preferred habitat as extremely dense aggregations, and this is true whether the crab are resting (Fig. 4) or foraging (Fig. 5). Such behavior increases the fraction of the total population that can occupy the volume (or area) swept by a single unit of fishing effort. This behavior, while lowering the probability of capturing crab in a given tow, increases the probability of local extinction and thereby increases the vulnerability of red king crab to trawling within the species' preferred habitat.

The impact of trawling on red king crab is typically evaluated as the proportion of the total population killed by trawling. Such accounting fails to include the impact of persistent disruption to the social organization and spatial structure of this intensely gregarious species. To those familiar with the podding behavior of adult red king crab and the unfortunate history of trawling as a fishing method for red king crab (outlawed in all Alaskan waters by 1960), it would have been evident that large-scale, commercial bottom trawling in the primary brood-stock habitat would result in large, wasteful catches of red king crab, as was confirmed in early (1981) reports provided to managers by observers (e.g., Fig. 7). Catches such as that in Fig. 7 were known as "red bags" during the early years of joint-venture trawling in the Pot Sanctuary. Consistent with observer-sampling protocol at the time, none of the several thousand crab in this or other red-bag deliveries to Soviet processors in 1981 were counted or measured before being discarded (Doug Smith [former NMFS observer], *personal communication*). However, a composite sample of 1,929 crab selected from retained, non-red-bag catches during July–September 1981 (Fig. 8) indicates that the trawl bycatch of mature red king crab in the Pot Sanctuary was 88% female. Of these, 59% were the multiparous (>100 mm CL) breeders that dominated the population's egg production before the 1980–1983 collapse (e.g., Fig. 2).

Female distribution

Analysis of the geographical distribution of the Bristol Bay spawning stock before and after the collapse suggests that there was a spatially explicit component to the mortality that drove the stock to near extinction during the early 1980s. Before the population collapse, and before substantive trawling began in the Pot Sanctuary, egg-bearing females tended to congregate in nearshore waters off Unimak and Amak Islands (Fig. 2), upcurrent from the shallow-water juvenile habitat ranging along the coast of the Alaska Peninsula. Based on NMFS survey data, the 1975–1978 brood stock was distributed so that the bulk of the larval supply emanated from the Unimak–Amak region, 100–200 km up-

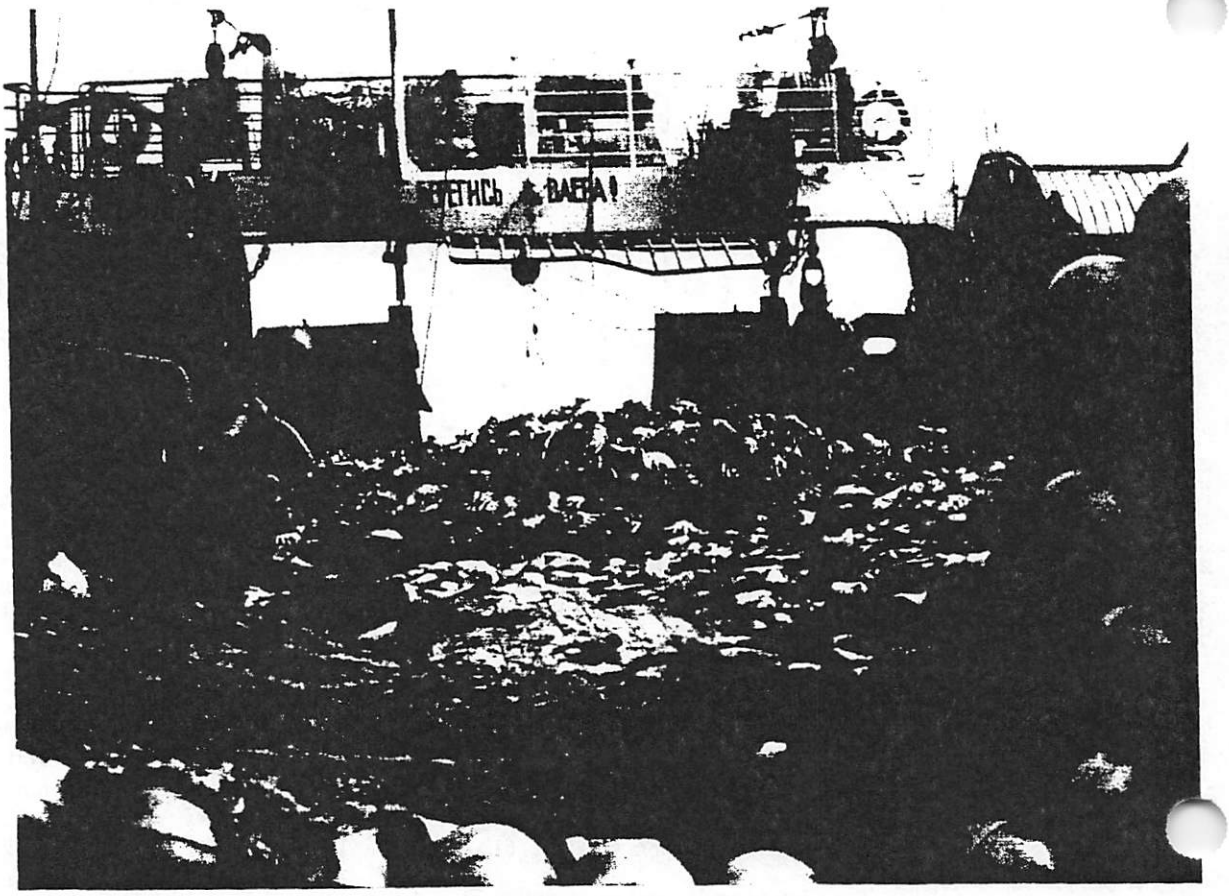

FIG. 7. Contents of a "red bag" delivered by a domestic trawler to the Soviet processor *Chasovoy* in late August 1981. According to the observer's logbook, this catch and several more like it were taken from a water depth of 55–75 m during August–September off Black Hill in the Pot Sanctuary (Bristol Bay, Alaska, USA). As was typical of red bags in the early 1980s, none of the several thousand red king crab shown here was counted or measured before being discarded. Catches such as this, omitted from extrapolations to total-fleet bycatch, suggest how the reproductive capacity of Bristol Bay red king crab might have been eroded while observer-estimated bycatch numbers remained low (photo by Doug Smith, former NMFS observer).

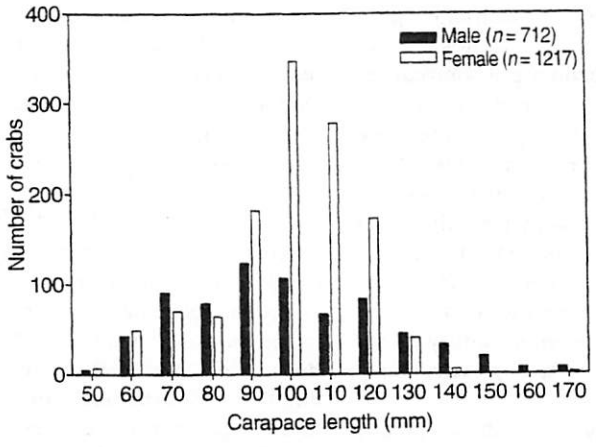

FIG. 8. Size and sex of the sampled, non-red-bag bycatch delivered to the *Chasovoy* and the *Prokofyeva* from trawl catches in the Pot Sanctuary during July–September 1981. Of the mature red king crab, 88% were females, of which 59% were multiparous (carapace length ≥ 100 mm).

current from prime juvenile habitat in the coastal region of Black Hill and Port Moller (Fig. 2). This information is generally consistent with the findings and conclusions of other Bristol Bay investigators (e.g., Haynes 1974, Fukuhara 1985, Armstrong et al. 1986, 1993, McMurray et al. 1986, Hsu 1987, Loher 2001). Moreover, the Bristol Bay red king crab reproductive strategy of releasing planktonic larvae in areas optimally distant from downcurrent juvenile habitats is analogous to the strategy reported for red king crab of Kamchatka. (Vinogradov 1969, Rodin 1989).

The brood-stock distribution that existed after the population collapse was substantially different from the pre-collapse distribution. The Unimak–Amak females of 1975–1978 were not present in 1983–1986, and the brood stock, now reduced to less than 10% of its previous abundance, was concentrated some 250 km to the northeast, well offshore of Port Moller (Fig. More specifically, during the 1975–1978 pre-trawling period, 55% of the total Bristol Bay brood stock was

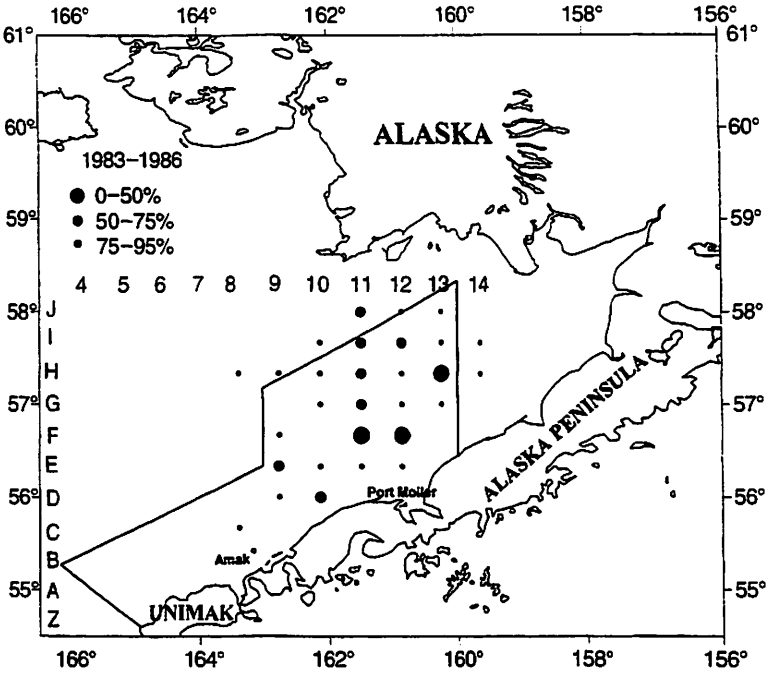

FIG. 9. The crab-weighted spatial distribution of egg-bearing females collected in the NMFS survey during 1983–1986. After several years of trawling in the Pot Sanctuary, the multiparous egg-bearing females of 1975–1978 (Fig. 2) were gone from the Unimak-Amak region, and 50% of the total brood stock (largest symbols) was concentrated at three stations well offshore of Port Moller, where commercial trawling is lightest (Fig. 3).

concentrated at 10 stations (rows Z–C [Figs. 2 and 9]) near Unimak and Amak Islands and 83% of these crab were multiparous (Fig. 2). By 1983–1986, after several years of trawling in the Pot Sanctuary, the congregations of egg-bearing females were gone from the Unimak–Amak region and 50% of the total brood stock was concentrated at three stations 70–100 km offshore of Port Moller on the Alaska Peninsula (Fig. 9). Larvae hatched in this offshore region are unlikely to be transported to nursery habitat along the coast of the Alaska Peninsula (Loher 2001).

The loss of brood stock from the Unimak–Amak region was primarily a loss of multiparous crab. Prior to the collapse, and before the advent of trawling in the Pot Sanctuary, there was evidence of a southwest-northeast multiparity gradient in which 83% of the females in the Unimak–Amak region (rows Z–C) were multiparous, 75% in the more northeasterly rows D–E were multiparous, and 37% in rows F–J were multiparous (Fig. 2). The implied northeast to southwest ontogenetic movement of the maturing brood stock is counter to the southwest to northeast nearshore larval drift along the Alaska Peninsula, suggesting an endless-belt reproductive strategy whereby female red king crab, over a period of several years, tend to return to the area where they themselves were hatched. Prior to the 1980–1983 collapse of the population, the Bristol Bay brood stock was 66% multiparous and 34% primiparous; conversely the 1983–1986 post-collapse brood stock was 37% multiparous and 63% primiparous (Table 3). That is, by 1983–1986, less fecund, first-time spawners were contributing most of the spawning production to a population normally sustained by several age groups of relatively more fecund, multiparous crab. The abrupt change from a relatively stable, multiple-age brood stock to one that was largely dependent on the annual recruitment of pubescent females, a phenomenon corroborated by Hsu (1987), demonstrates that the Unimak multiparous crab, rather than simply moving to a different area, were lost to the population.

Male distribution

Similar to females, the collapse of the mature male population was characterized by a spatially explicit loss of animals from the southwest sector of the Bristol Bay range, suggesting a common cause for the disappearance of males and females (Fig.10). Unlike females, about half of the male population was distributed outside the Pot Sanctuary during both the pre- and post-collapse periods. The reason for this is that in any given year only about 50% of the reproductively mature males in Bristol Bay participate in the mating migration to nearshore spawning grounds within the Pot Sanctuary. The other 50%, recently molted and incapable of mating, remain offshore on overwintering and foraging grounds northwest of the Pot Sanctuary until the next spawning season (Rodin 1970, 1989). This difference in the behavioral ecology of mature males and females caused a marked difference in their spatial distributions. Using the Pot Sanctuary boundary for ref-

TABLE 3. The number and proportion of primiparous and multiparous female red king crab in the Bristol Bay brood stock.

Year and region	Number		Proportion	
	Primip.	Multip.	Primip.	Multip.
Unimak-Amak region, rows Z, A, B, C				
1975	258	869	0.23	0.77
1976	360	3459	0.09	0.91
1977	54	492	0.10	0.90
1978	499	1350	0.27	0.73
Average			0.17	0.83
Nearshore Port Moller (rows D, E)				
1975	113	336	0.25	0.75
1976	203	410	0.33	0.67
1977	157	562	0.22	0.78
1978	86	318	0.21	0.79
Average			0.25	0.75
Offshore Port Moller (rows F, G, H, I, J)				
1975	435	118	0.79	0.21
1976	401	72	0.85	0.15
1977	685	577	0.54	0.46
1978	508	1029	0.33	0.67
Average			0.63	0.37

Notes: The proportion of multiparous females in the Bristol Bay brood stock generally decreased from southwest (Unimak-Amak) to northeast (offshore Port Moller). See Fig. 2 or Fig. 9 for alphabetic row locations.

erence, 49% of the males and 91% of the females were within the Pot Sanctuary during 1975–1978. Similarly, during 1983–1986 after the population collapse, 49% of the males and 93% of the females were within the Pot Sanctuary. Thus, regardless of population density, only about 50% of the population's mature males are available for mating in any given year. This fact, based on Japanese tagging studies during the 1960s (Fujita et al. 1973, Takeshita et al. 1989) and supported by NMFS survey data from the 1970s and 1980s, is not accounted for in the management of Bristol Bay red king crab. The length-based assessment model used to manage the red king crab fishery since 1995 assumes that all mature males are available to mate one or more times each year (Zheng et al. 1997), thereby substantially overstating the Bristol Bay male reproductive potential and understating the impact of harvesting the largest males.

Fishing pressure

Any evaluation of the position of State and Federal fishery managers that the Bristol Bay red king crab collapse was caused by a "drastic increase in natural mortality" (Otto 1986:104) must be accompanied by a reasonable accounting of the fishing mortality imposed on the stock around the time of the collapse. According to Ricker (1975), the retained catch (C), expressed as a proportion of the target population at the time of the fishery (N_t), is the rate of utilization ($U_t = C/N_t$). The red king crab fishery occurs approximately four months after the NMFS trawl-survey estimate of the legal-male target population (N_0). Therefore, because natural mortality (M) operates within the population for four months before the fishery begins each year, N_t is always less than N_0 and is calculated as $N_t = N_0 e^{-Mt}$, where $t = 4/12$. From U_t, the rate of fishing mortality (F) is calculated as $-\log_e(1 - U_t)$. Managers have decided that the average mature biomass over the post-collapse period of 1983–1997 should be used to define the baseline Bristol Bay red king crab stock (e.g., Rugolo et al. 2001: Appendix C). The average rate of fishing mortality imposed on legal males during this 15-year baseline period is $F = 0.24$ (range: 0.00–0.48), not counting any bycatch mortality. We used $F = 0.24$ to evaluate management's position that fishing played only a negligible role in the decline of Bristol Bay red king crab. During 1975–1981, the F imposed on legal males (ig-

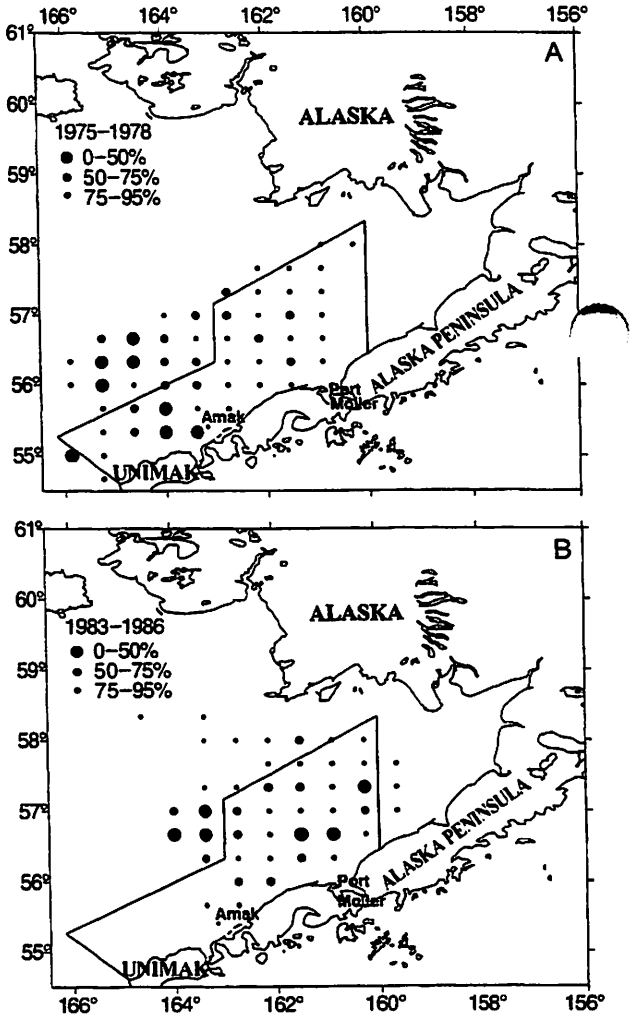

FIG. 10. The distribution of mature male red king crab (A) before and (B) after the population's collapse. Similar to multiparous females, mature males disappeared from the Unimak–Amak spawning grounds after several years of trawling in the Pot Sanctuary. Both before and after the collapse, a substantial proportion of the mature-male population was located on male molting grounds to the northwest, outside the Pot Sanctuary, >100 km from nearshore spawning grounds.

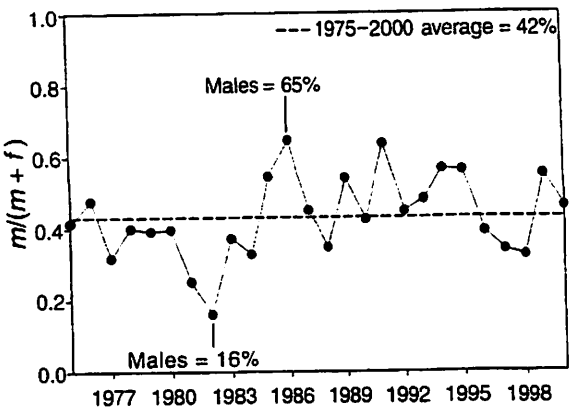

FIG. 11. Mature red king crab males as a proportion of the total mature population (m, number of males; f, number of females), 1975–2000. The reversal in sex ratio from female dominance (84%) in 1982 to male dominance (65%) in 1986 suggests that the mortality of females during this time was greater than that of males, even though the red king crab fishery was directed to males only.

noring bycatch mortality) varied between 0.41 and 0.96 (average $F = 0.57$) and peaked in the record-harvest year of 1980 (Table 1), two years after the target population began its decline (Fig. 6). That is, using a constant natural mortalty of $M = 0.2$, consistent with Balsiger (1974) and Rugolo et al. (2001: Appendix C) and believed to be a conservative estimate of natural mortality for king crab (e.g., Federal Register 1998*a*), the fishing-induced mortality rate exceeded the 1983–1997 baseline average of $F = 0.24$ by 69–300% during the seven years leading up to the collapse of the resource. Thus, fishing rates considered high by today's baseline standards were the norm in the directed red king crab pot fishery of Bristol Bay during 1975–1981.

Sex ratio

In a male-only fishery such as the Bristol Bay red king crab fishery, the sex ratio of the mature stock can be used as an indicator of fishing impact. The sex-ratio trend in Fig. 11 shows that the proportion of males in the adult population dropped to its lowest levels of 0.25 (0.22 to 0.29) in 1981 and 0.16 (0.11 to 0.22) in 1982 (ranges are 95% bootstrap confidence limits). This decline in the proportion of males occurred after a decade-long, 15-fold increase in the commercial harvest of male crab to an all-time record in 1980. The 1982 low point of males in the mature population, perhaps the result of past fishing pressure, was followed by a reversal in sex ratio, with the proportion of males in the adult population increasing from a 1982 low of 0.16 to a 1986 high of 0.65 (0.51 to 0.78) (Fig. 11). This reversal can be interpreted as: (1) a 306% increase in the relative abundance of adult males, possibly due to a sharp reduction in the commercial harvest (to zero in 1983), or (2) a 58% decrease in the relative abundance of adult females. To examine which was more likely, we analyzed absolute abundance trends in males and females estimated by the NMFS trawl survey and found that the sex-ratio reversal was caused by a decline in the abundance of females rather than a resurgence of males. That is, from 1982 to 1986, male abundance remained essentially unchanged (+5%), while female abundance decreased by 88% (Fig. 6). By 1986 the Bristol Bay red king crab population was beset by two factors: high pre-collapse utilization rates (average $U_t = 0.43$), which rose to a maximum of $U_t = 0.62$ in 1980 as the population was collapsing (Table 1), and increasing mortality of mature females after 1982. Both of these factors appeared as trends in the annual sex-ratio data.

Trawling vs. brood-stock abundance

We examined the relationship between trawling and brood-stock abundance by separating the Bristol Bay brood stock into two components, each with different trawling histories: (1) the nearshore, Unimak-Amak-Black Hill component and (2) the offshore component north of Port Moller (Fig. 12). During 1980–1981, while the population was collapsing, the cumulative number of commercial tows in the Unimak area was 4.7 to 6.5 times the number in the offshore area. By 1996–1998, cumulative trawling in the Unimak area exceeded by 8–10 times that in the offshore area (Table 4).

We used the cumulative number of commercial tows (c_t) during the previous five-year period from year ($t - 4$) through year t to predict brood-stock density in year t (d_t). In the heavily trawled Unimak area, the relationship between density and cumulative trawling was estimated as follows:

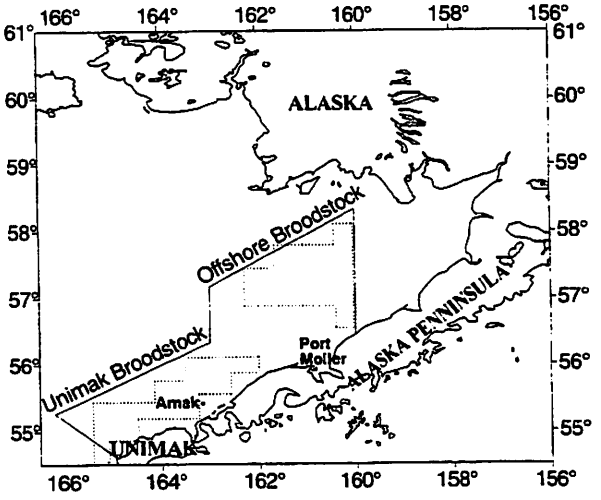

FIG. 12. Two 17 836-km² areas within the Pot Sanctuary with different trawling histories (Table 4) were used to compare brood-stock trajectories. By 1982 the Unimak brood stock had been subjected to 2.7 times more trawling than the offshore brood stock.

TABLE 4. A minimum estimate of the annual number, the cumulative total number, and the five-year moving cumulative total number (c_t) of commercial tows in two areas with different trawling histories.

	Unimak				Offshore			
Year	No. tows/yr	Cumulative total no. tows	c_t	Brood-stock density	No. tows/yr	Cumulative total no. tows	c_t	Brood-stock density
1975	0	0	0	1924.3	0	0	0	431.7
1976	0	0	0	2260.6	0	0	0	665.5
1977	2	2	2	3416.9	0	0	0	2178.7
1978	20	22	22	2855.3	0	0	0	2227.7
1979	22	44	44	1232.4	0	0	0	1522.5
1980	249	293	293	433.2	45	45	45	1016.2
1981	503	796	796	110.8	124	169	169	1531.3
1982	504	1300	1298	187.4	314	483	483	1308.6
1983	1052	2352	2330	16.6	788	1271	1271	168.2
1984	676	3028	2984	125.0	1271	2542	2542	458.2
1985	1387	4415	4122	66.6	2039	4581	4536	190.5
1986	1896	6311	5515	138.4	384	4965	4796	146.7
1987	1269	7580	6280	189.2	299	5264	4781	249.0
1988	3337	10917	8565	275.7	523	5787	4516	43.9
1989	2981	13898	10870	90.7	5	5792	3250	181.1
1990	5825	19723	15308	532.1	46	5838	1257	147.1
1991	5220	24943	18632	31.6	383	6221	1256	174.7
1992	4216	29159	21579	2.0	217	6438	1174	327.1
1993	5053	34212	23295	58.4	18	6456	669	335.5
1994	6393	40605	26707	0.0	3	6459	667	261.2
1995	7134	47739	28016	63.3	1	6460	622	311.0
1996	6905	54644	29701	16.0	2	6462	241	324.3
1997	6989	61633	32474	14.4	20	6482	44	1062.0
1998	3717	65350	31138	159.1	0	6482	26	1223.7
Total	65350				6482			

Note: Data for number of tows per year are from NORPAC; see *Methods*.

$$d_t = 4414.75(c_t + 1)^{-0.476} - 1$$

$$(r = -0.772; \text{ df} = 22).$$

In the lightly trawled offshore area it was estimated as

$$d_t = 1567.37(c_t + 1)^{-0.246} - 1$$

$$(r = -0.747; \text{ df} = 22).$$

A comparison of the linearized power relationships (Fig. 13) demonstrates that: (1) the initial density in the Unimak area was 2.8 times that of the offshore area (4415/1567 = 2.8); (2) the rate of decline of brood-stock density with trawling in the Unimak area was 1.9 times that of the offshore area (−0.476/−0.246 = 1.9), and these rates of decline were significantly different ($P < 0.05$); and (3) cumulative tows explained 60% (r^2) of the variation in brood-stock density in the Unimak area and 56% in the offshore area. During the time of peak trawling within the lightly trawled offshore area, c_{86} = 4,796 tows and the 1986 brood-stock density was predicted to be 194 crab/km^2, for a decrease of 88% from a 1975 initial level of 1,567 crab/km^2. In the heavily trawled Unimak area, c_{97} = 32 474 tows and the brood-stock density was predicted to decrease 99% from 4,415 crab/km^2 in 1975 to 30 crab/km^2 in 1997. The 1997 density in the Unimak area was predicted to be less than the 1997 density in the offshore area by a factor of 20. After a period of 24 years and 10 times as much trawling, the Unimak brood stock, initially 2.8 times more abundant than the offshore brood stock, fell to less than 1% of its 1975 abundance and remained about 5% as abundant as the offshore brood stock in 1998. Given the rate and magnitude of these declines, and considering that two different levels of trawling

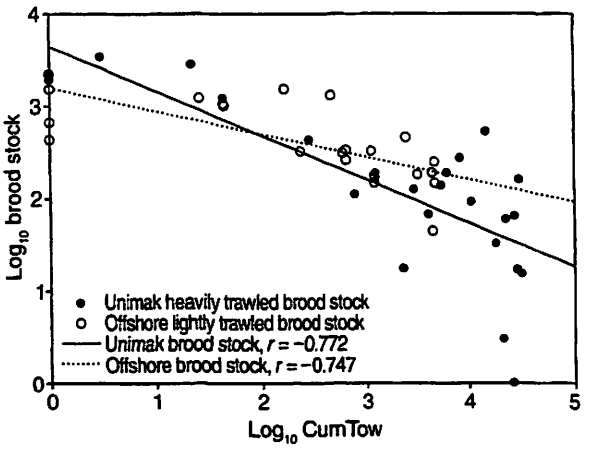

FIG. 13. The log–log relationship between brood-stock density and cumulative trawling (CumTow, c_t) in two areas: the lightly trawled offshore area and the heavily trawled Unimak area. The rates of brood-stock decline (slopes) are significantly different ($P < 0.05$).

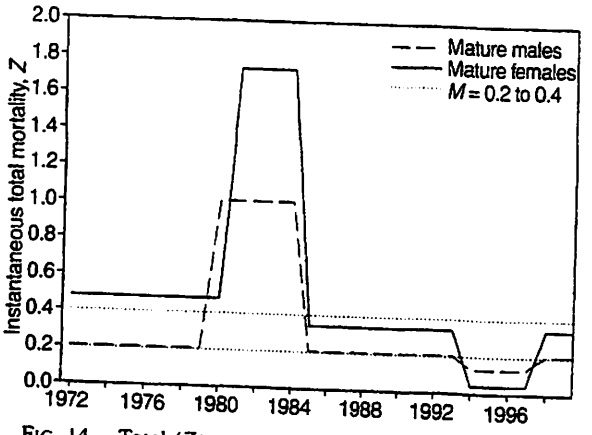

FIG. 14. Total (Z) vs. nautral (M) mortality for male and female red king crabs, Bristol Bay, Alaska, USA. Fishing mortality (F), is equal to $Z - M$.

activity in the Unimak and offshore areas each moved the local population quickly toward extinction, it is apparent that the survival of discarded, trawl-caught crab is negligible. That is, the long-term survival of red king crab affected by commercial trawling is insufficient to offset the mortality and social disruption caused by past and present levels of trawling within the Pot Sanctuary.

Fishing vs. natural mortality

Fishing mortality (F) can be separated from natural mortality (M) by partitioning total mortality ($Z = F + M$) (Ricker 1975). In a male-only fishery, female red king crab die either from natural mortality or as bycatch. Using the total mortality (Z) estimated for female red king crab in the length-based assessment model (NPFMC 2000, Zheng and Kruse 2002), we evaluated the relative magnitude of bycatch based on natural mortality values of $M = 0.2$ and $M = 0.4$, a range likely to include the true M for female red king crab, which is assumed to be equal to or slightly greater than that for males ($M = 0.2$). For the period 1981–1984 during which $Z = 1.738$ (Fig. 14), $F = Z - M$ was 1.338 to 1.538, and the rate of bycatch ($b = 1 - e^{-F}$) ranged from 0.7376 to 0.7852. Thus, assuming M varied between 0.2 and 0.4 during 1981–1984, 73.8 to 78.5% of all the mature females in Bristol Bay were estimated to die each year from fishing-bycatch mortality, and $(1 - e^{-Z}) - b$, or 3.9 to 8.7%, were estimated to die from natural mortality. That is, of the mature females dying each year, an estimated 89.5–95.3% were dying as bycatch and 4.7–10.5% from natural causes.

DISCUSSION

Endless-belt reproductive strategy

The significance of the Unimak brood stock may best be understood by considering its role in the downcurrent–upcurrent life-cycle strategy of Bristol Bay red king crab. Red king crab eggs hatch at the bottom of the water column and the planktonic larvae drift passively with water currents for 350–460 degree-days (Nakanishi 1987, Kurata 1960, 1961) until they settle to the bottom as very small crab to begin their lifelong epibenthic existence. At temperatures typical of nearshore Bristol Bay from Unimak to Port Moller during April–July (3–5°C), 350–460 degree-days translates to a drifting, planktonic phase of 2–5 months. Such an extended larval-drift period means that the larvae may settle to the bottom far from where they were hatched. It follows that optimum hatching locations are those that are an optimum distance upcurrent from optimum juvenile habitats. Historically the most productive red king crab spawning, incubation, and hatching grounds were located near and shoreward of the 50-m isobath of Bristol Bay, from western Unimak Island to Black Hill and Port Moller (Haynes 1974, Fukuhara 1985, Armstrong et al. 1986, 1993, McMurray et al. 1986, Hsu 1987, Loher 2001). Red king crab larvae hatched in these waters remain in suitable habitat during their larval-drift period by virtue of the nearshore current that flows to the northeast at about 2–3 cm/s from Unimak Pass along the Alaska Peninsula, toward the head of Bristol Bay (Schumacher and Kinder 1983, Loher 2001). Researchers believe that red king crab larvae hatched on these historically important grounds near the west end of the Alaska Peninsula have a better chance of remaining in good habitat and surviving to adulthood than do larvae hatched in central Bristol Bay (Armstrong et al. 1993), where most of the hatching occurs today.

According to Loher (2001), the loss of the Unimak–Amak multiparous females has decoupled Bristol Bay's largest expanse of prime nursery habitat from its larval supply. As a result, the highly productive nursery areas along the Alaska Peninsula near Port Moller and Black Hill have contributed only minimally to recruitment since the mid-1980s (Loher 2001). The historical migration of increasingly fecund females from northeast to southwest within the Pot Sanctuary, a migration implied by the 1975–1978 multiparity gradient (Fig. 2), is consistent with the basic endless-belt life-cycle strategy common among benthic invertebrates with planktonic larvae (e.g., Incze and Naimie 2000, Groeneveld and Branch 2002). It is possible that an evolutionary strategy to concentrate the brood stock's productivity at the upcurrent end of the coastal shelf in the Unimak–Amak region, a strategy successful over past ages, is now largely a dead-end migration into the densely trawled region of Cod Alley.

Regime-shift hypothesis

After the Bristol Bay red king crab population collapsed to less than 10% of its 1975–1980 abundance, theories abounded as to possible causes. The preeminent hypothesis with regard to the sudden collapse is the regime-shift hypothesis. Some regime-shift proponents believe that a 1977 climate change caused a

catastrophic, three- to six-fold increase in the mortality of adult red king crab in the early 1980s (Zheng et al. 1995), and eliminated a spatially explicit, highly productive component of the Bristol Bay brood stock. Others (e.g., Tyler and Kruse 1996) theorize that the regime shift disrupted the historical stock–recruitment relationship between parents and progeny, effecting a series of recruitment failures that only became apparent in the early 1980s.

The mechanisms through which the meteorological regime shift is proposed to have acted on the adult stock are disease and increased groundfish predation by yellowfin sole (*Limanda aspera*) and Pacific cod (*Gadus macrocephalus*). The theory that groundfish predation caused the decline in crab abundance is unsupported by available data and was rejected by Kruse and Zheng (1999). Existing data indicate that yellowfin sole eat only the larvae of red king crab (Haflinger and McRoy 1983). Bakkala (1981) cited several food-habit studies showing that 50 different taxa were found in yellowfin sole stomachs throughout a broad area of the eastern Bering Sea, with no mention of red king crab as a prey item. Haflinger and McRoy (1983) characterized their yellowfin sole stomach-content data as "uncertain" because the estimated consumption of red king crab larvae was extrapolated largely from a single yellowfin sole (of 1,239 examined) that had eaten an extraordinary number of larval red king crab. Using Haflinger and McRoy's data, Jewett and Onuf (1988) calculated that the extrapolated number of red king crab larvae consumed by all the yellowfin sole in the southeastern Bering Sea may have represented 5% of the larvae available that year. If we account for the low reproductive value of an individual larva in terms of the estimated number of offspring it will likely contribute to the next generation, the population-level impact of larval losses on the order of 5–10% is negligible (e.g., Slobodkin 1970).

Similarly, extensive data on the food habits of Pacific cod in the eastern Bering Sea demonstrate that cod predation, which accounted for an estimated loss to the mature female red king crab population of 1–4% during 1981–1985 (Livingston 1989), was not a significant factor in the mature-female decline of 85–90% during the same 1981–1985 time period. Moreover, Livingston (1989) found that Bering Sea cod ate less red king crab as the abundance of crab declined, a density-dependent pattern common among predators with a wide spectrum of prey species. Thus, the mortality arising from cod predation on red king crab is compensatory. Unlike the depensatory effect of predation in a single-prey system, compensatory predation tends to stabilize a prey population, not drive it toward extinction (e.g., Whittaker 1975).

Separately, speculation persists that the regime shift resulted in environmental conditions that optimized the spread of an unspecified, epizootic disease instumental in the decline of the population (Otto 1985, 1986, 1989, Otto et al. 1989). Data and observations supporting t epizootic scenario are lacking, and it is difficult to envision tens of millions of diseased adult red king crab dying within 1 or 2 years without corroborating observations from scientists annually examining crab in the field or from fishermen transporting hundreds of thousands of live crab to market. Red king crab deadloss, i.e., the weight of crab dying on the way to the processors, ranged between 1.0% and 3.3% (average 2.0%) of the harvest during 1975–1980 (ADFG 2001). During 1981–1986, when the hypothesized epizootic would have been at its peak, the average deadloss decreased to 1.8%, with a range of 0.2% to 3.2%. Information published during the 20–25 years that have elapsed since the 1980–1983 Bristol Bay stock collapse does not support the premise that a regime-shift-mediated spike in the rates of predation and disease caused an increase in the natural mortality of adult red king crab.

At the other end of the life-history spectrum, Tyler and Kruse (1996) postulated that a mid-1970s regime shift toward lower barometric pressure in the Pacific Ocean may have caused a localized reproductive failure of red king crab in Bristol Bay, which materialized as a recruitment failure in the early 1980s. However, the correlation between barometric pressure and red king crab recruitment was significant only if Tyler and Kruse (1996) arbitrarily rejected the strong-recruitment c of 1970. The Tyler-Kruse (1996) recruitment-fail scenario is not consistent with the length-based assessment (LBA) model, used since 1995 to manage the Bristol Bay red king crab stock (Zheng et al. 1995, Zheng and Kruse 2002). Instead of a recruitment failure, the LBA model, which includes the 1970 recruitment data rejected by Tyler and Kruse (1996), indicates that year-class recruitment during the early 1980s was "average" and that it was the adult crab which suddenly disappeared. In fitting the LBA model to the NMFS survey data, Zheng et al. (1995) found it necessary to invoke an unidentified source of natural mortality to remove nearly 85% of the entire adult population in two years (1981–1982). It is unlikely that a somewhat subtle and recurrent, decadal, meteorological phenomenon could so abruptly exert this degree of direct mortality on a healthy population of adult crab.

Fishing vs. natural mortality

Within the context of the debate as to whether it was natural mortality or fishing mortality that caused the Bristol Bay stock collapse, it is important to know what is meant by "natural" mortality in the LBA model. Natural mortality (M) is usually defined as deaths from all causes except man's fishing (e.g., Ricker 1975). In the LBA model (Zheng et al. 1995, 1998), man's fishing is narrowly defined to include only the retained catch of legal male red king crab; natural mortality in model comprises deaths from all other causes, including the fishing-bycatch mortality resulting from catch-

ing and discarding (1) females and sub-legal males in the directed, male-only red king crab fishery, (2) all red king crab caught in pot fisheries targeting other species such as Tanner crab, and (3) all red king crab caught in the groundfish trawl fishery. However, bycatch often substantially exceeds the retained catch. Data from Griffin et al. (1983) and ADFG (2001), which include no trawl bycatch, show that the 1982–1983 red king crab bycatch from the Tanner and red king crab pot fisheries (6.96×10^6 legal, sub-legal, and female crab) was 12–13 times that of the retained catch (0.54×10^6 legal crab). Representing all fishing bycatch mortality as natural mortality, as is done in the LBA model, results in a 5- to 9-fold mortality spike in 1980–1981 (NPFMC 2000, Zheng and Kruse 2002), coincident with an all-time record harvest and the beginning of commercial trawling in the Pot Sanctuary (Fig. 14). We believe that this kind of accounting overstates the role of natural mortality, masks the impact of fishing, and provides the regime-shift hypothesis with unwarranted support, without which the hypothesis is moot.

Fishing and sex ratio

Further devaluing the impact of fishing is the general consensus that imbalances in sex ratio have been negligible and have placed no constraints on reproductive success (Otto 1985). Loher (2001), relying on personal communication (Bradley G. Stevens, NMFS, Kodiak, Alaska, USA), stated that the sex ratio (m/f) has remained close to 1.0 over time ($m/[m+f] = 0.50$). Larkin et al. (1990) stated that m/f never fell below 0.83 males per female ($m/[m+f] = 0.45$) from 1969 through 1983. This consensus is inconsistent with the results of our examination of the adult sex ratio around the time of the population collapse. In 1981 the proportion of adult males in Bristol Bay fell to 0.25, approaching the level of 0.17 demonstrated by Wada et al. (2000) to inhibit successful reproduction in the spiny king crab (*Paralithodes brevipes*). A year later the Bristol Bay ratio dropped to a low of 0.16, consistent with observations that a substantial proportion of mature females, particularly large females, failed to molt, mate, and spawn in 1982 (Otto et al. 1989). It is likely that sex-specific fishing mortality, rather than natural mortality, caused the observed sex-ratio changes (Fig. 11).

With respect to red king crab reproductive success, the significance of the sex-ratio imbalance observed during 1981 and 1982 is best appreciated by considering that only about half of all mature males participate in spawning each year. The management of Bristol Bay red king crab, as specified in the harvest strategy (Zheng et al. 1997), relies on the assumption that all mature males (≥120 mm carapace length) are capable of mating one or more times during each spawning season. This assumption fails to account for the fact that a substantial proportion of the mature-male population molts each year during the January through June spawning season. Evidence suggests that most of these red king crab, similar to the snow crab (*Chionoecetes opilio*) of Canada (Sainte-Marie et al. 1999, 2002), do not participate in mating in the same year they molt. Takeshita et al. (1989), using the 1966 tag-recapture data of Fujita et al. (1973), reported that only about 50% of mature males, mostly skipmolts, participate in Bristol Bay mating in any given year. Newly molted (new-shell) males tend to remain offshore as nonparticipants in the migration to inshore spawning areas. The Japanese tagging studies confirmed earlier 1958–1965 reports by Soviet scientists that new-shell males of reproductive size remained offshore along the 100-m isobath off Unimak Island and did not take part in spawning (Korolev 1964, Chebanov 1965, Rodin 1970, 1989). Both the Japanese and Soviet findings are consistent with the occasional large, NMFS-survey catches of new-shell, mature males collected during the spawning season from male-only aggregations at offshore stations >100 km away from known spawning grounds.

If only one-half of mature males participate in spawning each year, the overall sex ratio of 0.16 (1 male per 6 or 7 females) observed in 1982 translates to an effective sex ratio of 0.08, or 1 male per 12 or 13 females, which is substantially less than the proportion of males needed for successful reproduction in spiny king crab (Wada et al. 2000). Annual calculations of effective spawning biomass, integral to the State of Alaska's harvest strategy (Zheng et al. 1997) and considered to be an example of conservative management (e.g., Stevens et al. 2000: Appendix C), may overstate by a factor of two the male reproductive potential of the Bristol Bay red king crab population. This life-history trait appears to have been overlooked in the management of Bristol Bay red king crab (e.g., Zheng et al. 1995, Zheng and Kruse 2003, 1997). According to Rosenberg et al. (1996), when defining overfishing in federal fishery management plans, insufficient attention is often given to the life-history characteristics of specific stocks; and a definition that fails to consider that only half of the mature male crab participate in spawning in any given year is unlikely to protect the stock from overfishing.

In view of the information presented thus far, it may be unreasonable to maintain that the collapse of the Bristol Bay red king crab population was a product of natural mortality, with only a negligible contribution from fishing mortality. Using $M = 0.2$, the 1980 record harvest of Bristol Bay legal-male red king crab imposed a utilization rate (U_t) of 0.62, with a 95% confidence interval of 0.41–1.03, where the range reflects the −40% to +50% uncertainty of the 1980 population estimate. In hindsight it appears that a precautionary management stance should have recognized the June 1981 change in the sex ratio to 0.25, from the 1975–1980 average of 0.40, as an indicator of excessive male harvests. This notwithstanding, managers set the 1981

guideline harvest level (GHL) at 11.1–15.8 × 10^6 crab (ADFG 2001) to be taken from a NMFS source-population estimate of 11.3 × 10^6 crab (Otto 1986). During a 91-day extended season (up from 40 days in 1980), fishermen in 1981 managed to harvest only 5.3 × 10^6 crab, equivalent to an utilization rate of 0.50 (95% confidence limits: 0.41–0.64). In the following year, 1982, although the estimated numbers of exploitable males had decreased each of the four years since 1978 (Otto 1986), managers set the GHL range equivalent to a bounded utilization rate of 0.30–1.22. In doing so, managers were apparently unaware (e.g., Otto 1985, Loher 2001) that the sex ratio was now at a potentially dysfunctional level of 0.16. Crab managers have maintained that the harvest as a percentage of the harvestable stock (U_t) "never exceeded 60%" prior to the population's collapse (Otto 1986:104). However, for the six years leading up to the population's 1981–1983 collapse, bootstrap confidence intervals around estimates of the harvestable stock were, on average, −35% to +44%, which is substantially wider than the original intervals (±15–20%) provided to resource managers (Otto 1986). Therefore confidence is low that harvest rates never exceeded 60%. Without a candid appraisal of the uncertainty associated with source-population abundance estimates, as well as an accounting of the natural mortality that occurs between the survey (May–June) and the fishing season (September–October), the actual fraction of the stock taken by the fishery is likely to be underestimated. A management strategy that maintains high male-only utilization rates in the face of both drastically declining population levels and a male-depauperate sex ratio and, as the population collapses, recommends a GHL equal to or greater than the estimated size of the source population, and then extends the fishing season in an effort to obtain this harvest (all of which happened in 1981), is a markedly aggressive strategy. However, it is possible that the effects of a highly exploitive fishery directed against the largest males in the population could have been reversed if, as managers assumed, directed fishing under management control was indeed the only source of fishing mortality affecting the population. Unfortunately, the assumption that the managed fishery was the dominant source of fishing mortality became untenable after 1979, when large-scale commercial trawling began in the Pot Sanctuary, a habitat that had served as a reproductive refuge for Bristol Bay red king crab since 1959.

Trawling bycatch numbers

Because the Pot Sanctuary excluded only foreign-vessel trawling, the brood-stock protection afforded by the Pot Sanctuary was effectively removed in 1977 by virtue of the 1976 Magnuson-Stevens Fishery Conservation and Management Act (MSFCMA) stimulus to domestic fishery development. The first incursion by domestic trawlers into the Pot Sanctuary was in the form of a 1980 pilot study to determine the feasibility and profitability of a joint-venture, U.S.-USSR fishery for yellowfin sole (Fisher 1980). The fish caught in a joint venture are defined as U.S. landings; but in 1980 there was no domestic market for yellowfin sole, and the product was transported to the USSR and marketed in the USSR and Africa (Fisher 1980). In 1980, the first year of joint-venture trawling in the Pot Sanctuary, when trawl effort was low relative to that which came later, the bycatch of red king crab in the Bering Sea/Aleutian Islands (BSAI) region increased by 371% over the 1977–1979 average. In the following year, the BSAI red king crab bycatch increased by another 235% over that in 1980. The 1980–1985 average bycatch of red king crab in the BSAI region, 85–90% of which came from the previously untrawled Pot Sanctuary representing only 3% of the total BSAI area, was 9.7 times the average bycatch of 1977–1979 (e.g., Nelson et al. 1981, 1982, 1983, Berger et al. 1984, 1985, 1987). These relative comparisons show that the proportionately small Pot Sanctuary provided a disproportionately large contribution to the total BSAI red king crab bycatch. Unfortunately, because of the qualitative nature of observer-bycatch data collected during the 1980s, it is not possible to quantitatively evaluate the direct impact of Pot Sanctuary trawling on Bristol Bay red king crab.

The hypothesis that trawling on the spawning s... contributed to the collapse of the Bristol Bay red king crab population has been discounted by investigators (e.g., Otto 1986, Stevens 1990, Armstrong et al. 1993) who accept at face value estimates of the absolute numbers of crab caught and killed by trawling, estimates published (e.g., Nelson et al. 1981, 1982, 1983, Berger et al. 1984, 1985, 1987) with no warnings that they were biased low. However, it is important to note that the red king crab data collected by observers during the yellowfin-sole joint venture are not suitable for quantitative analysis. The observer, restricted to a foreign processor and unable to monitor the domestic vessels doing the trawling, collected data only from delivered catches that were of commercial value and placed in deck bins to await processing. At least in 1981, catches (red bags) dominated by red king crab, a prohibited species of no commercial value to the joint venture, were unloaded near the stern ramp of the processors (e.g., Fig. 7) and discarded without analysis (Doug Smith [former NMFS observer], *personal communication*). As it became obvious that such deliveries were impolitic, some catcher vessels simply jettisoned red bags at sea, using cod-end zippers or other means (Kris Poulsen, *personal communication*). Other participants in the joint venture confirmed the red-bag phenomenon but declined to be cited here. As conducted, the observer counts systematically excluded fro... sideration all but a biased, disproportionately small fraction of the total red king crab bycatch from trawling in the Pot Sanctuary during the 1980s. The bias results

from the fact that, as the number and size of the unexamined red bags increased, the proportion of the total bycatch analyzed by an observer decreased. The relationship between an observer's daily sample and the real bycatch for that day is unknown; therefore a meaningful extrapolation from samples to total bycatch is not possible. Over the past 20 years investigators, unaware of the uncounted red bags, have provided estimates of trawling impact based on bycatch numbers that are far too low. The bias associated with the failure to account for red bags was greatest during the years surrounding the population's collapse when, because of relatively high population densities, the probability of red bags was greatest. However, observer counts tend to be biased low even today because of the removal of prohibited species from a haul prior to an observer's sampling, a scheme known as "pre-sorting" (NMFS/OST 2000: 327, van Zile 2002).

Regime shift vs. human fishing

Theories as to what happened to the Bristol Bay red king crab population fall into two broad categories. The regime-shift category, comprising all sources of natural mortality, holds that the abrupt stock collapse was due to factors beyond human control and was neither caused nor hastened by fishing, direct or indirect (e.g., Otto 1986, Tyler and Kruse 1996). The depletion category, comprising all sources of fishing mortality, maintains that the collapse was caused by overfishing (e.g., Kruse et al. 1996, Orensanz et al. 1998). With regard to the regime-shift category, the science of detecting large-scale, meteorological phenomena such as the Pacific decadal oscillation is relatively well developed; but the science of evaluating their microscale effects on local populations is not. After an exhaustive literature search, Paul (1985) concluded that there was virtually no existing information on the recruitment process or the factors that modify ocean survival of Alaska red king crab larvae. Ten years later Sinclair and Frank (1995) concurred, saying that even though the large-scale description of shifts in atmospheric conditions are robust, the lack of detail makes it difficult to consider the underlying processes by which the physical environment influences population responses. So little is known about population-level effects that consensus is lacking among king crab investigators as to whether the regime shift negatively affected early-life-stage recruitment (e.g., Tyler and Kruse 1996), or whether it directly killed pre-adult and adult crab, a necessary conclusion based on the LBA model (Zheng et al. 1995).

Inasmuch as estimates of early-life-stage recruitment do not exist, the linkage between environmental regime shifts and recruitment is a matter of speculation. There are no larval or early-juvenile sampling programs by which early year-class strength, or annual recruitment to the age-0 or age-1 Bristol Bay red king crab population, might be directly assessed. Instead, recruitment success for any given year is assumed to be proportional to the number of crab that appear in survey trawls 6–8 years later, at age 5–7. This assumption overlooks the possibility that unobserved fishing mortality during the intervening years might alter the relationship between year-class strength and adult abundance (thus introducing bias to the stock–recruit function as well). For example, if unobserved bycatch from the 1983 commercial-trawl fishery was substantial enough to markedly reduce the number of age 5–7 crab counted in the 1984 survey, then the low counts might be mistakenly attributed to poor recruitment during 1976–1978. As for the regime shift causing recruitment failure, the larger, older crab in the Bristol Bay stock went through their most precipitous decline in 1981 (NPFMC 2001). Assuming an age of at least eight years for a legal red king crab (Balsiger 1974), the negative effects of the regime shift on the larval recruitment of crab that became legal in 1981 would necessarily have occurred in 1972–1973, or at least four years too early for the regime shift that occurred in 1977 (Benson and Trites 2002). Such arithmetic exercises, while admittedly simplistic, are inconsistent with the scenario of a population collapse via a recruitment failure imposed by the 1977 regime shift. Moreover, it is unlikely that a large-scale, meteorological regime shift would have acted in a spatially explicit way, as described by Loher (2001), to eliminate the brood stock from the heavily trawled Unimak area where it was most abundant, while leaving the brood stock relatively unscathed in the lightly trawled, offshore area where it remains today (Figs. 2 and 9).

Management based on regime shift

Although its effects on red king crab are unknown and perhaps unknowable, the regime shift is the primary justification for the continued exploitation of a stock that has undergone one of the more dramatic collapses in the history of U.S. fisheries management and now persists at a level well below its 1975–1980, pre-collapse abundance. Managers have used the 1977 regime shift and its hypothetical effects on the environment and ecology of Bristol Bay to redefine the Bristol Bay red king crab population to be, in effect, a population with no history prior to 1983. In this way, the high-abundance years of 1975–1980, years in which the fishery extracted a total of 232×10^6 kg or 70–80 million legal-male red king crab from Bristol Bay, are not included in the baseline average used to evaluate whether the stock is overfished. A stock is overfished, and a rebuilding plan must be prepared for the stock, if it falls below a critical level known as the "MSST" (minimum stock-size threshold), defined as 50% of the baseline average (maximum sustained yield, MSY) stock size (NOAA 1998*a*, *b*). The current baseline period used by managers to calculate the MSY stock size consists of only the post-collapse years, 1983–1997 (e.g., Rugolo et al. 2001: Appendix C). Using an ex-

panded 1975–1997 baseline, which includes the high-abundance, pre-collapse years for which we have data, results in a doubling of the legal-male MSST. Thus, the rebuilding requirement is triggered sooner, at a higher stock-size level. Using the expanded (1975–1997) baseline, the legal-male stock size falls below MSST in 4 of the 12 years between 1986 and 1997; using management's current (1983–1997) baseline, the stock does not fall below MSST in any year between 1986–1997. The use of a more conservative MSST would indicate an awareness of or concern for the fact that the stock being exploited suffered a precipitous, >90% decline during 1978–1983. In our opinion, resetting the historical baseline to include only the remnants of a population in the aftermath of a catastrophic collapse defeats the purpose of the guidelines under MSFCMA.

NMFS guidance as to precautionary implementation of the MSFCMA recommends caution in interpreting a long run of poor recruitment as the result of an environmentally driven change in stock productivity. In particular, for a period of declining abundance, the burden of proof rests on managers to demonstrate that it was the environment, and not fishing, that caused the abundance decline (Restrepo et al. 1998). However, for Bristol Bay red king crab it appears that this burden may not have been met. Instead, the preponderance of the evidence we have presented points not to the environment but to fishing as the cause of the decline. If the 1977 regime shift caused an abrupt discontinuity in the reproductive success of Bristol Bay red king crab, and if this discontinuity persists today as a feature of red king crab population dynamics, then the current practice of using a single stock–recruitment function to define the long-term (1968 to present) relationship between parents and progeny, as is done in the LBA model (e.g., Zheng and Kruse 2003, Zheng et al. 1995), violates the principle of stationarity (Hilborn and Walters 1992) and should be abandoned. Using the burden-of-proof recommendation by Restrepo et al. (1998) and casting aside the regime shift hypothesis as untestable, it is likely that the Bristol Bay red king crab population exists and has existed since the late 1970s in a state of chronic overexploitation.

Many fishing practices continue even when past experience and abundant scientific evidence demonstrate that these practices are ultimately destructive (Ludwig et al. 1993). In Alaska, the destructiveness of bottom trawling as a fishing method for red king crab was soon recognized by fishermen and conservationists alike, and by 1960 the practice had been made illegal in all Alaskan waters (Nickerson et al. 1966, Otto 1985). Furthermore, the lessons learned from Japanese research on the Kamchatka population stressed the importance of providing sanctuaries for newly settled juveniles and breeding adults, where fishing of any kind was prohibited (Marukawa 1933). Consistent with Marukawa's (1933) recommendation, the Japanese Pot Sanctuary boundaries in Bristol Bay were drawn in 1959 to include the mainstay of the population's brood stock (Hsu 1987, Loher 2001), the population's primary spawning grounds (Fukuhara 1985, Hsu 1987, Loher 2001), the area of greatest larval release (Haynes 1974, Fukuhara 1985, Armstrong et al. 1986), and prime juvenile habitat most likely to produce adults (McMurray et al. 1986, Armstrong et al. 1993). Despite the wisdom gained from red king crab investigations over the past 70 years, the value of the Bristol Bay Pot Sanctuary in safeguarding the population's reproductive potential was overlooked or ignored in the process that led to an expanding regime of unmonitored trawling by U.S. domestic vessels on the very brood stock that, by most accounts, contributed the bulk of the replacement numbers to the red king crab population in its ascendancy. Trawling in the high-fecundity Unimak brood-stock area began in 1977, the year the MSFCMA took effect, and expanded rapidly after 1979 (Table 4). Between 1977 and 1983 the number of trawls in the Unimak area increased by a factor of about 1200. By 2001 more than 80 000 commercial trawls had been hauled through this 17 836-km^2 area, and the once-productive Unimak brood stock had essentially disappeared.

More than 20 years after the 1980–1983 collapse of the Bristol Bay red king crab population, the stock has not recovered; nor is there a trend suggesting that recovery is imminent. This decades-long refractory period has persisted under the following management assumptions: (1) that the 1977 regime shift adversely affected the long-term productive capacity of the stock, (2) that fishing was not a major factor in the stock's decline, and (3) that the Unimak–Amak habitat essential to the population's reproductive strategy needs no protection from bottom trawling. We have presented information indicating that these assumptions are suspect. The first assumption, which allowed managers to respecify the stock as one whose history began in 1983, has enabled continued exploitation of the collapsed Bristol Bay stock without the benefit of a rebuilding plan or a defined, mandatory reduction in fishing mortality. Such respecification is consistent with NMFS guidance on National Standard 1 (NOAA 1998*b*) for a stock whose long-term productive capacity has been affected. However, implicit in management's use of a single spawner-recruit curve for the period 1968 to present (e.g., Zheng and Kruse 2003) is the assumption that recruitment from a given number of spawners has remained unchanged over the past 36 years. If it is true, as we believe, that the primary cause of the red king crab collapse was human fishing, then it is incumbent upon managers to revisit the decision to continue exploiting the stock without a formal rebuilding plan. A critique of existing management strategies via the rebuilding-plan process might lead to a better understanding of important life-history characteristics overlooked in the past. For example, it should be possible to improve estimates of male reproductive potential, effec-

tive spawning biomass, and stock–recruitment relationships by acknowledging that only about 50% of mature males are available to spawn each year. More importantly, consideration by managers of the apparent ontogenetic downcurrent–upcurrent reproductive strategy of red king crab may once again highlight the importance of the western end of the Alaska Peninsula as the driver for the endless-belt cycle common to self-sustaining populations of red king crab. At present, the relatively few multiparous females gathering to incubate and hatch their eggs in the Unimak–Amak region are exposed to an historically high probability of being dispersed, injured, or killed by trawling rather than contributing progeny to the next generation.

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March 27, 2006

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

Stephanie Madsen, Chair

Pete Hannah, 28 yr resident and fisherman , vessel owner/operator.

All options for the trawl fleet and most options for the fixed gear have processor shares or linkage. The bottom line in this rationalization mess is this. You don't give ownership or rights of any kind of our public resource to foreign corporations. If you think this is the best for America or that any American people are for that, then you live in a different America than most people do. If any council members are willing to vote for giving ownership rights to foreign companies through processor linkages then I hope you are ready to stand up and defend your self against the wrath that will be coming from the American People.

Parallel Fish

Quit playing games with peoples lives. Parallel fishermen caught their fish during a federal fishery, many of them before there ever was a State P. cod fishery. You don't change the rules to a game once the game is over. Do the right thing; they are equal to all other federal participants.

By Catch

The trawl fleet is getting 80 to 90% of the groundfish quota, they already get 100% of the bycatch for the Rockfish

program, now bycatch has been changed to ecoondary species and they want this allocated to them also. In your goals by catch reduction is one.

Reduce bycatch from what it is today, don't allocate bycatch by historical percentage, you're just rewarding people for fishing dirty. Progressively reduce bycatch each year and best of all give the communities (Kodiak, Sand Point, King Cove, etc.) some or all of the money generated from this bycatch. Stop the trawlers from getting rewarded for catching bycatch and you will reduce bycatch.

There are a lot more people who will be adversely affected by rationalization and who have strong opinions about it other than the few people you hear from consistently at the council meetings. Many of the people who say they represent certain groups feelings just may not have the support they profess to have. Maybe the council should do some investigating for themselves, not with lobbyists, to find out how most people feel.

The one thing for sure is that the American people are not for or will ever be for giving rights of any kind to foreign companies of our public resource. That's going too far and you do not have public support.

Thanks Pete Hannah

Pete Hannah
PO Box 1803
Kodiak, Alaska 99615

Stephanie Madsen.Chair
NPFMC
605 W. 4th Ave., Suite 306
Anchorage, Ak 99501-2252

Re Agenda Item C-5, Gulf of Alaska Groundfish Rationalization

Dear Members of the MPFMC,

I am writing to voice my opposition to the above mentioned Rationalization. I am a longline fisherman and boat owner in Ak and have been for 20 years. I am very experienced in matters of rationalization. I watched in horror as you knowingly made millionaires out of a few, who mostly don't even own boats or even their quota anymore in the privatization of halibut and black cod. From first hand knowledge I then expected the mass consolidation of boats in the crab rat. , and the cannery stronghold on price and season, and watched as it occurred EXACTLY as it was crafted. You have heard all this. Loss of jobs was a calculated expected expense, that I know you were and continue to be willing to accept.
My main point would have to be that alternative means are not being seriously considered. The various other tools, trip limits, gear limits, boat size limits, status quo don't seem to be legit in your eyes. Whether we really need rationalization at all, seems something you are unwilling to consider. This massive corporate welfare giveaway seems to be your only choice. Why? Why attach ownership to the rights if you must have them? I know there are complications to that too, but so much more worthy to struggle with than the give away of the resource and the handling of disenfranchised masses. The money is slowly being drained from those who actually work on the boat, and now even from those who own the boat and given to the entitled ones who happened to be at the right place in history.
This thing is a monster with many faults. Even the high producers wont end up with enough to work with once you give everyone a pound or two to keep them happy.
It really is simple.
Don't do it.
But if you cant back away, don't allow them to be owned and therefore sold. Figure it out.
It just isn't yours to give away.

Julie Miller
Kodiak Ak
907 486 4800

Stepanie Madsen
Gulf of Alaska groundfish rationalization
NPFMCouncil

Dear Council Members,

I have been involved in the ground fisheries in Alaska since 1976. First with trawl surveys aboard the Miller Freeman. One of the first domestic observers 1978. As a trawler deckhand 1978 to 1981. I have also fished my own vessels longlining and pot fishing for cod in the 80s till the mid nineties. I own two moratorium permits. Currently I am an owner operator and fish crab and halibut. I also serve on the Kodiak Ports and Harbors board.

1. The price of fuel is the great equalizer there is no need to fast track rationalization.
2. The federal taxpayers have invested hundreds of millions of dollar in ports and other support services. In Kodiak reduction in the fleet means the rest of the boat owners will have an increase burden. The council should set up a compensation fund from a tax on any rationalization permits issued.
3. Unlike other fisheries such as crab the multi-species ground fisheries in Kodiak provide year round fishing, the council should ask the question "Is rationalization worth the economic harm it is bound to cause".
4. One observation since I started fishing in 1971. If a fishing boat is run by a hired skipper it is making money. If the ground fisheries were in trouble in the gulf, the owners would be operating them.
5. Consolidation is one thing but creating a system where one entity owns a majority of the resource is bad for the country as a whole. Devastating to coastal communities.
6. Again consider slowing this process down. You are affecting peoples lives here. The battle cry for the 200 mile limit or Mag Stevens was "fight foreign fishing" not "lets make a deal"

Daniel R. Miller
Box 4475
Kodak, Ak 99615

March 29, 2006

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

Stephanie Madsen, Chair,

We own and operate the 72' F/V Point Omega out of Kodiak. Ken has been a participant in the federal P. Cod pot fishery since 1987; he also has been fishing the State Water p. cod fishery since it was instituted in 1997. Up until that time this fishery was a federal fishery.

Issues that needs to be addressed by the State of Alaska:

- There is a great need for the State of Alaska to make a clear statement that Parallel fishing history will be given to the vessels who earned it, and that this history will be included in the federal rationalization plan.

- The State needs to acknowledge as soon as possible that they support the participation of parallel LLP p. cod pot fishermen in the federally rationalized p. cod pot fishery. Also the State should assist with providing these parallel LLP p. cod pot fishermen with the opportunity to harvest their federal allocation outside 3 miles.

- The State of Alaska should also recognize that the federal parallel p. cod pot fishery is totally separate from the "State Water" p. cod fishery. There is no rationale whatsoever for restricting parallel LLP p. cod pot fishermen who participate in a federally rationalized p. cod pot fishery from participating in the "State Waters" p. cod pot fishery.

- These issues need to be addressed by the State as soon as possible so we can move forward with the council process of rationalizing our fishery.

Issues that need to be addressed by the NPFMC:

- The NPFMC needs to make a clear statement that the parallel fishing history will be credited as federal history to those LLP holders who earned it, that these people will be provided with the opportunity to participate in a federally rationalized fishery and that these people will be provided with the opportunity to harvest their federal allocation outside of three miles.

- It also needs to be addressed that the fishermen with parallel fishing history who wish to participate in the federal rationalization plan with their history should not have to give up their "State Water" p. cod pot fishing history to get their federal rights.

We feel that the GOA P. cod pot sector should be rationalized at the same time as the GOA trawl sector, and that the process of developing and analyzing rationalization of our two sectors should occur concurrently the implementation for the two sectors must also occur at the same time. We feel that other rationalization programs are affecting the fisheries in the GOA, and, that the effects of the most recent Bering Sea Crab program has yet to show all the impacts that will become more obvious with time.

The race for fish is still happening in the GOA. Vessels that can lease their shares in other areas are able to disadvantage trawl and p. cod pot fishermen in the GOA. They are hoping to gain history by impacting established fleets in the only remaining unrationalized fishery. They can time their catch efforts to harvest in the GOA when in the past they were racing for fish in other areas to earn history. One of the benefits of rationalization is that a vessel can time their catch to maximize quality and profit. We are the only area that is not able to do that, the longer this goes on the more of our traditional catch will be eroded.

We would like to see the fixed gear sector and especially the pot sector also have the option to be rationalized without linkages to processors; also we do not support harvester shares to processors.
We want to maintain a free market for the GOA. If the trawlers desire processor linkages and the allocation of trawl harvester shares to processors, we believe that this should provide enough stability to the processing sector, especially considering the significant harvest amount that comes from the trawl fleet.
If there must be license limitation for processors, then, the licenses should sunset after an initial period, this would then provide for the entrance of those who can improve markets and make these fisheries more competitive in the global market place.

It might be more inline with the council problem statement of the need to reduce bycatch if instead of rewarding those who used the loop holes to turn their bycatch into secondary species donate those secondary species to make room for the community and crew provisions so that our coastal communities do not suffer the undo effects of rationalization.

Thanks for your time and consideration

Ken Holland Chris Holland

Ken and Chris Holland
PO Box 608
Kodiak, Ak 99615

Phil and Lisa Robbins
F/V Lisa Gayle
March 27, 2006

North Pacific Fishery Management Council
605 West 4th Ave., Suite 306
Anchorage, Alaska 99501-2252

Stephanie Madsen, Chair

Agenda Item C-5 GOA Groundfish Rationalization

Re: Including the GOA Parallel cod pot fishery in the GOA Groundfish Rationalization

We are 35-year residents of Kodiak, and owners of the 53 foot vessel, the Lisa Gayle. My husband has been fishing Kodiak for 36 years. We have fished the federal cod pot fishery inside 3nm every year without exception since 1991.

We have come before you numerous times to ask that our Parallel history be recognized and acknowledged as part of the federal fishery, and that we be given the rights and privileges of all federal fishers to be included in the GOA Groundfish Rationalization. We are pleased to have made progress in our talks with the State on this issue.

We respectfully request at this time that the Council make a clear statement that the Parallel fishing history will be awarded to those who earned it, and that such persons will be provided with the opportunity to participate in the GOA Groundfish rationalization. The Council should maintain that the Parallel history must be harvested outside of three miles. We ask that the State issue a like statement. We do appreciate your attention to this matter, and we need at this time a written statement to resolve this issue once and for all.

This action is necessary to enable the federal Parallel fishermen to participate in the selection of the alternatives, options and elements that will shape the Pot Cod Sector plan of the GOA Groundfish rationalization.

We very much appreciate the action of the Council to separate the Pot Cod sector from the fixed gear. Clarification from the Council to include the federal Parallel participants in the Pot Cod sector of the federal GOA Groundfish Rationalization would eliminate this complication, and enable the process to proceed.

When rationalization occurs, I ask that the Council not allow the trawl sector to be rationalized prior to the pot sector. The pot and trawl sector, and any other sector who wishes rationalization should be developed, analyzed and rationalized simultaneously.

We have also participated every year since inception in the Statewater fishery, which consists of 25% of the TAC. This fishery is separate from and in no way related to the federal fishery. We would like to continue to participate in this fishery after rationalization.

Once again, we respectfully request from the Council a clear statement awarding the Parallel history to those participants who earned it, and allow those individuals the right to participate in the federal GOA Rationalization. We also ask that all sectors wishing rationalization to be included in the process simultaneously. In addition, we would like to continue to participate in the Statewater cod pot fishery.

Thank you.

Sincerely,

Phil and Lisa Robbins

North Pacific fishery Management Council
604 West 4th Avenue Suite #306
Anchorage, Alaska 99501

176 Plenary Session - April 5-11, 2006
Anchorage Hilton; Anchorage, Alaska

RE: C-5 GOA rationalization

Chairperson Stephanie Madsen and Council members,

I'm Phillip J. Rastopsoff from Kodiak a commercial fisherman for 25 years. I am a crewmember on jig vessel, and I recently participated in the cod pot fishery in the CG of the GOA. I have fished for salmon, halibut, herring, and tanner crab around Kodiak island since I was a child.

I am for open markets for our fish.. Our community is concerned about any type of processor quotas, associations or forced coops. A free market and the comparable uncontrolled price is a necessity. Processor associations tie the fisherman to the processor, thus preventing the benefit of increased product value reaching the harvester.

We want a fishery council process that includes all affected stakeholders. All stakeholders opinions are rarely reflected in the NPFMC process. The Government Accountability Office (GAO) has just furnished the US Congress with a new report GAO-06-289 titled "Core Principles and a Strategic Approach Would Enhance Stakeholders Participation in Developing Quota-Based Programs". This report states that public comment at council meetings is a one- way communication, not an effective way to share information, because lit does not lead to a dialogue between stakeholders and decision makers. The council process is flawed, so crab rationalization as well as all present programs in the works should be scraped and then changeds to the FMPs might be amended after core principals and strategy has been established for the council process.

We need protection for our communities, as any further rationalization will adversely impact us. Most recently the North Pacific Fishery Management Council and the U.S Congress established a quota program for the Bering Sea crab that has had significant impact on our communities and fishing families. The program has resulted in an extreme level of consolidation such that less than half the fleet is still fishing and about 900 skippers and crew lost their jobs. Those who do have jobs are working more and making less money. Safety and conservation benefits are in question. Fishermen are required to deliver 90% of their catch to specific processors calling into question market competition. Crew jobs and other business activity in communities were sacrificed to extreme economic efficiency.

Privatization of the fisheries causes loss of jobs, shriveled coastal economies, and consolidation of a once public resource to an elite group of fisherman and processors.

There are other practical measures(tools) that are available to achieve the purported benefits of privatization/rationalization. These include limited entry, time/trip/gear limits, staggered openings, and other assorted options. Use of these tools would provide management with ample opportunity to monitor effort to avoid over fishing.

I was born in Ahkiok in 1964 and I have seen many changes in the fisheries. The same processors that had control of the fisheries pre-statehood have once again found the key to unlock the door to enslaving the fisherman. Privatization does no good for me and the natives people who inhabit Kodiak or other coastal communities. We're locked out of fishing in own front yard and this is wrong. My people have been here for 10,000 years and now you want to control who owns the fish before they're even harvested, that is absurd in my mind. I think the NPFMC should leave the FMP at status quo and let free enterprise reign, as those who can't make it will leave and those who prosper will stay in the fisheries.

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North Pacific fishery Management Council
604 West 4th Avenue Suite #306
Anchorage, Alaska 99501
176 Plenary Session - April 5-11, 2006
Anchorage Hilton; Anchorage, Alaska

Re C-5 GOA Rationalization

Doug Waterbury
3373 Melnitsa
Kodiak, Alaska 99615

Chair Stephanie Madsen and NPFMC council members,

I'm Doug Waterbury born in Kodiak and fished on and off since I was a kid. I own the vessel Tarrissa Jean C. The last 5 years I have been engaged in fishing primarily seining salmon and jigging cod. Gulf groundfish is quite a chunk of my income. Without I may not be able to keep my business if I was to lose my cod jigging income. I need the NPFMC to provide for a substantial allocation to the jig gear group as a change to the FMP for GOA groundfish.

It is very important for me to extract the most value for my fish. Competition through free market economics are necessary to keep the price at its paramount level. We can't accept any processor quotas, associations or co-ops, as they are price-fixing mechanisms.

The communities in the GOA have been economically adversely impacted by crab rationalization. The over 1000 contracted crewmen that were disenfranchised by fleet consolidation were not addressed in your allocating to private entities a public resource. The 4th National Standard was skirted, as the real crewmen were left holding empty hands with no compensation to provide for their families. This injustice must be addressed, and a reallocating to the crew by the percentage they were paid on their contracts. You should not move forward with any other rationalizations, as the past ones need to be corrected first

The GAO #06-289 report presented in February clearly states that the council process is flawed. There are no core principles or strategies that promote stakeholder participation in the decision making process. The oral presentation is not an effective way to invite input when it comes to selecting the right alternatives and options to changing the FMP. Again I must relate that the council process is flawed and the NPFMC should halt GOA rationalization and start over.

Rationalization of the fisheries causes loss of jobs, as privatization gives a few owners control of a public resource. The coastal economies are harmed with no way to rebuild

without fisherman having jobs. There are so many other tools that the council are utilizing that would fix the so called problems for the processors and trawlers.

Growing up in Kodiak I saw this community change. After the earthquake rebuilding the town and waterfront.. The salmon fishery received limited entry to stop the processors form creeping in to owning that fishery. Then halibut/sablefish privatization took 2/3s of the longliners jobs away. Crab rationalization has just taken countless job and a huge amounts of income from our coastal economies. Why take a broken system and keep using it to destroy peoples lives? Stop now on GOA rationalization. First, fix crab rationalization for the crewman and remove PQs that have anti-trust and anti-competitive issues. We need to think of the future and giving children the same chance we had to participate in fisheries.

Doug Waterbury

Polar Star, Inc.

Patrick J. Pikus, President
P.O. Box 2843
Kodiak, AK 99615
907-486-5258 pikus@ptialaska.net

March 24, 2006

Ms. Stephanie Madsen, Chair
North Pacific Fishery Management Council
605 West 4th Ave., Ste. 306
Anchorage, AK 99501

RE: Agenda item C-5: Gulf of Alaska groundfish rationalization.

Dear Chair Madsen:

I own and operate the 58 foot F/V Polar Star, which participates in the federal pot pacific cod fishery here in the Gulf of Alaska. I have been an Alaskan fisherman since 1972, and I have fished for p-cod since 1991. This fishery is important to my livelihood and to the economic health of many gulf communities.

The GOA pot p-cod fishery desperately needs rationalization. Over the last several years, our fishery has been forced to contend with shortened seasons and punitive restrictions resulting from sea-lion protection measures. Also, we are beginning to see the impact of Bering Sea rationalization here in the gulf. Several Bering Sea crabbers fished here this year that would normally have been in the Bering Sea, resulting in increased competition from non-historical participants. These problems that I raise here will only get worse in the absence of rationalization. There is no doubt that we need to be rationalized as soon as possible. The council has been struggling with GOA rationalization for several years now, but the analysis has been delayed by jurisdictional problems regarding the allocation of parallel fishing history. To my mind, this should not be an issue at all. The parallel fishers were fishing in a federal fishery, and that history rightly belongs to them and should be allocated under the federal rationalization program. I believe that the vast majority of the pot fleet would rather have their parallel history allocated to them under the federal program and fish outside of 3 nm than have the State of Alaska attempt some kind of alternative allocation and management for the parallel fishery. The council should unambiguously and publicly declare its intent to allocate parallel fishing history under the federal rationalization program. Indeed, I believe that the options that would have this effect are now in the draft alternatives and elements, and the council could select them at this meeting and then the analysis would be able to move forward more expeditiously.

I also strongly believe that all of the participating sectors should be rationalized concurrently. It would be tremendously unfair to move any one sector ahead of others. The GOA groundfish fisheries are inherently diverse and complex, with widely varying boat sizes, gear types, and

species. With all of the complex interactions among these factors, the sectors need to be analyzed together, and then implementation should occur simultaneously. My greatest fear is that if one or more sectors moves forward ahead of others, the council will end up devoting its time and resources to those sectors and the ones left behind will be largely ignored for several years.

Lastly, I would like to complement the council and staff for their recent work in refining the alternatives and elements. Specifically, separating the sectors out has been a great help in getting a handle on what the program will look like for the pot p-cod sector. Now if we can get the parallel fishery issue resolved I believe GOA rationalization can begin to move forward at a more rapid pace.

Thank you for your consideration.

Sincerely,

Patrick J. Pikus

Ronald G. Thompson
F/V Northern Jaeger
March 27, 2006

North Pacific Fishery Management Council
605 West 4th Ave., Suite 306
Anchorage, Alaska 99501-2252

Stephanie Madsen, Chair

Agenda Item C-5 GOA Groundfish Rationalization

Re: Including the GOA Parallel cod pot fishery in the GOA Groundfish Rationalization

I own and operate the 58 ft. Northern Jaeger out of Kodiak. I have been fishing Kodiak waters since 1973, and have participated in the GOA cod pot fishery inside 3nm since 1990.

I would very much like to see the Council make a definitive statement that the Parallel cod pot participants will be given their history and allowed to participate in the GOA Groundfish Rationalization. This Parallel history is to be fished outside 3nm. The Parallel fishery issue needs to be resolved at this time so we can select those alternatives, elements and options in the GOA Groundfish Rationalization that will shape our fishery.

When rationalization occurs, I ask that the pot sector will go through the process simultaneous with the trawl sector.

I also ask that I be allowed to fish the Statewater Cod fishery (25% of the TAC). The Statewater Cod fishery is in no way related to the federal cod fishery. I have participated in both, and would like to continue to have that opportunity.

Thank you.

Sincerely,

Ronald G. Thompson

ATTENTION: STEPHANIE MADSON

RECEIVED
MAR 29 2006
N.P.F.M.C.

Subject: Letter to the Council

My name is Bert Ashley;

I have been fishing year round in Kodiak, since 1980 and have been the skipper of the *Gold Rush*, since 1987. Now, I am the owner/operator of the *Gold Rush*, an AFA GOA exempt trawler; I am also a member of MTC & ADA. I have supported the GOA rationalization with a positive attitude-not looking to eliminate other fisherman, nor give out processor shares.

Since, the collapse of crab in the GOA the trawl fleet has been instrumental in keeping our communities and our canneries full of people and creating a healthy economy. Lately, all I hear is how terrible and rich the trawl fleet is.

I suppose if I wasn't pushing a million dollar debt load with continually rising fuel costs and observer bills. I would feel a little richer.

As for as some of the articles, I've read lately, depicting trawlers in a negative light, which includes me. I suppose if I were trying to eliminate someone from the fishing industry or getting rid of my crew I would feel terrible about myself as these articles portray.

When the state asked for 25% of the GOA cod to be transferred to state waters, I signed on with a positive attitude. I am looking to help our community compete in the world wide market place for our GOA products. Somewhere, somehow we have to be a little more efficient with our expenditures. For example, I would like to make two trips to the Bearing Sea, instead of four. I would like to see my cannery be able to slow down and utilize my entire catch.

I would like to see us all work together for positive results in all of our fisheries and communities.

Sincerely,

Bert L. Ashley

(2)

TO NPMC

My name is mark levenson and I have the F/V Sea Dream a 58 ft pot boat.

I do not support any of your proposals for gulf rationalization on the table except status quo. The pot and jig boats are getting longer seasons to fish because you are rewarding the gear types that fish clean and finally shutting down the boats that can't possibly fish clean. Whenever a net is on the bottom it should have 100% observer coverage period.

If you cannot guarantee that the boats in the gulf get to catch what we've historically caught in the recent past how can we be for your giveaway scheme. This means no welfare CDQ'S,no processor linkage.

The only option you have that will keep me in the pot fishery is status quo. Were all making it right now or we wouldn't be here. Let us make it on our own or fail don't try and legislate this thing its way to complicated.

King crab and opilio was a relatively simple fishery. It has one gear type no bye catch. You messed that plan up so bad put all the money the crab represents in the boat owner's hands, gave processor shares with binding arbitration and look what happened. The lowest price for crab in a long time, More than half the boats didn't fish. Oh wait a minute they did fish they where fishing next to me in the pot cod fishery in central gulf. Wait another minute my friend Oliver was fishing tanners in Kodiak and some of your bering sea boats that where supposed to be fishing out west ended up next to him.

Are we supposed to trust you to RATS the central gulf ground fish and keep the fleet and towns profitable? The boats are viable now even with your bering sea fleet double dipping in our fisheries.

There is no way you can privatize this fishery because:

1. 4 gear types "long line, pots, drag, and jig.
2. Bye catch for the drag and long line's.
3. Federal and state waters.

The system we have now is working, the plan you would have to come up with would look like Hillary Clintons heath care attempt.

One more thing Trident has been buying up boats with fishing rights and paying big money for those rights, and recently bought king crab, with there processing history and they've hired lobbyist and tried to hire anybody that would have a say in this.

(3)

Since they bought the Peggy Joe from Doug Hoedel and since he is on the council I think everybody should know the value he put on the boat and the value he put on the catch history. And if there are any other council members with recent dealings that they come forward and state them. Lets attempt to have a north pacific management council that plays cards with our future above the table .

Mark levenson
Box 1284 Kodiak ak. 99615

Mark c Levenson

March 28, 2006

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

Stephanie Madsen, Chair NPFMC

I am the owner/operator of the 53' F/V Cindria Gene. Commercial fishing represents 100% of my income. I have been fishing for 34 years and I am a third generation Kodiak fisherman. I have been fishing the federal p. cod season since 1991. I have also participated in the State Water p cod fishery since its beginning in 1997.

I have three issues that I would like the council to consider.

–The first issue is the Rationalization of the GOA. I would like all gear sectors to be rationalized simultaneously. I am feeling the effects of the Bering Sea Crab Rationalization as those boats lease their crab shares and participate in the federal and state cod fisheries around Kodiak.

–The second issue is that I would like is for the State of Alaska to make a clear statement that parallel fishing history will be given to the vessels who earned it, and that this history will be included in the federal rationalization plan. I am willing to harvest my federal allocation outside 3 miles if necessary. The State of Alaska should also recognize that the federal parallel p cod pot fishery is totally separate from the "State Water" p cod fishery. There is no rationale whatsoever for restricting parallel LLP p cod fishermen who participate in a federally rationalized p cod fishery from participating in the "State Waters" p cod fishery.

–The third issue is that I do not want any processor linkage. I believe there should be a free market for the GOA fisheries.

Thank you for your time and consideration.
Sincerely,

Norman Mullan
Norman Mullan Fisheries, Inc.
F/V Cindria Gene
PO Box 92
Kodiak, AK 99615
907-486-5012 (home phone)
907-486-6048 (fax)
njmullan@alaska.com

Concerned Alaskan Fishermen
King Cove, AK 99612

Ted Stevens, Jim Clark -Chief of staff for Gov. Murkowski, Gabrielle LeDoux, and the North Pacific Fisheries Management Council:

First of all I would like to ask a question: Where would rural Alaska's coastal communities be if we took away the fishing industry? The answer: **Extinct.** That's right. It's the only industry that is sustainable for these coastal communities all across Alaska. Coastal communities and native peoples all around the Alaskan coast have had to live off the ocean for thousands of years. There are no other resources great enough that would be able to sustain any other industry.

So many of us rely on fishing for survival. Many of us are not fishermen, but all of us rely on it. We have already seen the adverse effects of the Crab Rationalization Program. It has greatly impacted our local economy here in King Cove. Many residents relied on crabbing to sustain a decent livelihood. They were professionals at what they did, it was what they grew up doing. Now, those fishermen are forced to train for other professions and learn a new way of life.

All of the new laws and regulations implied to all of the different fishing industries have a direct impact on all rural fishing communities. I would just like to encourage all of you decision makers who "represent the Alaskan people" to keep fishermen, their families and communities in mind when it comes to making decisions that can change a peoples way of life.

Please do not privatize the fisheries of Alaska, please keep our fisheries here for ALASKANS. Whether its ground fish, crab, or salmon. <u>It's our way of life.</u>

Sincerely,
A Concerned Alaskan Fisherman

3-23-06

Ambarly Weiss

April 2006

Stephanie Madsen, Chair
North Pacific Fishery Management Council
605 West 4th Ave., Suite 306
Anchorage, AK 99501-2252

Re: Agenda Item C-5, Gulf of Alaska Groundfish Rationalization

Dear Members of the NPFMC,

My name is Theresa Peterson. My family and I own a commercial fishing vessel in Kodiak and fish for crab, cod, halibut, herring and salmon with pots, longlines and nets. In addition, I work for the Alaska Marine Conservation Council as a community Outreach Coordinator. I try to attend all fishery related meetings in our town to better understand concerns resonating through this community as we watch the face of Alaska's fisheries dramatically changing.

The community of Kodiak harbors concerns that many of the issues negatively impacting coastal communities have not been addressed sufficiently to warrant proceeding with yet another rationalization program. Some of the flaws of rationalization programs include:

- Excessively high capital cost of entering fisheries is a barrier to the next generation of local fishermen;
- Capital leaving our communities through absentee control of the fisheries;
- The need to hold quota in order to participate in a fishery diminishes the ability of an independent family operation from having access to a sufficiently diverse portfolio of fisheries;
- As local Alaskans drop out of fishing, the benefits of our fisheries become vested in fewer and fewer hands. The diversity of interests at the table is diminished, further guaranteeing that community and State interests will not be met over time.

The limited access program now under development for Gulf of Alaska groundfish is headed down a path similar to past programs which offer no solutions to the above mentioned problems. However, living in a coastal community dependent upon this fishery resource we know these concerns

are valid and want solutions prior to implementation of another similar program. I see a community hollering 'Stop Figure out solutions before continuing down this path of no return.'

The Kodiak Task Force, established by the City and Borough, has been working diligently to look toward solutions. The group would appreciate the support from the Council to continue working to build consensus in the community of Kodiak to impact the process in a meaningful way.

Our vision for coastal communities is one in which

- Independent fishing families support themselves through employment in Alaska's array of fisheries as vessel owners, skippers, crew and processing workers;
- There are viable opportunities for the next generation of fishermen to enter Alaska's fisheries and build a family business;
- There are open markets to deliver harvested catch, a positive economic environment for diverse processing operations and opportunities for entrepreneurial processing enterprises;
- The economic value of Alaska's fisheries remains in coastal communities to benefit local economies, including related businesses (such as marine suppliers, boat yards, welders and fuel distributors) and community infrastructure (such as transportation, schools and ports);
- Fishery resources are managed for long-term conservation and with minimal impact on the ecosystem that supports them.

Building on Alaska's rich fishing heritage, this is a vision for the working waterfronts that make our communities viable fishing towns. We urge the Council to enable us to maintain this vision through management policy which addresses and answers to coastal community concerns.

Sincerely,

Theresa Peterson

F/V Patricia Sue
Alaska Marine Conservation Council

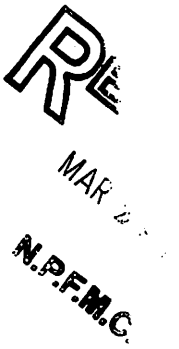
To: North Pacific Fisheries Management Council,

The consolidation of the seafood processing companies in Alaska gives me reason for concern and in the light of all the recent legal opinions given against the C-5 GOA rationalization plan, I have to question the reasonability and integrity of anyone who would continue to pursue a coarse to further effect this plan. I personally feel that all attempts to continue this plan should be stopped. There does not seem to be any input from a comprehensive group of stakeholders. The only stakeholders listed are the ones who will be receive "rights, allocation, leases or benefits" from this plan. We fishermen stake holders, who are the actual primary users of this public resource and who have an even greater combined capital investment, despite our continued objection, are being effectively ignored. The coarse this puts us on is one of continued consolidation and wither this is legal or not, it is obviously wrong and bad for any affected or included coastal community. Continuing to fast track this plan only rewards the public resource to users who continue to utilize those fishing techniques most harmful to the sustainability of those resources. I am also against any mandatory association of fishing boats to a particular processor; it also sets precedents for many other industries and moves us towards the privatization of all our other public resources. We fishermen, I have better answers that would address the problems of safety, the race for fish and over capitalization and produce results far more effective and less costly then those results the C-5 GOA privatization plan would produce. Why is this plan needed is a question best answered slowly and thoughtfully in those communities in need. Who is pushing this plan threw on this time line is a question possibly best answered by the U.S. justice department. We should at least wait until the environmental studies are complete and can be considered by the various communities.

These are just a few of my own public views and do not reflect the opinions officially of any organization to which I may belong. These views do not reflect how my family personally feels about the participation of Alaskan government employees in the planning of this scam. I have included however my observations on how the Alaska Jig Association feels about c-5 GAO rationalization, though these observations were made before Trident didn't buy the F/V Peggy Joe and before Trident 's proposed purchase of Ocean Beauty. It is my personnel opinion that if we can replace the term bi-catch with secondary species in relation to this plan, we could also interchange rationalization with racketeering. Please stop this plan.

Respectfully, Steven P. Mathieu

3/25/06



To: North Pacific Fisheries Management Council
Senator Ted Stevens
Jim Clark, Chief of Staff for Gov. Murkowski
Gabrielle LeDoux, Alaska Representative

From: Connie Newton
MC's Bar, owner
CCFM Filters ,business owner
P.O. Box 6
King Cove, Alaska 99612

To Whom It May Concern;

This statement is in regard to the recent Crab Rationalization and the proposed rationalization of our State's ground fisheries.

With the recent Crab Rationalization, you have not only hurt our coastal communities financially, but you have impacted many local Alaskans and their families who have lived within these communities their whole life and who greatly depended on the income received from those fisheries.

I own and operate two businesses in King Cove. Prior to the Crab Rationalization, I employed 6 local residents. Since we have lost the 40 plus Crab Boats that once delivered here, I was forced to let go 3 of my employees. This has been the common trend within our coastal communities along the Aleutian Peninsula since the Crab Rationalization took effect.

Now there is talk of rationalizing our State's ground fisheries. What are you thinking? These fisheries are a part of who we (local Alaskan Natives) are and our heritage. You are taking away our grand-fathered rights and giving them to outside companies, who don't even reinvest in our state or local economies.

I own and fish my IFQ's out of King Cove. Since 1992, my family and I have operated this fishery to supplement our income by almost 50%. Is my family going to lose this too?

If you continue to rationalize our State's Fisheries, you will continue to: negatively impact our coastal communities financially, take away our right to free enterprise, take away our way of life, take away and create barriers for future generations to enter the industry, increase unemployment among local Native Alaskans, and cause the collapse of many coastal communities.
You will also: line the pockets of wealthy companies, take financial resources out of our state, and increase employment for non-Alaskan Residents within our State fisheries.

There are other ways to improve safety issues, improve productivity, and improve quality Alaskan products within our State's fisheries. **Rationalization is not the answer.**

Sincerely,
Connie Newton
Connie Newton
Concerned Alaskan Native

March 24th 2006

Stephanie Madsen, Chair
North Pacific Fishery Management Council
605 West 4th Ave., Suite 306
Anchorage, AK 99501-2252

Re: Agenda Item C-5, Gulf of Alaska Groundfish Rationalization

Dear Members of the NPFMC,

I am Joseph Orsini of Kodiak, ~~I'm an Alaskan commercial fisherman~~ I've been an Alaskan commercial fisherman for over 20 years. I started in the industry in my mid teens as a deckhand in salmon fishing ~~then in a few years~~ Several years later I got on a crabber, heading west for Opilios and Red king crab. Now I own ~~my~~ a small jig boat.

I have lived in Kodiak since 1989 and in that time I've seen many chages most of them good one's but it is the bad one's I would like to inform you about. 1995 ~~was~~ came the fist Bad chage IFQ's No more were the derby days of halabut and blackcod and fair open Markets and compotition, now we had a few people getting open atcess to

a God given natural resorce with the majority missing out. Right away crew and skippers % percentager went too half thier taditional amount's. Next was the hirring exclusivly ~~of out of state crews leaving many in town without work~~ of out of State crews leaving many in town with out work soon and it was obvios the first winter that the buessnes sector of this community was feeling pains. By the following season the value of IFQ shares had doubell priced far out of reach for a yung pierson in this town born and raised in this industry to afford.

Now turn the clock ahead 5 years to 2000 and we saw the drag fleet being blamed for the decline of the Stellar Sea Lion ~~population~~ population. The cry's of the community and good Scinance one the day and the next year the drag fleet got to go chace Pollock

Now in March of 2001 I moved to South Africa to be with my wife and start a family. I got back here in March of 2005 When I first got to hear about the appendix

11-04-2003 04:45 DONNA JONES

Crab rationalzation season ahead of us. Now I would like to be as tact full as possible before going any ferther. An intelagent pierson would be quite capable to conclude after seeing all of the effects of This past seasons of Reds and Opie's that it was a misserable failure.

Now you have herd my history in this proffesion and were it is I am today. Now for the future, I am and will be a memmber of the jiggers assc. and I will be a unified voice with them and in that spirit I write to you all now.

Here is a list of things I and my colleges would like to see.

Cincerly

Joseph Orsini

402 Marine Way Suite 200
Kodiak AK 99615

1.) I am for open markets for our fish.. Our community is concerned about any type of processor quotas, associations or forced coops. A free market and the comparable uncontrolled price is a necessity. Processor associations tie the fisherman to the processor, thus preventing the benefit of increased product value reaching the harvester.

2.) We want a process that includes all affected stakeholders. All stakeholders opinions are rarely reflected in the NPFMC process. The Government Accountability Office (GAO) has just furnished the US Congress with a new report GAO-06-289 titled "Core Principles and a Strategic Approach Would Enhance Stakeholders Participation in Developing Quota-Based Programs". This report states that public comment at council meetings is a one- way communication, not an effective way to share information, because lit does not lead to a dialogue between stakeholders and decision makers. Therefore, the council process is flawed and all present programs in the works should go back to the drawing board.

3) We need protection for our communities, as any further rationalization will adversely impact us. Most recently the North Pacific Fishery Management Council and the U.S Congress established a quota program for the Bering Sea crab that has had significant impact on our communities and fishing families. The program has resulted in an extreme level of consolidation such that less than half the fleet is still fishing and about 900 skippers and crew lost their jobs. Those who do have jobs are working more and making less money. Safety and conservation benefits are in question. Fishermen are required to deliver 90% of their catch to specific processors calling into question market competition. Crew jobs and other business activity in communities were sacrificed to extreme economic efficiency.

4) Privatization of the fisheries causes loss of jobs, shriveled coastal economies, and consolidation of a once public resource to an elite group of fisherman and processors. There are other practical measures(tools) that are available to achieve the purported benefits of privatization/rationalization. These include limited entry, time/trip/gear limits, and staggered openings

FROM : KING COVE BOAT HARBOR FAX NO. : 907+497+2649 Mar. 29 2006 08:49AM P1

March 28, 2006

Stephanie Madsen, Chair
North Pacific Fishery Management Council
605 West 4th Ave, Suite 306
Anchorage, AK 99501-2252

Re: Agenda Item C-5, Gulf of Alaska Groundfish Rationalization

Dear Members of the NPFMC

My name is Henry Mack, a 3rd generation fisherman of King Cove, AK. I have fished all my life. I am 53 years old, married and have three children, who also fish. I have hauled and stored crab pots for the local and Bering Sea crab and cod fishermen for the past 20 years. Since crab rationalization started I have lost 60% of my annual income, a loss of $25,000 for the crab pot business and $20,000 doing boat watch. This has been devastating to me and my family.

I am the mayor of King Cove. We have seen a dramatic loss in harbor revenue due to crab rationalization. During the king crab season, historical revenues for October & November were 45-50 thousand dollars. Last year we billed out 7 thousand dollars. Normal boat traffic in the past has been 65-80 boats working out of King Cove. There were 300 plus men and women spending money at the local business. We had 11 boats come to King Cove last king crab season and 8 boats for the opilio season. Local businesses had a great loss in revenue.

I have not talked to one satisfied crew member this last season. Crew shares are down to 1.5 %, before crab rationalization, crew shares averaged 5-7 %. They are fishing longer and getting paid less, while catching more crab. All I see from this program is owners getting richer (very few live in Alaska). So far there has been no loss of life and boats, but your decision in the rationalization program is killing local business and left hundreds of crew and captains without jobs .They and their families built their lives on these jobs.

Henry Mack

Henry Mack
Mayor of King Cove
A proud American sadly watching communism take over our fisheries.

March 28, 2006

Stephanie Madsen, Chair
North Pacific Fishery Management Council
605 West 4th Ave, Suite 306
Anchorage, AK 99501-2252

Re: Agenda Item C-5, Gulf of Alaska Groundfish Rationalization

Dear Members of the NPFMC,

My Name is George Kirk. I am a commercial fisherman of 31 years. I have fished in Alaska 28 of those years. I am against legislation that leads to the privation of our nations fisheries.

The crab rationalization needs to be seriously looked at and studied to see what could happen under a gulf rationalization program.

With processor control, there is no reason to raise fish prices to get more product.

Please do a lot more research on this before making a decision.

George Kirk

Concerned Alaskan Fishermen
King Cove, AK 99612

Ted Stevens, Jim Clark -Chief of staff for Gov. Murkowski, Gabrielle LeDoux, and the North Pacific Fisheries Management Council:

First of all I would like to ask a question: Where would rural Alaska's coastal communities be if we took away the fishing industry? The answer: **Extinct.** That's right. It's the only industry that is sustainable for these coastal communities all across Alaska. Coastal communities and native peoples all around the Alaskan coast have had to live off the ocean for thousands of years. There are no other resources great enough that would be able to sustain any other industry.

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All of the new laws and regulations implied to all of the different fishing industries have a direct impact on all rural fishing communities. I would just like to encourage all of you decision makers who "represent the Alaskan people" to keep fishermen, their families and communities in mind when it comes to making decisions that can change a peoples way of life.

Please do not privatize the fisheries of Alaska, please keep our fisheries here for ALASKANS. Whether its ground fish, crab, or salmon. <u>It's our way of life.</u>

Sincerely,
A Concerned Alaskan Fisherman
Ernest R. J. Weiss

Attention Stephanie Madsen, Chair
North Pacific Fisheries Management Council
605 West 4th, Suite 306
Anchorage, Ak 99501
PH (907) 271-2809
FAX (907) 271-2817

March 29, 2006

GOA Groundfish Rat'l

1. Address the federal fish caught inside 3 miles
2. Identify preferred elements within all options that excludes processor linkage/association for all sectors
3. Community Protection Programs should recognize only Skipper and Crew
4. Identify sector allocations and qualified vessels for years inclusive of all options
5. Properly address the GOA RAT'L problem statement by analyzing all sectors concurrently.

To fully participate in the process, we must first understand if we have federal history (i.e. Fish caught inside 3 miles). It is important that the Council take action to recognize this group (Federal Parallel Fisher). Processor linkage has had detrimental consequences and may continue to unfold unintended adverse effects in the BSAI Crab Rat'l Program. Elements without Processor Linkage/Association/ Quota should be included in all GOA Rat'l options at this time. A true community protection program recognizes the fisherman, living and working in their community, not an entity charging rents and marginalizing its intended benefactor. Sector allocation and naming qualified vessels would be a step towards preserving the historical make-up of the groundfish fleet. Concurrent analyzing of the groundfish fleet as a whole would ensure a defensible Rationalization Plan.

Ron & Julie Kavanaugh
FV Sylvia Star LLC
PO Box 3890 Kodiak AK 99615
sylstar@ak.net

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

North Pacific Fishery Management Council
604 West 4th Avenue Suite #306
Anchorage, Alaska 99501
176th Plenary Session - April 5-11, 2006
Anchorage Hilton Hotel; Anchorage, Alaska

Public Comment re C-5 GOA Rationalization

Mr. Shawn C. Dochtermann, F/V Isanotski
P.O. Box 3886
Kodiak, Alaska 99615
Tel: (907) 486-8777

Mr. Secretary, Madame Chair, Council members, and Honorable United States Citizens,

My name is Shawn Dochtermann, an Alaskan commercial fisherman for 29 years.

Status quo is the best option for GOA rationalization.

There are many problems in changing the FMP for the GOA groundfish, and there should be no moving forward until the Crab Rationalization problems are addressed and repaired.

Crab Rationalization has taken a viable fishery and made a few persons millionaires, while 1,000 crewmen are jobless (most had over 20 years of their lives invested in the crab fisheries of the BS/AI). The processors have become controllers of the ex-vessel values and when we must deliver or else we face their penalties of thousands of dollars.

If 70% of the Council had to stand up and leave, and be terminated from their jobs forever, then you would understand what the crab crewman of the BS/AI have had to endure under your power.

Why does the NPFMC take a broken tool such as Crab Rationalization and try to impose it on another fishery?

There are many existing tools that can be used to solve any problems that we might have in the GOA with groundfish. Here is one alternative that would work:

> Limited entry including grandfathering the LLP owners that have deliveries in the past 5 years. All recipients of the limited entry permits that are not owner/ operator LLPs that are sold in the future would become owner-on-board limited entry permits, to promote keeping the fishery in the hands of those that put on their boots and work.
>
> Then you could use trip limits, gear size limits or staggered openings to better address any further issues with the trawl sector. The Council had just given sector allocations for P.cod in the BS/AI. Why not give sector allocations in the GOA? Split the TAC so that each gear group gets 25%, and the trawlers could use their share only as bycatch. The trawlers will still have the opportunity to catch all of the pollock in the GOA.

Then all the Council needs to do is sideboard the BS/AI & AFA participants, so that they can't come into the GOA.

Why does the NPFMC proceed with a broken stakeholder process?

The Government Accountability Office report GAO-06-289 that is titled "Core Principles and Strategic Approach Would Enhance Stakeholders Participation in Developing Quota Based Programs" points out how flawed the Council process is regarding decision making of new FMPs for such programs. Since your system of creating new FMPs is that flawed, it means that past and present programs should scrapped and the process should start over after core principles are in place and effective strategies are formed, and once the public input dialogue is made to work properly. Not until.

There are conflicts-of-interest when Council members represent huge processing and fisheries interests while they are the decision-makers in the process

It's very clear that the harvesters have very little representation on the Council and the Advisory Panel as pointed out in the GAO report. Only when the harvesters have a greater majority on the NPFMC and its committees will there be a chance to change FMPs to keep those actually engaged in the fisheries viable.

Crewmembers must be compensated from Crab Rationalization before proceeding with similar models in other species.

The 4th and 8th National Standards were never followed in Crab Rationalization. Therefore, the Council should be held accountable for the destruction they have served on the crewmen and communities.

Crewmen were not fairly and equitably allocated rights, even though they were all contracted individual businessmen.

The protections for communities were not in place and as a result King Cove, Sand Point, Kodiak, Homer and many other coastal communities were adversely affected economically and socially.

These problems need to be fixed today, not in three years. This is another reason why the NPFMC should immediately stop GOA Rationalization.

The Council's clear responsibility is protecting fish stocks and ecosystems with the best science and appropriate conservation methods. It is not your job to protect profits for certain entities and implement programs where select players win, but you keep forcing the issues of economic allocations with blatant disregard for peoples' lives and their families.

Here are my current positions on the Jig sector:

1. The jig gear group needs it own sector allocation, but that is possible through a change to the existing FMP - rationalization/privatization is not required.
2. The jig sector also needs to be able to land any species that gets caught on their hooks, be it rockfish, flounder, etc. The fact that we are not penciled in for multiple species is a clear case of how the conflicts-of-interest are being used against our gear group, already. This is clear from the February meeting.

3. We are a very conservation minded gear group as we have the lowest impact on the ecosystem. We don't understand why the there are no rewards (greater sector allocations) for the cleanest fisheries - and withdrawals of allocations for those who cannot meet high standards or that 'fish dirty.'
4. Why would the Council reward another gear group if it destroys millions of pounds of fish and crab as bycatch? What is the rationale for this waste?

There is insufficient to non-existent forethought about the future generations that will need jobs in these fisheries. The Council has created FMPs that keep less fishermen taking home any money, rather than getting more out fishing. You are failing miserably by creating ruinous policies that are harming our communities, not rational solutions, and it is clear to everyone except the conflicted interests out after their own special favors. If all stakeholders were polled in a legitimate referenda, the truth would will out.

The majority of groundfish fishermen in the GOA are happy with the present status quo, so please leave it that way.

Respectfully,

Shawn C. Dochterman

- Owner of the F/V Isanotski, a Kodiak-based vessel - drift gillnet salmon in Bristol Bay, jig Pacific cod in the GOA.
- Fished over 20 years (30+ crab seasons) in the Bering Sea and around Kodiak for bairdi, opilio, and king crab.
- Fished halibut and sablefish since 1979, millions of pounds delivered.
- Vice President of the Alaska Jig Association.
- Board member of Alaska Independent Fishermen's Marketing Association
- Member of the Crewman's Association, Fish Heads, and the Alaska Marine Conservation Council.

March 29, 2006

Stephanie Madsen, Chair
North Pacific Fishery Management Council
605 West 4th Ave., Suite 306
Anchorage, AK 99501-2242

Re: Agenda Item C-5, Gulf of Alaska Groundfish Rationalization

Dear Members of the NPFMC,

My name is Steven Horn of Kodiak. I have been fishing all of my life and have been a boat owner for 33 years. I own the vessel F/V Gallant Girl and fish for crab, herring, cod, and salmon.

I am for open markets for our fish. Our community is concerned about any type of processor quotas, associations or forced coops. A free market and the comparable uncontrolled price is a necessity. Processor associations tie the fisherman to the processor, thus preventing the benefit of increased product value reaching the harvester.

We want a process that includes all affected stakeholders. All stakeholders opinions are rarely reflected in the NPFMC process. The Government Accountability Office (GAO) has just furnished US Congress with a new report GAO-06-289 titled "Core Principles and a Strategic Approach Would Enhance Stakeholders Participation in Developing Quota-Based Programs." This report states that public comment at council meetings is a one-way communication, not an effective way to share information, because it does not lead to dialogue between stakeholders and decision makers. Therefore, the council process is flawed and all present programs in the works should go back to the drawing board,

We need protection for our communities, as any further rationalization will adversely impact us. Most recently the North Pacific Fishery Management Council and US Congress established a quota program for the Bering Sea crab that has had significant impact on our communities and fishing families. The program has resulted in an extreme level of consolidation such that less than half the fleet is still fishing and about 900 skippers and crew lost their jobs. Those who do have jobs are working more and making less money. Safety and conservation benefits are in question. Fisherman are required to deliver 90% of their catch to specific processors calling into question market competition. Crew jobs and other business activity in communities were sacrificed to extreme economic efficiency.

Privatization of the fisheries cause loss of jobs, shriveled coastal economies, and consolidation of a once public resource to an elite group of fisherman and processors. There are other practical measures (tools) that are available to achieve the purported benefits of privatization/rationalization. These include limited entry, time/trip/gear limits, staggered openings and other assorted options. Use of these tools would provide management with ample opportunity to monitor effort to avoid over fishing.

Steven Horn Steven E. Horn

Mark & Jennifer Vickstrom
FV Irene H
PO Box 318
Kodiak, Ak 99615
907-486-7622

Dear Ms. Madsen,

Hello, my name is Jennifer Vickstrom; my husband's name is Mark Vickstrom. Mark is the operator and a partner in the FV Irene H, the Irene H is an 83 foot combination Pot/Long line Vessel. Mark has been commercial fishing in Alaska for over thirty years. Mark has been fishing P-Cod in the GOA with pots since the early 90's. I am sending this letter in regards to Rationalization of the GOA, and I am firmly requesting that the Council move forward with this process.

Every time I send a letter, or prepare testimony for this council, I anticipate the day that my letters and testimony can be based strictly on the alternatives of Rationalization that are in the best interest of the pot fleet. However, today I still find myself addressing my letters and testimony on getting the ball rolling and treating each gear type equally.

I know that Rationalization is a sensitive and very complicated process. Each person and/or fishing entity has its own investment in this process. I realize that the council hears many different views and thoughts in regards to Rationalization. Supporters of Rationalization have been called greedy, and said to be looking for a hand out. However the individuals and entities that will be granted Fishing Rights will only be allocated these rights based on the history that they have earned, over years of meticulous planning and hard work.

Each one of these fishermen has put in a great deal of time and effort to establish this valuable history. This history is already in jeopardy, based on certain people's push for recency. We need to support the pioneers in the GOA groundfish fishery. We need to work together as a fishing industry, each sector being unique but equally important.

Under the right circumstances Rationalization will provide fisherman with a safer environment, economic stability, better product quality, higher product value and efficiency. These points are equally important to each gear sector.

I strongly recommend the council move forward with Rationalization of the pot sector and all other sectors that wish to be rationalized. This process should be fair, just and balanced. Taking into account the facts that surround this process, with the true intention of doing what is right for all parties.

Mark and I will continue to support Rationalization and work with the Council as this process transpires on. Again, please Rationalize the GOA pot fleet, and all others showing an interest as soon as possible, it is crucial that we move forward. We are getting no where with the current process of one step forward and two steps back.

Thank You,

Jennifer Vickstrom
03/28/06

TO THE NORTH PACIFIC MANAGEMENT COUNCIL

My name is "print" Jessica J Slaughter

I "circle one" (pot cod) jig cod long line cod drag cod

I'm a "circle one" owner skipper crewman (wife) friend dependent or .....

I do not want to see the privatization of the ground fish in the gulf of Alaska because it would mean less boats, less crew jobs, and the only people it will benefit are the boat owners.

I challenge the council to put any plan before the people to a vote like any publicly trade company.

Everybody in the country has a right to vote. Nobody should own the fish before they are caught.

The council screwed up the crab rationalization try and fix that!

The council's observer program is a disaster fix that.

Lets keep as many boats in the harbor as we possibly can, not a few supper boats.

NAME Jessica Slaughter
Address P.O. Box 4111
Kodiak AK 99615
Signature [signature]
Date 3/25/06

TO THE NORTH PACIFIC MANAGEMENT COUNCIL

My name is "print" Tim Leveson

I "circle one" pot cod jig cod long line cod drag cod

I'm a "circle one" owner (skipper) crewman wife friend dependent or .....

I do not want to see the privatization of the ground fish in the gulf of Alaska because it would mean less boats, less crew jobs, and the only people it will benefit are the boat owners.

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Lets keep as many boats in the harbor as we possibly can, not a few supper boats.

NAME Tim Leveson

Address Box 4441 Kodiak Ak

.....

Signature T. L.

Date 3-24-96

FAX to 486-2649

TO THE NORTH PACIFIC MANAGEMENT COUNCIL

My name is "print" ..MARK C LEVENSON F/V Sea Dream

I "circle one" (pot cod) jig cod long line cod drag cod

I'm a "circle one" (owner skipper) crewman wife friend dependent or .....

I do not want to see the privatization of the ground fish in the gulf of Alaska because it would mean less boats, less crew jobs, and the only people it will benefit are the boat owners.

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Lets keep as many boats in the harbor as we possibly can, not a few supper boats.

NAME..MARK..Levenson.....

Address..Box..1284.....

.....Kodiak, AK...99615.....

Signature ..Mark C Lev.....

Date ...3/24/06.....

TO THE NORTH PACIFIC MANAGEMENT COUNCIL

My name is "print" Gregg Leverson

I "circle one" (pot cod) jig cod long line cod drag cod

I'm a "circle one" owner skipper (crewman) wife friend dependent or .....

I do not want to see the privatization of the ground fish in the gulf of Alaska because it would mean less boats, less crew jobs, and the only people it will benefit are the boat owners.

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Lets keep as many boats in the harbor as we possibly can, not a few supper boats.

NAME Gregg Leverson

Address P.O. Box 1284 Kodiak AK

.....

Signature Gregg Leverson

Date 3-25-06

TO THE NORTH PACIFIC MANAGEMENT COUNCIL

My name is "print" ..Chris..Flickinger.....

I "circle one" (pot cod) (jig cod) long line cod drag cod

I'm a "circle one" owner skipper (crewman) wife friend dependent or .....

I do not want to see the privatization of the ground fish in the gulf of Alaska because it would mean less boats, less crew jobs, and the only people it will benefit are the boat owners.

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NAME..Chris..Flickinger.....

Address..Po..Box351.....

..Kodiak...AK.99615.....

Signature ..Chris Flickinger.....

Date ..3/25/06.....

FAX to 486-2649

TO THE NORTH PACIFIC MANAGEMENT COUNCIL

My name is "print" Robert W. Locke

I "circle one" pot cod jig cod long line cod drag cod

I'm a "circle one" owner skipper crewman wife friend dependent or .....

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NAME Robert W. Locke

Address 222 W Razanof Apt 3
Kodiak, AK. 99615

Signature .....

Date 3/25/06

Fax to 486-2649

TO THE NORTH PACIFIC MANAGEMENT COUNCIL

My name is "print" Jessica J Slaughter

I "circle one" (pot cod) jig cod long line cod drag cod

I'm a "circle one" owner skipper crewman (wife) friend dependent or .....

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Lets keep as many boats in the harbor as we possibly can, not a few supper boats.

NAME Jessica Slaughter

Address P.O. Box 4111

Kodiak AK 99615

Signature [signature]

Date 3/25/06

29 March, 2006

Rolan Ruoss
P.O. Box 1371
Kodiak, AK 99615

North Pacific Fisheries Management Council
Re: GOA Groundfish Rationalization

Chairperson Madsen and Councilmembers,

As a Kodiak business owner, operating an air service here since 1986, and a former fisherman (1972 through 1988) I testified before you at the December 2005 Council meeting alerting you to the level of concern in our community about the fallout from Bering Sea Crab Rationalization and the potential for additional economic and social impact from the proposed Gulf Rationalization alternatives under consideration.

My request to you in December was to delay implementation of any Gulf rationalization plans until more Kodiak residents and our local governments have been heard and their concerns addressed by the Council. There is a widely shared perception in the coastal communities that the Council process does not adequately reflect the full field of fishery-dependent stakeholders, a perception supported by the Feb. 2006 GAO report on the federal fisheries councils.

The Council and the public share responsibility for good communication, and the community of Kodiak has taken an important step to opening a broader dialog with the Council.

Recognizing the need for a consensus position from Kodiak on Gulf rationalization, the Kodiak City Council and the Kodiak Island Borough Assembly appointed a Gulf Rationalization Task Force to inform their official input to the NPFMC proceedings. While this effort might be late in the game it comes at the urging of many well-informed community members, serious people from fishing families, local businesses, and government bodies, who have observed or participated in the Bering Sea and Gulf fisheries and the Council's rationalization process. The membership of the Task Force represents all the active sectors in harvesting and processing, including many individuals who have participated directly in Council proceedings for many years.

The appointed Task Force held its first two meetings this month. The meetings lasted all day and were well attended by the public. From the depth of discussion and the focus of the group, it is clear that these people are personally committed to identifying solutions that benefit our community, and are sensitive to the bigger picture of Council process. They deserve your recognition as a legitimate voice.

Sincerely,

Rolan Ruoss

Addressing #C-5 Cod of Alaska Groundfish
Rationale

To: No. Pacific Fisheries Management Council,

It is hard to know where to start. I feel betrayed by my Government for starter. I feel I am being forced to put my business and family, one step behind the need to try to keep the right to have the life I have built for myself and was hoping to contine and even prosper at. But I find that My Own Gov't is putting so called Efficiency and primarilly Big Business and Special Interst Groups ahead fof the population as a whole. We Are People with families and lives and loves, and without any consultation on what we the People want to see happen, This so called unbiased "Council" pressured many fisherman into decisions they never would have made given a real choice. We all know there has to be regulations, If the fishery isn't managed well, we won't be able to make a living either, but regulations that end in the Give Away of Our Very Public Resourse, the Ocean. And then who is it that benifits by far the most, the very wealthy segment of the industry who can afford to institutionally sway and direct that out come! Then it 's us little guys, who can't afford to take days and weeks out of our lives to travel and not work our jobs or care for our families, find ourselves stunned and paniked at the fact that we are being bulldozed over and no one is watching out for us, but rather taking every advantage of

dwirmann
ecsoft
galleroyall
JaneEisem
jelsemann
Show All

of our individualaty! You Should be ashamed of yourselves!

Please Rethink. Use the American ideal of Work hard, be fair & prosper!

We have all worked too hard to watch it all just go away! We can think of & work out plans that will work for the Majority, given the chance!

Again Please!

Rhonda Maker

Attach to Rhonda Maker

Did you know.....?

THE FEDERAL GOVERNMENT IS SYSTEMATICALLY *PRIVATIZING THE FISHERIES OF ALASKA*

Proposals now in front of the North Pacific Fisheries Management Council seek to lock up the groundfish fisheries which include cod, flatfish, etc., in the Gulf of Alaska.

Crab Rationalization has already led to a dramatic loss of employment and is collapsing the economic infrastructure of many Alaska coastal communities. It is generating windfall profits for the wealthiest companies, creating huge barriers to advancement in the industry and mandating fishermen sell to specific markets.

We believe the <u>Ocean</u> is a <u>Public Resource</u>
It is no one's to GIVE AWAY!

DO YOU HAVE THE COURAGE TO DO YOUR PART?
Help Us Keep Our Oceans Accessible
Now and for Future Generations.

If you agree, write a letter or simply sign and fax this ad to:
(907) 486-2649
by 5 p.m. March 28, 2006

I _____, AM AGAINST LEGISLATION THAT LEADS TO THE PRIVATIZATION OF OUR NATION'S FISHERIES.

Name_____
Signed _____ Date_____
City _____ State _____

You can also fax these people:
Ted Stevens.....AK:(907) 258-9305.....DC:(202) 224-2354
Jim Clark, Chief of Staff for Gov. Murkowski ..... (907) 465-3532
Gabrielle LeDoux, Alaska Rep..... (907) 465-4956

Paid For By:

Alaska Hydraulics	M/V Lazy Bay	Jay Anderson	Joe Ludvick
Arc-N-Spark	Norman's on the Mall	Reńe Anthony	Mitch McManus
B&B Bar	Radar Alaska	Blaine Briggs	Danny Powell
Cy's Sporting Goods	Sutliff's True Value	Randy Ensign	Debbie Refior
El Chicano	The Treasury	Bob Hatcher	Justine Richardson
Flying Geese Quilting	Breakwater John	Alexus Kwachka	Sadina Tolie
Kodiak Outfitters			

104 Ave. No. 101 Kodiak, AK 99615

For more information call:
Rhonda Maker 481-3100, Danny Powell 486-4689 or Shawn Dochtermann 486-8777
Please pass this on! Fax this form FREE from the Treasury

oceansforeveryone@hotmail.com

Crewmen's Association

" We'll sleep when we're dead "
POB 967 Kodiak AK 99615

To; Stephanie Madsen, chair; NPFMC

Re; C-5 GOA groundfish privatization.

First we would like to thank the Council for directing staff to draw up a white paper on Skipper and crew inclusion, this goes a long way in making us feel we're not tilting at windmills in our efforts at the Council.

Hired skippers and crew, classified as INDEPENDENT CONTRACTORS, not employees, for the purposes of the Jones Act, overwhelmingly reject further privatization schemes without meaningful skipper/crew protections. A quick glance at harvesting positions for and percentages paid to said stakeholders under privatized pollock, halibut and black cod, and, most convincingly, BSAI crab plans, explains this sentiment.

The Crewmen's Association is currently working with the Kodiak GOA Rationalization Task force to come up with a mutually bearable plan for inclusion of skippers and crew in Gulf privatization. In light of the reprehensible effects of the Bering Sea crab plan we ask that the Council take its time in implementing any further allocation of public fisheries resources to private individuals or corporations. Fair and equitable distribution of wealth is very important to fishing communities, Alaska, and America.

Here is another list of suggestions that we feel would help.

1.Any skipper and crew protections inserted into Alternative 2 should be added to Alternative 3 as well.

It appears that most of the equalizing suggestions put forth so far have only found a home in Alt.2. If Alt. 3 is chosen as the preference, all inclusion of protections will be negated.

2. An opportunity for people to speak on crab rationalization should be included in the June meeting in Kodiak, and all future NPFMC meetings, until the 5th year review, as put forth by Shawn Dochterman.

To implement such an unfair plan and then deny discussion on it is tyrannical and unjust.

3. Consider our skipper and crew co-op idea:

Crewmen's Association: Skipper/Crew Co-Op

We suggest the North Pacific Fisheries Management Council amend its stated objectives with regard to Gulf of Alaska Groundfish rationalization to include the recognition of long term skippers and crew as legitimate stakeholders in the industry based upon their status as independent contractors who pay their share of daily operating expenses as well as acting as the head, hands and heart of the industry. As such long term skippers and crew should qualify for direct allocation of harvest quota.

Further, language that would allow recognition of a skipper/crew Co-Op should be inserted into the bodies of the text in both Alternatives Two and Three.

Overview of Skipper/Crew Co-Op

The membership would consist of skippers and crew who fulfilled their contractual obligations in the harvesting of the resource during the qualifying years of the rationalized fishery, but allow for entry level access as fishermen leave the Co-Op.

We propose the following steps:

1. **Identification of potential members:**
Skippers and crew who worked during the qualifying years would be encouraged to apply for membership. Qualifying members would be assigned one "point" for each year of participation.

2. **Creation of a legal structure:**
A Co-Op would then be formed with a legally binding operations plan that would allow the Regional Administrator of the National Marine Fisheries Service to allocate a percentage of the total allowable catch to the Co-Op. The Co-Op would be patterned after the basic structure of one used by the Georges Bank Cod Hook Sector for allocation of Days At Sea by the New England Fisheries Management Council.

3. **Allocation of harvest quota:** Following an impartial research project to determine the level of investment in the industry by skippers and crew, including their share of daily operating expenses, inordinate levels of risk and physical effort, and keeping in mind their manner of compensation as independent contractors receiving "shares", but also keeping in mind the long term nature of the investment of the vessel owner, a reasonable percentage of the total allowable catch would then be allocated to the Co-Op. Co-Op members would actively fish their shares as a skipper or crewman on any harvest vessel whose operation does not conflict with elements of the operations plan which address equity and sustainability, including:

I. **Regionalized Landings:** Product must be delivered to the port of historical landing.

II. **Bycatch Limitations:** Product must be harvested using fishing practices that minimize impact on non-target species.

III. **Free Market:** No linkages.

IV. **Traditional Pay Scale:** A system of compensation based on the Deep Sea Fisherman Union's Set Line Agreement would be imposed.

CONFIDENTIAL

Skipper/Crew Co-Op
Operations Plan and Agreement

This OPERATIONS PLAN AND AGREEMENT (this "Agreement") is entered into as of this _____ day of ____, 200_ by and among the members listed on the signature pages hereto and any other members that are admitted pursuant to the terms of this Agreement (each, a "Member" and, collectively, the "Members").

RECITALS

WHEREAS, fisheries management plans known commonly as "rationalization" have been perceived to have unintended consequences including the marginalization of Skippers and Crew and the loss of capital equity for traditional fishing communities, and

WHEREAS, a free and open marketplace is necessary to obtain fair value for the resource, and

WHEREAS, "Rationalization" has caused traditional levels of compensation for Skippers and Crew to plummet, and

WHEREAS, the practice of sustainable harvest practices are recognized as essential to the continued survival of traditional fishing communities, and

WHEREAS, the Members desire to form a fishery sector through Skipper/Crew Co-Op Inc. (the "Sector"), for the purposes of establishing a legally responsible entity (i) to obtain an aggregate sector allocation of Gulf of Alaska Groundfish from NMFS and to sub-allocate such aggregate sector allocation among the Members. To take such actions as may be necessary to ensure that the Sector, its Members and their vessels conduct groundfish harvesting activities in compliance with the Plan, the Magnuson-Stevens Fishery Conservation and Management Act (the "Act") and applicable regulations promulgated by NMFS.

NOW, THEREFORE, in consideration of the mutual agreements, covenants, rights and obligations set forth in this Agreement, the benefits to be derived therefrom and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

Article I. Representations and Warranties of the Members. As of the date hereof, each of the Members represents and warrants to the other Members and the Sector that:

Section 1.01 **Eligibility.** Each Member has been issued a commercial fishing license and participated significantly in the harvesting of the resource during the years identified for initial allocation of harvest quota (such period of time shall hereinafter be referred to as the "Qualifying Period"). Skippers will receive 2 "Points" for each year of participation. Crewmen will receive one "Point" for each year of participation. Each point will correspond to a percentage

of allocated quota determined by dividing the amount of allocation by number of points.

Section 1.02 **Organization and Authority.** Each Member (i) is in good standing in its state of organization and (ii) has all authority, corporate or otherwise, to enter into this Agreement on its own behalf. This Agreement constitutes a legally valid and binding obligation of each Member, enforceable against such Member in accordance with its terms. Each of the Members represents that he has no sanctions or other restrictions against him that would prevent him from enrolling in the Sector and/or complying with the terms of this Agreement.

Article II. Membership

Section 2.01 **Voluntary Membership.** Participation in the Sector is completely voluntary among the Members and the related Participating Vessels.

Section 2.02 **Scope of Membership Obligations.** The obligations of the Members set forth in this Agreement shall only apply to the Members and Participating Vessels (and not to any other permits or vessels owned by the Members that are not enrolled in the Sector pursuant to the terms hereof) to the extent that such Members or Participating Vessels are fishing commercially (i) in the Area (as hereinafter defined) and (ii) with gear that is capable of harvesting groundfish species managed under the Plan.

Section 2.03 **Length of Commitment.** Each Member agrees that all of its Points must remain in the Sector for the entire fishing year in which such Members are enrolled in the Sector.

Section 2.04 **New Members.** A Skipper or Crewman who is eligible under the criteria set forth in Section 1.01 hereto, but did not fish during the qualifying years may apply to the Board (as hereinafter defined) for membership in the Sector. Such application shall be made in writing no later than 120 calendar days prior to the first day of the fishing year for which the applicant seeks to be included as a Member and shall include evidence of eligibility. The Board shall, in its reasonable discretion, determine whether the applicant shall be admitted as a Member of the Sector. Notwithstanding the foregoing, (i) no such admission shall be effective until such new Member has agreed in writing to be bound by, and to comply with, the terms of this Agreement, and until the provisions of this Agreement shall have been amended or modified to reflect such additional Member.

Section 2.05 **Compensation.** The share system of compensation employed by the Deep Sea Fisherman Union's "Set Line Agreement" shall be adopted for all vessels while harvesting groundfish allocated to the Sector.

Section 2.06 **Point Transfers.** Each Member agrees that so long as it is a party to this Agreement, such Member (i) shall not have the authority to sell, lease or transfer the ownership of its Points to a party that is not bound by this Agreement and (ii) shall not transfer, lease or assign any quota allocated to it by

NMFS to any non-Sector entity.

Section 2.07 **Membership Dues.** The Sector may, to the extent necessary for the payment of the costs and expenses associated with the administration and management of the Sector (including the payment of the Manager's salary), require the payment by the Members of annual membership dues and/or poundage fees. Such annual membership dues and/or poundage fees shall be fixed by resolution of the Board prior to the commencement of the applicable fishing year or at such other time as the Board may deem necessary or appropriate.

Article III. ADMINISTRATION

Section 3.01 **Sector Manager.** The Board of Directors (the "Board") of the Sector shall appoint a manager of the Sector (the "Manager"), which Manager shall have the authority to manage the day-to-day business of the Sector and to act as its designated agent for service of process.

Section 3.02 **Manager Authority.** The Manager shall have the authority (i) to monitor the activities of the Members and the Participating Vessels and to take such other actions as may be necessary to ensure compliance by the Members and Participating Vessels with this Agreement and other Sector requirements as may be adopted under the terms of this Agreement or the Sector's Bylaws, as well as applicable laws, rules and regulations, and (ii) subject to the authority of the Board or a committee delegated thereby pursuant to Section 3.03 of this Agreement, the Sector's Bylaws or any other agreement relating to the Sector's internal governance, to enforce this Agreement, including specifically, without limitation, the authority to impose penalties set forth in the Schedule of Penalties (as hereinafter defined). The Manager shall also act as the liaison between NMFS and the Sector.

Section 3.03 **Infractions Committee.** The Board shall appoint an infractions committee (the "Committee") to ensure fair, consistent and appropriate enforcement of this Agreement, the Harvesting Rules, the requirements set forth on Exhibit B hereto, the Plan and other Sector requirements as may be adopted under the terms of this Agreement or the Sector's Bylaws. The Committee shall annually prepare and recommend to the Board for its approval a schedule of penalties for any unauthorized fishing activities (whether under applicable laws, rules and regulations or otherwise) and for violations of this Agreement, the Harvesting Rules, the requirements set forth on Exhibit B hereto, the Plan and other Sector requirements as may be adopted under the terms of this Agreement or the Sector's Bylaws. The Board shall review and approve any Schedule of Penalties prepared and recommended by the Committee prior to the commencement of the fishing year for which such Schedule of Penalties has been prepared. In addition, the Committee, on its own or at the request of a Manager or Member pursuant to Section 3.04 hereof, shall have the authority to take any number of enforcement measures against the Members for the non-payment of membership dues and/or poundage fees. Such enforcement measures may include requesting expulsion of the violating Member under Section 7.02 and issuing a "stop fishing" order against such

Member.

Section 3.04 **Procedures for Investigations.** In addition to the Manager's authority to invoke penalties under the Schedule of Penalties pursuant to Section 3.02 hereof, the Manager may, on his own, and shall, at the request of a Member, request that the Committee conduct an investigation of possible infractions of the Agreement, the Harvesting Rules, the Plan or other Sector requirements as may be adopted under the terms of this Agreement or the Sector's Bylaws, by calling a meeting of the Committee and presenting it with the information that is the basis for the Manager's or Member's opinion that an infraction occurred. The Committee shall operate as a "blind" committee, such that the identity of the Member and/or Participating Vessel under consideration shall only be known to the Manager. The Committee shall assign a number of its members, which constitutes no more than 50% of the Committee, to investigate the matter further and to recommend action, if any, to the full Committee. Such Committee member assignments shall be rotated. If, upon the conclusion of such investigation, the Committee determines by an affirmative vote of a majority (51%) of its members that a violation of this Agreement, the Harvesting Rules, the Plan or other Sector requirements (as may be adopted under the terms of this Agreement or the Sector's Bylaws) has occurred, it may, and is hereby given the authority to (in addition to the imposition of any penalties prescribed in the Schedule of Penalties), invoke sanctions, ranging from letters of warning to reductions in allocation of points to the Member and its Participating Vessels by the Sector, or issue stop fishing orders. The Committee shall exercise all reasonable efforts to ensure that penalties and settlements are commensurate with the nature and extent of the violation, are designed to further the purposes of the Plan and are uniform with those reached in similar circumstances. All appeals from such Committee action shall be taken in accordance with Section 6.04 hereof. Each of the Members agrees to cooperate fully with the Manager and the Committee in such investigations and procedures (including cooperation with any requests for information or data that may be made by the Manager or the Committee).

Section 3.05 **Annual Report.** The Manager shall prepare and submit to the North Pacific Fishery Management Council and NMFS an annual year-end report on the fishing activities of its Members, including the harvest levels of all Participating Vessels for cod and other federally-managed limited access groundfish species, any enforcement actions taken against the Members, their Permits or Participating Vessels, and other information necessary to evaluate the Sector's performance.

Article IV. ALLOCATION

Section 4.01 **Annual Distribution.** Each Member hereby acknowledges and agrees that the aggregate allocation of GOA groundfish authorized by NMFS to the Sector (the "Aggregate Allocation") shall be harvested in accordance with the Harvesting Rules, which are set forth as Exhibit C hereto, and the requirements set forth on Exhibit B hereto. Each Member agrees to, and agrees to cause its Participating Vessels to, exercise all commercially reasonable efforts to (i) assist in harvesting an amount of GOA

groundfish equal to, but not greater than, the Aggregate Allocation, as further set forth on Exhibit C, and (ii) to comply with all of the other Sector requirements set forth on Exhibit B and Exhibit C hereto. If the Board determines that the Aggregate Allocation may not be fully harvested in any fishing year, the Board shall, subject to the provisions of Section 4.02, redistribute the Aggregate Allocation, through monthly quota targets or otherwise, to ensure that the Aggregate Allocation is fully harvested.

Section 4.02 **Reserve.** Each Member agrees that the Board may, in its sole discretion, establish a reserve of GOA groundfish in order to ensure that the Sector remains in compliance with its Aggregate Allocation limit; provided, however, that such reserve shall not exceed five percent (5%) of the Aggregate Allocation. The amount of the reserve shall be deducted from the Aggregate Allocation before such Aggregate Allocation is distributed among the Members, their Permits and their Participating Vessels through monthly quota targets or otherwise.

Section 4.03 **Distribution of Reserve.** If the Board, subsequent to the establishment of a reserve pursuant to Section 4.02 hereof, determines that the Aggregate Allocation, as adjusted pursuant to Section 4.02, will be fully harvested by the Participating Vessels, the Board shall release and authorize the harvesting of the reserve by the Members, their Permits and their Participating Vessels.

Section 4.04 **Fishing History in Sector.** The Members agree that any fishing history, which is accumulated or established by a Member while it is participating in the Sector (the "Sector History"), shall be attributed to such Member, and not to any other.

Section 4.05 **Non-Prejudicial.** It is the intent of the Members that the fishing history and points allocation of any Member during the Qualifying Period, as reported to NMFS prior to joining the Sector, shall not be diminished or penalized as a result of participation in the Sector in lieu of participation in any other allocation program.

Article V. CATCH MONITORING AND VERIFICATION; CERTAIN OTHER MEMBERSHIP REQUIREMENTS

Section 5.01 **Participating Vessel Catch Reports.** To enable each Member and the Sector to monitor the Members' compliance with this Agreement, each Member agrees to report each of its Participating Vessels' entire catch on a landing-by-landing basis, by providing the Manager with a copy of the official Fish Ticket or other reporting document authorized by NMFS within 48 hours of offloading fish in the form and manner prescribed by the Manager. The Members agree that these records shall be maintained by the Manager. The Manager shall, upon the request of any Member, provide such Member with the Sector's aggregate catch information that is generated from such records. The Manager shall, on a monthly basis, transmit to NMFS such Fish Tickets (or other document authorized by NMFS), together with the aggregate catch information generated from such reports ("Aggregate Reports").

After 90% of the Sector's Aggregate Allocation has been harvested, the Manager shall provide NMFS with Aggregate Reports on a weekly basis.

Section 5.02 **Processor Reporting.** Each Member agrees to (i) sell the catch of its Participating Vessels only to a processor within an identified historical region of landing, but with no other restriction upon choice of buyer, and (ii) cause any such processor to provide the Manager with a copy of the official dealer weigh out slip or other official reporting document required by NMFS on a weekly basis. Each Member further acknowledges and agrees that (a) it is responsible for ensuring timely processor reporting in accordance with the provisions of this Section 5.02 and (b) failure of the processor to timely deliver the reports for a Member's Participating Vessel in accordance with this Section 5.02 shall be deemed a breach of this Agreement by such Member.

Section 5.03 **Catch Verification.** The Manager (or his designated agent) shall, and each Member (or its designated agent) shall ensure that the Manager does compare, verify and validate each Participating Vessel's catch records with the processor reports for such Participating Vessel on a continuing and frequent basis. If the Manager identifies a discrepancy, he shall immediately notify the affected Member and seek to resolve the discrepancy. If the Manager is unable to satisfactorily reconcile the catch records, he shall notify the Committee of the discrepancy for its consideration and resolution. Each Member further agrees to cooperate fully with any requests for information or data that are made by the Manager or the Committee in an effort to resolve such discrepancy.

Section 5.04 **Designated Landing Ports.** To enable the Members and the Manager to monitor, observe and verify catches, and to ensure equity, each Member agrees that each of its Participating Vessels will only offload fish in designated ports, such ports to be determined by historical landing data.

Section 5.05 **Landing Port Exceptions.** Landings in ports other than those described in Section 5.04 hereof are permitted on a temporary, case-by-case basis, subject to prior approval of the Manager; provided landing at the historical port of landing is impractical, that the Manager determines that the excepted landing will not impair effective enforcement and monitoring of the Sector and this Agreement. Such exceptions may be granted in the sole discretion of the Manager. The Manager shall report to NMFS any landing port exceptions that are of a significant or prolonged nature.

Section 5.06 **Observed Offloading.** Each Member agrees that, in order to enhance the monitoring and enforcement of the provisions in this Agreement, the Manager may timely request that an observer be present during offloading operations. If such a request is made, each Member agrees not to permit its Participating Vessels to offload fish until the Manager or his designee is present.

Section 5.07 **Advanced Notice of Offloading.** If appropriate or necessary for purposes of quota monitoring or Sector efficiency, the Members' Participating Vessels may be required to notify the Manager prior to offloading fish.

CONFIDENTIAL

Section 5.08 **Proof of Sector Membership.** Each Member agrees that it shall maintain on-board at all times while fishing for groundfish proper documentation from NMFS verifying such Member's participation in the Sector, except when such Participating Vessels are fishing as charter/party vessels

We appreciate your consideration and trust you will take into account, and fairly include all stakeholders in the fishing industry.

Steve Branson
President
Crewmen's Association.

C-5

North Pacific Fishery Management Council
604 West 4th Avenue Suite #306
Anchorage, Alaska 99501
176th Plenary Session - April 5-11, 2006
Anchorage Hilton Hotel; Anchorage, Alaska

Public Comment re C-5 GOA Rationalization

Alaska Jig Association
P.O. Box 2193 Kodiak, Alaska 99615
Tel: (907)-486-5525

Mr. Secretary, Madame Chair, and Council members,

My name is Shawn Dochtermann of the Alaska Jig Association based in Kodiak. I am here today representing 70 vessel owners and I will be speaking on their behalf:

Status quo is the best option for GOA rationalization.

Our gear group does the best job of avoiding all the alleged problems on the problem statement. We stated this in our last testimony to the council.

We request that the FMP be changed to better address the jig gear groups need for a sector allocation, not as part of a rationalization scheme which privatizes the resource forever. We have the most vessels participating and our fishery has proven to be the most ecologically sound of all gear types. We also enjoy the least amount of bycatch and almost zero mortality. Therefore, our gear group should be rewarded with a greater portion of the TAC. Why would the council reward another gear group if it destroys millions of pounds of fish and crab as bycatch? What is the rationale for this waste?

Our organization has had the chance to meet a few times with a limited amount of members since the last council meeting and we are still working on a proposal for a sector allocation to change the FMP. We are working at the most rapid pace possible to facilitate a solution for our gear group. We do not enjoy the benefits of a paid lobbyist to represent us such as other gear groups. At this time almost every member of our association is prosecuting the Pacific cod jig fishery. Therefore, we ask that the council be in no hurry to move forward with any changes to the FMP. If you were to move forward with any change it would marginalize other gear groups and would be discriminatory.

The Government Accountability Office report GAO-06-289 that is titled "Core Principles and Strategic Approach Would Enhance Stakeholders Participation in Developing Quota Based Programs" points out how flawed the Council process is regarding decision making of new FMPs for such programs. Since your system of creating new FMPs is that flawed, it means that past and present programs should scrapped and the process

should start over after core principles are in place and effective strategies are formed, and once the public input dialogue is made to work properly. Not until.

There are conflicts-of-interest when Council members represent huge processing and fisheries interests while they are the decision-makers in the process.

It's very clear that the harvesters have very little representation on the Council and the Advisory Panel as pointed out in the GAO report. Only when the harvesters have a greater majority on the NPFMC and its committees will there be a chance to change FMPs to keep those actually engaged in the fisheries viable.

Using existing tools such as limited entry, trip limits, gear restrictions or staggered openings would protect all those that currently fish in the GOA. Privatization does nothing but destroy fishing communities and makes a few elite people very wealthy which has been revealed by halibut/sablefish and crab privatization. We carefully reviewed Lacey Berns' public comment to the council for February 2006, and the excerpts from her thesis that are proven by authenticated studies and reports. She goes on to explain that privatization and rationalization destroys fishing communities and small boat fishing businesses. Did the council examine this public comment? What are your comments to this thorough examination of privatization? Once again we must remind the council it is their job to protect fish stocks and ecosystems with the best science and appropriate methods. It is not their job to protect profits for certain entities and implement programs where select players win. As proven through crab rationalization, the council keeps forcing the issues of economic allocations with blatant disregard for peoples' lives and their families as well as communities.

The majority of groundfish fishermen in the GOA are happy with the present status quo, so please leave it that way.

In conclusion:

Does the council take into consideration how many families will be affected in a FMP change? What are you leaving for the future generations? A small group of boat owners want the GOA privatized, as in their greed they want to control a public resource into perpetuity.

Best Regards,

Shawn C. Dochtermann
Vice President
Alaska Jig Association

C-5

KODIAK ISLAND MEDICAL ASSOCIATES

1818 EAST REZANOF DRIVE • KODIAK, ALASKA 99615 • (907) 486-6065 or 486-3177 • FAX 486-2248

MARK WITHROW, M.D. • General Practice
CAROL JUERGENS, M.D. • Internal Medicine
STEVE BURNSIDE, M.D. • Internal Medicine
CHRIS YEE, M.D. • Family Practice
NADENE ELLSWORTH, Office Manager

PAUL ZIMMER, M.D. • Family Practice
RAE JEAN BLASCHKA, A.N.P
LAURA WALTERS, M.D. • Family Practice
GREG METE, PA-C

March 30, 2006

Senator Ted Stevens
P. O. Box 21247
Juneau, AK 99802

Re: Privatization of a public resource.

Dear Senator Stevens:

I have lived in Kodiak for 28 years. I share the concerns of my fellow citizens about the privatization of our local and state fisheries. There are other mechanisms to make the fisheries safer. I believe it is not the right of one generation to make all future generations buy into a job or livelihood that used to be open entry.

In my view, this goes against the Alaska principles of hard work and self-determination. A select few will benefit greatly while crewmen, cannery workers, and the Borough of Kodiak will pay the price as the value of our fisheries leaves the state and resides in interests outside of Alaska. Fifty years ago, fish traps were a similar threat and Alaskans stood up and said no.

When individual fishing quotas were instituted (IFQs came about for halibut a decade ago), we were told there would be no further limited entry on fisheries. Limited entry effectively works as a brain drain on local fishing communities such as Kodiak. Large shareholders in the IFQ program have now left Kodiak and the same will happen if gulf rationalizations and further limited entry programs are instituted.

Sincerely,

MARK WITHROW

Mark Withrow, M.D.

MW:mkw

C-5 Gronholdt

AKUTAN COLD BAY NELSON LAGOON
ALEUTIANS EAST BOROUGH
FALSE PASS KING COVE · SAND POINT

Resolution 06-20

A RESOLUTION OF THE ALEUTIANS EAST BOROUGH ASSEMBLY REGARDING ACTION ON GULF RATIONALIZATION.

WHEREAS, The North Pacific Fishery Management Council is continuing to consider and analyze new management proposals for the Gulf of Alaska; and

WHEREAS, the communities in the Aleutians East Borough are almost entirely dependent upon the fisheries for their economic health and sustainability as communities; and

WHEREAS, recent negative experiences with the crab rationalization program have elevated the concerns of the people who have lived in these Aleutian communities for generations about the potential negative impacts of any new groundfish management plans.

WHEREAS, the Aleutians East Borough Assembly continues to support the following, previously taken positions on GOA rationalization:

1) The AEB is opposed to processor quota shares, or any program that creates a closed class of processors

2) The AEB supports competition among seafood processors in order to maintain a healthy, balanced relationship between fishermen and processors as well as maintaining economically viable and healthy fishing communities.

3) The AEB supports an independent harvester fleet, free of processor linkages or limits on the number of processors.

4) The AEB supports state sovereignty over activities inside three miles to be recognized as a right of the State of Alaska, not subject to federal approval.

5) The AEB supports entry level opportunities in GOA fisheries including not yet existing markets such as rockfish.

6) The NPFMC should postpone action on GOA rationalization until the council and the communities thoroughly review the full impacts of the crab rationalization plan.

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KING COVE OFFICE P.O. Box 49 King Cove, AK 99612 (907) 497-2588 *Fax:* (907) 497-2386 *Email:* finance@aleutianseast.org
SAND POINT OFFICE · P.O. Box 349 Sand Point, AK 99661 · (907) 383-2699 *Fax:* (907) 383-3496 • *Email:* clerk@aleutianseast.org

WHEREAS, the commissioner of the ADF&G has announced that the State of Alaska would offer additional components to the Council for analysis. Including: "harvesting shares of varying durations; the nature and duration of any processor linkages; and whether, in single-processor communities, those linkages (if any) should be to the community."

NOW THEREFORE BE IT RESOLVED, The Aleutians East Borough Assembly supports the above mentioned additional components for analysis by the North Pacific Fishery Management Council.

PASSED AND APPROVED BY THE ALEUTIANS EAST BOROUGH on this ____ day of April 2006.

_____
Mayor Stanley Mack

ATTEST:

_____
Tina Anderson, Clerk

C-5
Floyd & Ramos

Gulf of Alaska Groundfish Rationalization
Agenda Item C-5

Joint Testimony submitted on behalf of
The City of Kodiak
and
The Kodiak Island Borough

April 9, 2006

The purpose of this testimony is not to provide substantive comments on the Gulf groundfish rationalization program elements and options currently under consideration by the Council, but rather to provide the Council with a brief report regarding the Kodiak Gulf Groundfish Rationalization Task Force, and to respectfully request that the Council take steps to enhance the ability of the City of Kodiak and Kodiak Island Borough to influence the Council's considerations regarding Gulf of Alaska groundfish rationalization.

The Gulf groundfish fishery is a very important part of Kodiak's economy and culture. There has been a great deal of justifiable concern among Kodiak community members regarding the potential impact Gulf groundfish rationalization on the vessel owners, skippers, crew members, processors, and other stakeholders who currently depend on that fishery for their livelihood, and on Kodiak's future generations.

In response to this concern, and to assist the City of Kodiak and the Kodiak Island Borough in developing their position on the Gulf groundfish rationalization program being considered by the Council, the City Council and the Borough Assembly appointed a Gulf groundfish rationalization Task Force. The Task Force is composed of a broad spectrum of stakeholders and stakeholder representatives who were identified through City Council and Borough Assembly consultation and public comment. They are listed on the last page of this testimony.

The Task Force members were chosen for their ability to represent the diverse interests of those who are engaged in or dependent upon the Gulf groundfish fishery, and for their commitment to working in good faith to address the concerns of the interests that they represent.

We have been highly encouraged by the progress that the Task Force has already made. In just two meetings, the group has demonstrated a willingness to place individual agendas aside, and to seriously consider the viewpoints and concerns of others. The result has been substantive progress toward common ground, which is especially encouraging considering the differences in perspective that the Task Force members bring to the table.

We think it is very important that the Task Force be given the opportunity to develop as much consensus as possible on Gulf groundfish rationalization, and therefore

we believe it is too early to report on the substance of their discussions to date. However, we believe that it is important that the Council be aware that the Task Force is making progress.

In recognition of that progress, we respectfully request that the Council take the following actions, which were recommended by the Task Force at its March 29 meeting, without objection from any of the members present:

First, we request that the Council acknowledge the recommendations of the NRC report "Sharing the Fish" and the Government Accountability Office's report regarding stakeholder participation in the Councils' development of fishery rationalization programs, and that the Council provide the Task Force with an opportunity, working through the Kodiak City Council and the Kodiak Island Borough Assembly, to have a meaningful impact on the Council's Gulf groundfish rationalization deliberations.

Second, we request that the Council not schedule Gulf groundfish rationalization for consideration at the October 2006 meeting in Dutch Harbor.

Third, we request that the Council schedule a meeting in Kodiak early in the 2007 meeting cycle at which Gulf groundfish rationalization would be a major item on the Council's agenda.

Thank you for the opportunity to testify and for considering our requests.

Kodiak Island Borough/City of Kodiak
Gulf Groundfish Rationalization Task Force

Peter Allan
Julie Bonney
Steve Branson; Terry Haines and Alexus Kwachka, alternates
Duncan Fields
Julie Kavanaugh; Ron Kavanaugh, alternate
Linda Kozak
Matt Moir
Theresa Peterson
Cecil Ranney
Dana Reid
Gabriel Savaria
Jeff Stephan
Joe Sullivan
Jay Stinson
John Whiddon

Norm Wooten, facilitator

Rhonda Maker

Did you know.....?

THE FEDERAL GOVERNMENT IS SYSTEMATICALLY PRIVATIZING THE FISHERIES OF ALASKA

Proposals now in front of the North Pacific Fisheries Management Council seek to lock up the groundfish fisheries which include cod, flatfish, etc., in the Gulf of Alaska.

Crab Rationalization has already led to a dramatic loss of employment and is collapsing the economic infrastructure of many Alaskan coastal communities. It is generating windfall profits for the wealthiest companies, creating huge barriers to advancement in the industry and mandating fishermen sell to specific markets

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I _____, AM AGAINST LEGISLATION THAT LEADS TO THE PRIVATIZATION OF OUR NATION'S FISHERIES.

Signed_____ Title_____ Date _____
Address_____
City _____ State _____

You can also fax these people:
U.S. Senator Ted Stevens..... AK: (907) 258-9305.....DC: (202) 224-2354
U.S. Senator Lisa Murkowski .. AK: (907) 276-4081.....DC: (202) 224-5301
Congressman Don Young ..... AK: (907) 271-5950.....DC: (202) 225-0425
AK Senator Gary Stevens – Senate District R..... (907) 465-3517
Jim Clark, Chief of Staff for Gov. Murkowski ..... (907) 465-3532
AK Representative Gabrielle LeDoux - House District 36.... (907) 465-4956

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Jay Anderson
Renée Anthony
Blaine Briggs
Randy Ensign
Bob Hatcher
Alexus Kwachka
Joe Ludvick
Mitch McManus
Danny Powell
Debbie Refior
Justine Richardson
Sadina Tolle

Rhonda Maker
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Shawn Dochtermann (907) 486-8777

Annette Gadvin, Owner, Sand Point
Janet Wilson, Mom of Fisherman, Sand Point
Perry Galores, Crew, Sand Point
Dorothy McCallvin, Tribal President, Sand Point
Hubert McCallin Jr., Captain, Sand Point
Hubert McCallin, Boat Owner, Sand Point
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Dennis A. McMurry, Captain, Kodiak
Chris Williams, Kodiak
Eric M. Karn, Kodiak
Wil Milam, Kodiak
Pane C. Hapdelaine, Kodiak
Opal Oliver, Secretary, Kodiak
Pamela J. Hummell, Kodiak
Diane Van Matre, Inst. Support Spec., Kodiak
Kathryn Witkis, Inst. Support Spec., Kodiak
Jennifer Smith, Teacher, Kodiak
Rochelle A. Wood, Chiniak
Michael P. Locke, Pot Cod & Jig Cod, Kodiak
Robert W. Locke, Pot Cod & Jig Cod, Owner/Crewman, Kodiak
Jessica J. Slaughter, Pot Cod, Wife, Kodiak
Tim Leverson, Skipper, Kodiak
Mark Clevenson, Pot Cod, Owner/Skipper, F/V Sea Dream, Kodiak
Greg Levenson, Pot Cod, Kodiak
Chris Flickinger, Pot Cod & Jig Cod, Crewman, Kodiak
Alyin Wallin, Kodiak
Florence L. Darling, UYAK Natives, Kodiak
Pete Hannah, Kodiak
Gene LeDoux, Kodiak
Danny Powell, Kodiak
Michelle Powell, Kodiak
Louise Halversen, Kodiak
Lisa Mooneyham, Kodiak
Peter Thompson, Kodiak
Rebecca Nelson, Kodiak
Leigh G. Thomet, Kodiak
Mike York, Kodiak
William R. Sherod, Kodiak
Ronald L. Eads, Kodiak
Teresa L. Kacalski, Kodiak
John C. Lure, Kodiak
Darlo D. Dayton, Kodiak
Glenda Hayes, Kodiak
Robert Berg, Kodiak
Lynette Ponte, Kodiak
Terry Sanchez, Kodiak

Robert Ponte, Kodiak
Merlin D. Russell, Kodiak
Jared E. Decker, Kodiak
Thomas Frost Jr., Kodiak
John D. Lindberg, Kodiak
Arthur Fox, Kodiak
Maurice Burum, Kodiak
Russell Heglin, Kodiak
Monte C. Beck, Kodiak
Richie Heglin, Kodiak
Helen Hartman, Kodiak
Charles Barber, Kodiak
Jenny Laht, Kodiak
Milton Pagano, Kodiak
Donna R. Christian, Kodiak
David L. Cavender, Kodiak
George M. Hansen, Kodiak
Tim Corbin, II, Kodiak
John Donnocenzo, Kodiak
Alexandra S. Naya, Kodiak
Michael P. Locke, Kodiak
Robert W. Locke, Kodiak
Chris Flickinger, Kodiak
Katherine Lopez, Kodiak
Harry Ben Ardinger, Owner, Kodiak
Jereno Carchis, Sales Clerk, Kodiak
Diann Bridenstine, Sales Clerk, Kodiak
Cherry Castaneda, Office Clerk, Kodiak
Rey Estada, Kodiak
Jack L. Maker, Kodiak
Lani Carlsen, Kodiak
Joan Levenson, Kodiak
Tim Levenson, Kodiak
Betty Nordenson, Seldovia & Kodiak
Raymond May, Deckhand, Kodiak
Daniel C. Carlson, Kodiak
Peter Jones, Engineer/FV, Kodiak
Harlus Barber, Kodiak
L.L. Russell, Kodiak
Bonnie Russell, Kodiak
Scott R. Cummings, Chef, Kodiak
Will Ourada, X-Fisherman, Kodiak
Connie White, Postal Worker, Kodiak
Micah DeVries, Kodiak
Joshua Randall, Fisherman, Kodiak
Luke Randall, Guide, Kodiak

Cathy Morgan, Kodiak
Don Gallagher, Kodiak
Nicholas S. Carchia, Kodiak
Karen Majdic, Teacher, Kodiak
Eric Ruisley, Kodiak
Robin Overall, Kodiak
Mike Longrich, Crew/Skipper, Kodiak
David Horn, Kodiak
Curt Waters, Captain, Kodiak
Jim Wells, Kodiak
Eric T. Graham Grabowski, Kodiak
Dale Alexander, Kodiak
Londa Alexander, Kodiak
Stormy States, Skipper, Kodiak
Larry Halbarth, Kodiak
Virginia Langille, Cashier, Kodiak
Kevin Thomet, Fisherman, Kodiak
James Hayden, Skipper, Kodiak
Julie Miller, Owner/Boat, Kodiak
Staford G. June, Fisherman, Kodiak
Lando Echeveri, Boat Owner, Kodiak
Steven E. Horn, Fisherman, Kodiak
Darius R. Kaspr, Kodiak
Donna Reed, Kodiak
Amy Lopez, Teacher, Kodiak
Philip Ferris, Sr., Kodiak
Bob Erickson, Kodiak
John Severson, Kodiak
Bernandette Deplazes, Kodiak
Donna Jones, Kodiak
Robert McGarry, Deckhand, Kodiak
Justin McGriff, Captain, Kodiak
F. Antonson, Fisherman, Kodiak
Davis Jay Anderson, Captain, Kodiak
Jason Weilbert, Deckhand, Kodiak
Lanna Monteiro, Bar Owner, Kodiak
James Carey, Kodiak
Gail Nunn, Kodiak
John Dershan, Kodiak
March C. Hibbard, Kodiak
Tim Estes, Fisherman, Kodiak
Cheryl A. Nugent, Kodiak
Jeff Anderson, Kodiak
Michael T. Hirai, Kodiak
Richard H. Bennett, Kodiak
Gary Watson, Bingo Manager, Kodiak

Brent Cathem, Kodiak
Derl Hollenbert, Kodiak
Alex Locke, Kodiak
Allison Schrecengast, F/V Dusk, Kodiak
Christopher Smith, Captain, Kodiak
Philip Dan, Kodiak
Daniel Valley, Kodiak
Brian R. Vitt, Deckhand, Kodiak
Jesse Peters, Kodiak
Matthew Weber, Kodiak
Jackie Wallace, Kodiak
Leonard Carpenter, Owner/Operator F/V Fishtale, Kodiak
Tristen W. Carpenter, Kodiak
Matthew Carpenter, Deckhand, Kodiak
John Hansen, Kodiak
Anita R. Carpenter, Owner, F/V Fishtale, Kodiak
Antonio Vinday, Kodiak
Robert Ross, Kodiak
Alexia Mellups, Homer
Romeo Binaoro, Kodiak
Kenneth L. Vinson, Kodiak
Jason Tandler, Owner/Crew, Operator/Fisherman, Kodiak
Jennifer Hansen, Kodiak
Beverly Eads, Kodiak
Salvacion Glackuy, Kodiak
Alfredo Fernando, Processor, Kodiak
Douglas Orton, Kodiak
Art Gali, Processor, Kodiak
Doreen Anderson, Kodiak
Lourdes Magalong
James Garcia, Kodiak
Kristine Harder, Juneau
Michael Miles, Kodiak
Bryan Wright, Kodiak
Jill Maynard, Bethel
Frank Tentis-Major, Kodiak
Nita Hgmata, Kodiak
Crystal Jones, Kodiak
Michael Nelson, Kodiak
Kyle Urguhart, Kodiak
Rachael Nelson, Kodiak
Jennifer Adams, Kodiak
Randy Fisher, Kodiak
Chawn Summerall, Kodiak
Russell Stenglein, Chiniak
Steven Dailey, Walnut Creek

Matthew Guerara, Kodiak
Tamara Kelly, Kodiak
Leslie Inga, Kodiak
Mike Green, Kodiak
Greg Perkins, Kodiak
Jesse Roberts, Kodiak
Jeana Bryant, Kodiak
Mike Deovat, Kodiak
Jerron Nelson, Kodiak
Philip Tushy, Kodiak
Bill Lewis, Kodiak
Winston W. Wilson, Kodiak
Robert Ware, Kodiak
Byron Leu, Wasilla
Olivia Sorto, Kodiak
Jonyssen Ignatia, Kodiak
Joseph Mesey, Kodiak
Teah K. Ruotsalainen, Kodiak
Olivia Sorto, Kodiak
Jonyssen Ignatin, Kodiak
Teah K. Ruotsalainen, Kodiak
Randy Fisher, Kodiak
Joy Clark, Kodiak
Crystal Thomas, Kodiak
Jay A. Richard, Kodiak
Jason Bang, Owner, Kodiak
Dawn Lea Black, Kodiak
Zachary C. Diat, Kodiak
Zesa Parker, Kodiak
Pablito Piloton, San Diego, CA
Dan Jorgenson, Kodiak
Colleen Ford, Kodiak
Jennifer Wandersee, Kodiak
Nick Hays, San Diego, CA
Jamie JoAnne Adkins, Kodiak
Machelle Bolen, Kodiak
Tamie Fogle, Teacher, Kodiak
Sami King, Kodiak, AK
Jane Eisemann, Teacher/Commercial Fisherman, Kodiak
Bonnie Dillard, Teacher, Kodiak
Bob Bowhay, Owner/Operator, F/V Moondance, Kodiak
David Allen, Teacher, Kodiak
Greg Perkins, Kodiak, AK
Jesse Roberts, Kodiak
Jeana Bryant, Kodiak
Mike Deovat, Kodiak

Jerron Nelson, Kodiak
Philip Twohy, Kodiak
Bill Lewis, Kodiak
Winston W. Wilson, Kodiak
Robert Ware, Kodiak
Mary Barber, Kodiak
Shawn J. Doutermann, Owner/Operator, Kodiak
Terry Haines, Fisherman, Kodiak
Steve Branson, Kodiak
Theresa Peterson, Vessel Owner, Kodiak
Alexus Kwachka, Boat Owner, Kodiak
Ashley Campbell, Kodiak
Tammy Beckwith, Kodiak
Dan Armstrong, Kodiak
Ashley Eads, Kodiak
Casey Eads, Fisherman, Kodiak
Brian Cheledinas, Owner/Operator, Kodiak
Joseph L. Yarbrough, Fisherman/Welder, Kodiak
Locke Finley, Kodiak
Earl Davidson, Kodiak
Armin Reimnitz, Fisherman, Kodiak
Tim Deplazes, Kodiak
Henry Mack, King Cove
George King, Kodiak
Chris Koko, Truck Driver, Kodiak
Rhonda Maker, Business Owner/The Treasury & The Treasury Home, Kodiak
Tony Lara, Crab Fisherman/Captain, Kodiak
George Gatter, Jr., Old Harbor Tribal, Old Harbor
Gwen Sargent, Old Harbor
Louise Andrewvitch, Postal Worker, Old Harbor
Jacob Von Scheele, Port Lions
M. Rifkorfar, Cashier, Port Lions
Shelly Kirkland, Office Manager, Dutch Harbor
Henry J. Blake III, Skipper, Dutch Harbor
Jeff Berger, President, Ninilchik
Stephen Vouch, Ninilchik
Eric Wiegmann, V.President, Ninilchik
F. Cornlies, Fisherman, Kodiak
Floyd E. Anderson, Ouzinkie
Patricia L. Kyellsen, VC/Vyak, Anchorage
Gabrielle McKilly, Chignik
James L. Gould, Kodiak
Kathryn J. Gould, Kodiak
Irene M. Christianson, Kodiak
Bianca Green, Kodiak
Joshua Gould, Kodiak

Sherry Lee Gould, Kodiak
Clyde B. Mack, Kodiak
Earlene J. Mack, Kodiak
Henry Gould, Jr., Kodiak
Glen Mack, Jr., Kodiak
Eufemio A. Rocils, Jr., Kodiak
Laura Scassiferro, Kodiak
Calvin Christiansen, Kodiak
Joyce Gould, Kodiak
Craig Bendiven, Kodiak
Rudy Dushkin, Jr., Kodiak
Charlene Rocil, Kodiak
Daniel Gould, Kodiak
Geraldine Wilson, Kodiak
Virginia Quinones, Kodiak
Adrian E. Walker, Kodiak
Melanie Koso, Kodiak
Patrick B. Walker, Kodiak
Shane Rocili, Kodiak
Etta Kuzakin, Kodiak
Les Delany, Kodiak
Charley Hushkin, Kodiak
Marvin Love, Jr., Kodiak
Daniel Yatchmeneff, Kodiak
Marlene Yatchmeneff, Kodiak
Amberly Weiss, King Cove (Letter attached)
Taylor A. Weiss, King Cove
Ernest R.J. Weiss, King Cove (Letter attached)
Henry Mack, King Cove (Letter attached)
Sunshine Gould, King Cove
Connie Newton, King Cove (Letter attached)
Mike Spekas, Captain F/V Silverspray, Stevensville
Anthony Beaulieu, Senior Manager, Boldre, CO
Daniel Boyd?, Maintenance, Post Falls, ID
Virginia M. Wallin, Board of Directors Uyak Native Inc., Seattle, WA
Kirk Negus, Deckhand, Summet Lake, OK
Lori Fodness, Business Owner, Matthews, NC
Sandra Stewart, Small Business Owner, Wesley Chapel, NC
Richard, Kochuten Sr., Harbor Master, Sand Point, AK
John Leigh, Owner, Sand Point
Stanley Mach, Captain, Sand Point
Sam Brandal, Fisherman, Sand Point
George Gundeisen, Boat Owner, Sand Point
Joanna Ludvick McCallum, Tax Accountant, Box 262, Sand Point
Arlin Galovin, Crew, Sand Point
Charles Duborin?, Crew, Sand Point

Steven Galovin, Sr., Captain, Sand Point
Zach Dillard, Deckhand, Sand Point
Jonathon Rotter, Future Fisherman, Sand Point
Joe Ludvick, Jr., Future Fisherman, Sand Point

The following names are not included in those already sent to council, they were received after the originals were sent:

Christine Johnsvud, Welder, Kodiak
Jim Emerson, President, Kodiak
Bob Perkins, Carpenter, Kodiak
Paul Agostinc, Electrician, Kodiak
Douglas Stewart, Kodiak
John Severson, Kodiak
Jose A. Gonzalez, Kodiak
Susana Green, Kodiak
Charles Peith, Kodiak
Ray R. Leach?, Kodiak
John Rotter, Skipper, Kodiak
Nick Sandin, Kodiak
Rober Andrus, Kodiak
Lenora DeRoy, Kodiak
Gladys Kutchick, Kodiak
Lydia Rodriguez, Ketchikan
Vicky Israelson, Juneau
Shayna Fulker, Aurs Bay, AK
Karen Shepard, Kodiak
Jennifer Shepard, Kodiak
Hector Urias, Dutch Harbor
Gloria Kennedy, Kodiak
Merle Brown, Kodiak
Elizabeth Williams, Kodiak
Earlene Berg, Kodiak
Abraham Dzananovir, Fisherman, Kodiak
Jamie Swigert, Fisherman, Anchorage
Jennifer Thrasher, Kodiak
Susan Russell, Admin., Ninilchik
Christopher Holmberg, Fisherman, Sand Point
Mark Wagner, Owner/Challenger, Sand Point
Rion T. Vanek, Owner/Operator, Ninilchik
Frank Hinilonewe, Kodiak
Ryan Kitka, Kodiak
Richard Monders, Jr. Ninilchik
Tanya Quick, Kodiak
Jamie Swigert, Fisherman, Anchorage
Earlene Berg, Kodiak
Jenny Clay, Kodiak
Mark Withrow, M.D., Kodiak Island Medical Associates, Kodiak (Letter attached)
Dave Bach, Harbormaster King Cove, King Cove (Letter attached)
Casey Nebor, Manager, Ninilchik
Jeff Richard, Ninilchik

Mary Sundberg, Kodiak
Gary M. Mack, Kodiak
James Pearson, Fisherman, Kodiak
Geneneiva Pearson, Fisherman, Kodiak
Maury Dugan, Fisherman, Oregon Resident, Kodiak, AK
Laura Hopem, Manager, Kodiak
Amanda Clark, Kodiak
Bryan D. Wise, Fisherman, Kodiak
Jacob Johns, Rescue Swimmer/USCG Coast Guard, Kodiak, AK
Robert Magnusson, Captain, Kodiak
James E. Johnson, Master, Kodiak
Gerald E. Clark II, Kodiak
Christyn Gofen, Self-Employed, Kodiak
David Barcza, Fisherman, Kodiak
Stephen W. Faust, Citizen, Kodiak
Tom Eggemayer, Fisherman, Kodiak
Diane Knagin, Business Owner, Kodiak
D. Garrick Parker, Owner, Kodiak
Bruce Magnesson, Captain, Kodiak
William Roberts, Kodiak

Gulf of Alaska Groundfish Rationalization
Agenda Item C-5

Joint Testimony submitted on behalf of
The City of Kodiak
and
The Kodiak Island Borough

April 9, 2006

The purpose of this testimony is not to provide substantive comments on the Gulf groundfish rationalization program elements and options currently under consideration by the Council, but rather to provide the Council with a brief report regarding the Kodiak Gulf Groundfish Rationalization Task Force, and to respectfully request that the Council take steps to enhance the ability of the City of Kodiak and Kodiak Island Borough to influence the Council's considerations regarding Gulf of Alaska groundfish rationalization.

The Gulf groundfish fishery is a very important part of Kodiak's economy and culture. There has been a great deal of justifiable concern among Kodiak community members regarding the potential impact Gulf groundfish rationalization on the vessel owners, skippers, crew members, processors, and other stakeholders who currently depend on that fishery for their livelihood, and on Kodiak's future generations.

In response to this concern, and to assist the City of Kodiak and the Kodiak Island Borough in developing their position on the Gulf groundfish rationalization program being considered by the Council, the City Council and the Borough Assembly appointed a Gulf groundfish rationalization Task Force. The Task Force is composed of a broad spectrum of stakeholders and stakeholder representatives who were identified through City Council and Borough Assembly consultation and public comment. They are listed on the last page of this testimony.

The Task Force members were chosen for their ability to represent the diverse interests of those who are engaged in or dependent upon the Gulf groundfish fishery, and for their commitment to working in good faith to address the concerns of the interests that they represent.

We have been highly encouraged by the progress that the Task Force has already made. In just two meetings, the group has demonstrated a willingness to place individual agendas aside, and to seriously consider the viewpoints and concerns of others. The result has been substantive progress toward common ground, which is especially encouraging considering the differences in perspective that the Task Force members bring to the table.

We think it is very important that the Task Force be given the opportunity to develop as much consensus as possible on Gulf groundfish rationalization, and therefore

we believe it is too early to report on the substance of their discussions to date. However, we believe that it is important that the Council be aware that the Task Force is making progress.

In recognition of that progress, we respectfully request that the Council take the following actions, which were recommended by the Task Force at its March 29 meeting, without objection from any of the members present:

First, we request that the Council acknowledge the recommendations of the NRC report "Sharing the Fish" and the Government Accountability Office's report regarding stakeholder participation in the Councils' development of fishery rationalization programs, and that the Council provide the Task Force with an opportunity, working through the Kodiak City Council and the Kodiak Island Borough Assembly, to have a meaningful impact on the Council's Gulf groundfish rationalization deliberations.

Second, we request that the Council not schedule Gulf groundfish rationalization for consideration at the October 2006 meeting in Dutch Harbor.

Third, we request that the Council schedule a meeting in Kodiak early in the 2007 meeting cycle at which Gulf groundfish rationalization would be a major item on the Council's agenda.

Thank you for the opportunity to testify and for considering our requests.

Kodiak Island Borough/City of Kodiak
Gulf Groundfish Rationalization Task Force

Peter Allan
Julie Bonney
Steve Branson; Terry Haines and Alexus Kwachka, alternates
Duncan Fields
Julie Kavanaugh; Ron Kavanaugh, alternate
Linda Kozak
Matt Moir
Theresa Peterson
Cecil Ranney
Dana Reid
Gabriel Savaria
Jeff Stephan
Joe Sullivan
Jay Stinson
John Whiddon

Norm Wooten, facilitator

From the Consolidated Appropriations Act of 2001 (Pub. L. No. 106-554)

The North Pacific Fishery Management Council shall examine the fisheries under its jurisdiction, particularly the Gulf of Alaska groundfish and Bering Sea crab fisheries, to determine whether rationalization is needed. In particular, the North Pacific Council shall analyze individual fishing quotas, processor quotas, cooperatives, and quotas held by communities. The analysis should include an economic analysis of the impact of all options on communities and processors as well as the fishing fleets. The North Pacific Council shall present its analysis to the appropriations and authorizing committees of the Senate and House of Representatives in a timely manner.

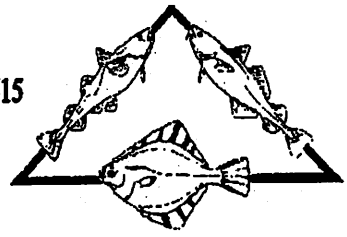
Groundfish Data Bank

Alaska

PH: 907-486-3033 FAX: 907-486-3461 P.O. BOX 788 - KODIAK, AK. 99615

Julie Bonney, Executive Director jbonney@gci.net

Jennifer Washburn, Fisheries Analyst agdb@gci.net



Trawl eligibility requirements for both the GOA and BSAI

AGDB's proposal is look at recency requirements for trawl GOA LLP licenses to piggy back on the BSAI CV eligibility package. The action would amend the present LLP program and include recency requirements. The package should look at GOA dependency and work to stabilize the present participants. The following sets up the filters to define both depend and non-depend licenses for the GOA trawl fisheries.

1) Examine both Catcher Processor and Catcher Vessel eligibility requirements for trawl gear
2) Consider two time clips – 1995 to current and 2000 to current
3) Look at both number of landings and Metric tons retained catch requirements by WY & CGOA (combined) and WGOA for the trawl sector. Council Staff should review available data to look at natural breaks.
4) Include participation patterns by year for each defined set of licenses types as in item 6 (see table 3-56 in the Amendment 80 document)
5) Package would be designed to extinguish latent licenses for federal groundfish, not create species endorsements
6) Licenses should be grouped as follows:
    a. For Catcher Vessels – AFA and Non-AFA, 60 ft and under and over 60 ft
    b. For Catcher Processors – AFA-CPs, Amendment 80 qualified CP, all other CP licenses

The data will be used to help create options for the analysis.