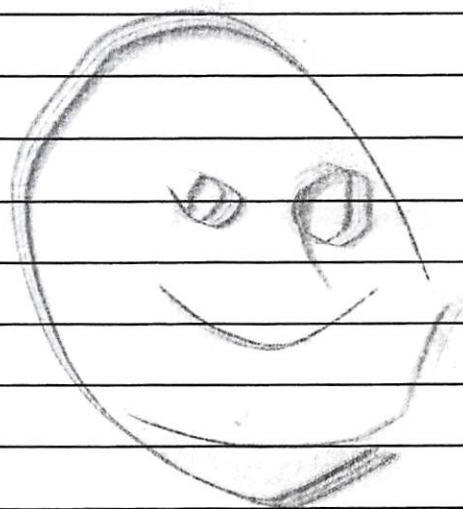


PUBLIC TESTIMONY SIGN-UP SHEET FOR  
 AGENDA ITEM ~~\_\_\_\_\_~~

C-7 IRV  
 IU


	NAME (PLEASE PRINT)	AFFILIATION
1 ✓	Dave Wood	US Seafoods
2	<del>Steve Prosen</del>	<del>_____</del>
3 ✓	Susan Robinson	Fishermen's Finest
4 ✓	TERESSA KANDIANIS	KODIAK Fish Co.
5 ✓	EROL OISON	BBDC
6 ✓	Julia Panny	AGDB
7 ✓	<del>Paul MacGowan</del>	<del>At. Sea Processor Own.</del>
8 ✓	BRENT PAINE	UCB
9 ✓	Ed Luttrud / LORI SWANSON	GFF
10 ✓	Bill Orr	<del>Signature US Seafoods</del>
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NOTE to persons providing oral or written testimony to the Council: Section 307(1)(I) of the Magnuson-Stevens Fishery Conservation and Management Act prohibits any person " to knowingly and willfully submit to a Council, the Secretary, or the Governor of a State false information (including, but not limited to, false information regarding the capacity and extent to which a United State fish processor, on an annual basis, will process a portion of the optimum yield of a fishery that will be harvested by fishing vessels of the United States) regarding any matter that the Council, Secretary, or Governor is considering in the course of carrying out this Act.

MEMORANDUM

TO: Council, SSC and AP Members

FROM: Chris Oliver   
Executive Director

ESTIMATED TIME 6 HOURS
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DATE: May 23, 2005

SUBJECT: IR/IU

**ACTION REQUIRED**

Initial Review of Amendment 80 EA/RIR/IRFA and take action as necessary

**BACKGROUND**

Amendment 80 has been proposed to provide groundfish allocations and allow cooperatives in the BSAI non-AFA trawl catcher-processor sector. At its December 2004 and February 2005 meeting, the Council finalized the suite of components and options for Amendment 80 by defining the species allocated to the Non-AFA Trawl Catcher Processor sector, modifying the PSC options, adjusting the sideboard options, and adding a yellowfin sole threshold program to the suite of components. A description of the alternatives, components and options for Amendment 80 motion is attached as Item C-7(a).

The draft EA/RIR/IRFA for Amendment 80 was included in a Council mailing the week of May 19. The executive summary is attached as Item C-7(b). At this meeting, the Council is scheduled for initial review of the analysis, and potentially to release it for public review and comment prior to final action in October, pending the Council, AP, and SSC assessment of completeness.

## **DESCRIPTION OF THE ALTERNATIVES**

### **Alternative 1: No Action**

Under this alternative, current management of groundfish and prohibited species catch in the BSAI would remain in effect. Although Amendment 79 to the BSAI Groundfish FMP, the groundfish retention standard, has not yet been implemented, it is expected to be in place by the time any of the actions analyzed here would be implemented. Therefore, for the purposes of the analysis, it is assumed that Amendment 79 will phase in a minimum retention standard for Non-AFA Trawl CP vessels greater than 125 ft length overall over a three-year period, starting in 2006 at 75 percent and culminating in 2008 at 85 percent.

### **Alternative 2: Multiple Cooperatives**

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

This alternative will allocate the following species to the Non-AFA Trawl CP sector: yellowfin sole, rock sole, flathead sole, Atka mackerel, and Aleutian Islands subarea Pacific Ocean perch. These will be referred to as primary target species. Allocation of these species to the sector will be in proportion to the retained catch of the Non-AFA Trawl CP sector relative to the retained catch of all vessels, for the years 1998 to 2002. The unallocated portion of the primary target species quota will be reserved for all other trawl vessels with groundfish catch history between 1995 and 2004 and the appropriate LLP endorsements (the limited access trawl fishery). Non-AFA Trawl CP sector allocations of the primary target species will be managed as a hard cap: when the sector harvests all of its allocation of a primary target species, all directed fisheries for that species, as well as those fisheries that catch the species incidentally, will close for the sector. Primary species quota cannot be rolled over between trawl sectors under this alternative.

The alternative includes a threshold of 125,000 mt for the yellowfin sole quota. If, in a given year, the quota exceeds this threshold, the excess will be allocated in the following manner: 30 percent to the Non-AFA Trawl CP sector and 70 percent to the limited access trawl fishery. Specifically for this excess allocation, a two-way rollover option is allowed. A portion of the yellowfin sole reserve allocated to either the Non-AFA Trawl CP sector or the limited access fishery shall be rolled over to the other, if, after a specified date (August 1 or September 1), there is any that is projected to remain unused.

The Non-AFA Trawl CP sector will receive its own PSC allowance under this alternative, which will be based on the sector's historical usage of PSC between 1998 and 2002.

To form a cooperative, 30 percent of the eligible Non-AFA Trawl CP sector participants must agree to join. Those participants who elect not to join may either form their own cooperative (with at least 30 percent of eligible participants) or participate outside the cooperative but within the sector.

Allocation of the primary target species and PSC allowances among cooperatives and the group of sector participants who do not join a cooperative is in proportion to the retained catch of the primary target species and the PSC of the eligible license holders in each pool, for the years 1998-2002.

Within the Non-AFA Trawl CP sector, consolidation will not be constrained. An eligible participant (either individual or entity) will not be limited as to the percentage of the Non-AFA Trawl CP sector allocation it can use.

Sideboards for the Non-AFA Trawl CP sector will be established in regulation based on the sector's participation in other fisheries during the same years as used to calculate the sector's allocation, 1998 to 2002. The sideboards will remain in place until such time as other fisheries are rationalized (including sector allocations for the Pacific cod fishery). Within the Non-AFA Trawl CP sector, sideboards will be established between cooperative and non-cooperative participants for unallocated species, based on the same years.

The CDQ program will continue to be allocated 7.5 percent of all groundfish species except pollock and sablefish, including those species allocated under this alternative, as part of the CDQ multispecies fishery. The prohibited species allowance allocated to the CDQ program as prohibited species quota reserves will also continue to be issued at the same percentage as the CDQ groundfish allocation.

Table 1 describes Alternative 2 and the components, options, and suboptions from which it is derived.

**Table 1 Components, options, and suboptions of Alternative 2**

Topic	Component	Option	Description
<b>Sector allocation</b>	1	n/a	Allocate only the following primary target species: yellowfin sole, rock sole, flathead sole, Atka mackerel, and Aleutian Islands Pacific Ocean perch.
	2	2.1	7.5% CDQ allocation of each primary target species
	3	3.2	For purposes of apportionments, allocation to the Non-AFA Trawl CP shall be based on retained catch of the sector over retained catch by all sectors.
	3	1	Allocations will be managed as a hard cap.
	4	4.2	Catch history years used to determine the allocation to the Non-AFA Trawl CP sector will be 1998-2002.
<b>PSC allocation</b>	5	n/a	7.5% of the PSC limit for all prohibited species except herring will be allocated to the CDQ program as prohibited species quota reserves.
	6	6.1.1	Apportion PSC allowance to the Non-AFA Trawl Catch Processor sector proportionate to historical usage of PSC.
<b>Sector eligibility</b>	7	7.5	Qualified license holders must have caught and processed 150 mt of groundfish with trawl gear between 1997 and 2002 to be eligible for the Non-AFA Trawl CP sector.
<b>Cooperative eligibility</b>	8	8.1	For a cooperative to form, at least 30 percent of the sector's eligible licenses must join.
	9	9.2	Catch history is based on retained catch.
<b>Allocation among cooperatives</b>	10	10.3	Years of catch history used to calculate allocation of groundfish and PSC allowances between the cooperative and non-cooperative participants are 1998-2002, with no dropped year.
	11	11.1	There is no limit on the consolidation of shares in the Non-AFA Trawl CP sector.

Topic	Component	Option	Description
Sideboards	12	12.1	Sideboards for the participation of the Non-AFA Trawl CP sector in other fisheries will be established in regulation. They will remain in place until such time as other fisheries are rationalized (including sector allocations for the Pacific cod fishery).
	12	12.1.1	Sideboards within the sector will be established between cooperative and non-cooperative LLP holders.
Yellowfin sole allocation	13	13.3	Any yellowfin sole quota in excess of a given threshold will be allocated based on a different allocation formula. The threshold will be 125,000 mt.
	13	2	Any unharvested portion of the yellowfin sole reserve allocated to either the Non-AFA Trawl CP sector or the limited access fishery shall be rolled over to the other, if, after a specified date (August 1 or September 1), there is any that is projected to remain unused.
	13	1	Allocate 30% of the threshold reserve to the Non-AFA Trawl CP sector and 70% to the limited access trawl fishery.

### Alternative 3: Allocate Only Primary Target Groundfish

As noted in Alternative 2, the eligibility criteria for the Non-AFA Trawl CP sector have been determined by Congress in the provisions of the BSAI CP Capacity Reduction Program. In order to qualify for the sector, a license holder must have trawl and catcher processor endorsements on their LLP and have caught and processed 150 mt of groundfish with trawl gear between 1997-2002.

This alternative will allocate the following species to the Non-AFA Trawl CP sector: yellowfin sole, rock sole, flathead sole, Atka mackerel, and Aleutian Island Pacific Ocean perch. These will be referred to as primary target species. Allocation of these species to the sector will be in proportion to the retained catch of the Non-AFA Trawl CP sector relative to the total catch by all vessels, for the years 1995 to 2003. The unallocated portion of the primary target species quota will be reserved for all other trawl vessels with groundfish catch history between 1995 and 2004, and the appropriate LLP endorsements (the limited access fishery). Non-AFA Trawl CP sector allocations of the primary target species will be managed as a soft cap: when the sector harvests all of its allocation of a primary target species, the species will be placed on prohibited species status, and must be discarded.

The alternative also includes a rollover provision. If, after a specified date (August 1 or September 1), the limited access fishery projects that a portion of its unharvested primary target species will remain unused, it shall be rolled over to the Non-AFA Trawl CP sector.

The alternative includes a threshold of 100,000 mt for the yellowfin sole quota. If, in a given year, the quota exceeds this threshold, the excess allocated in the following manner: 70 percent to the Non-AFA Trawl CP sector and 30 percent to the limited access trawl fishery. Specifically for this excess allocation, a two-way rollover option is allowed. A portion of the yellowfin sole reserve allocated to either the Non-AFA Trawl CP sector or the limited access fishery shall be rolled over to the other, if, after a specified date (August 1 or September 1), there is any that is projected to be remained unused.

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

To form a cooperative, 67 percent of the eligible Non-AFA Trawl CP participants must agree to join. Those participants who elect not to join may participate outside a cooperative but within the sector.

Allocation of the primary target species and PSC allowances between the cooperative and the group of sector participants who do not join the cooperative is in proportion to the total catch of the primary target species and the PSC of the eligible license holders included in each pool, for the years 1995-2003. Each license holder must drop his or her three lowest annual catches, by species, during this period.

Consolidation in the Non-AFA Trawl CP sector is limited by a use cap that applies to each person (defined as either an individual or an entity). No single person may use more than a certain percentage, to be determined as part of this action, of the sector's combined allocation for all primary target species. However, if a person's attributed history at initial allocation is greater than the use cap threshold, the person's ability to exceed the cap will be grandfathered.

Sideboards for the Non-AFA Trawl CP sector will be established in regulation based on the sector's participation in other fisheries during the years 1995-2003. The sideboards will remain in place until such time as other BSAI and Gulf of Alaska fisheries are rationalized (including sector allocations for the Pacific cod fishery). Within the Non-AFA Trawl CP sector, sideboards will be established between cooperative and non-cooperative LLP participants for unallocated species, based on the same years.

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

Table 0 describes Alternative 3 and the components, options, and suboptions from which it is derived.

**Table 0 Components, options, and suboptions of Alternative 3**

Topic	Component	Option	Description
<b>Sector allocation</b>	1	n/a	Allocate only the following primary target species: yellowfin sole, rock sole, flathead sole, Atka mackerel, and Al Pacific Ocean perch.
	2	2.2	10% CDQ allocation of each primary target species and associated species taken incidentally in the directed primary trawl target fisheries.
	3	3.3	For purposes of apportionments, allocation to the Non-AFA Trawl CP sector shall be based on retained catch of the sector over total catch by all sectors.
	3		Any unharvested portion of the primary target species that is projected to remain unused shall be rolled over to the Non-AFA Trawl CP sector at a specified date.
	3	2	Allocations will be managed as a soft cap.
	4	4.1	Catch history years used to determine the allocations to the Non-AFA Trawl CP sector will be 1995-2003.
<b>PSC allocation</b>	5	5.1	10% of the PSC limit for all prohibited species except herring will be allocated to the CDQ program as prohibited species quota reserves.
	6	6.1.2	Calculate the Non-AFA Trawl Catch Processor sector's share of PSC by determining the average PSC usage, by fishery, of all trawl vessels during 1995-2002, and applying the sector's percentage as determined for the primary target species allocation.
	6	6.2.4	Allocate PSC allowance to the Non-AFA Trawl CP sector of 95% of the amount calculated.

Topic	Component	Option	Description
<b>Sector eligibility</b>	7	7.5	Qualified license holders must have caught and processed 150 mt of groundfish with trawl gear 1997 and 2002 to be eligible for the Non-AFA Trawl CP sector.
<b>Cooperative eligibility</b>	8	8.2	For a cooperative to form, at least 67 percent of the sector's eligible licenses must join.
<b>Allocation among cooperatives</b>	9	9.1	Catch history is based on total catch.
	10	10.1	Years of catch history used to calculate allocation of groundfish and PSC allowances between the cooperative and non-cooperative participants are 1995-2003, with the three lowest annual catches, by species, dropped from the calculation.
<b>Consolidation</b>	11	11.2	No single individual or entity can use more than a fixed percentage of the sector's combined allocation for all primary target species.
<b>Sideboards</b>	12	12.1	Sideboards for the participation of the Non-AFA Trawl CP sector in other fisheries will be established in regulation. They will remain in place until such time as other fisheries are rationalized (including sector allocations for the Pacific cod fishery).
	12	12.1.1	Sideboards within the sector will be established between cooperative and non-cooperative LLP holders.
<b>Yellowfin sole allocation</b>	13	13.5	Any yellowfin sole quota in excess of a given threshold will be allocated based on a different allocation formula. The threshold will be 100,000 mt.
	13	13.3	Allocate 70% of the threshold reserve to the Non-AFA Trawl CP sector and 30% to the limited access trawl fishery.

## Components and Options for Amendment 80

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

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

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

**Component 2** CDQ allocations for each primary target (Component 1) species in the program and associated secondary species (except Pacific cod) taken incidental in the primary trawl target fisheries shall be removed from the TACs prior to allocation to sectors at percentage amounts equal to one of the following.

- Option 2.1 7.5%
- Option 2.2 10%
- Option 2.3 15%

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

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

- Option 3.1 Total legal catch of the sector over total legal catch by all sectors
- Option 3.2 Retained legal catch of the sector over retained legal catch by all sectors
- Option 3.3 Retained legal catch of the sector over total catch by all sectors
  - Suboption 1 Allocations will be managed as a hard cap. When the allocation is reached, further fishing will be prohibited.
  - Suboption 2 Allocations will be managed as a soft cap. When the allocation is reached, species will be prohibited status.

The remaining portion of primary species included in this program will be allocated to the BSAI limited access trawl fishery. Trawl vessels other than Non-AFA Trawl CP with (retained) trawl catch history from 1995-2004 and with appropriate LLP endorsements may fish in the BSAI limited access trawl fishery.

- Suboption Target Species Rollover: Any unharvested portion of the Amendment 80 target species in the limited access fishery that is projected to remain unused, (by a specific date, say August 1 or September 1) shall be rolled over to the Amendment 80 sector.

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

- Option 4.1 1995-2003
- Option 4.2 1998-2002
- Option 4.3 1998-2004
- Option 4.4 1999-2003
- Option 4.5 2000-2004
- Option 4.6 The Council can select percentages for each of the species allocated to the Non-AFA Trawl CP sector.

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

**Component 5** PSC is allocated to the CDQ program as PSQ reserves (except herring and Chinook salmon) are proportional to the CDQ allocation under Component 2 for each PSC limit.

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

- Option 6.1 Apportion PSC to Non-AFA Trawl CP sector:
  - Suboption 6.1.1 Allocation based on historical usage of PSC.
  - Suboption 6.1.2 Percentage allocations (estimates for PSC associated with Pacific cod catch will be based on the process laid out in Component 3) selected in Component 3 multiplied by the relevant total PSC catch by all trawl vessels in each PSC fishery group.



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

Suboption 6.2.1 Reduce apportionments to 60% of calculated level.

Suboption 6.2.2 Reduce apportionments to 75% of calculated level.

Suboption 6.2.3 Reduce apportionments to 90% of calculated level.

Suboption 6.2.4 Reduce apportionments to 95% of calculated level.

Suboption 6.2.5 Do not reduce apportionments from calculated level.

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

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

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

**Component 7** Identifies the license holders that are in the Non-AFA Trawl CP sector which would receive Sector Eligibility Endorsements. Non-AFA qualified license holders with a trawl and catcher processor endorsement would be issued a Sector Eligibility Endorsement that will be attached to that holder's LLP identifying it as a member of the Non-AFA Trawl CP sector. Only vessels that qualify for a sector eligibility endorsement may participate in cooperative under this program.

Option 7.1 Qualified license holders must have caught 500 mt of groundfish with trawl gear and processed that fish between 1998-2002

Option 7.2 Qualified license holders must have caught 1,000 mt of groundfish with trawl gear and processed that fish between 1998-2002

Option 7.3 Qualified license holders must have caught 500 mt of groundfish with trawl gear and processed that fish between 1997-2002

Option 7.4 Qualified license holders must have caught 1,000 mt of groundfish with trawl gear and processed that fish between 1997-2002

Option 7.5 Qualified license holders must have caught 150 mt of groundfish with trawl gear and processed that fish between 1997-2002

**Component 8** Establishes the percentage of eligible licenses that must join a cooperative before the cooperative is allowed to operate. There may be more than one cooperative formed. No later than December 1 of each year, an application must be filed with NOAA Fisheries by the cooperative with a membership list for the year. In order to operate as a cooperative, members, as a percent of eligible LLP licenses with Non-AFA Trawl CP endorsement, must be:

- Option 8.1 At least 30 percent
- Option 8.2 At least 67 percent
- Option 8.3 At least 100 percent
- Option 8.4 All less one distinct and separate harvesters using the 10 percent threshold rule.

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

- Option 9.1 Catch history is based on total catch
- Option 9.2 Catch history is based on total retained catch

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

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

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

- Option 11.1 There is no limit on the consolidation in the Non-AFA Trawl CP sector.
- Option 11.2 Consolidation in the Non-AFA Trawl CP sector is limited such that no single company or person can use more than a fixed percentage of the overall sector apportionment history. The cap will be applied across the total allocation to the sector of all species combined. The cap will be applied using the individual and collective rule. Persons (individuals or entities) that exceed the cap in the initial allocation would be grandfathered.

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

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

Suboption 12.1.1 Sideboards will be allocated between cooperative and non-cooperative LLP holders.

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

Suboption 12.2.1 Sideboards will be allocated between cooperative and non-cooperative LLP holders.

#### **Issue 4: Development of a Yellowfin Sole Threshold Fishery**

**Component 13** A threshold level may be established for yellowfin sole. ITAC below the threshold level will be allocated to the Non-AFA Trawl Catch Processor sector based on the formula determined in Components 3 and 4. ITAC in excess of the threshold level will be available to other sectors as well as to the Non-AFA Trawl CP sector. Threshold levels for other species may be developed at a later date.

##### **Threshold Rollover Suboption**

Suboption 1: No rollover provision

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

For yellowfin sole, the threshold will be:

Option 13.1 80,000 mt

Option 13.2 100,000 mt

Option 13.3 125,000 mt

Option 13.4 150,000 mt

Option 13.5 175,000 mt

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

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

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

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

## **Other Elements of Amendment 80**

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

- The cooperative program developed in Amendment 80b will not supersede pollock and Pacific cod IR/IU programs.
- The Groundfish Retention Standards (GRS) (Amendment 79) will be applied to the cooperative as an aggregate on an annual basis and on those vessels who do not join a cooperative as individuals. Vessels less than 125 ft LOA participating in a cooperative are required to have on board NOAA Fisheries approved scales to determine total catch and either maintain observer coverage of every haul for verification that all fish are being weighed or use an alternative scale-use verification plan approved by NOAA Fisheries.
- Non-AFA Trawl CP sector participants that elect not to join a cooperative will be subject to all current regulations including all restrictions of the LLP and the GRS if approved.
- All qualified license holders participating in the fisheries of the Non-AFA Trawl CP sector will need to have trawl and catcher processor endorsements with general licenses for BSAI and the additional sector eligibility endorsement. Length limits within the license will also be enforced such that any new vessel entering the fishery may not exceed the Maximum Length Overall (MLOA) specified on the license.
- Permanent transfers of Sector Eligibility Endorsements will be allowed if transferred with the associated Groundfish LLP. Sector Eligibility Endorsement, the associated groundfish LLP license, and associated catch histories would not be separable or divisible. All transfers must be reported to NOAA Fisheries in order to track who owns the Sector Eligibility Endorsements. The purchaser must be eligible to own a fishing vessel under MarAd regulations or must be a person who is currently eligible to own a vessel.
- Annual allocations to the cooperative will be transferable among cooperative members. Such transfers would not need to be approved by NOAA Fisheries. Any member of the cooperative will be eligible to use the catch history of any other member regardless of vessel length limitations of the LLP that carries the catch history.
- Any non-trawl or non-BSAI catches by qualified license holders that are considered part of the Non-AFA Trawl CP sector will not be included in the defined cooperative program. In addition, these non-trawl or non-BSAI catches allocated to the Non-AFA Trawl CP sector would not necessarily be excluded from other rationalization programs.
- All catch history used for allocation and eligibility purposes will be legal and documented catch.
- Disposition of groundfish species not allocated to the Non-AFA Trawl CP sector will not change as a result of the cooperative program developed in Amendment 80.
- The developed cooperative program will limit its scope to selected groundfish and prohibited species catches with trawl gear by qualified license holders in the Non-AFA Trawl CP sector in the BSAI. Groundfish species not included in the program as well as other non-specified fish species or marine resources will not be explicitly managed within the defined cooperative program. The defined cooperative program would not supersede existing regulations regarding these other marine resources.

- PSC limits for the following species will be created and allocated between the Non-AFA Trawl CP cooperative(s) and those sector participants that elect not to join a cooperative.
  - BSAI Non-AFA Trawl CP multi-species halibut cap consisting of an apportionment of species identified in Component 1.
  - BSAI Non-AFA Trawl CP multi-species red king crab cap consisting of an apportionment of the current Pacific cod trawl cap and caps for the flatfish fisheries.
  - BSAI Non-AFA Trawl CP multi-species snow crab (*C. opilio*) cap consisting of an apportionment of the current Pacific cod trawl cap and caps for the flatfish fisheries (includes apportionments of the trawl sablefish/turbot/arrowtooth limits).
  - BSAI Non-AFA Trawl CP multi-species Tanner crab (*C. bairdi*) Zone 1 cap consisting of an apportionment of the current Pacific cod trawl cap and caps for the flatfish fisheries.
  - BSAI Non-AFA Trawl CP multi-species Tanner crab (*C. bairdi*) Zone 2 cap consisting of an apportionment of the current Pacific cod trawl cap and caps for the flatfish fisheries.
- Bycatch limits for non-specified species or marine resources specifically for this program will not be established. However, should unreasonable bycatch or other interactions occur, specific regulations to minimize impacts will be considered.
- The cooperative(s) will have adequate internal rules. Evidence of binding private contracts and remedies for violations of contractual agreements will be provided to NOAA Fisheries. The cooperative must demonstrate an adequate mechanism for monitoring and reporting prohibited species and groundfish catch. Participants in the cooperative must agree to abide by all cooperative rules and requirements.
- Specific requirements for reporting, monitoring and enforcement, and observer protocols will be developed in regulations for participants in the cooperative program and will not be the purview of the cooperative. The Council and the Non-AFA Trawl CP sector should specify their goals and objectives for in-season monitoring and program evaluation. Recordkeeping and reporting portions of the program can then be developed to ensure that goals and objectives of the program are met in a cost effective manner.
- A detailed annual report will be required from cooperative(s) formed. Fishery managers will review the annual report and determine if the program is functioning as desired. It is recommended that in-depth assessments of program be undertaken under the auspices of the Council/NOAA Fisheries periodically (for example, every five years). In-depth studies will report the accomplishments of the program and indicate whether any changes are necessary.
- An economic and socioeconomic data collection initiative will be developed and implemented under the Non-AFA Trawl CP Cooperative Program. The collection would include cost, revenue, ownership, and employment data on a periodic basis to provide the information necessary to study the impacts of the program. This program will be similar to the data collection program in the BSAI crab rationalization program. Details of the collection will be developed in the analysis of the alternatives.

## EXECUTIVE SUMMARY

The North Pacific Fishery Management Council (Council) has long recognized the need to reduce bycatch, minimize waste, and improve utilization of fish resources to the extent practicable in order to provide the maximum benefit to present generations of fishermen, associated fishing industry sectors, communities, and the nation as a whole. Since at least 1995, the Non-AFA Trawl CP sector has had the highest discard rate in the Bering Sea and Aleutian Islands (BSAI) groundfish fisheries. Although the overall retention level in that sector has increased in the last decade, it is still well below other BSAI sectors. Bycatch reduction measures for the Non-AFA Trawl Catcher Processor (CP) sector are a priority focus for the Council given this sector's historical difficulty in achieving acceptable bycatch levels.

The Non-AFA Trawl CP sector is primarily a multi-species fishery that operates under a "race for fish", where vessels attempt to maximize their harvest in as little time as possible, in order to claim a larger share of the available quota. Because vessels are competing with each other for shares of the total quota, an individual vessel may be penalized for undertaking actions to reduce bycatch, such as searching for cleaner fishing grounds. Participants in the sector have indicated that the cost of implementing Amendment 79 to the Fishery Management Plan for Groundfish of the BSAI Management Area (BSAI Groundfish FMP), a groundfish retention standard for vessels greater than 125 ft length overall, which represent approximately 62 percent of the Non-AFA Trawl CP sector, on a vessel-by-vessel basis could be high.

By providing specific groundfish allocations to this sector, and allowing the formation of cooperatives, the costs associated with bycatch reduction could be reduced. Sector allocations and associated cooperatives would allow participants to focus less on harvest maximization and more on optimizing their harvest. This in turn could reduce bycatch, improve retention, and improve utilization, while also improving the economic health of the harvesting and processing industry.

Exploring sector allocations and cooperatives also accords with the Council's long-term priority, to reduce or eliminate the "race for fish" in the North Pacific. The Council recently revised its management policy for the BSAI Groundfish FMP to include an objectives that aims to "further decrease excess fishing capacity and overcapitalization by ... extending programs such as community or rights-based management to some or all groundfish fisheries," (BSAI Groundfish FMP chapter 2).

Three alternatives are considered to address this problem, a status quo alternative (Alternative 1) and two alternatives that would allow the formation of multiple (Alternative 2) or single (Alternative 3) cooperatives. The alternatives evaluated in this analysis are summarized in the table below.

	Alternative 1 (Status Quo)	Alternative 2	Alternative 3
<b>Sector Eligibility</b>	determined by Congress	determined by Congress	determined by Congress
<b>Primary Target Species to be Allocated</b>	none	yellowfin sole, rock sole, flathead sole, Atka mackerel, Aleutian Islands Pacific Ocean perch	yellowfin sole, rock sole, flathead sole, Atka mackerel, Aleutian Islands Pacific Ocean perch
<b>Allocation to Non-AFA Trawl Catcher Processor Sector</b>	none	<u>Allocation:</u> Sector's retained catch over all retained catch, 1998-2002 <u>Management:</u> Hard cap <u>Yellowfin sole:</u> all yellowfin sole in excess of 125,000 mt threshold to be divided 30% to sector and 70% to other trawl; 2-way rollover	<u>Allocation:</u> Sector's retained catch over all total catch, 1995-2003 <u>Management:</u> Soft cap; rollover to sector <u>Yellowfin sole:</u> all yellowfin sole in excess of 100,000 mt threshold to be divided 70% to sector and 30% to other trawl; 2-way rollover
<b>Allocation of Prohibited Species</b>	PSC allocated by target fishery and shared among all trawl vessels	Sector allowance based on historic PSC usage, 1998-2002	Sector allowance based on: a) average PSC usage, by fishery, of all trawl, 1995-2003 b) apply sector proportion as determined above c) reduce by 5%
<b>Cooperative</b>	none	<u>Threshold:</u> 30% minimum of eligible participants <u>Allocation:</u> based on retained catch history, 1998-2002 <u>Use caps:</u> none	<u>Threshold:</u> 67% minimum of eligible participants <u>Allocation:</u> based on total catch history, 1995-2003 <u>Use caps:</u> apply to total catch of all primary target species
<b>Sideboards</b>	none	<u>For sector:</u> established based on participation in other fisheries, 1998-2002 <u>Within sector:</u> established between cooperative and non-cooperative participants for unallocated species	<u>For sector:</u> established based on participation in other fisheries, 1995-2003 <u>Within sector:</u> established between cooperative and non-cooperative participants for unallocated species
<b>CDQ</b>	7.5% of groundfish and prohibited species (except herring) allocated to CDQ multispecies fishery	7.5% of groundfish and prohibited species (except herring) allocated to CDQ multispecies fishery	10% of allocated species, plus secondary species caught incidentally in directed fisheries, to CDQ multispecies fishery

## Regulatory Impact Review

### *Effects on Harvest Participant and Fishing Practices*

In October 2002, the Council initiated Amendment 79 to meet the Council's stated goals of reducing bycatch, minimizing waste, and improving utilization of fish resources to the extent practicable. Amendment 79 would establish a minimum groundfish retention standard (GRS). In 2002, the overall groundfish retention rate of the Non-AFA Trawl CP vessels greater than or equal to 125 ft was 71 percent. Including recent changes for determining the maximum retainable amount (MRA) for pollock, which now is determined at the end of each offload rather than at any point during the trip, coupled with the GRS are expected to reduce discards by the sector

significantly. Complying with the requirements to reduce discards is expected to increase the vessel's costs, relative to pre-Amendment 79 levels.

Alternatives 2 and 3 would allocate yellowfin sole, rock sole, flathead sole, Atka mackerel, and Aleutian Islands Pacific Ocean perch to the Non-AFA Trawl CP sector.

Under Alternative 2, allocations to the Non-AFA Trawl CP sector are after deducting the Community Development Qutoa (CDQ) allocation and reserves would be above 88 percent for all allocated species. In contrast, under Alternative 3, the sector would get 73 percent for Atka mackerel, 59 percent for flathead sole, 78 percent for Aleutian Islands Pacific Ocean perch, 29 percent for rock sole, and 52 percent for yellowfin sole. Based on these projections, the Non-AFA Trawl CP sector would generate almost \$70 million less per year, before rollovers, if Alternative 3 were selected over Alternative 2. The trawl limited access fishery revenue (first wholesale value) would increase by over \$65 million if the harvested the entire allocation.

Under Alternative 2, the allocation of species to the Non-AFA Trawl CP sector will be managed as a hard cap, whereas under Alternative 3 the allocation would be managed as a soft cap. However, soft caps managed by the cooperative without NOAA Fisheries involvement would be treated as a hard cap system. If the allocations were managed by National Marine Fisheries Service (NMFS), then a portion of the allocations would need to be set aside as an incidental catch allowance (ICA) to accommodate the incidental catch of the allocated species. An unknown with NOAA Fisheries managed soft caps is how the ICA will be funded.

There is a strong likelihood that large portion of the species allocated to the trawl limited access fishery will go unharvested under Alternative 3. To help prevent allocated species from going unutilized, Alternative 3 includes a one-way rollover provision for allocated species that were unharvested by the trawl limited access fishery. However, the Non-AFA Trawl CP sector would be severally constrained by the prohibited species catch (PSC) allocation. Under this alternative, the PSC allocation to the sector is based on their allocation percentage of the primary species multiplied by the PSC usage of all trawl vessels, and rollovers of PSC are not included in the alternatives.

The yellowfin sole threshold program, under Alternative 2, could provide the opportunity for the AFA Trawl CP and catcher vessel (CV) sectors to expand their harvest of yellowfin sole, within their AFA sideboard caps, during years when pollock TAC declines relative to yellowfin sole. This assumes market conditions remain relatively stable for both fisheries. Under the yellowfin sole threshold alternative, yellowfin sole ITACs at or below the 125,000 mt threshold would be allocated as 88.5 percent to the Non-AFA Trawl CP sector and 11.5 percent to the trawl limited access fishery. The allocation of yellowfin sole above the ITACs would be 70 percent trawl limited access fishery and 30 percent Non-AFA Trawl CP sector. Under Alternative 3, any portion of ITAC exceeding the 100,000 mt threshold would be allocated 70 percent to the Non-AFA Trawl CP sector and 30 percent to the trawl limited access fishery. Initial total allowance catch (ITAC) up to the threshold would be allocated as 52 percent to the Non-AFA Trawl CP sector and 48 percent to the trawl limited access fishery. The amount of the loss to the Non-AFA Trawl CP sector from the direct allocations of yellowfin sole will likely be partially recovered through the rollover provision included in this alternative and through better fishing practices in the cooperative. However, because halibut PSC is not included in the rollovers and increases in CDQ allocations are included in Alternative 3, the expected revenue improvements are likely going to be reduced from those in Alternative 2.

The PSC allowance to the Non-AFA Trawl CP sector, under Alternative 2, would be based on the PSC usage by the Non-AFA Trawl CP sector from 1998 to 2002 while operating in BSAI. In contrast, the PSC allowance to the Non-AFA Trawl CP sector under Alternative 3 would be based



on the PSC usage by all trawl vessels from 1995 to 2003 multiplied by the allocation percentages of the primary allocated species allocated to the Non-AFA Trawl CP sector.

For halibut PSC under Alternative 2, the allocation to the Non-AFA Trawl CP sector would range between 2,476 mt and 2,482 mt. The remainder of the 3,400 mt PSC allowance would be available to all other trawl vessels. For herring, the allocation would range between 245 mt and 253 mt out of a PSC allowance of 2,012 mt allowed for all trawl sectors. The allocation of red king crab would range between 172,594 animals and 173,979 animals out of a PSC allowance of 182,225 animals for all trawl vessels. For the *C. opilio* crab, the allocation would range between 4,190,789 animals and 4,218,787 animals out of a PSC allowance of 4,494,569 animals for all trawl vessels. The *C. bairdi* Zone 1 allocation would range between 795,331 animals and 820,388 animals out of a PSC allowance of 906,500 animals for all trawl vessels. Finally, for *C. bairdi* Zone 2 crab the allocation would range between 2,536,270 animals and 2,545,180 animals out of a PSC allowance of 2,747,250 animals for all trawl vessels.

Due to time constraints, not all of the PSC allocations using the PSC option under Alternative 3 could be provided in time for initial review. Specifically, PSC allocation estimates for the non-allocated species, Atka mackerel, and AI POP were not estimated. These estimates will be provided and the analysis updated after the June 2005 meeting. Estimated PSC allocations for rock sole, flathead sole, and yellowfin sole were generated to provide some indication of what the PSC allocations to the Non-AFA Trawl CP sector would be under Alternative 3. Based on the PSC allocation estimates for the rock sole, flathead sole, and yellowfin fisheries under Alternative 3, the PSC allocation to the Non-AFA Trawl CP sector will likely be significantly lower under Alternative 3 than the PSC allocations under Alternative 2.

Using the same eligibility criteria for both Alternatives 2 and 3, 26 vessels with trawl catcher processor licenses qualified to participate in the Non-AFA Trawl CP sector. Four vessels with trawl CP licenses failed to qualify. Those vessels that failed to qualify had trawl CP catch history only during the 1995 and 1996 period. These vessels did not participate in the BSAI trawl CP fishery after 1996. Participation patterns during 1995 and 1996 may have been impacted by the implementation of the Groundfish LLP program. During those years some vessels tended to fish differently than they had traditionally. It is often speculated that several of vessels during that period were fishing for license endorsements rather than to simply harvesting fish to maximize their profits that year.

To form a cooperative under Alternative 2, 30 percent of the eligible Non-AFA Trawl CP sector participants would have to agree to form a cooperative. Since 26 vessels are qualified to join cooperatives, at least eight vessels would be needed to form a cooperative. If each of the cooperatives had the required eight vessels, there could be a maximum of three cooperatives formed in the Non-AFA Trawl CP sector. In contrast, to form a cooperative under Alternative 3 requires 67 percent of the eligible Non-AFA Trawl CP sector participants to agree to form a cooperative. Given there are 26 eligible vessels under this alternative, 17 vessels are necessary to form a cooperative. Since it is not possible to determine which vessels will join a cooperative(s) under the alternatives, very little can be said about how this option impacts the distribution of the sector's portion of the ITAC between cooperatives and the open access pool.

Consolidation in the Non-AFA Trawl CP sector under Alternative 2 would not be constrained. There would be no limit on the percentage of the Non-AFA Trawl CP sector allocation that an eligible participant (individual or entities) can use. In the extreme, the sector's entire allocation could be harvested by one firm. They would be able to remove any vessels that were not needed to harvest the quota. This would tend to reduce the number of jobs that are available in the fishery. It would also create an environment that allows the owners to maximize profits by reducing production costs through retiring excess capacity. Only the most efficient harvesting

vessels that are needed to harvest the quota would be expected to remain in the fishery. Some of the retired vessels would likely be kept at the ready in case they were needed in the future. In contrast, consolidation would be limited under Alternative 3. Using total catch and catch history years 1995 to 2003 and dropping the lowest three years for each allocated species, three eligible LLP owners in the sector have over 8 percent of the combined catch history of all allocated species for each of the different catch history year combinations. The average allocation for these three LLP holders is 9.5 percent. The sum of LLP owners with over five percent of the catch history but less than eight percent is four. The sum of LLP owners with over 2 percent of the catch history but less than 5 percent is 12. The sum of LLP owners with less than two percent of the catch history is seven. The median catch history percentage for the 26 qualified vessels is 3.3 percent.

Sideboards are included under both alternatives to prevent members of the Non-AFA Trawl CP sector from increasing their harvest of species outside their direct allocation. It is thought these vessels could increase their harvests of other species because of the harvesting flexibility they would have under the cooperative structure. Harvesting flexibility is increased because harvesters can fish at different times of the year or they can stack their cooperative harvest privileges on the most efficient vessels and use the other vessels to fish other species. Implementing sideboard limits will restrict members of the Non-AFA Trawl CP sector from harvesting more than their historic percentage of these other species.

It is not possible to estimate the overall economic impact that sideboards would have on the Non-AFA Trawl CP fleet. However, the negative impacts are likely going to be greater under Alternative 3 when compared to Alternative 2. The benefits of the sideboards to the other sectors cannot be estimated. To the extent that they are able to increase their harvest of GOA species they would benefit (Under Alternative 3). They will likely be able to harvest most, if not all, of the fish available to them under the two alternatives. **Halibut PSC limits will play a role in how much of the fish they can harvest. Additional direction on how GOA PSC should be allocated under this sideboard program is needed. Therefore, estimates of GOA PSC sideboards have not been generated in this draft of the analysis**

#### ***Effects on Catcher Processor Efficiency***

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

Under Alternatives 2 and 3, the Non-AFA Trawl CP sector is likely to realize some gains in production efficiency capturing greater rents from the allocated fisheries despite having to comply with GRS. Most eligible participants in the Non-AFA Trawl CP sector are likely to join a cooperative under either alternative, since operations in the limited access fishery are likely to be less efficient (and less profitable).

#### ***Effects on the CDQ Program***

Under Alternative 2, CDQ allocations for each of the primary target species and associated secondary species taken incidental in the primary trawl target fisheries would remain at 7.5 percent, whereas in Alternative 3 the allocation would increase to 10 percent. Under Alternative 2

the PSC allocated to the CDQ program as PSQ reserve would also remain at 7.5 percent, and under Alternative 3 the PSC allocation to the CDQ program would increase to 10 percent.

Given that the allocations to the Non-AFA Trawl CP sector, under Alternative 3, would likely cause the participants to harvest their entire allocation, it is more likely that these vessels would be available to harvest CDQ flatfish. In the past these fisheries have remained open for much of the year. Under Alternative 3, the allocations to the Non-AFA Trawl CP sector are expected to be limiting. Once these fisheries that the cooperative(s) or open access components of the Non-AFA Trawl CP sector fish are closed, it is more likely they would want to fish CDQ flatfish allocations. This could benefit the CDQ groups and the vessels that have contracts to harvest that catch. The actual benefits that each entity would generate cannot be estimated given the current information available. However, an estimated aggregate royalty rate of \$65 per metric ton was applied to the entire amount of each primary species allocated to the CDQ program to provide an estimate of the value of each allocation. The additional royalty value of a 10 percent allocation under Alternative 3 is \$355,225. The increased allocation to the CDQ groups could offer opportunities for the CDQ groups to increase their participations in the Amendment 80 target fisheries and realize associated increase in royalties to them for allowing their partners to access CDQ species. However, we anticipate that any increases in the CDQ allocation would contribute a relatively small amount of the total CDQ royalties generated per year. But, these increased allocations also could allow CDQ groups to negotiate additional training opportunities, internships, and employment positions for CDQ community residents, either on board fishing vessels or in the business offices of fishing vessels' managing companies.

In addition to potential increases in the primary target CDQ species, Alternative 3 would increase the CDQ allocations of secondary species (except for Pacific cod) caught incidentally with the primary Amendment 80 target species. Alternative 2 would keep in place the current allocation of 7.5 percent of the secondary species to the CDQ groups. The 2.5 percent increase in CDQ allocations under Alternative 3, for bycatch species, is the same percentage increase as for the Amendment 80 primary species. Historically, non-target (and prohibited species catch) species have been allocated to the CDQ Program at the same level as all other species allocated to the program. Estimating the amount of each bycatch species to allocate to the CDQ Program is a complex exercise that has never been undertaken at a comprehensive level.

Historically, CDQ groups have had adequate PSQ reserves for the fishing strategies used those years. The PSQ catch by the Amendment 80 species show that no non-chinook salmon were taken in these fisheries. It is not expected that chum salmon bycatch is going increase much in these fisheries. The non-chinook salmon PSC allocation under Alternative 2 is 3,150 salmon, whereas under Alternative 3 the allocation would be 4,200 salmon. The amount of crab PSQ that would be needed in the future depends on whether CDQ groups expand their harvests of those species. If those species are more fully utilized by the CDQ groups, the crab bycatch would be expected to increase. Crab PSC allocations for the Zone 1 red king crab for Alternative 2 is 14,775 crabs, 73,500 crabs for Zone 1 *C. bairdi* crab, 222,750 crabs for Zone 2 *C. bairdi*, and 326,250 crabs for *C. opilio*. Under Alternative 3, 19,700 crabs for Zone 1 red king crab is allocated to the Non-AFA Trawl CP sector, 98,000 crabs for Zone 1 *C. bairdi*, 297,000 crabs for Zone 2 *C. bairdi*, and 435,000 crabs for *C. opilio*. The total amount of halibut PSQ mortality used in the CDQ fisheries would be expected to increase if the CDQ groups are successful in increasing their utilization of flatfish allocations such as yellowfin sole and rock sole. The allocation of halibut PSC under Alternative 2 is 343 mt, whereas under Alternative 3 the allocation is 458 mt. Herring bycatch is currently not allocated to the CDQ program and is not being considered under this program. Herring will continue to be managed as it is currently.

### ***Effects on Consumers***

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

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

Some quality improvement could occur as a result of cooperatives, but these vessels already produce high quality products because their catch is processed onboard soon after it is harvested. Any improvements in consumer benefits arising from improved quality are likely to be realized by Asian consumers, as most of the production from this sector is sold into that market.

### ***Effects on environmental/non-use benefits***

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

Under Alternatives 2 and 3, catch of all species of interest will continue to be limited by TAC or PSC limits. These limits should be effectively maintained through the monitoring and management program, perpetuating the current non-use public benefit derived from maintenance of healthy stocks.

NOAA Fisheries will make annual, exclusive cooperative allocations for the five allocated species under Alternatives 2 and 3. The proposed action will require eligible Non-AFA Trawl CP vessels under 125 ft length overall to meet the GRS if they join a cooperative. These measures should have the effect of reducing discards of these species, contributing additional non-use benefits that might arise from productive use of the resource.

If Alternative 3 reduces the harvest of these species below the allowed catch, the unharvested fish will remain in the BSAI ecosystem. This could be considered a benefit to the environment.

### ***Effects on Management, Monitoring, and Enforcement Costs***

To meet these challenges, requirements in addition to the current regulations for this fleet will be needed to be able to manage these sector allocations. NOAA Fisheries is proposing components to the Amendment 80 monitoring program for all alternatives except the status quo. These components are described below.

- All vessels would be required to weigh all catch on NOAA Fisheries-approved scales and provide an observer work station.
- All vessels would be required to weigh all catch on NOAA Fisheries-approved scales and provide an observer work station.
- All hauls would be observed by NOAA Fisheries-certified observers.
- An observer must be able to monitor the flow of fish between the point of exit from the codend to the point where the observer collects unsorted catch.

- Each vessel would be required to submit a Vessel-specific Monitoring Plan to NOAA Fisheries for approval.
- Each vessel would be required to provide the opportunity for a pre-cruise meeting.

All vessels would be required to weigh all catch on NOAA Fisheries-approved scales. Since status quo includes eligible Non-AFA Trawl CP vessels 125 ft or greater length overall and the associated cost of installing flow scales, observer stations, and additional observers, Alternatives 2 and 3 only includes the additional cost incurred from including these additional monitoring requirements for the eligible Non-AFA Trawl CP vessels under 125 ft length overall. The scales would be inspected annually and tested daily when in use to ensure they are accurate. Vessels would also be required to provide an observer work station where an observer can work safely and effectively. The stations would meet specifications for size and location and be equipped with an observer sampling station scale, a table, adequate lighting and running water. Each observer sampling station would be inspected and approved by NOAA Fisheries annually. All hauls would be observed by NOAA Fisheries-certified observers. Additionally, each vessel would be required to carry and use a NOAA Fisheries approved VMS transmitter when fishing at any time. Total costs for scale, sample station, and observer requirements for each vessel less than 125 ft could range between \$182,225 and \$406,725.

In addition to costs borne by the vessels, the increase in the number of observers and its associated increase in the amount of data collected is expected to raise overall annual costs of the North Pacific Groundfish Observer Program (Observer Program). This budgetary increase can be attributed to additional staffing, augmented spending for observer sampling equipment, data entry contracts, and travel associated with inspecting sample stations and approving Vessel-specific Monitoring Plans. The Observer Program estimates increased staffing and costs associated with this action to include 1 full time equivalent staff position and approximately \$120,000 annually.

In general, the performance based monitoring standards proposed are designed to 1) ensure an observer(s) is able to efficiently sample catch for species composition; 2) describe a process for implementing monitoring requirements that is transparent to NOAA Fisheries, the observers, and vessel personnel; 3) ensure observers are able to adequately sample every haul; and 4) decrease the potential for intentional and unintentional bias to be introduced into the observers' sample. Vessels could incur some costs associated with implementing factory layout changes, system installations, or operation changes to meet specific standards. Because vessels would have a wide range of options in developing a Vessel-specific Monitoring Plan, it is impossible to accurately quantify the costs associated with this component of the monitoring plan.

Because monitoring requirements for vessels under 125 ft length overall would include flow scales, observer stations, observation of every haul, and a requirement for all eligible Amendment 80 vessels to operate under an approved Vessel-specific Monitoring Plan; it is possible that some improvements to management precision and accuracy may occur with these additional requirements.

#### ***Effects on Fishing Crew***

Crew participation and compensation in the Amendment 80 fisheries are likely to continue in their current manner, if the status quo management is continued.

Alternatives 2 and 3 are likely to have some minor effect on crew. Fishing can be expected to slow. In addition, some vessels that have historically participated are likely to no longer fish in the Amendment 80 fisheries. Notwithstanding this decrease in vessels in the Amendment 80 fisheries, it is likely that some vessels will leave the North Pacific fisheries entirely while some would continue to fish in other BSAI and GOA fisheries.

Crew compensation could change in some cases. Crews on some vessels that leave the Amendment 80 fisheries are likely to lose some income, if the vessel is unable to make up the loss in revenues in other fisheries. Crew on vessels that remain in the Amendment 80 fisheries could realize an increase in income from increased harvests and revenues in the fishery. Catch increases are likely under each of the two alternatives. Crew on vessels in the Non-AFA Trawl CP sector that participate in the Amendment 80 species could benefit from consolidation of harvests on fewer vessels and possible a minor increase in revenues, if quality improvements are realized.

### ***Effects on Communities***

Due to the large size and diversity of Seattle's economy, community-level impacts would not be likely as a result of implementing these alternatives. Significant benefits to other communities that are home to the Non-AFA Trawl CP fleet are not expected. Vessels located in those communities will continue to generate revenue from those fisheries. Changes in benefits to the community could occur, but the magnitude of the change is expected to be relatively small. Impacts on other communities with ties to catcher vessels cannot be quantitatively, but they are expected to be relatively small based on historic participation.

### ***Effects on Net Benefits to the Nation***

If the current management of the Amendment 79 fisheries were to continue, net benefits to the Nation are likely to remain at their current level.

Net benefits to the Nation will be affected by a few different factors under Alternatives 2 and 3. Production efficiency should increase slightly, as some participants realize moderate improvements in quality of production and the reduced costs associated with removing excess capacity. Alternative 3 could reduce total production, and that would tend to reduce producer surplus generated by harvesting vessels.

Few, in any, benefits of production improvements will be realized by U.S. consumers, as this fleet is likely to continue to primarily serve international markets. Costs of management, monitoring, and enforcement will increase to administer and oversee the cooperative allocations and monitor those vessels under 125 ft length overall that join a cooperative for GRS. These vessels will be required to purchase additional monitoring equipment. Some participants may avoid these costs altogether, if their allocations are fished by other cooperative members. Some additional benefits to the Nation could arise through reduction in bycatch, since the program requires vessels under 125 ft length overall to meet GRS if they join a cooperative. Since discard rates of these species are relatively high compared to other fisheries, these benefits are likely to be fairly modest.

## **Environmental Assessment**

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

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

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

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

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

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

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

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

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

With the possible exception of the BSAI Pacific cod allocation and rationalization programs, the reasonably foreseeable future actions cited above may have negative effects (to some degree) on

the economic performance of Non-AFA Trawl CP sector. The cumulative effects of all actions—past, present, and future—are toward an increasingly restrictive regulatory environment resulting in lower harvests and gross revenues and/or higher operating costs. While some foreseeable future actions may offset these negative effects to some extent, the overall trend points to increasing economic stress for the Non-AFA Trawl CP sector.

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

### **Initial Regulatory Flexibility Analysis**

The directly regulated entities in this action are the companies that own the 26 Non-AFA Trawl CP vessels, the six CDQ groups, and the 65 communities under the CDQ program. Other BSAI trawl vessels may also be impacted by the size of the residual ITAC of the allocated species. However, participation in harvesting these species by other members of the BSAI fleet has been limited in recent years. The harvests of vessels considered a small entity should not be constrained by the alternatives being considered. The 26 Non-AFA Trawl CP vessels are all considered to be large entities based on the \$3.5 million revenue threshold. Some of the individual vessels in the fleet do not harvest \$3.5 million worth of product, but the owners of those boats also own other vessels that when aggregated meet the threshold.

All CDQ groups and CDQ communities are considered to be small entities. The alternatives considered in this amendment would either maintain their current allocation or increase the amount of specific species they are allocated. The royalty value of the proposed increased allocation under Alternative 3 was estimated to be about \$350,000. That is a relatively small increase in the total annual revenues by these groups, but would likely help further the mission of improving the lives of residents of rural Western Alaska.



## Mandatory Data Collection Issues

One of the single-alternative components in Amendment 80 proposes implementing a mandatory economic and socioeconomic data collection program. The exact language of the alternative is presented below.

*"An economic and socioeconomic data collection initiative will be developed and implemented under the Non-AFA Trawl Catcher Processor Cooperative Program. The collection would include cost, revenue, ownership, and employment data on a periodic basis to provide the information necessary to study the impacts of the program. This program will be similar to the data collection program in the BSAI crab rationalization program. Details of the collection will be developed in the analysis of the alternatives."*

Implementing this component as a mandatory data collection program would conflict with the Magnuson-Stevens Act (MSA). The MSA contains data collection restrictions in sections 303(b)(7) and 402, which will prohibit the Council and the Secretary from implementing a mandatory data collection program similar to the one contained in the Crab Rationalization program.

The relevant MSA sections, with the restrictions highlighted, are as follows:

### SEC. 303. CONTENTS OF FISHERY MANAGEMENT PLANS

(b) **DISCRETIONARY PROVISIONS.**--Any fishery management plan which is prepared by any Council, or by the Secretary, with respect to any fishery, may--

(7) require fish processors who first receive fish that are subject to the plan to submit data (other than economic data) which are necessary for the conservation and management of the fishery;

### SEC. 402. INFORMATION COLLECTION

(a) **COUNCIL REQUESTS.**--If a Council determines that additional information (other than information that would disclose proprietary or confidential commercial or financial information regarding fishing operations or fish processing operations) would be beneficial for developing, implementing, or revising a fishery management plan or for determining whether a fishery is in need of management, the Council may request that the Secretary implement an information collection program for the fishery which would provide the types of information (other than information that would disclose proprietary or confidential commercial or financial information regarding fishing operations or fish processing operations) specified by the Council. The Secretary shall undertake such an information collection program if he determines that the need is justified, and shall promulgate regulations to implement the program within 60 days after such determination is made.

The former restriction (Sec 303) applies to the Councils and the Secretary; however, the latter restriction (Sec 402) applies only to information collection programs initiated by a Council.

The restrictions imposed by the MSA on the collection of economic data leave (at least) three potential options that could resolve the conflict between the MSA language and the Council's proposed amendment.

1. Remove the data collection prohibitions. The change could occur either by amending the MSA or by initiating another legislative action that would allow these data to be collected. Both of these changes are outside the authority of the Council and the Council is not allowed to lobby Congress to request these changes. The Crab Rationalization program contained a mandatory data collection program because it was mandated in the bill authorizing that program. Currently no Federal mandate exists to implement a mandatory economic data collection program under Amendment 80.
2. Implement the data collection program on a voluntary basis. The Council and NOAA Fisheries have discussed implementing voluntary data collection programs in the past. These programs have not been successful. Members of the fishing industry have expressed various concerns over participating in such a program. Those concerns typically include uncertainty regarding how the data will be used, uncertainty regarding who will participate in the program, the agencies ability to ensure the accuracy of the data collected, and the agencies ability to protect the data from unintended uses.
3. Eliminate the data collection requirement from Amendment 80. If the component is eliminated, information in the five-year quantitative analysis will be limited to existing data collection programs, which gather information on harvests, production, revenue, and limited employment data. These data are not sufficiently comprehensive enough to analyze the economic and socioeconomic impacts of the program that appear to be requested in the proposed review of the program.

**Groundfish Forum**

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May 25, 2005

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

**RE: Agenda Item C-7, Amendment 80 Initial Review**

Dear Madam Chair,

This letter is on behalf of the members of Groundfish Forum, representing over 90% of the capacity of the non-AFA trawl catcher-processor sector (the 'H&G' sector) in the BSAI. This is the sector which will be rationalized under Amendment 80 to the BSAI FMP.

The primary purpose of Amendment 80 is to provide the non-AFA trawl CP fleet with the tools needed to meet the groundfish retention standard which is mandated by Amendment 79. As demonstrated by previous rationalization programs, ending the 'race for fish' allows vessels to employ more selective fishing techniques and to utilize more of what is caught. The ability to co-op allows for maximum harvesting efficiency with minimum discard.

**Catch history calculation (Component 3)**

While recognizing the need to rationalize this fleet, the Council has also indicated that it does not necessarily intend to allocate all of the primary target species (flatfish, rockfish and Atka mackerel) to the non-AFA trawl CP sector. In addition to allowing for incidental catch by other sectors, this motion contains options to reserve some part of the directed fishery for other trawl sectors. We believe that this unprecedented and unwarranted action is inappropriate given that the fisheries in question are fully harvested by our sector. However, should the Council take this step we offer the following suggestions to best meet the intent of rationalization and yet allow other sectors, which do not depend on or participate in these fisheries, access to them in the future.

The initial allocation formula (Component 3) determines how much of each species will be allocated to the H&G sector, and how much will remain unallocated. Of the three options, only total catch over total catch and retained catch over retained catch reflect the actual historic use of these fish. The first allocates based on how the fish are caught, the second on how the fish are used. The third option (retained over total) allocates only retained catch to the H&G sector, as a function of the total catch of all sectors including their discards. This skews the allocation away from the fleet which is most dependent on

these species, and makes it available to vessels which to not harvest or retain them at the same rate as the H&G sector. We recommend eliminating this option from the motion now as it is not a reasonable choice for the final action.

Whichever of the two remaining allocation formulas is used, a 'rollover' provision will help maximize the harvest of these species. As pointed out in the analysis, *the rollover must include both the target species and the PSC necessary to harvest them or it will have no effect*. This suboption should read:

Target Species Rollover: Any unharvested portion of the Amendment 80 target species in the limited access fishery that is projected to remain unused, (by a specific date, say August 1 or September 1) shall be rolled over to the Amendment 80 sector *along with an amount of each PSC species as determined in Component 6*.

Thus crafted, Component 3 works with the Yellowfin Sole threshold developed in Component 13 to both accommodate current participation and provide other sectors with access to yellowfin sole when the TAC is adequate.

#### **Yellowfin sole threshold (Component 13)**

As stated above, the species contained in this action are fully harvested at this time. High pollock TACs have forced other quotas down, to the point that in the past two years the yellowfin sole fishery, which has traditionally been the mainstay of the H&G fleet and carried it through the fall months, has closed on TAC in the first half of the year. The TAC is not sufficient for the needs of the H&G fleet, and certainly cannot support additional effort by other sectors when it is so constrained.

In the future, as pollock TACs drop and quotas for other species are able to increase, there may be a point at which there is sufficient fish to accommodate increased effort by other sectors. The threshold formula (Component 13) is the mechanism by which this can occur. As the TAC of yellowfin sole rises, it reaches a trigger (or threshold) amount above which a disproportionately high amount is left unallocated, and available to other sectors. The threshold amount must be chosen so as to allow the H&G fleet to maximize its harvesting ability, while still creating opportunities for other sectors as pollock TACs are reduced. The first two threshold options (80,000 and 100,000 tons) do not achieve the first requirement, because they are below historical harvest amounts. While we do not know yet what the upper end of the fleet's ability is, we know that it is higher than either of these two numbers. They should be removed from the package now.

The combination of an allocation mechanism (from Component 3) which reflects current usage and the selection of an option from Component 13 which allows the H&G sector to maximize the benefits of rationalization would be a reasonable approach.

### **Prohibited species options (Component 6)**

Option 6.1 contains two alternatives for allocating PSC to the non-AFA trawl CP sector. The first (6.1.1) allocates based on historical usage of PSC. The second (6.1.2) allocates by the same method used for target history in Component 3.

We have already explained why we believe that option 3.4 (retained catch over total catch) is unreasonable for allocating target species, and it is equally unreasonable for allocating PSC.

We believe that both total catch over total catch (option 3.1) and retained catch over retained catch (option 3.2) should be left in for continued analysis, since both reflect an aspect of how the fish is currently used. However, *when allocating PSC, the only formula that works is retained target catch over retained target catch*. 'Total catch' includes fish which are caught incidentally in other targets; those other target fisheries already have an allocation of PSC. No more is needed to cover the incidental catch. This is the identical situation addressed in Pacific cod sector allocations for the H&G fleet, when the Council noted that the Pacific cod caught incidentally in other fisheries does not need its own PSC.

'Retained catch' may include incidental catch as well, as when vessels targeting Pacific cod or pollock retain rock sole and yellowfin sole. This catch should not be included when calculating PSC allocations, as the PSC used to harvest it is accounted for in the target fishery.

The motion contains options (Component 6, option 6.3) which would reduce the amount of PSC allocated to the H&G fleet. It is possible that with rationalization the fisheries can be fully prosecuted with less PSC than is needed under the current race for fish, but there is no way to pre-suppose what amount will actually be needed. Further, there is no biological concern with the current levels of PSC, which were carefully chosen and are closely monitored to have a negligible effect on the stocks. What purpose is served by arbitrarily lowering these caps without knowing what impact it will have on the harvest of target species? We recommend moving this action to a trailing amendment, to be reconsidered after rationalization has been in effect long enough to determine if any reduction is warranted or necessary.

### **Allocations of groundfish and PSC within the non-AFA trawl CP sector (Component 9)**

Within the non-AFA trawl CP sector there are actually two decision points in Component 9, one regarding allocation of PSC and the other regarding apportionment of catch history between coop and non-coop vessels. The sector may choose to have NMFS allocate total catch history for the coop and non-coop pools, while it may be more appropriate to award PSC based on the vessels' retained target catch. We recommend adding two sub-options to Component 9, options 1 and 2: one for groundfish and one for PSC. Thus, Component 9 would read:

- Option 9.1            Catch history is based on total catch
  - Suboption 9.1.1      For groundfish
  - Suboption 9.1.2      For PSC
- Option 9.2            Catch history is based on retained catch
  - Suboption 9.2.1      For groundfish
  - Suboption 9.2.2      For PSC

**Catch history used for establishing cooperative allocations (Component 10)**

Component 10 will be the subject of continued negotiations within our sector over the summer. We hope that by the October Council meeting we will be able to return with a consensus for final action.

**Data collection program**

The motion states that a data collection initiative will be developed and implemented as part of Amendment 80. We fully support this. However, it goes on to stipulate that 'this program will be similar to the data collection program *in the BSAI crab rationalization program.*' This should instead read 'this program will be similar to the data collection program *in the American Fisheries Act.*'

Thank you for the opportunity to comment on Amendment 80. Rationalization of the non-AFA trawl CP sector is vitally important to us, in that it gives us the ability to further reduce discards and increase retention. It is equally important that rationalization be done in a way that is fair and equitable, reflecting the true history and dependence of the sectors and vessels which are affected by this program. We remain committed to working with the Council to expedite completion and implementation of Amendment 80.

Sincerely,



T. Edward Luttrell  
Executive Director

Julie Bonney  
C-7

For the Amendment 80 qualified Non-AFA CPs with valid, transferable GOA LLPs with appropriate area endorsements:

1) Halibut PSC:

For each target species in the Deep and shallow water complexes (similar to Table 36 in the CGOA rockfish analysis):

- a. Actual halibut PSC usage by quarter by area by the years defined in component 4.
  - b. GOA Halibut PSC as a percent of groundfish target catch by quarter by area by the years defined in component 4.
- 2) Only vessels associated LLPs that have gulfwide weekly participation in the flatfish fisheries over the threshold during qualifying period (# of weeks) would be eligible to participate in the GOA.
- 3) Fisheries that close on TAC (POP, PSR, NR and Pacific cod): retained harvests by Gulf area for each of the qualifying years expressed as a percentage of both retained and total catch (similar to tables 3-60 thru 3-62 in the Amendment 80 analysis).

Ed Lyttell  
Lori Swanson

**Groundfish Forum testimony to the NPFMC**  
**BSAI Amendment 80**  
*June 7, 2005*

1. **Release the document for public review, as recommended by the Advisory Panel.**  
The Council still has the option of postponing final action in October if it chooses.

2. Component 6 (PSC).

**Specify under 6.1.2 that percentages are calculated on the basis of “catch of target species in the directed fishery.”** This assures that PSC is not allocated for incidental catch, such as Pacific cod in the yellowfin sole fishery or rock sole in the pollock fishery.

**Include an allocation of PSC to the non-AFA trawl CP sector for fisheries other than the five allocated targets and Pacific cod (Alaska Plaice, arrowtooth flounder, etc.)** Staff has indicated that this sector has landings in other target fisheries which are not included in the current suite of options.

3. Component 7.

**Approve the AP’s language for this section.** The AP clarified the definition of vessels which qualify to fish in the non-AFA trawl CP sector. The language mirrors that of the Congressional buyback program.

4. Component 8.

**Retain the language in the existing motion.** The existing language specifies how many of the qualifying participants are needed to form a co-op. The AP action on this component opens the door for non-qualified licenses (the 4 licenses shown on page 101 of the analysis) to vote on co-op formation. Options 8a.2 and 8a.3 extend the years for licenses to qualify beyond the years for vessels to qualify. Under these options, licenses that don’t qualify to *fish* still qualify to *vote on co-op formation*. This is an attempt to skew the process of co-op formation. Option 8b.5 makes this distinction clear. There is no need to retain these options for analysis, since the result is already clear: licenses which did not qualify under Component 7 are given voting power in co-op formation.

**Giving non-qualified licenses voting power in co-op formation is contrary to the Problem Statement.** The Problem Statement says that “Focusing on reduction of bycatch and the *attendant benefits of cooperatives in meeting bycatch reduction objectives* is an initial step towards rationalization of the BSAI groundfish fisheries.” It further states that “Allocations to this sector associated with *cooperative management of catch and bycatch* provide the opportunity for participants in this sector to *mitigate the cost*, to some degree, associated with bycatch reduction.” (emphasis added) The owners of non-qualified licenses would be able to force concessions from the owners of qualified licenses who wish to co-op. This increases the costs and reduces the benefits of cooperatives for participants in this sector to meet bycatch reduction objectives, in direct contradiction of the Problem Statement language.