

Discussion Paper: BSAI Pacific Cod Pot Catcher/Processor

September 13, 2019¹

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1 Introduction

At the December 2018 meeting, the Council tasked staff to prepare a discussion paper to evaluate participation and effort in the Bering Sea (BS) Pacific cod catcher/processor (C/P) fishery in response to a potential need to limit entry and participation in the Pacific cod pot C/P sector². Pot C/P vessels fishing for Pacific cod in the BS and AI are required to have a License Limitation Program (LLP) license that is endorsed for fishing Pacific cod by gear type, operational type, and area. Provided below is information on LLP licenses and their endorsements and the fishing activity of the licenses with BS Pacific cod pot C/P endorsements. Also included in the discussion paper is pot C/P activity in the BSAI Pacific cod fishery. The last section of the discussion paper provides a brief discussion on development of a purpose and need statement and different elements the Council may consider in addressing latent BS pot C/P endorsed LLP licenses.

2 Background

2.1 Activity of LLP licenses with pot C/P endorsements

A vessel participating in groundfish fisheries in federal waters in the BSAI or GOA is required to have an LLP license with the applicable area, gear, and operation type endorsements, and a sufficient maximum length overall (MLOA).³ In the hook-and-line (HAL) and pot gear Pacific cod fisheries in the BSAI, an additional gear specific/operational endorsement applies to LLP licenses. In 2019, there were a total of eight LLP licenses with a BS Pacific cod pot C/P endorsement (Table 2-1). Of those eight LLP licenses, five LLP licenses had an AI endorsement, three LLP licenses had a BS Pacific cod HAL C/P endorsement, and three LLP licenses had an AI Pacific cod HAL C/P endorsement. One LLP license also had BS and AI HAL catcher vessel endorsement and two LLP licenses also had endorsements for Pacific cod in the Central GOA and Western GOA.

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² <http://meetings.npfmc.org/CommentReview/DownloadFile?p=39504ae2-86c5-4f52-8e76-7780389335da.pdf&fileName=E1%20MOTION%20Pot%20Cod%20CP.pdf>

³ A few exceptions to the requirement for an LLP license allow some fishing without an LLP. A person fishing exclusive in state waters (i.e., inside 3 nm) is not required to have an LLP. Jig vessels do not need an LLP license in the BSAI if they are < 60 feet LOA and are using no more than five jig machines, one line per machine, and 15 hooks per line. In addition, vessels of 26 feet or less LOA in the GOA and vessels of 32 feet or less LOA in the BSAI are not required to have an LLP license.

Table 2-1 LLP licenses with BS Pacific cod pot C/P endorsement by area endorsements

Endorsements	LLP licenses								Total endorsements
	LLP1	LLP2*	LLP3	LLP4	LLP5	LLP6	LLP7	LLP8	
AI C/P PCOD POT	1	1	0	1	1	1	0	0	5
BS C/P PCOD POT	1	1	1	1	1	1	1	1	8
AI C/P PCOD HAL	1	0	0	0	1	1	0	0	3
BS C/P PCOD HAL	1	0	0	0	1	1	0	0	3
CG C/P PCOD POT	0	0	0	0	0	0	1	0	1
CG C/P PCOD HAL	1	0	0	0	0	0	0	0	1
WG C/P PCOD HAL	1	0	0	0	0	1	0	0	2
WG C/P PCOD POT	0	0	0	0	0	1	0	0	1

Source: AKFIN, August 2019; File is CP_Pot_LLP_Endo(8-26-19)

* This LLP license also has BS CV HAL and AI CV HAL endorsements

The next series of tables show annual landing activity for the eight LLP licenses with a BS Pacific cod pot C/P endorsement by area and gear endorsement. Looking first at Table 2-2, four of the eight LLP licenses with a BS Pacific cod pot C/P endorsement had limited activity in the BS Pacific cod fishery relatively to the other four LLP licenses with a BS Pacific cod pot C/P endorsement. Three of those four latent LLP licenses in the BS Pacific cod pot C/P fishery had no landings of BS Pacific cod in the pot C/P fishery since 2005. The other LLP license last made a BS Pacific cod pot C/P landing in 2012 and made a landing in the fishery three out of the last 15 years. The remaining four LLP licenses have consistently had BS Pacific cod pot C/P landings for several years, and all four LLP licenses had a BS Pacific cod pot C/P landing in 2019. Two of the four LLP licenses had a BS Pacific cod pot C/P landing every year since 2006, while the other two LLP licenses had BS Pacific cod pot C/P landing every year since 2014.

Table 2-2 BS Pacific cod pot C/P landing activity for LLP licenses with a BS Pacific cod pot C/P endorsement

Gear	Year	LLP1	LLP2	LLP3	LLP4	LLP5	LLP6	LLP7	LLP8
Pot	2005								X
	2006		X				X		X
	2007		X	X					X
	2008		X						X
	2009		X						X
	2010		X				X		X
	2011		X	X			X		X
	2012		X	X	X		X		X
	2013		X				X		X
	2014		X		X		X		X
	2015		X		X		X		X
	2016		X		X		X		X
	2017		X		X		X		X
	2018		X		X		X		X
	2019		X		X		X		X

Source: AKFIN August 28, 2019; CP-Pot_LLP_Activity(8-26-19)

Table 2-3 provides AI Pacific cod pot C/P landing activity for those LLP licenses with a BS Pacific cod pot C/P endorsement from 2005 through 2019. Three of these LLP licenses are without an AI Pacific cod pot C/P endorsement, as highlighted in grey. Of the LLP licenses with a AI Pacific cod pot C/P endorsement, landings in the AI Pacific cod pot C/P fishery have been limited. One LLP license, LLP3,

had AI Pacific cod pot C/P landings from 2006 through 2011 but did not have an AI Pacific cod pot C/P endorsement on the LLP license. This Pacific cod fishing activity occurred in the AI Pacific cod parallel fishery, which, prior to 2012, did not require Federally permitted vessels to have an LLP license or the correct endorsements to participate in the parallel fishery. In 2012, NMFS implemented regulations to limit access of Federally permitted pot and HAL C/Ps in the Pacific cod parallel fishery in State waters in the BS and AI.

Table 2-3 AI Pacific cod pot C/P activity from LLP licenses with a BS Pacific cod pot C/P endorsement

Gear	Year	LLP1	LLP2	LLP3	LLP4	LLP5	LLP6	LLP7	LLP8
Pot	2005								
	2006			X					
	2007			X					
	2008			X					
	2009		X	X					
	2010			X		X			
	2011			X					
	2012								
	2013								
	2014								
	2015								
	2016								
	2017								
	2018						X		
	2019								

Source: AKFIN August 28, 2019; CP-Pot_LLP_Activity(8-26-19)
 Greyed cells signify no endorsement

Table 2-4 shows BS Pacific cod HAL C/P landing activity for LLP licenses with a BS Pacific cod pot C/P endorsement from 2005 through 2019. Three LLP licenses with a BS Pacific cod pot C/P endorsement (LLP1, LLP5, and LLP6) had a BS Pacific cod HAL C/P endorsement. Two of the three LLP licenses with a BS Pacific cod HAL C/P endorsement (LLP1 and LLP5) had a BS Pacific cod HAL C/P landing almost every year but had no BS Pacific cod pot C/P landings from 2005 through 2019 as seen in Table 2-2. The remaining LLP license with a BS Pacific cod HAL C/P endorsement had landings in the BS Pacific cod HAL C/P fishery from 2005 through 2012.

Table 2-4 BS Pacific cod HAL C/P activity from LLP licenses with a BS Pacific cod pot C/P endorsement

Gear	Year	LLP1	LLP2	LLP3	LLP4	LLP5	LLP6	LLP7	LLP8
HAL	2005	X				X	X		
	2006	X				X	X		
	2007	X				X	X		
	2008	X				X	X		
	2009	X				X	X		
	2010	X				X	X		
	2011	X				X	X		
	2012	X				X	X		
	2013	X							
	2014	X							
	2015	X				X			
	2016	X				X			
	2017	X				X			
	2018					X			
	2019								

Source: AKFIN August 28, 2019; CP-Pot_LLP_Activity(8-26-19)
 Greyed cells signify no endorsement

Table 2-5 shows the AI Pacific cod HAL C/P landing activity for LLP licenses with a BS Pacific cod pot C/P endorsement from 2005 through 2019. Of the eight LLP licenses with a BS Pacific cod pot C/P endorsement, only three LLP licenses (LLP1, LLP5, and LLP6) have an AI Pacific cod HAL C/P endorsement, and only two of those LLP licenses (LLP1 and LLP5) had AI Pacific cod HAL C/P landings during the 2005 through 2019 period.

Table 2-5 AI Pacific cod HAL C/P activity from LLP licenses with a BS Pacific cod pot C/P endorsement

Gear	Year	LLP1	LLP2	LLP3	LLP4	LLP5	LLP6	LLP7	LLP8
HAL	2005	X							
	2006	X				X			
	2007	X				X			
	2008	X				X			
	2009	X				X			
	2010	X				X			
	2011					X			
	2012	X							
	2013	X							
	2014								
	2015	X							
	2016								
	2017								
	2018						X		
	2019								

Source: AKFIN August 28, 2019; CP-Pot_LLP_Activity(8-26-19)
 Greyed cells signify no endorsement

In summary, it appears that four of the eight LLP licenses (LLP1, LLP3, LLP 5, and LLP 7) with BS Pacific cod pot C/P endorsements are latent in the BS pot C/P fishery, but two of these LLP licenses have other Pacific cod HAL and pot gear BS and AI endorsements which are utilized (Table 2-6). The two

remaining latent LLP licenses do not have BS or AI Pacific cod HAL and pot gear C/P endorsements, so there is no landing activity in the other BS or AI HAL and pot gear C/P fisheries for these LLP licenses.

Table 2-6 Summary of Pacific cod landing activity by LLP licenses with BS Pacific cod pot C/P endorsement

LLP license	Landing activity in BS Pacific cod pot C/P fishery	Landing activity in other BS or AI HAL and pot -gear C/P fisheries
Latent LLP licenses with BS Pacific cod pot C/P endorsement		
LLP1	No landing activity since 2005	Active landings in BS and AI Pacific cod HAL C/P fishery
LLP3	Last landing active in 2012	Does not have BS or AI Pacific cod HAL and pot C/P endorsement so no landing activity in these fisheries
LLP5	No landing activity since 2005	Active landing in BS and AI HAL C/P fishery
LLP7	No landing activity since 2005	Does not have BS or AI Pacific cod HAL and pot gear C/P endorsement, so no activity landings in these fisheries
Non-latent LLP licenses with BS Pacific cod pot C/P endorsement		
LLP2	Landing activity consistent since 2006	Landing activity in 2009 using pot C/P endorsement in AI, otherwise no BS or AI Pacific cod HAL endorsement, so landing activity in these fisheries
LLP4	Landing activity consistent since 2014	No landing activity in AI using pot C/P endorsement, otherwise no BS or AI HAL C/P endorsement so no landing activity in these fisheries
LLP6	Landing activity consistent since 2010	Active landings in BS HAL C/P fishery, but no landing activity in the AI pot C/P fishery or the AI HAL C/P fishery
LLP8	Landing activity consistent since 2005	Does not have BS or AI Pacific cod HAL and pot C/P endorsement so no landing activity in these fisheries

2.2 BSAI Pacific cod pot C/P activity

The pot C/P sector is allocated 1.5 percent of the BSAI Pacific cod non-CDQ TAC. As noted in Table 2-7, the sector on average harvested 106 percent of their initial allocation⁴ from 2005 to 2007, and 149 percent since implementation of Amendment 85 in 2008. Reallocation amounts have ranged from none in 2011 and 2018 to a high of 3,500 mt in 2015. Including the reallocated Pacific cod, the sector on average has harvested all their final allocation of Pacific cod on an annual basis.

In the Federal BSAI Pacific cod target fishery, the number of participating pot C/Ps has remained fairly consistent since implementation of Amendment 85 (Table 2-7). Overall, vessel numbers in the Federal BSAI Pacific cod target fishery have ranged from a low of two C/Ps in 2005 to a high of 6 C/Ps in 2008. Nearly all the sector's allocation is harvested in the BS except in 2008, when the sector harvested more Pacific cod in the AI. The pot C/P sector only targets Pacific cod, they do not catch Pacific cod as incidental catch in other groundfish fisheries. Fishing activity in other BSAI Pacific cod fisheries (i.e., State managed guideline harvest level (GHL) and CDQ)) for the sector is very limited since the BS GHL fishery is restricted to pot vessels less than or equal to 58 feet. There were between one to four pot C/Ps participating in the AI State managed GHL fishery from 2008 through 2011 and one C/P in 2018. In the CDQ fishery, one to two pot C/Ps participated for most years.

Overall the pot C/P sector has remained relatively stable during the 2008 through 2018 period. In general, four to five pot C/Ps are active in the BSAI Pacific cod fishery annually, harvesting all their initial allocation and generally all the Pacific cod reallocated to the sector later in the fishing year. Season length has generally remained consistent since implementation of Amendment 85 but does close prior to the regulatory closure date for both A and B seasons. Finally, the value of the BSAI Pacific cod fishery for the sector relative to the total gross revenue for all fisheries for the sector has remained relatively stable throughout the 2005 through 2017 period.

⁴ A portion of the initial allocation for the HAL and pot gear sectors is used for the HAL/pot incidental catch allowance, so the initial allocation utilized in this report includes the ICA allowance.

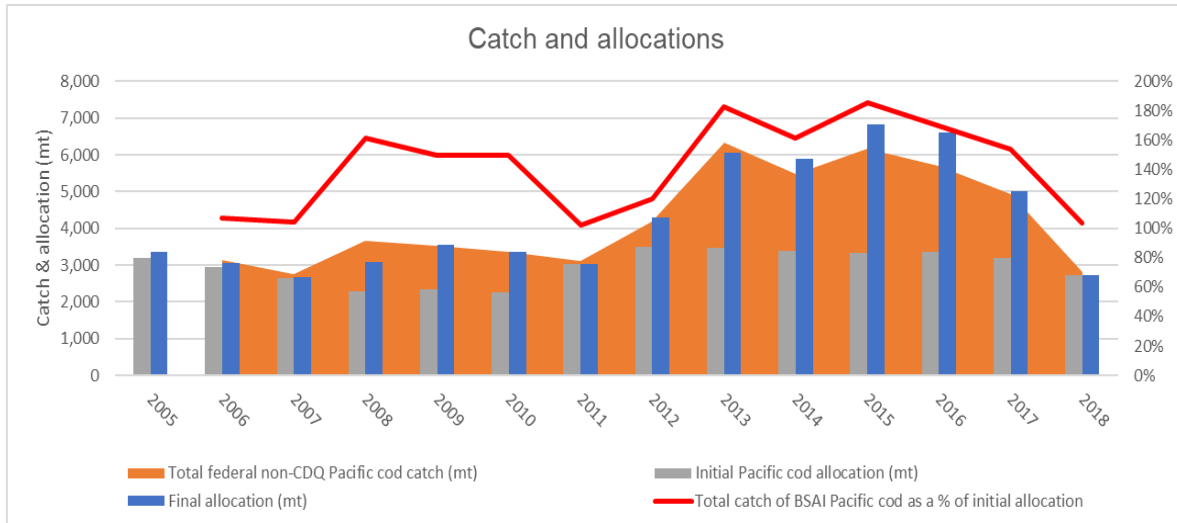
Table 2-7 Pot C/P sector BSAI Pacific cod allocations, vessel count, and catch data from 2005 through 2018

	Year	Initial allocation (mt)	Final allocation (mt)	Reallocations (mt)	Final allocation as a % of initial allocation	Vessel count for target fishery	Vessel count for all Pacific cod catch	Non-CDQ Pacific cod federal target catch (mt)	Total federal non-CDQ Pacific cod catch (mt)	Total catch of BSAI Pacific cod as a % of initial allocation	Total Pacific cod catch as a % of final allocation	GHL total catch (mt)	Vessel count in GHL fisheries	CDQ Pacific cod total catch (mt)	Vessel count in the Pacific cod CDQ fishery
Pot CP	2005	3,190	3,352	162	105%	2	2	*	*	*	*	-	-	-	-
	2006	2,938	3,053	115	104%	4	4	3,148	3,148	107%	103%	-	-	*	1
	2007	2,641	2,668	27	101%	3	3	2,755	2,755	104%	103%	-	-	*	1
	2008	2,274	3,089	815	136%	6	6	3,671	3,671	161%	119%	912	4	-	-
	2009	2,352	3,550	1,198	151%	4	4	3,513	3,513	149%	99%	*	2	-	-
	2010	2,248	3,350	1,102	149%	5	5	3,358	3,358	149%	100%	1,753	3	-	-
	2011	3,041	3,041	0	100%	4	4	3,098	3,098	102%	102%	*	1	-	-
	2012	3,484	4,284	800	123%	5	5	4,173	4,173	120%	97%	-	-	*	2
	2013	3,470	6,070	2,600	175%	3	3	6,332	6,332	182%	104%	-	-	*	1
	2014	3,389	5,889	2,500	174%	4	4	5,477	5,477	162%	93%	-	-	*	2
	2015	3,329	6,829	3,500	205%	4	4	6,166	6,166	185%	90%	-	-	*	2
	2016	3,357	6,607	3,250	197%	4	4	5,698	5,698	170%	86%	-	-	*	2
	2017	3,194	4,999	1,805	157%	4	5	4,921	4,921	154%	98%	-	-	*	1
	2018	2,720	2,720	0	100%	5	5	2,810	2,810	103%	103%	*	1	1,295	3

Source: AKFIN, May 2019

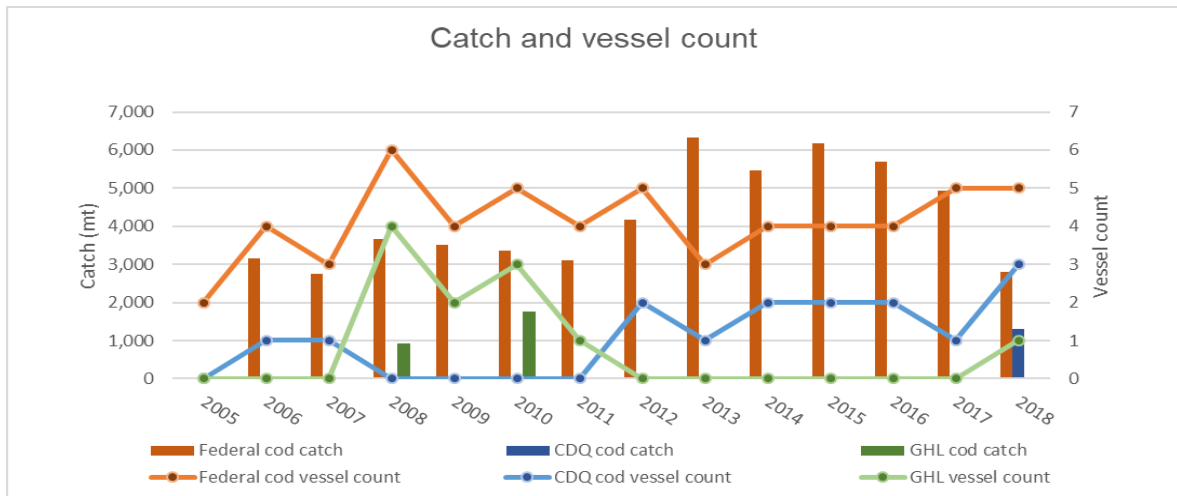
Table originates from Excel file 'Tables and Figures for BSAI Cod Allocation Review June 2019'

* Denotes confidential data



Source: AKFIN, May 2019
 Figure originates from Excel file 'Tables and Figures for BSAI Cod Allocation Review June 2019'

Figure 2-1 BSAI Pacific cod catch and allocations for the pot C/P sector from 2005 through 2018



Source: AKFIN, May 2019
 Figure originates from Excel file 'Tables and Figures for BSAI Cod Allocation Review June 2019'
 Some CDQ and GHL catch data is masked to protect confidential data

Figure 2-2 BSAI Pacific cod catch and vessel count for the pot C/P sector from 2005 through 2018

3 Possible Solutions

Developing a purpose and need statement

As with most actions, the first step in defining appropriate alternatives is the development of a clear purpose and need statement. In this case, the purpose of this action would be to remove the potential for latent capacity to enter the fishery. The purpose and need statement should go beyond a simple statement of the need to remove latent capacity, to better define the scale of the problem of this latent capacity and the specific need that would be addressed by the action. For example, the purpose could be simply to remove the BS Pacific cod pot C/P endorsements that have shown no or very minimal activity to ensure that re-entry in the BS Pacific cod fishery does not occur in an already fully utilized fishery.

Alternatively, the action could impose more rigid standards to ensure those that have regular dependence on the BSAI Pacific cod pot C/P fishery are not impinged by license holders that sporadically participate in the fishery. The purpose and need statement should provide some guidance for defining the level of specificity in the action. For example, a general concern that latent licenses could reenter the BSAI Pacific cod pot C/P fishery would suggest that the action could remove the latent BS Pacific cod pot C/P endorsement using broad and general criteria (i.e., BS Pacific cod pot C/P endorsement with less than a certain number of landings would be voided). Some provisions that could be included in a purpose and need statement are:

- BSAI Pacific cod pot C/P fishery is fully utilized
- Current participants have long term investments and dependence on the fisheries
- Potential reentry of a latent license to the BSAI Pacific cod pot C/P fishery could disrupt stability, harm investments, and interfere with expectations

In Amendment 86 to the GOA Groundfish Fishery Management Plan, the Council relied on the following problem statement for removing latent capacity by adding a Pacific cod endorsement on licenses issued under the LLP in specific management areas if those licenses have been used on vessels that met minimum recent landing requirements using non-trawl gear:

Western GOA and Central GOA Pacific cod fisheries are subject to intense competition, particularly during the A season, when fish are aggregated and of highest value. Competition among fixed gear participants in the Western GOA and Central GOA Pacific cod fisheries has increased for a variety of reasons, including increased market value of Pacific cod products, a declining ABC/TAC, increased participation by harvesters displaced from other fisheries and introduction of capital that has been accrued from participation in rationalized fisheries. Additionally, fishery policies have created incentives that encourage non-traditional efficiency improvements for the less than 60 ft LOA vessel class. The possible future entry of latent effort and disproportionate vessel efficiency would have detrimental effects on LLP holders that have exhibited participation in, and dependence on, the fixed gear Pacific cod fisheries. Many fixed gear vessel owners have made significant investments, have long catch histories, and are dependent on the Western GOA and Central GOA Pacific cod resources. These long-term participants need protection from those who have little or no recent history and who have the ability to increase their participation in the Pacific cod fisheries. At the same time, retaining Federal waters opportunities for small community quota eligible (CQE) communities dependent on access to a range of fishery resources and expanding opportunities in Federal waters for small capacity jig operations is valued to promote community protections at a level that imposes minimal impact on historic catch shares of recent participants.

The intent of the proposed amendment is to prevent the future entry or re-entry of latent fixed gear groundfish fishing capacity that has not been utilized in recent years into the Pacific cod fisheries, and to preserve the traditional vessel operational efficiencies within the fisheries. This requires prompt action to promote stability in the fixed gear sectors of the GOA Pacific cod fisheries and is expected to be implemented concurrently with the division of GOA Pacific cod among sectors which is currently under consideration. However, this action cannot address continued growth in the waters managed by the State of Alaska.

In another example of a problem statement, GOA Amendment 82/BSAI Amendment 92 removed latent LLP licenses that had not more than at least two landings using trawl gear between the years 2000 and 2006 in a particular endorsement area by removing that area from the LLP license.

Trawl catcher vessel eligibility is a conflicting problem among the Bering Sea, Gulf of Alaska, and Aleutian Islands. In the Bering Sea and Gulf of Alaska, there are too many latent licenses, and in the Aleutian Islands there are not enough licenses available for trawl catcher vessels.

In the Bering Sea and Aleutian Island (BSAI), and the Gulf of Alaska (GOA), the trawl catcher vessel groundfish fisheries in the BSAI and trawl vessel groundfish fisheries in the GOA are fully utilized. In addition, the existence of latent licenses may exacerbate the disadvantages to GOA dependent CVs resulting from a lack of comprehensive rationalization in the GOA. Competition for these resources is likely to increase as a result of a number of factors, including Council actions to rationalize other fisheries, favorable current

market prices, and a potential for TAC changes in future years. Trawl vessel owners who have made significant investments, have long catch histories, and are dependent upon BSAI and GOA groundfish resources need protection from others who have little or no recent history, and with the ability to increase their participation in the fisheries. This requires prompt action to promote stability in the trawl catcher vessel sector in the BSAI, and trawl vessel sector in the GOA, until comprehensive rationalization is completed.

In the Aleutian Islands, previous Congressional and Council actions reflect a policy encouraging economic development of Adak. The opportunity for non-AFA CVs to build catch history in the AI was limited until markets developed in Adak. The analysis indicates that there are only six non-AFA CV trawl AI endorsed LLPs. The Congressional action to allocate AI pollock to the Aleut Corporation for the purpose of economic development of Adak requires that 50% of the AI pollock eventually be harvested by <60' vessels. The Council action under Am. 80, to allocate a portion of AI Pacific ocean perch and Atka mackerel to the limited access fleet, does not modify AFA CV sideboard restrictions, thus, participation is effectively limited to non-AFA vessels with AI CV trawl LLP endorsements. A mechanism is needed to help facilitate the development of a resident fishing fleet that can fish in both State and Federal waters. The Council will consider different criteria for the CV eligibility in the AI.

Alternatives to analyze

In developing an action to remove latent capacity from the Alaska fisheries, the Council has typically specified a period of years during which participants would need to meet specific participation thresholds to retain eligibility. A few factors have typically influenced the development of qualifying year options. Actions to remove latent capacity are often based on dependence on the fisheries. Dependence is often best reflected by regular participation across a period of years. Years are defined to include both historical and recent participation. Historical participation is viewed as a reflection of dependence, while recent participation is a reflection of current activity.

To remove latent capacity from the BS Pacific cod pot C/P fishery, the Council will need to specify appropriate catch or participation thresholds, which must be met to maintain eligibility to participate. The original LLP thresholds were specified as landing requirements (with requirements of one landing in each of one or two calendar years). The thresholds for HAL and pot gear Pacific cod endorsements in the BSAI were catch thresholds, which required a vessel to meet a specific retained catch threshold in each of one or two calendar years. Annual catch thresholds in that action ranged from 7.5 mt to 270 mt.

In considering the application of catch thresholds, the Council could specify whether those thresholds should be based on total catch (including incidental Pacific cod) or only target catch. For purposes of this discussion paper, target catch was utilized to determine LLP license activity. The Council could also consider the catch that can be applied to meet qualifications. Clearly, catch in the federal fisheries should apply toward meeting the threshold. The Council could also allow parallel fishery catch and State managed fishery catch to apply toward the threshold. Since the parallel fishery is prosecuted simultaneously with the federal fishery, some vessels likely participate in both fisheries during the course of a season. This interaction could be argued to justify consideration of parallel fishery catch for qualification. The State managed fishery is prosecuted independently from the federal fisheries based on its own guideline harvest level. As a result, inclusion of this catch in defining participation thresholds could be viewed as less appropriate. A possible rationale for inclusion of State managed catch is that the vessels participating in those fisheries also participate in the federal fisheries.

4 References

NPFMC. (2019). BSAI Pacific Cod Allocation Review. Anchorage, AK.

NPFMC. (2019). Gulf of Alaska Groundfish Fishery Management Plan, Amendment Action Summaries. Anchorage, AK.