

North Pacific Fishery Management Council

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COMPREHENSIVE RATIONALIZATION PLANNING

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North Pacific Fishery Management Council Considers Crab/Groundfish Limited Entry Alternatives at September Meeting

The Council is issuing this newsletter, specific to the issue of comprehensive planning, as a supplement to the general newsletter issued last week. The purpose is to summarize Council actions in September on the groundfish and crab fisheries in the North Pacific. The main alternatives to the status quo include Individual Fishing Quotas (IFQs) and License Limitation.

Summary of the Program to Date

The Council has spent considerable time at each meeting over the past year working on the specifics of the Comprehensive Rationalization Plan. At the September 1993 meeting they again heard staff reports, took public testimony from industry representatives, and tackled the difficult task of refining the provisions of the program. With a Council decision scheduled for mid-1994, the Council is approaching the point of finalizing the alternatives for formal analysis by the staff.

The specific provisions, and options, within the overall groundfish/crab IFQ alternative are summarized in Attachment 1. This list represents the various configurations of the IFQ program which the Council has identified to date, and from which they may choose a preferred program next year. Environmental and socioeconomic analyses of these alternatives will continue this year and into early 1994, prior to any Council action.

Attachment 2 summarizes the provisions which will be analyzed for the "2-pie" IFQ alternative, which would create Individual Processor Quotas (IPQs) to mirror the IFQs for the harvesting sector. A legal opinion by NOAA General Counsel has advised the Council that the current provisions of the Magnuson Act do not allow for the creation and allocation of such shares to onshore processors because they fall outside of the definition of fishing activities covered by the Act. However, the Council is moving forward with the proposal at this time for analytical purposes, in the event such an allocation becomes possible. The Council indicated that the same alternatives being analyzed for the harvest IFQ program should be analyzed for the processor shares. Some of the elements and options are not directly applicable to processor shares, as will be reflected in the attachment.

The other major alternative being considered is License Limitation for both the groundfish and crab fisheries. The provisions and options for the crab license program are laid out in Attachment 3. The elements and options for the groundfish program, patterned after the crab program, are contained in Attachment 4.

The Council had earlier this year eliminated License Limitation as a primary management alternative for the groundfish fisheries but added it back to the list in September at the request of some industry groups.

An additional option is also being considered which combines IFQs for pollock and cod with license limitation for other species.

What to Expect in December

At the upcoming December 7-10 meeting to be held in Seattle, the Council will once again have the Comprehensive Planning issue on the agenda, but will address it during the full plenary session, rather than in committee. In order to stay on schedule for a decision in mid-1994, the Council will be finalizing the elements and options of the Program(s) for formal analyses by the staff. Any comments or recommendations should be forwarded in writing to the Council by December 1, 1993. Oral testimony will also be accepted during the Council meeting. In December the Council may confirm the elements and options as they appear in this newsletter, or may modify them as necessary.

Request for Proposals for Social Impact Analyses

In September the Council also approved a Request for Proposals (RFP) to conduct a Social Impact Analysis (SIA) relevant to the proposed limited entry alternatives. This work will supplement existing analyses and Community Profiles being compiled by the Council. The deadline for proposals to the Council is November 10, 1993. Anyone interested in further details, or a copy of the RFP, should contact the Council offices.

Errata from Previous Newsletter

A few items were either mis-reported or omitted from our October 5, 1993 newsletter, so we will take this opportunity to clarify those issues here:

- (1) For the Gulf of Alaska initial quarterly trawl halibut PSC apportionments, the percentages on page 6 are correct, but the poundages are in error and should read 600 mt, 400 mt, 600 mt, and 400 mt, respectively, for the first through fourth quarters.
- (2) Omitted from our earlier newsletter was Council action in September to initiate a regulatory amendment for the Gulf of Alaska which would provide the mechanism to further apportion the trawl PSC cap by specific fishery. Currently it is a Gulf-wide cap which applies to all bottom trawling, regardless of target species. NMFS is proceeding with this action and it should be in place in time for making that apportionment for the 1994 fisheries. Future modifications to the apportionments would be made during the annual specifications process.

Apportionments of the overall cap may be made to a 'Shallow water complex' and a 'Deep water complex.' Species in the shallow complex are: pollock, Pacific cod, shallow water flatfish, Atka mackerel, and other species. Deep water complex species include: deep water flatfish, rockfish, flathead sole, sablefish, and arrowtooth flounder. The following apportionments are proposed for 1994:

<u>Quarter</u>	<u>Shallow Complex</u>	<u>Deep Complex</u>	<u>Total</u>
1	500 mt	100 mt	600 mt
2	100 mt	300 mt	400 mt
3	200 mt	400 mt	600 mt
4	No apportionment between shallow and deep for 4th quarter.		

(3) The initial specifications for the BSAI non-trawl halibut PSC cap (page 13) propose 75 mt to the non-cod fisheries, out of a total of 900 mt. The Council also wishes to receive comment on the possibility of assigning an additional amount of halibut PSC to that fishery sector for 1994. That proposal would assign 175 mt to the non-cod fisheries, and reduce the apportionment to the cod fisheries by the same amount.

Comments on these proposed specifications are invited until December 1, 1993, and should be addressed to the Council offices.

IFQs - GROUND FISH AND CRAB

INITIAL QS CALCULATION

The following primary options are being considered for calculating QS of qualified recipients. Whichever option is chosen, QS amounts for each species will be calculated based on catch, then adjusted based on average bycatch rates to achieve initial 'bundles' of target/bycatch/PSC. The Council has discussed the issue of basing QS calculations on retained, as opposed to reported, catch. Pending further evaluation of this issue, basing the calculation on retained catch is not included as an option at this time.

Option A: QS based on reported catch of vessel from 1976 to either June 24, 1992 or date of final Council action (pre-1984 JV catch assigned based on average by fishery, by year for vessels which participated).

For Option A, the following suboptions are being considered for weighting factors:

Suboption A: No weighting by sector.

Suboption B: Weight DAP 3.5:1 JV.

Suboption C: Weight DAP 2:1 JV.

Suboption D: For JV prior to 1986 and for DAP prior to 1989, weight at 2:1.

Option B: QS based on reported catch of vessel from date of full DAP (by species) to either June 24, 1992 or date of final Council action.

Option C: QS based on reported catch of vessel from 1993 only.

In addition to the options shown above, the Council is considering the following possible alternatives which are specific to Pacific cod in the BSAI. If either of the options below is chosen, the calculation alternatives shown above would still apply for the remaining fisheries.

Option A: Allocate Pacific cod QS at 45% for fixed gear recipients/55% for trawl gear.

Option B: Allocate Pacific cod QS by gear types based on historical split. We will examine: (1) back to 1976, (2) back to date of full DAP for Pacific cod, and (3) 1993 only to determine historical split.

Unless otherwise directed, same initial QS calculation options apply to divide QS among participants in each sector.

IFQs - GROUND FISH AND CRAB

TRANSFERABILITY PROVISIONS

Any or all of the following options may apply:

- Option A:** No restrictions.
- Option B:** Two year restriction on sales only (could lease).
- Option C:** For groundfish only, non-transferable between fixed and mobile gear categories.
- Option D:** For crab fisheries only, non-transferable across catcher vs. catcher/processor categories.
- Option E:** 15% of any QS/IFQ for sale is subject to first right of refusal by "bona-fide crewmen" (this was also included under 'CREWMEMBER CONSIDERATIONS').

USE/OWNERSHIP PROVISIONS

The following three options are being considered relative to accounting under the IFQ program. These options will affect an operator's ability to match IFQs to catch, and also relate to the ability to effectively manage the program within the overall TACs.

- Option A:** Must control IFQs to cover expected catch before fishing.
- Option B:** Overage/Underage program as with sablefish and halibut program.
- Option C:** Must possess IFQs to cover catch within one month of harvest.

The following use/ownership provisions may also be considered by the Council:

- Option A:** Require a percentage of harvest IFQs to be delivered shoreside (% will be based on last 2 years' average for each species). This option was also included under 'PROCESSOR CONSIDERATIONS'.
- Option B:** Ownership caps would be set at 1%, 5%, 10%, or any number in that range.

GENERAL PROVISIONS

- * Allocations represent a use privilege; however, the Council could alter or rescind the program without compensation.
- * Council should pursue some level of administrative fee extraction to fund program, if Magnuson Act is amended.

IFQs - GROUND FISH AND CRAB**SPECIES FOR INCLUSION**

Option A: All species under Council jurisdiction, including PSCs.

Option B: Pollock and cod only with PSC species (halibut, crab, and herring) issued as IFQs based on historical portion of the caps for those fisheries. All other groundfish species managed under License Limitation program (except sablefish and halibut).

Under this option, groundfish bycatch species would also be needed to support the pollock and cod IFQ fisheries. These could be allocated individually (as with the PSCs) or as a set aside which would constitute a common pool for the IFQ fisheries.

Option C: Under Option A or B above, a percentage (either 45% or historical split) of BSAI Pacific cod would be set aside for a fixed gear License Limitation program.

AREAS

IFQs for all species and PSCs will be awarded based on current management areas.

CRITERIA FOR INITIAL QS QUALIFICATION

Initial QS will be awarded to current vessel owners, based on the catch history of the vessel currently owned. Options for defining 'current ownership' are:

Option A: define current as of June 24, 1992 (June 27 is actual date for end of reporting week).

Option B: define current as date of final Council action.

In addition to the options above, the Council is separately considering the following:

Suboption A: for GOA longline rockfish fisheries, allocate initial QS to owner at time of landings.

In addition to being a current vessel owner, the Council is considering a recent participation requirement for QS qualification. The options to be considered are:

Option A: No recent participation requirement

Option B: Vessel must have fished in three-year period prior to June 24, 1992 or date of final Council action (depending on option chosen for defining current ownership). If vessel is lost during this period, owner at time of loss is still eligible.

IFQs - GROUND FISH AND CRAB

COMMUNITY DEVELOPMENT QUOTA (CDQ) CONSIDERATIONS

In addition to allocating QS to current vessel owners, the Council may make initial allocations to CDQs as shown below:

Option A: No allocations to CDQs.

Option B: Initially allocate 3%, 7.5%, 10%, or 15% (options range up to 15%) as CDQs; may apply to any or all groundfish/crab species, but only for existing, eligible, BSAI communities with one of the following suboptions:

Suboption A: Patterned after current pollock CDQ program.

Suboption B: One-time allocation convertible to IFQs.

SKIPPER/CREWMEMBER CONSIDERATIONS

The Council is also considering the following options for including skippers and crewmembers in the IFQ program.

Option A: No allocations to skippers or crewmembers.

Option B: Initially allocate 3%, 5%, or 10% (options range up to 10%) to 'bona fide' skippers (as % of overall pie with specific allocation criteria to be identified later).

Option C: Under Option A or Option B above, 15% of any QS/IFQ sale is subject to first right of refusal by 'bona-fide crewmen'.

PROCESSOR CONSIDERATIONS

Either or both of the following options are being considered relevant to processors:

Option A: Assign separate processor QS (2-pie system). See separate description for elements of this program.

Option B: Require a percentage of harvest IFQs to be delivered shoreside (% will be based on last two years' average for each species).

PROCESSOR QUOTAS - GROUND FISH AND CRAB

SPECIES FOR INCLUSION

Option A: All species for which IFQs are issued, except longline sablefish, halibut, and PSCs.

Option B: Pollock and Pacific cod only.

AREAS

Processor shares/individual processor quotas (PS/IPQs) are not area specific.

CRITERIA FOR INITIAL PS QUALIFICATION

Initial PS will be awarded to current processor (shorebased or at sea) owners, based on the processing history of the processor currently owned. Options for defining 'current ownership' are:

Option A: define current as of June 24, 1992 (June 27 is actual date for end of reporting week).

Option B: define current as date of final Council action.

In addition to being a current processor owner, the Council is considering a recent participation requirement for PS qualification. The options to be considered are:

Option A: No recent participation requirement

Option B: Processor must have processed groundfish/crab in three-year period prior to June 24, 1992 or date of final Council action (depending on option chosen for defining current ownership). If processor is lost during this period, owner at time of loss is still eligible.

COMMUNITY DEVELOPMENT QUOTA (CDQ) CONSIDERATIONS

In addition to allocating PS to current processor owners, the Council may make initial allocations to CDQs as shown below:

Option A: No allocations to CDQs.

Option B: Initially allocate 3%, 7.5%, 10%, or 15% (options range up to 15%) as CDQs; may apply to any or all groundfish/crab species, but only for existing, eligible, BSAI communities with one of the following suboptions:

Suboption A: Patterned after current pollock CDQ program.

Suboption B: One-time allocation convertible to IPQs.

PROCESSOR QUOTAS - GROUND FISH AND CRAB

FOREMEN/PLANTWORKER CONSIDERATIONS

The Council is also considering the following options for including plant foremen and workers in the IPQ program.

- Option A:** No allocations to plant foremen or workers.
- Option B:** Initially allocate 3%, 5%, or 10% (options range up to 10%) to 'bona fide' plant foremen (as % of overall pie with specific allocation criteria to be identified later).
- Option C:** Under Option A or Option B above, 15% of any PS/IPQ sale is subject to first right of refusal by 'bona-fide plant workers'.

INITIAL PS CALCULATION

The following primary options are being considered for calculating PS of qualified recipients. Whichever option is chosen, PS amounts for each species will be calculated based on fish tickets and weekly processor reports, then adjusted based on average bycatch rates to achieve initial 'bundles' of target/bycatch.

- Option A:** PS based on activity by processor from 1984 to either June 24, 1992 or date of final Council action.
- Option B:** PS based on activity by processor from date of full DAP (by species) to either June 24, 1992 or date of final Council action.
- Option C:** PS based on activity by processor from 1993 only.

TRANSFERABILITY PROVISIONS

Any or all of the following options may apply:

- Option A:** No restrictions.
- Option B:** Two year restriction on sales only (could lease).
- Option C:** Non-transferable between fixed and mobile processors.
- Option D:** 15% of any PS/IPQ for sale is subject to first right of refusal by "bona-fide plant workers" (this was also included under 'PLANTWORKER CONSIDERATIONS').

PROCESSOR QUOTAS - GROUND FISH AND CRAB

USE/OWNERSHIP PROVISIONS

- Option A:** Must control IPQs to cover expected processing before activity.
- Option B:** Overage/Underage program as with sablefish and halibut program.
- Option C:** Must possess IPQs to cover processing within one month of activity.

Use/ownership caps may also be considered by the Council, and need to be defined.

GENERAL PROVISIONS

- * Allocations represent a use privilege; however, the Council could alter or rescind the program without compensation.
- * Council should pursue some level of administrative fee extraction to fund program, if Magnuson Act is amended.

LICENSE SYSTEM FOR BSAI KING AND TANNER CRAB FISHERIES

NATURE OF LICENSES

Alternatives include:

- (1) A single crab license applying to all species/areas.
- (2) Licenses for each species.
- (3) General license with endorsements for each species/area.

Suboption A: non-separable endorsements.

Suboption B: separable endorsements.

In addition to the three options above, the following two suboptions are being considered:

Suboption A: Separate licenses for catcher and catcher/processor operations.

Suboption B: Licenses for three catcher vessel size categories <60', 60' to 125', and >125'.

WHO WILL RECEIVE LICENSES

Alternatives include:

- (1) Current vessel owners ("current" is defined as of June 24, 1992 or as of final Council action) ("Persons" as defined by Magnuson Act).

Suboption A: Vessel owners at the time of landings.

Suboption B: Permit holders.

These two suboptions are only relevant if licenses are not attached to vessels.

CRITERIA FOR ELIGIBILITY

Alternatives include issuing license to any vessel (or person) who made landings between:

- (1) January 1, 1978 and December 31, 1993
- (2) Must have made landings between January 1, 1990 and December 31, 1993.

Suboption: Must have made at least 2 landings (per area/species combination) or made total crab landings of 5,000, 10,000, or 20,000 pounds (3 options) in any one year. (In addition to #1 or #2 above).

LICENSE SYSTEM FOR BSAI KING AND TANNER CRAB FISHERIES

TRANSFERABILITY AND OWNERSHIP

Alternatives include:

- (1) Licenses could be transferred (sold or leased) only to "Persons" (as defined by Title 46), i.e., U.S. citizens or U.S. owned corporations.
- (2) A person may own more than three (3) licenses but may only fish three vessels in a year.
- (3) Vessels must be transferred with license.
- (4) License may be transferred without vessel (can apply to "new" vessel).

Suboption: Non-transferable across size categories identified above.

BUYBACK PROGRAM (OPTIONAL)

A license buyback program using funds collected through a fee assessment on ex-vessel value of crab. The buyback program would govern all transfers of licenses and would have first right of refusal on licenses to be sold. All licenses purchased by the program would be permanently retired.

NATURE OF LICENSES

Alternatives include:

- (1) A single groundfish license applying to all species/areas.
- (2) Licenses for each species.
- (3) General license with endorsements for each species/area.

Suboption A: separable endorsements

Suboption B: non-separable endorsements

In addition to the three options above, the Council is considering the following suboptions:

Suboption A: Separate licenses for catcher and catcher/processor operations.

Suboption B: Licenses for three catcher vessel size categories <60', 60' to 125', and >125'.

Additionally, the Council is considering the following two specific options, which are related to the IFQ alternatives described separately:

- (1) Licenses for BSAI Pacific cod fixed gear fishery only; would apply to 45% (or historical split) of the TAC set aside for fixed gear.
- (2) Licenses for all target groundfish fisheries except pollock and Pacific cod which would be under IFQ program.

WHO WILL RECEIVE LICENSES

Alternatives include:

- (1) Current vessel owners ("current" is defined as of June 24, 1992 or as of final Council action) ("Persons" as defined by Magnuson Act).

Suboption A: Vessel owners at the time of landings.

Suboption B: Permit holders.

These two suboptions are only relevant if license is not attached to vessel.

CRITERIA FOR ELIGIBILITY

Alternatives include issuing license to any vessel (or person) who made landings between:

- (1) January 1, 1978 and December 31, 1993
- (2) January 1, 1990 and December 31, 1993.

Suboption: Must have made at least 2 landings (per area/species combination) or made total groundfish landings of 5,000, 10,000, or 20,000 pounds (3 options) in any one year. (In addition to #1 or #2 above).

LICENSE SYSTEM FOR GROUND FISH

TRANSFERABILITY AND OWNERSHIP

Alternatives include:

- (1) Licenses could be transferred (sold or leased) only to "Persons" (as defined by Title 46), i.e., U.S. citizens or U.S. owned corporations.
- (2) A person may own more than three (3) licenses but may only fish three vessels in a year.
- (3) Vessels must be transferred with license.
- (4) License may be transferred without vessel (can apply to "new" vessel).

Suboption: Non-transferable across size categories identified above.

BUYBACK PROGRAM (OPTIONAL)

A license buyback program using funds collected through a fee assessment on ex-vessel value of groundfish. The buyback program would govern all transfers of licenses and would have first right of refusal on licenses to be sold. All licenses purchased by the program would be permanently retired.