

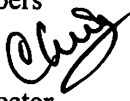
Public Testimony Sign-Up Sheet

Agenda Item C-2 LLP Trawl Recency

	NAME (PLEASE PRINT)	AFFILIATION
1	LORI SWANSON	GFF
2	Clem Tullian	AFC
3	Russell Aitchett + Steve Aarvik	Independent Cod Trawlers Assn.
4	Paul Gronwaldt	
5	Mark Chandler	F/V Topaz
6	Robert Carlsson	F/V Icy Mist ^{260 Foot} Had to get to airport
7	Jim Stone	F/V Ocean Hunter
8	Bob Krieger	F/V Mar Del Norte
9	Kan Tippett	AK BOAT CO.
10	Al Burch	ADA
11	Julie Penning	ICDB
12	Hammer McCarty	Island Seafoods
13	John Moller	Alak Fisheries
14	BRENT PAINS	UAB
15	Donna Parker	HSCC
16	Chuck McCallum	Lake and Peh
17	DAVE FRASER	ADAC
18	GAIL X. VICK / Howard Thorsen	GOAC3
19	TONY PROSORIO	Chignik area
20	JOE CHILDERS	
21		
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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 Members
FROM: Chris Oliver 
Executive Director
DATE: January 28, 2008
SUBJECT: BSAI & GOA Trawl LLP Recency Analysis

ESTIMATED TIME 4 HOURS

ACTION REQUIRED

Initial review of trawl LLP recency regulatory amendment package (RIR/EA/IRFA).

BACKGROUND

At the December 2007 Council meeting, the SSC and AP reviewed the initial draft of the RIR/EA/IRFA to remove latent trawl CV and CP licenses from the BSAI and GOA groundfish fisheries. Due to time constraints, the Council rescheduled its initial review to this February 2008 meeting. In general, the amendment proposes two alternative approaches to remove subarea endorsements (BS, AI, WG, and CG) from latent trawl catcher vessel and trawl catcher processor licenses. In order to retain the area endorsement, the license must meet specified landings criteria. Note that there are three provisions which outline exemptions to the proposed landings criteria: 1) an AFA exemption from the BSAI landings criteria; 2) a Central Gulf rockfish pilot program exemption from the CG landings criteria; and 3) a BSAI Amendment 80 exemption from the BSAI landings criteria. Other exemptions are proposed as options within the amendment package.

Since the December 2007 meeting, the analysis has been rewritten and reorganized, including an update to the data. The suite of alternatives, components, and options has also been revised and reorganized by staff, although no substantive changes were intended. Because of the numerous changes to the language of the original motion, however, the Council may find it prudent to formally approve the changes to the suite of alternatives. The original suite of alternatives (dated October 2007) and the newly revised version (dated January 2008) are provided as **Item C-2(a)** and **Item C-2(b)**, respectively.

Because the Council did not have the opportunity to adopt either the SSC or AP comments from December, staff has not addressed their substantive comments in the February review draft. The December SSC comments are focused on two areas. The SSC points out a basic dichotomy within the proposed amendment—the primary objective of the amendment is to reduce latent LLP licenses, while a separate part of the amendment (Component 4) proposes to add new AI endorsements on existing LLP licenses. The most straightforward way to address the SSC concerns would be to split the amendment, such that Component 4 would proceed as a separate amendment. The SSC also had comments relating to Component 4, Option 3.¹ The AP comments requesting clarification in the analysis were incorporated in

¹Note, however, that the proponents of this option withdrew their support in public testimony to the Council at the December meeting and presented a new approach. Thus, the SSC concerns with the original approach may be moot.

the February draft; the substantive changes to the options were not incorporated, pending Council approval.

The analysis was sent to you on January 18, and the executive summary is attached as **Item C-2(c)**. Should the Council release the analysis for public review at this meeting, final action is tentatively scheduled for the April 2008 Council meeting.

Trawl Recency Amendment - Description of Alternatives, Components and Options

Motion as revised by the Council in October 2007

Alternative 1 – No Action: Under this alternative the existing situation will continue. All LLPs currently issued will continue to be valid for the assigned BSAI and GOA trawl groundfish fisheries. There would also be no change in the number of non-AFA trawl CV LLPs for the Aleutian Islands area.

Alternatives 2 and 3 are differentiated by whether or not the program is implemented at the management area or subarea designation.

Alternative 2 would implement trawl CV LLP threshold criteria in the BSAI and trawl LLP threshold criteria in the GOA management areas. It would specify application of all trawl groundfish harvests within these areas for the respective qualification period. This threshold assessment only applies to trawl harvests and will not change non-trawl area endorsements on LLPs.

Alternative 2, Option 1 – if selected, this option would exempt AI endorsements from application of the threshold criteria.

Alternative 3 would implement trawl CV LLP threshold criteria separately in the BS and AI sub-management areas and trawl LLP threshold criteria in the WG and CG sub-management areas. It would specify application of trawl groundfish harvests within these areas for the respective qualification period. This threshold assessment only applies to trawl harvests and will not change non-trawl area endorsements on LLPs.

Alternative 3, Option 1 – if selected, this option would exempt AI endorsements from application of the threshold criteria.

Throughout the analyses for this proposed amendment, when applying catch threshold criteria to CP LLPs, the associated vessel's CP activity and/or CV activity shall be considered.

Exemption and Inclusion Statements

AFA exemption: Excludes BSAI LLP endorsements originally issued to vessels qualified under the AFA and any non-AFA LLPs assigned to AFA vessels not having any other license from LLP qualification in the BSAI.

Central Gulf Rockfish Demonstration Project exemption: Excludes Central Gulf of Alaska area endorsements of the LLPs qualified for the rockfish demonstration program from LLP qualification under the amendment.

BSAI CP inclusion: Includes application of the harvest thresholds for BSAI CP LLPs that are non-AFA licenses and also are not LLPs qualified for Amendment 80 (LLPs assigned to vessels eligible for Amendment 80). As specified in the descriptions of Alternative 2 and Alternative 3 above, this is the only instance where CP LLPs in the BSAI are subject to the proposed amendment.

Component/Option Choices Common to Alternatives 2 and 3

Alternatives 2 and 3 have a common set of four components that form the remainder of choices for this amendment. The Council can choose to include and apply any combination from these components to either Alternative 2 or Alternative 3.

Component 1 includes a number of possible choices for landings criteria to be applied to the current LLP holders for existing trawl LLPs in the respective areas. The varying factors under Component 1 are the choice of threshold criteria to be applied (at least one landing for the qualification period, or at least two landings for the qualification period); a choice to exempt licenses having a mean length overall less than 60 feet that have achieved certain levels directed Pacific cod harvest in the BSAI from application of the threshold criteria; and an option to include groundfish harvests made in 2006 in the qualification period.

The choices for Component 1 are as follows:

Component 1 – Option 1 requires at least one landing of groundfish during the qualification period of 2000-2005.

Component 1 – Option 2 requires at least two landings of groundfish during the qualification period of 2000-2005.

*Component 1 – Option 3 extends the qualification period one year to include landings in 2006.
suboption 1 – extends the qualification period one year to include landings made in the BSAI in 2006.*

Component 1 – Option 4 provides a choice to exempt from the trawl landing threshold requirement trawl LLPs with a maximum length overall (MLOA) designation of less than or equal to 60 feet in the BSAI directed Pacific cod fishery using either trawl or non-trawl harvests with minimum participation levels of:

suboption 1 – one landing

suboption 2 – two landings, or

suboption 3 – 200 metric tons directed Pacific cod harvest from the BSAI in any one year (2000-2005),

Component 2 – where there are multiple LLPs registered to a single vessel (also known as LLP ‘stacking’) the Council has specified a provision to deal with this situation as follows:

Component 2 – will fully credit groundfish harvest history to all stacked licenses, each carrying its own qualifying endorsements and designations.

Component 3 addresses consideration of excluding Amendment 80-qualified vessels from LLP qualification under the amendment. The Council identified a single option as follows:

Component 3 – Option 1 will exclude LLPs originally issued to vessels qualified under Amendment 80 and LLPs used for eligibility in Amendment 80 in the Gulf of Alaska.

Component 4 is different from other parts of the proposed amendment. It evaluates the effect of adding new LLPs to the Aleutian Islands non-AFA trawl groundfish CV fishery based on harvests during the respective qualification periods. Harvests for the parallel waters fishery in the Aleutian Islands and also the 2006 State waters fishery are included in the basis for qualification. In February 2007, the Council directed the following specifications for Component 4:

A – Component 4 to be retained within the trawl recency analysis

B – The options within Component 4 are as follows:

- 1) *For non-AFA vessels < 60 feet in length to receive an AI trawl endorsement, consider landing thresholds in the AI parallel waters Pacific cod fishery between 2000-2005 of at least:*
 - a. *50 metric tons*
 - b. *250 metric tons*
 - c. *500 metric tons*

- 2) *For non-AFA vessels > 60 feet in length to receive an AI trawl endorsement, consider landing thresholds of at least one landing in the AI parallel Pacific cod fishery or State water Pacific cod fishery between 2000 and 2006 plus landings in the BSAI Pacific cod fishery between 2000 and 2006 of at least:*
 - a. *500 metric tons, or*
 - b. *1,000 metric tons*

C - Component 4, Option C will authorize NMFS to approve a limited number of vessels, selected annually by the Aleut Corporation, to be exempt from the requirement to hold an AI endorsement on their LLP to fish groundfish in the AI.

Component 4, option C, suboption 1 – up to 10 vessels with a MLOA of less than 60 feet.

Component 4, option C, suboption 2 – up to 4 vessels with a MLOA of less than 125 feet.

**Reorganized Alternatives, Components, and Options for
Trawl LLP Regulatory Amendment
Revised January 1, 2008**

Alternative 1. No action. All trawl LLPs currently issued with a BSAI and/or GOA area endorsement will continue to be valid for the BSAI and/or GOA trawl groundfish fisheries.

Alternative 2. Remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the overall management area (BSAI or GOA).

Alternative 3. Remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the specified subarea.

Alternatives 2 and 3 apply to all trawl CV and CP LLPs in the areas specified except for those identified in the following exemptions:

AFA exemption from BSAI landings thresholds: Exempt BSAI LLP endorsements originally issued to vessels qualified under the AFA and any non-AFA BSAI LLPs assigned to AFA vessels not having any other license. (Applies to CPs and CVs).
Central Gulf Rockfish Pilot Program exemption from CG landings thresholds: Exempt CG subarea endorsements on CG rockfish pilot program qualified licenses. (Applies to CPs and CVs).
Amendment 80 exemption from BSAI landings thresholds: Exempt BSAI LLP endorsements originally issued to vessels qualified under Am. 80 and BSAI LLPs used for eligibility in Am. 80.

The following components are applicable to Alternative 2 and Alternative 3.

Component 1 – Landings thresholds in the specified area¹

- Option 1. At least one landing of groundfish during 2000 – 2005.
- Option 2. At least two landings of groundfish during 2000 – 2005.
- Option 3. At least [one or two] landings of groundfish during 2000 – 2006.
 Suboption: Apply Option 3 only to BSAI endorsements.
- Option 4. Exempt BSAI endorsements on trawl LLPs with MLOA of <60' that have trawl or non-trawl landings in the BSAI directed Pacific cod fishery (in any one year 2000 – 2005) of:
 - Suboption 1: one landing
 - Suboption 2: two landings
 - Suboption 3: 200 mt
- Option 5. Exempt AI endorsements from meeting the landings thresholds.

Component 2 – Groundfish harvest history is credited to each LLP stacked on a single vessel at the time of landing.

Component 3 – Option: Exempt LLPs originally issued to vessels qualified under Amendment 80 and LLPs used for eligibility in Amendment 80 from the GOA landing thresholds.

Component 4 – Adding new AI endorsements to trawl LLPs

- Option 1. Award AI endorsements to non-AFA trawl CV <60' MLOA licenses if they meet the landing thresholds in the AI parallel P. cod fishery during 2000 – 2005 of at least:

¹Catcher processors are credited with their landings whether they were operating as a catcher processor or a catcher vessel at the time of landing.

- Suboption 1: 50 mt
 - Suboption 2: 250 mt
 - Suboption 3: 500 mt
- Option 2. Award AI endorsements to non-AFA trawl CV $\geq 60'$ MLOA LLPs if they have at least one landing in the AI parallel groundfish fishery or AI State water P. cod fishery in 2000 – 2006 **and** meet the following threshold in the BSAI P. cod fishery in 2000 – 2006:
- Suboption 1: 500 mt
 - Suboption 2: 1000 mt
- Option 3. NMFS will exempt a limited number of vessels, selected annually by the Aleut Corporation, from the requirement to hold an AI endorsement to participate in the AI groundfish fishery.
- Suboption 1: up to 10 vessels <60' LOA can be exempted annually
 - Suboption 2: up to 4 vessels <125' LOA can be exempted annually

EXECUTIVE SUMMARY

This Regulatory Impact Review (RIR) was prepared to meet the requirements of Presidential Executive Order 12866 for an evaluation of the benefits and costs, and of the significance, of a proposed Federal regulatory action. Analysts have also drafted an environmental assessment (EA) and initial regulatory flexibility analysis (IRFA) to comply with the National Environmental Policy Act and the Regulatory Flexibility Act, respectively. The IRFA will be revised upon selection of a preferred alternative by the North Pacific Fishery Management Council (Council), in order to reflect the potential economic effects of the proposed action on directly regulated small entities.

The Council is considering amending Federal regulations related to the License Limitation Program (LLP) and its application of area endorsements on LLPs held by trawl catcher vessels and trawl catcher processors. Overall, the action under consideration would remove area or subarea endorsements from latent LLP licenses on trawl catcher processors and trawl catcher vessels. Table E - 1 and Table E - 2 provide data on the current number of trawl CV and trawl CP licenses with BS, AI, CG, and WG endorsements, respectively.

An example of how to read the tables is as follows: there are 148 trawl CV licenses with a BS endorsement and 48 trawl CV licenses with an AI endorsement. Of those 148 licenses with a BS endorsement, 102 have only a BS endorsement and 46 have both BS and AI endorsements. Of those 48 licenses with an AI endorsement, 2 have only an AI endorsement and 46 have both BS and AI endorsements. Thus, the total number of licenses with a BS and/or AI endorsement is 150 (102 + 2 + 46).

Table E - 1 Number of trawl CV LLPs endorsed for the BS, AI, CG, and WG

All Trawl CVs	235 licenses	All Trawl CVs	235 licenses
BS	148	BS only	102
AI	48	AI only	2
CG	176	BS and AI	46
WG	160	CG only	58
		WG only	42
		CG and WG	118

Source: NMFS Restricted Access Management LLP file (Jan 6, 2008)

Table E - 2 Number of trawl CP LLPs endorsed for the BS, AI, CG, and WG

All Trawl CPs	64 licenses	All Trawl CPs	64 licenses
BS	62	BS only	9
AI	54	AI only	1
CG	27	BS and AI	53
WG	26	CG only	11
		WG only	10
		CG and WG	16

Source: NMFS Restricted Access Management LLP file (Jan 6, 2008)

In the review process to date, several decisions have been made to simplify the proposed action. The current suite of alternatives, components, and options is provided in Section 2.4. Table E - 5 of this executive summary provides a general outline of the alternatives, components, and options under consideration.

There are three primary alternatives under consideration in this analysis. **Alternative 1** (no action) would not make any changes to the current License Limitation Program. **Alternative 2** would remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the overall management area (BSAI and/or GOA). **Alternative 3** would remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the specified subarea. Thus, the only difference between Alternative 2 and Alternative 3 is the basis for applying the landing thresholds. Alternative 2 would remove subarea endorsements on latent licenses by applying the threshold criteria at the management area level, i.e. BSAI and GOA. Alternative 3 would remove subarea endorsements on latent licenses by applying the threshold criteria at the management subarea level, i.e., BS, AI, WG, and CG.

In effect, if the license at issue has only one area endorsement and it does not meet the landing threshold selected, the entire license is extinguished. If the license at issue has multiple area endorsements and it does not meet the landing threshold for a specific area, the license would be reissued with only the area endorsements for which it qualifies. The area endorsement for which the license does not qualify would be removed.

There are several exemptions to the action proposed under Alternatives 2 and 3. BSAI LLP endorsements originally issued to AFA vessels and any non-AFA BSAI LLP endorsements assigned to AFA vessels not having any other license are exempt. In addition, Central Gulf endorsements on Central Gulf rockfish pilot program LLPs are exempt. Finally, BSAI LLP endorsements originally issued to qualified Amendment 80 vessels and LLPs used for eligibility in Amendment 80 are exempt.

There are four components that outline the details of the action alternatives; the exact same components are applicable under Alternative 2 and Alternative 3. **Component 1** describes the minimum landing thresholds that trawl licenses would need to meet in order to retain their area or subarea endorsements. These thresholds are either one or two landings in the specified area, during the period 2000 – 2005 or 2000 – 2006. As noted in the respective tables for the various fleets, the number of licenses meeting the one landing and two landings thresholds are relatively similar. Component 1 includes an option to exempt BSAI endorsements on LLPs with an MLOA of <60' with trawl or non-trawl landings in the BSAI directed Pacific cod fishery during 2000 - 2005. There is also an option to exempt AI endorsements from meeting the landings thresholds.

Component 2 is a provision, in that the Council previously determined that groundfish harvest history will be credited to each LLP that is stacked on a single vessel at the time of the landing. This decision was essential to staff being able to complete the analysis of impacts.

Component 3 provides an option to exempt GOA LLP endorsements originally issued to vessels qualified under Amendment 80 and those used for eligibility in Amendment 80 from the GOA landing thresholds.

Component 4 proposes to create new AI endorsements on trawl LLPs that meet specified criteria. An option is proposed to award AI endorsements to non-AFA trawl catcher vessel LLPs with an MLOA of <60' if landing thresholds are met in the Aleutian Islands parallel Pacific cod fishery during 2000 – 2005. A second option would award AI endorsements to non-AFA trawl catcher vessel LLPs with an MLOA of ≥60' if they have one landing in the Aleutian Islands parallel Pacific cod fishery during 2000 – 2006 or Aleutian Islands State water Pacific cod fishery and meet landings thresholds in the BSAI Pacific cod fishery in 2000 – 2006. Finally, a third option would allow NMFS to exempt a specified number of vessels from the requirement to have an AI endorsement to participate in the AI groundfish fishery. The individual vessels would be selected annually by the Aleut Corporation.

Overall, Component 4 would potentially add an estimated range of 12 – 18 new AI endorsements, awarded to eligible non-AFA trawl CV LLPs. This is the possible range if Option 1 and Option 2 are both selected under the preferred alternative. (Note that the universe of 14 licenses available for the endorsement exemption under Option 3 is approximately the same as for Option 1.)

Thus, Component 1 and Component 4 are diametrically opposed management actions (i.e., extinguishing area endorsements under Component 1, while creating new AI endorsements under Component 4), which creates some incongruity in the supporting analysis. The Council’s problem statement for the proposed action (see Section 2.1) provides the primary rationale for including Component 4. In effect, there is concern that there is a need to increase the number of valid non-AFA trawl LLPs in the Aleutian Islands management area, such that a resident fishing fleet can develop in Adak and participate in the Pacific cod, pollock, Pacific Ocean perch, and Atka mackerel fisheries in the AI.

Due to this identified need, the Council agreed to consider different criteria for trawl CV area endorsement eligibility in the AI. However, the action is not limited to proposing criteria that are less restrictive in the AI than those proposed for other areas; options are instead proposed to either exempt AI endorsements from this action altogether or create new AI endorsements for the non-AFA trawl CV sector. Component 4 was likely included in this particular amendment package because it was the only amendment under development that pertained to modifications of the License Limitation Program for trawl CV and CP licenses. However, the fact that these two components are diametrically opposed actions, coupled with the level of controversy associated with Component 4, may spur the Council to consider Component 4 under a separate amendment package.

The primary action under consideration is the removal of trawl LLP area endorsements. Table E - 3 and Table E - 4 are summary tables for the trawl CV and trawl CP sectors, respectively. These tables show the effect of applying the landings criteria (Component 1, Options 1 – 3) proposed under Alternatives 2 and 3 to each trawl sector. These tables account for the three exemptions described above that are provisions of this action. Table E - 3 applies to the trawl CV sector and therefore excludes AFA licenses from the BSAI endorsement thresholds, and CG rockfish pilot program licenses from the CG endorsement thresholds. Table E - 4 applies to the trawl CP sector and therefore excludes AFA licenses from the BSAI endorsement thresholds; CG rockfish pilot program licenses from the CG endorsement thresholds; and Am. 80 licenses from the BSAI endorsement thresholds.

Table E - 3 Number of trawl CV licenses that qualify under Component 1, Options 1 – 3, with exemptions applied

Alternative	Endorsement	Harvest Area ¹	Number of endorsements	Option 1 2000-2005		Option 3 2000-2006	
				1 Landing	2 Landings	1 Landing	2 Landings
ALT 2	AI	AI or BS	6	1	1	1	1
ALT 3	AI	AI only	6	1	1	1	1
ALT 2	BS	AI or BS	47	14	13	15	14
ALT 3	BS	BS only	47	14	13	15	14
ALT 2	CG	CG or WG	130	78	72	80	72
ALT 3	CG	CG only	130	49	39	49	39
ALT 2	WG	CG or WG	160	96	86	98	86
ALT 3	WG	WG only	160	79	65	82	65

¹Harvest area means the management area in which the landings must be made in order to keep the endorsement.

Source: ADF&G fish ticket files merged to a January 6, 2008 RAM Division LLP file.

Note: This table excludes trawl CV licenses that are exempt under this action (CG rockfish licenses are excluded from the CG; AFA licenses, as well as 2 non-AFA licenses attached to AFA CVs, are excluded from the BSAI).

In sum, for the universe of trawl CV LLPs subject to Component 1:

- The number of AI endorsed licenses would be reduced from 6 to 1 under Alternative 2 or 3
- The number of BS endorsed licenses would be reduced from 47 to 13 – 15 under Alternative 2 or 3
- The number of CG endorsed licenses would be reduced from 130 to 72 – 80 under Alternative 2 or 39 – 49 under Alternative 3
- The number of WG endorsed licenses would be reduced from 160 to 86 – 98 under Alternative 2 or 65 – 82 under Alternative 3

Table E - 4 Number of trawl CP licenses that qualify under Component 1, Options 1 – 3, with exemptions applied

Alternative	Endorsement	Harvest Area	Number of endorsements	Option 1 2000-2005		Option 3 2000-2006	
				1 Landing	2 Landings	1 Landing	2 Landings
ALT 2	AI	AI or BS	8	2	2	2	2
ALT 3	AI	AI only	8	2	2	2	2
ALT 2	BS	AI or BS	7	1	1	1	1
ALT 3	BS	BS only	7	1	1	1	1
ALT 2	CG	CG or WG	10	5	5	5	5
ALT 3	CG	CG only	10	5	3	5	3
ALT 2	WG	CG or WG	26	21	20	21	20
ALT 3	WG	WG only	26	19	19	19	19

¹Harvest area means the management area in which the landings must be made in order to keep the

Source: ADF&G fish ticket files and WPR landings data merged to a January 6, 2008 RAM Division LLP file.

Note: This table excludes trawl CP licenses that are exempt under this action (AFA and Am. 80 licenses are excluded from the BSAI; CG rockfish licenses are excluded from the CG).

In sum, for the universe of trawl CP LLPs subject to Component 1:

- The number of AI endorsed licenses would be reduced from 8 to 2 under Alternative 2 or 3
- The number of BS endorsed licenses would be reduced from 7 to 1 under Alternative 2 or 3
- The number of CG endorsed licenses would be reduced from 10 to 5 under Alternative 2 or 3 - 5 under Alternative 3
- The number of WG endorsed licenses would be reduced from 26 to 20 – 21 under Alternative 2 or 19 under Alternative 3

Analysis of the entire suite of action alternatives, components, and options is provided in Section 2.7.

Table E - 5 Summary of the Alternatives, Components, and Options under Consideration

COMPONENT	ALTERNATIVES and OPTIONS		
	ALTERNATIVE 1. No action.	ALTERNATIVE 2. Remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the overall management area (BSAI or GOA).	ALTERNATIVE 3. Remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the specified subarea.
Component 1: Landings thresholds	N/A	<p>Option 1. One groundfish landing during 2000 – 2005.</p> <p>Option 2. Two groundfish landings during 2005 – 2006.</p> <p>Option 3. [One or two] groundfish landings during 2000 – 2006. Suboption: Apply Op. 3 only to BSAI endorsements</p> <p>Option 4. Exempt BSAI endorsements on trawl LLPs with MLOA >60' with trawl or non-trawl landings in the BSAI directed P.cod fishery of [one landing, two landings, or 200 mt, in any one year 2000 – 2005].</p> <p>Option 5. Exempt AI endorsements from the landings thresholds.</p>	
Component 2: Stacked LLPs	N/A	Groundfish harvest history is credited to each LLP stacked on a single vessel at the time of the landing. [Note: this is a provision.]	
Component 3: Amendment 80 GOA exemption	N/A	Option to exempt LLPs originally issued to vessels qualified under BSAI Am. 80 and LLPs used for eligibility in Am. 80 from the GOA landing thresholds.	
Component 4: Adding new AI endorsements to trawl LLPs	N/A	<p>Option 1. Award AI endorsements to non-AFA trawl CV <60' MLOA LLPs if they have landings of at least [50 mt, 250 mt, or 500 mt] in the AI parallel P.cod fishery in 2000 – 2005.</p> <p>Option 2. Award AI endorsements to non-AFA trawl CV ≥60' MLOA LLPs if they have at least one landing in the AI parallel groundfish fishery or AI State water P.cod fishery in 2000 – 2006, and [500 mt or 1,000 mt] in the BSAI P.cod fishery in 2000 – 2006.</p> <p>Option 3. Exempt a limited number of vessels [10 vessels <60' or 4 vessels <125'] from the requirement to hold an AI endorsement to participate in the AI groundfish fishery. The Aleut Corporation would select the vessels on an annual basis.</p>	
Exemptions¹	N/A	<ul style="list-style-type: none"> • Exempt BSAI LLP endorsements originally issued to vessels qualified under the AFA and any non-AFA BSAI LLPs assigned to AFA vessels not having any other license. (Applies to CPs and CVs). • Exempt CG subarea endorsements on CG rockfish pilot program qualified licenses. (Applies to CPs and CVs). • Exempt BSAI LLP endorsements originally issued to vessels qualified under Am. 80 and BSAI LLPs used for eligibility in Am. 80. 	

Note: This table provides a general summary outline of the issues, alternatives, and options. See the following section for the exacting wording of the alternatives and options under consideration.

¹The exemptions applicable under Alternatives 2 and 3 are not options; they are provisions.

Groundfish Forum

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January 29, 2008

Chairman Eric Olson
North Pacific Fishery Management Council
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Anchorage, AK 99501-2252
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RECEIVED
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Re: LLP Trawl Recency (Agenda Item C-2)

Dear Chairman Olson,

Groundfish Forum represents many of the members of the Non-AFA trawl catcher-processor (Amendment 80) sector. We are writing to you to request that the Council retain Component 3 of the proposed trawl LLP recency review which is under consideration. Several actions have already been taken to limit both the participants in and the harvest by our sector. The recency review could result in the loss of even more endorsements and unnecessarily limit the flexibility of the sector.

Amendment 80, in combination with the Consolidated Appropriations Act of 2004, defined the participants in this sector as 28 vessels (or, in the case of vessels which could no longer fish, LLPs). Amendment 80 also allocated primary target species in the Bering Sea/Aleutian Islands (Atka mackerel, Pacific cod, rock sole, yellowfin sole, flathead sole and AI Pacific Ocean perch) as 'hard caps' to this sector. Prohibited species in the BSAI are also allocated, with incremental reductions in the amounts.

Further, under Amendment 80 the sector is sideboarded in the Gulf of Alaska to its historic participation during the qualifying period of 1998 – 2004. This protects other GOA participants from any expansion of the sector resulting from Amendment 80.

Finally, the Council went one step further with Amendment 80 and limited participation of this sector in GOA flatfish fisheries to only those vessels which had 10 or more weeks in the flatfish fisheries from 1998-2004. Those vessels that did not qualify under this threshold provision may only fish Pacific cod (limited to sideboards amounts, which are significantly less than the 10% offshore allocation) and rockfish outside the rockfish pilot program (unless they qualify under that program). They are prohibited from fishing for pollock in the GOA.

Given the constraints that the sector is already under, we ask you to exempt the Amendment 80 vessels from the additional LLP recency review. According to the Council's EA/RIR/IRFA for this action, between five and eleven of the vessels in this sector which would qualify to retain their endorsements under the various options

proposed have already lost the ability to target flatfish anyway (compare tables 24 and 25, pages 33 and 34, of the January 16, 2008 document). Only 11 Amendment 80 vessels can now participate in GOA flatfish fisheries (8 in the Central GOA, and 7 in the Western GOA).

The argument has been made that it is 'unfair' to exempt the Amendment 80 fleet since the action will apply to other trawl sectors in the GOA. However, the Amendment 80 fleet, as explained above, has already been through a constraining action (the flatfish threshold) which doesn't apply to any other sector. For the recency review to be 'fair,' this threshold would have to be removed.

The problem statement says that this action is proposed because "... 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.*" (Emphasis added.) The Amendment 80 sector is not only unable to increase participation in the GOA (through Amendment 80 sideboards), it is restricted from historic operations by the flatfish threshold. To further reduce the GOA endorsements in this sector would provide no additional protection to existing GOA participants, and would further limit the flexibility of the sector to harvest its historic catch.

In short, the Amendment 80 sector is limited in the GOA by both the Amendment 80 catch sideboards and the flatfish threshold sideboard. Eleven vessels may target flatfish in the GOA, in total. The other vessels with GOA endorsements may only fish for Pacific cod (which is under a very tight sideboard) or non-rockfish pilot program rockfish (unless they qualify for the pilot program). They cannot increase participation in any other GOA fisheries. Retaining their endorsements may, however, increase the flexibility of the sector under the new Amendment 80 regime.

Thank you for the opportunity to comment, and for your attention to our concerns.

Sincerely,



Lori Swanson
Executive Director
Groundfish Forum

C-2
NPFMC
STAFF

**SUMMARY – Trawl LLP Recency
February 8, 2008**

If one accounts for the exempted CV licenses¹, then the resulting number of endorsed CV licenses remaining in the groundfish fisheries is:

- Starting universe = 48 AI endorsements. 42 exempt + 1 qualifying = **43 AI endorsements remain (90%)**
- Starting universe = 148 BS endorsements. 101 exempt + 13 to 15 qualifying = **114 to 116 BS endorsements remain (77% - 78%)**
- Starting universe = 176 CG endorsements. 46 exempt + 39 to 80 qualifying = **85 to 126 CG endorsements remain (48% - 72%)**
- Starting universe = 160 WG endorsements. 0 exempt + 65 to 98 qualifying = **65 to 98 WG endorsements remain (41% - 61%)**

If one accounts for all of the exempted CP licenses², then the resulting number of endorsed CP licenses remaining in the groundfish fisheries is:

- Starting universe = 54 AI endorsements. 46 exempt + 2 qualifying = **48 AI endorsements remain (89%)**
- Starting universe = 62 BS endorsements. 55 exempt + 1 qualifying = **56 BS endorsements remain (90%)**
- Starting universe = 27 CG endorsements. 17 exempt + 3 to 5 qualifying = **20 to 22 CG endorsements remain (74% - 81%)**
- Starting universe = 26 WG endorsements. 0 exempt + 19 to 21 qualifying = **19 to 21 WG endorsements remain (73% - 81%)**

If one accounts for all of the exempted CP licenses and Component 3 (exempting Am. 80 licenses from the CG and WG criteria)³, then the resulting number of endorsed CP licenses remaining in the groundfish fisheries is:

- Starting universe = 54 AI endorsements. 46 exempt + 2 qualifying = **48 AI endorsements remain (89%)**
- Starting universe = 62 BS endorsements. 55 exempt + 1 qualifying = **56 BS endorsements remain (90%)**
- Starting universe = 27 CG endorsements. 22 exempt + 1 qualifying = **23 CG endorsements remain (85%)**
- Starting universe = 26 WG endorsements. 19 exempt + 1 qualifying = **20 WG endorsements remain (77%)**

¹ AFA CV licenses are exempt from the BS and AI criteria; rockfish pilot program CVs are exempt from the CG criteria.

² AFA CP licenses are exempt from the BS and AI criteria; rockfish pilot program CPs are exempt from the CG criteria; Am. 80 licenses are exempt from the BS and AI criteria.

³ AFA CP licenses are exempt from the BS and AI criteria; rockfish pilot program CPs are exempt from the CG criteria; Am. 80 licenses are exempt from the BS, AI, CG, and WG criteria.

Initial Review Draft

Regulatory Impact Review/Environmental Assessment/Initial Regulatory Flexibility Analysis for a Regulatory Amendment to Implement Modifications to the Groundfish License Limitation Program for BSAI and GOA Trawl Catcher Vessels and Catcher Processors

January 16, 2008

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DEFINITIONS AND ASSUMPTIONS FOR THE BSAI/GOA TRAWL LLP REGULATORY AMENDMENT ANALYSIS

The following list provides definitions for a list of selected words or phrases used in the analysis:

- An **LLP license** is held by a person, and not by a vessel. A license may be held that is not assigned to a vessel, but before the license can be used in a fishery, the vessel upon which the license will be fished must be named. Once a license is assigned to a vessel of appropriate size to engage in directed fishing in accordance with the endorsements of the LLP, the license holder is authorized to deploy that vessel, the LLP, and the license must be physically on board the vessel when it is engaged in activities authorized by the license.
- An **AFA LLP** is a permit initially issued by NMFS to qualified AFA catcher vessels and processor vessels. An AFA vessel must be named on a valid LLP permit authorizing that vessel to engage in trawling for pollock in the Bering Sea subarea. AFA LLPs can be transferred to another AFA vessel, however, may not be used on a non-AFA CV or a non-AFA CP (§679.4(k)(9)(iii)(3)).
- **AFA catcher vessel (CV)** means a catcher vessel permitted to harvest Bering Sea pollock under (§679.4(1)(3)).
- **AFA catcher/processor (CP)** means a catcher processor permitted to harvest Bering Sea pollock under (§679.4(1)(2)).
- **AFA replacement vessel** – Under provisions of the American Fisheries Act, the owner of an AFA CV or CP may replace such a vessel with a replacement vessel. Examples of this include the replacement for AFA rights of the PACIFIC ALLIANCE to the MORNING STAR (618797), including its AFA license, and the replacement of the AFA rights of the OCEAN HOPE 1 to the MORNING STAR (1037811), along with its AFA license (see http://www.fakr.noaa.gov/ram/06afa_cv.htm).
- **Area Endorsements** – Each license carries one or more subarea endorsements authorizing entry into fisheries in those subareas (Bering Sea, Aleutian Islands, Western Gulf, Central Gulf).
- **Gear Designation**– Each license carries a gear designation, trawl and/or non-trawl, authorizing its entry in fisheries for the designated gear.
- **Landing** – For purposes of this report, a trawl catcher vessel landing includes any groundfish landed during one calendar day. Catcher vessel harvests are based upon ADF&G Fish ticket files. For purposes of this report, a trawl catcher processor landing includes any groundfish landed during the same week interval, since catcher processor landings are based upon weekly processor's report (WPR) data and are only specific to a week ending date.
- **MLOA designation** – Each license carries a maximum length overall (LOA) designation, limiting the length of the vessel that may use the license.
- **Non-severability** – The endorsements and designations of a license are non-severable and only transfer with the license.
- **Non-Trawl** – A license was assigned a non-trawl gear designation only if non-trawl gear was used to harvest LLP species from the qualifying fishery during the period beginning June 17, 1995 through January 1, 1998 (§679(k)(3)(iv)(D)).
- **Operation-type designation** – Each license carries a designation for either catcher processor operation or catcher vessel operation. A catcher processor may choose to operate as a catcher vessel, delivering its catch to shore.
- **Qualified permit** – for purposes of this analysis, a qualified permit is one that meets the threshold criterion of either one landing or two landings for the respective qualification period, 2000-2005. If the Council selects Component 1, Option 3, the qualification period will extend to include harvests landed in 2006.
- **Trawl/non-trawl** – A license was assigned both a trawl and non-trawl gear designation if only both gear types were used to harvest LLP species from the qualifying vessel during the period beginning January 1, 1988 through June 17, 1995 (§679(k)(3)(iv)(B)).
- **Trawl** – A license was assigned a trawl gear designation only if trawl gear was used to harvest LLP species from the qualifying during the period beginning January 1, 1988 through June 17, 1995 (§679(k)(3)(iv)(C)).

Disclaimer on harvest data used in this report

The tables presented in this paper estimate the history associated with LLPs by assigning catch history of the originating vessel (i.e., the vessel that earned the licenses) together with the catch history of the vessels assigned the license at particular times. Depending on the circumstances, this method of approximation can overcount or undercount history associated with a license. As a consequence, all tables and catch history estimates in this paper should be viewed as approximations that could contain some degree of error.

EXECUTIVE SUMMARY

This Regulatory Impact Review (RIR) was prepared to meet the requirements of Presidential Executive Order 12866 for an evaluation of the benefits and costs, and of the significance, of a proposed Federal regulatory action. Analysts have also drafted an environmental assessment (EA) and initial regulatory flexibility analysis (IRFA) to comply with the National Environmental Policy Act and the Regulatory Flexibility Act, respectively. The IRFA will be revised upon selection of a preferred alternative by the North Pacific Fishery Management Council (Council), in order to reflect the potential economic effects of the proposed action on directly regulated small entities.

The Council is considering amending Federal regulations related to the License Limitation Program (LLP) and its application of area endorsements on LLPs held by trawl catcher vessels and trawl catcher processors. Overall, the action under consideration would remove area or subarea endorsements from latent LLP licenses on trawl catcher processors and trawl catcher vessels. Table E - 1 and Table E - 2 provide data on the current number of trawl CV and trawl CP licenses with BS, AI, CG, and WG endorsements, respectively.

An example of how to read the tables is as follows: there are 148 trawl CV licenses with a BS endorsement and 48 trawl CV licenses with an AI endorsement. Of those 148 licenses with a BS endorsement, 102 have only a BS endorsement and 46 have both BS and AI endorsements. Of those 48 licenses with an AI endorsement, 2 have only an AI endorsement and 46 have both BS and AI endorsements. Thus, the total number of licenses with a BS and/or AI endorsement is 150 (102 + 2 + 46).

Table E - 1 Number of trawl CV LLPs endorsed for the BS, AI, CG, and WG

All Trawl CVs	235 licenses	All Trawl CVs	235 licenses
BS	148	BS only	102
AI	48	AI only	2
CG	176	BS and AI	46
WG	160	CG only	58
		WG only	42
		CG and WG	118

Source: NMFS Restricted Access Management LLP file (Jan 6, 2008)

Table E - 2 Number of trawl CP LLPs endorsed for the BS, AI, CG, and WG

All Trawl CPs	64 licenses	All Trawl CPs	64 licenses
BS	62	BS only	9
AI	54	AI only	1
CG	27	BS and AI	53
WG	26	CG only	11
		WG only	10
		CG and WG	16

Source: NMFS Restricted Access Management LLP file (Jan 6, 2008)

In the review process to date, several decisions have been made to simplify the proposed action. The current suite of alternatives, components, and options is provided in Section 2.4. Table E - 5 of this executive summary provides a general outline of the alternatives, components, and options under consideration.

There are three primary alternatives under consideration in this analysis. **Alternative 1** (no action) would not make any changes to the current License Limitation Program. **Alternative 2** would remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the overall management area (BSAI and/or GOA). **Alternative 3** would remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the specified subarea. Thus, the only difference between Alternative 2 and Alternative 3 is the basis for applying the landing thresholds. Alternative 2 would remove subarea endorsements on latent licenses by applying the threshold criteria at the management area level, i.e. BSAI and GOA. Alternative 3 would remove subarea endorsements on latent licenses by applying the threshold criteria at the management subarea level, i.e., BS, AI, WG, and CG.

In effect, if the license at issue has only one area endorsement and it does not meet the landing threshold selected, the entire license is extinguished. If the license at issue has multiple area endorsements and it does not meet the landing threshold for a specific area, the license would be reissued with only the area endorsements for which it qualifies. The area endorsement for which the license does not qualify would be removed.

There are several exemptions to the action proposed under Alternatives 2 and 3. BSAI LLP endorsements originally issued to AFA vessels and any non-AFA BSAI LLP endorsements assigned to AFA vessels not having any other license are exempt. In addition, Central Gulf endorsements on Central Gulf rockfish pilot program LLPs are exempt. Finally, BSAI LLP endorsements originally issued to qualified Amendment 80 vessels and LLPs used for eligibility in Amendment 80 are exempt.

There are four components that outline the details of the action alternatives; the exact same components are applicable under Alternative 2 and Alternative 3. **Component 1** describes the minimum landing thresholds that trawl licenses would need to meet in order to retain their area or subarea endorsements. These thresholds are either one or two landings in the specified area, during the period 2000 – 2005 or 2000 – 2006. As noted in the respective tables for the various fleets, the number of licenses meeting the one landing and two landings thresholds are relatively similar. Component 1 includes an option to exempt BSAI endorsements on LLPs with an MLOA of <60' with trawl or non-trawl landings in the BSAI directed Pacific cod fishery during 2000 - 2005. There is also an option to exempt AI endorsements from meeting the landings thresholds.

Component 2 is a provision, in that the Council previously determined that groundfish harvest history will be credited to each LLP that is stacked on a single vessel at the time of the landing. This decision was essential to staff being able to complete the analysis of impacts.

Component 3 provides an option to exempt GOA LLP endorsements originally issued to vessels qualified under Amendment 80 and those used for eligibility in Amendment 80 from the GOA landing thresholds.

Component 4 proposes to create new AI endorsements on trawl LLPs that meet specified criteria. An option is proposed to award AI endorsements to non-AFA trawl catcher vessel LLPs with an MLOA of <60' if landing thresholds are met in the Aleutian Islands parallel Pacific cod fishery during 2000 – 2005. A second option would award AI endorsements to non-AFA trawl catcher vessel LLPs with an MLOA of ≥60' if they have one landing in the Aleutian Islands parallel Pacific cod fishery during 2000 – 2006 or Aleutian Islands State water Pacific cod fishery and meet landings thresholds in the BSAI Pacific cod fishery in 2000 – 2006. Finally, a third option would allow NMFS to exempt a specified number of vessels from the requirement to have an AI endorsement to participate in the AI groundfish fishery. The individual vessels would be selected annually by the Aleut Corporation.

Overall, Component 4 would potentially add an estimated range of 12 – 18 new AI endorsements, awarded to eligible non-AFA trawl CV LLPs. This is the possible range if Option 1 and Option 2 are both selected under the preferred alternative. (Note that the universe of 14 licenses available for the endorsement exemption under Option 3 is approximately the same as for Option 1.)

Thus, Component 1 and Component 4 are diametrically opposed management actions (i.e., extinguishing area endorsements under Component 1, while creating new AI endorsements under Component 4), which creates some incongruity in the supporting analysis. The Council’s problem statement for the proposed action (see Section 2.1) provides the primary rationale for including Component 4. In effect, there is concern that there is a need to increase the number of valid non-AFA trawl LLPs in the Aleutian Islands management area, such that a resident fishing fleet can develop in Adak and participate in the Pacific cod, pollock, Pacific Ocean perch, and Atka mackerel fisheries in the AI.

Due to this identified need, the Council agreed to consider different criteria for trawl CV area endorsement eligibility in the AI. However, the action is not limited to proposing criteria that are less restrictive in the AI than those proposed for other areas; options are instead proposed to either exempt AI endorsements from this action altogether or create new AI endorsements for the non-AFA trawl CV sector. Component 4 was likely included in this particular amendment package because it was the only amendment under development that pertained to modifications of the License Limitation Program for trawl CV and CP licenses. However, the fact that these two components are diametrically opposed actions, coupled with the level of controversy associated with Component 4, may spur the Council to consider Component 4 under a separate amendment package.

The primary action under consideration is the removal of trawl LLP area endorsements. Table E - 3 and Table E - 4 are summary tables for the trawl CV and trawl CP sectors, respectively. These tables show the effect of applying the landings criteria (Component 1, Options 1 – 3) proposed under Alternatives 2 and 3 to each trawl sector. These tables account for the three exemptions described above that are provisions of this action. Table E - 3 applies to the trawl CV sector and therefore excludes AFA licenses from the BSAI endorsement thresholds, and CG rockfish pilot program licenses from the CG endorsement thresholds. Table E - 4 applies to the trawl CP sector and therefore excludes AFA licenses from the BSAI endorsement thresholds; CG rockfish pilot program licenses from the CG endorsement thresholds; and Am. 80 licenses from the BSAI endorsement thresholds.

Table E - 3 Number of trawl CV licenses that qualify under Component 1, Options 1 – 3, with exemptions applied

Alternative	Endorsement	Harvest Area ¹	Number of endorsements	Option 1 2000-2005		Option 3 2000-2006	
				1 Landing	2 Landings	1 Landing	2 Landings
ALT 2	AI	AI or BS	6	1	1	1	1
ALT 3	AI	AI only	6	1	1	1	1
ALT 2	BS	AI or BS	47	14	13	15	14
ALT 3	BS	BS only	47	14	13	15	14
ALT 2	CG	CG or WG	130	78	72	80	72
ALT 3	CG	CG only	130	49	39	49	39
ALT 2	WG	CG or WG	160	96	86	98	86
ALT 3	WG	WG only	160	79	65	82	65

¹Harvest area means the management area in which the landings must be made in order to keep the endorsement.

Source: ADF&G fishticket files merged to a January 6, 2008 RAM Division LLP file.

Note: This table excludes trawl CV licenses that are exempt under this action (CG rockfish licenses are excluded from the CG; AFA licenses, as well as 2 non-AFA licenses attached to AFA CVs, are excluded from the BSAI).

In sum, for the universe of trawl CV LLPs subject to Component 1:

- The number of AI endorsed licenses would be reduced from 6 to 1 under Alternative 2 or 3
- The number of BS endorsed licenses would be reduced from 47 to 13 – 15 under Alternative 2 or 3
- The number of CG endorsed licenses would be reduced from 130 to 72 – 80 under Alternative 2 or 39 – 49 under Alternative 3
- The number of WG endorsed licenses would be reduced from 160 to 86 – 98 under Alternative 2 or 65 – 82 under Alternative 3

Table E - 4 Number of trawl CP licenses that qualify under Component 1, Options 1 – 3, with exemptions applied

Alternative	Endorsement	Harvest Area	Number of endorsements	Option 1 2000-2005		Option 3 2000-2006	
				1 Landing	2 Landings	1 Landing	2 Landings
ALT 2	AI	AI or BS	8	2	2	2	2
ALT 3	AI	AI only	8	2	2	2	2
ALT 2	BS	AI or BS	7	1	1	1	1
ALT 3	BS	BS only	7	1	1	1	1
ALT 2	CG	CG or WG	10	5	5	5	5
ALT 3	CG	CG only	10	5	3	5	3
ALT 2	WG	CG or WG	26	21	20	21	20
ALT 3	WG	WG only	26	19	19	19	19

¹Harvest area means the management area in which the landings must be made in order to keep the

Source: ADF&G fish ticket files and WPR landings data merged to a January 6, 2008 RAM Division LLP file.

Note: This table excludes trawl CP licenses that are exempt under this action (AFA and Am. 80 licenses are excluded from the BSAI; CG rockfish licenses are excluded from the CG).

In sum, for the universe of trawl CP LLPs subject to Component 1:

- The number of AI endorsed licenses would be reduced from 8 to 2 under Alternative 2 or 3
- The number of BS endorsed licenses would be reduced from 7 to 1 under Alternative 2 or 3
- The number of CG endorsed licenses would be reduced from 10 to 5 under Alternative 2 or 3 - 5 under Alternative 3
- The number of WG endorsed licenses would be reduced from 26 to 20 – 21 under Alternative 2 or 19 under Alternative 3

Analysis of the entire suite of action alternatives, components, and options is provided in Section 2.7.

Table E - 5 Summary of the Alternatives, Components, and Options under Consideration

COMPONENT	ALTERNATIVES and OPTIONS		
	ALTERNATIVE 1. No action.	ALTERNATIVE 2. Remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the overall management area (BSAI or GOA).	ALTERNATIVE 3. Remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the specified subarea.
Component 1: Landings thresholds	N/A	<p>Option 1. One groundfish landing during 2000 – 2005.</p> <p>Option 2. Two groundfish landings during 2005 – 2006.</p> <p>Option 3. [One or two] groundfish landings during 2000 – 2006. Suboption: Apply Op. 3 only to BSAI endorsements</p> <p>Option 4. Exempt BSAI endorsements on trawl LLPs with MLOA >60' with trawl or non-trawl landings in the BSAI directed P.cod fishery of [one landing, two landings, or 200 mt, in any one year 2000 – 2005].</p> <p>Option 5. Exempt AI endorsements from the landings thresholds.</p>	
Component 2: Stacked LLPs	N/A	Groundfish harvest history is credited to each LLP stacked on a single vessel at the time of the landing. [Note: this is a provision.]	
Component 3: Amendment 80 GOA exemption	N/A	Option to exempt LLPs originally issued to vessels qualified under BSAI Am. 80 and LLPs used for eligibility in Am. 80 from the GOA landing thresholds.	
Component 4: Adding new AI endorsements to trawl LLPs	N/A	<p>Option 1. Award AI endorsements to non-AFA trawl CV <60' MLOA LLPs if they have landings of at least [50 mt, 250 mt, or 500 mt] in the AI parallel P.cod fishery in 2000 – 2005.</p> <p>Option 2. Award AI endorsements to non-AFA trawl CV ≥60' MLOA LLPs if they have at least one landing in the AI parallel groundfish fishery or AI State water P.cod fishery in 2000 – 2006, and [500 mt or 1,000 mt] in the BSAI P.cod fishery in 2000 – 2006.</p> <p>Option 3. Exempt a limited number of vessels [10 vessels <60' or 4 vessels <125'] from the requirement to hold an AI endorsement to participate in the AI groundfish fishery. The Aleut Corporation would select the vessels on an annual basis.</p>	
Exemptions¹	N/A	<ul style="list-style-type: none"> • Exempt BSAI LLP endorsements originally issued to vessels qualified under the AFA and any non-AFA BSAI LLPs assigned to AFA vessels not having any other license. (Applies to CPs and CVs). • Exempt CG subarea endorsements on CG rockfish pilot program qualified licenses. (Applies to CPs and CVs). • Exempt BSAI LLP endorsements originally issued to vessels qualified under Am. 80 and BSAI LLPs used for eligibility in Am. 80. 	

Note: This table provides a general summary outline of the issues, alternatives, and options. See the following section for the exacting wording of the alternatives and options under consideration.

¹The exemptions applicable under Alternatives 2 and 3 are not options; they are provisions.

1.0 INTRODUCTION

The groundfish fisheries in the Exclusive Economic Zone (EEZ) off Alaska are managed by the National Marine Fisheries Service (NMFS) under the authority of the Magnuson-Stevens Fishery Conservation and Management Act (MSA). Under the authority of the MSA, the North Pacific Fishery Management Council (Council) developed Fishery Management Plans for the groundfish fisheries of the Gulf of Alaska management area (GOA) and Bering Sea and Aleutian Islands management area (BSAI).

This Regulatory Impact Review (RIR) evaluates the costs and benefits of proposed Federal regulatory amendments that would make changes to the License Limitation Program (LLP) for trawl catcher vessels and trawl catcher processors that participate in the BSAI and GOA groundfish fisheries. The proposed amendment applies landings criteria to trawl groundfish licenses with area endorsements for the Bering Sea (BS), Aleutian Islands (AI), the Western Gulf of Alaska (WG), and Central Gulf of Alaska (CG). The intent of the amendment is to prevent latent groundfish trawl fishing capacity, or vessels using LLPs with the respective area endorsements that have not been utilized in recent years, from future re-entry into the fishery.

Presidential Executive Order 12866, the National Environmental Policy Act (NEPA), and the Regulatory Flexibility Act (RFA), and mandate that certain issues be examined before a final decision is made. The RIR and environmental assessment required under NEPA are contained in Chapters 2.0 and 3.0, respectively. Chapter 4.0 provides an Initial Regulatory Flexibility Analysis as required under the RFA. Chapter 5.0 includes a description of how the proposed action is consistent with the Magnuson-Stevens Act. References and lists of preparers and persons consulted are provided in Chapters 6.0, 7.0, and 8.0, respectively.

2.0 REGULATORY IMPACT REVIEW

An RIR is required under Presidential Executive Order (E.O.) 12866 (58 FR 51735; October 4, 1993). The requirements for all regulatory actions specified in E.O. 12866 are summarized in the following statement from the order:

“In deciding whether and how to regulate, agencies should assess all costs and benefits of available regulatory alternatives, including the alternative of not regulating. Costs and benefits shall be understood to include both quantifiable measures (to the fullest extent that these can be usefully estimated) and qualitative measures of costs and benefits that are difficult to quantify, but nonetheless essential to consider. Further, in choosing among alternative regulatory approaches agencies should select those approaches that maximize net benefits (including potential economic, environmental, public health and safety, and other advantages; distributive impacts; and equity), unless a statute requires another regulatory approach.”

E.O. 12866 requires that the Office of Management and Budget review proposed regulatory programs that are considered to be “significant.” A “significant regulatory action” is one that is likely to:

- Have an annual effect on the economy of \$100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, local or tribal governments or communities;
- Create a serious inconsistency or otherwise interfere with an action taken or planned by another agency;
- Materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or
- Raise novel legal or policy issues arising out of legal mandates, the President’s priorities, or the principles set forth in this Executive Order.

2.1 Problem Statement

The sectors potentially affected by the proposed amendment include trawl CV and trawl CP groundfish LLP permit holders with BS, AI, WG, and CG¹ subarea endorsements. Options under consideration would remove the area endorsements on these permits if the licenses did not meet specified harvest thresholds (landings criteria). In effect, if the license at issue has only one area endorsement and it does not meet the landing threshold selected, the entire license is extinguished. If the license at issue has multiple area endorsements and it does not meet the landing threshold for a specific area, the license would be reissued with only the area endorsements for which it qualifies. The area endorsement for which the license does not qualify would be removed. In addition, there are options to create new AI endorsements for non-AFA trawl CV license holders meeting specified criteria.

The rationale for this action is concern over the impacts that potential future entry of latent effort would have on current LLP permit holders that participate in the groundfish fisheries. Latent effort is comprised of valid LLPs that have not been utilized in the trawl groundfish fisheries in recent years. Recency, as defined by the alternatives, has been determined by the Council to be participation during the most recent 6-year or 7-year period from 2000 – 2005 or 2000 – 2006, respectively. In its discussions of this issue, the Council noted that LLP holders currently fishing the BSAI and GOA groundfish trawl fisheries have

¹Note that under LLP area designations, the Central Gulf subarea includes West Yakutat.

made significant investments, had long catch histories, and are dependent on the groundfish resources from these areas. This amendment is intended to provide protection for currently participating permit holders from those permit holders that could re-enter the fisheries in the future using a latent license.

As noted above, this action affects LLP area designations (BS, AI, WG, CG), by applying threshold criteria at the overall management area (BSAI and GOA) or subarea (BS, AI, WG, CG) level in order to retain the endorsement. The species included in the amendment include all species of trawl harvested groundfish in the above areas. Invertebrates (squid, octopus) crab, prohibited species (salmon, herring, halibut and steelhead), other species (sculpins, skates and sharks) and forage fish are not included and should not be affected by this amendment. The list of groundfish species affected by the proposed action is provided in Appendix 1.

The Council adopted the following problem statement on June 11, 2006:

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 dependant 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.

Note that the main focus of the amendment is to reduce the future potential for an increase in trawl groundfish fishing effort from LLPs currently unused or underutilized in all areas. However, the last paragraph of the problem statement addresses the need to increase the number of valid non-AFA trawl LLPs in the Aleutian Islands management area, and is therefore different in its objective from the action proposed for other management areas included in the amendment.

This amendment addresses a number of other aspects of LLPs in the BSAI and GOA groundfish fisheries, including a provision for dealing with multiple (stacked) LLPs on a single vessel, and an option to exempt LLPs originally issued to vessels qualified under Amendment 80 and LLPs used for eligibility in Amendment 80 from the GOA landing thresholds.

In addition, there are three primary exemptions that are explicitly stated under the action alternatives:

- Exempt BSAI LLP endorsements originally issued to vessels qualified under the AFA and any non-AFA BSAI LLPs assigned to AFA vessels not having any other license. (Applies to CPs and CVs).
- Exempt CG subarea endorsements on CG rockfish pilot program qualified licenses. (Applies to CPs and CVs).
- Exempt BSAI LLP endorsements originally issued to vessels qualified under Am. 80 and BSAI LLPs used for eligibility in Am. 80.

The following general parameters may help in understanding the effects of the proposed action:

The amendment will....

- It will implement threshold criteria for trawl groundfish LLPs and extinguish area endorsements for those permits that have not been utilized during the years under consideration (2000- 2005 or 2000 – 2006). Alternative 2 or Alternative 3 would limit participation in the trawl groundfish fisheries in the BSAI and GOA to current levels by preventing future re-entry of latent licenses.
- It will mean that future gross revenues from groundfish harvests in the respective management areas would not be diluted by additional future fishing effort, as represented by latent LLPs. Those LLP holders with participation in the trawl groundfish fisheries, (i.e., those meeting the selected threshold criteria), would be protected from possible future use of latent licenses, and thus a reduction of their gross revenue share due to this participation.

The amendment will not....

- The action will not result in production efficiencies to LLPs that meet the threshold criteria, of the nature generally ascribed to a rationalization program. Following implementation of the amendment, each qualified LLP holder will still have an incentive to expand effective fishing effort, and thereby maximize their respective share of the gross revenues to be earned in the trawl groundfish fisheries.
- The action will not necessarily result in an ‘optimum’ harvesting capacity in any of the sectors or areas, however that term may be interpreted. The Council selected two very modest threshold levels for application of the exclusion criterion: one landing and two landings over either six years (2000 – 2005) or seven years (2000 – 2006). The number of latent LLPs to be removed under any of these choices was not based on a predetermined ‘optimum’ capacity for the trawl groundfish fleet. The action should be regarded as a modest step in the fisheries management continuum between the status quo and a rationalized trawl groundfish fishery. It is one step, rather than a comprehensive approach, to fully resolve long-term participation issues in the trawl groundfish fishery.

2.2 Background

2.2.1 History of the LLP Program

This section provides a brief ‘primer’ on the history of the License Limitation Program, in order to provide the necessary context for the proposed action.

The LLP limits access to the groundfish and crab fisheries in the Bering Sea and Gulf of Alaska.² In the mid to late 1990s, the Council developed the LLP to address capacity concerns and take a first step toward rationalization of the groundfish fisheries under its management. Fishing under the program began in 2000. The LLP established criteria for the issuance of licenses to persons based on fishing history of vessels. This section briefly summarizes the primary provisions applicable to trawl participants.

The LLP defined a general qualification period (GQP) and an endorsement qualification period (EQP), both of which must be satisfied for a management subarea in order for a vessel owner to receive a license. Vessels that meet requirements for more than one subarea endorsement are issued a single, non-severable LLP license with multiple area endorsements. GQP and EQP criteria differ across areas and subareas, and include a variety of exceptions meant to address specific circumstances in the different areas. Table 1 shows the primary GQP and EQP requirements applicable to trawl vessels in the various BSAI and GOA subareas. In general, the endorsements and EQP catch requirements apply to a single subarea. However, the Central Gulf endorsement and EQP catch requirements treat the Central Gulf and West Yakutat subareas as a single subarea. So, catch history in either the Central Gulf or West Yakutat would qualify a vessel for a Central Gulf endorsement, which in turn, qualifies a vessel to participate in the Central Gulf and West Yakutat. EQP requirements differ across the different endorsement areas.³

Table 1 General LLP license issuance criteria

Management Area	GQP requirement (Jan. 1, 1988 – June 27, 1992)	Endorsement Area	Vessel length and operation	EQP requirement (Jan. 1, 1992 – June 17, 1995)
Bering Sea/ Aleutian Islands	One landing	Bering Sea	All vessels	One landing
		Aleutian Islands		One landing
Gulf of Alaska	One landing	Western Gulf	CVs ≥125' and CPs ≥60'	One landing in at least two calendar years
			125' >CVs and CPs <60'	One landing
		Central Gulf (inc. Central Gulf and West Yakutat)	All vessels ≥60'	One landing in at least two calendar years
			All vessels <60'	One landing

In addition to the different area endorsements, LLP licenses also carry a designation for operation type (i.e., catcher processor or catcher vessel), gear (trawl or non-trawl), and vessel length (see text box below). LLP licenses were issued catcher processor designations if groundfish were processed on the vessel during the period from January 1, 1994 through June 17, 1995 or the last calendar year of the EQP. It is important to recognize that licenses of either operation type (i.e., catcher vessel or catcher processor)

² Amendment 39 to the BSAI groundfish plan and Amendment 41 to the groundfish plan for the GOA established the LLP. The rules governing the LLP are contained in 50 CFR 679.4(k).

³ Notably, persons fishing only inside 3 nm (i.e., in state waters only) were eligible for an LLP license based on their State water participation. However, persons that never acquired a federal fisheries permit (FFP), which is required for participation in fisheries in Federal waters, were issued LLPs that are not transferable from the originating vessel.

authorize participation as a catcher vessel. So, removing inactive catcher vessel licenses does not affect the potential effort of holders of catcher processor licenses in the catcher vessel sector.⁴

Each license carries a gear designation (trawl or non-trawl) based on the gear used on the vessel during the period beginning January 1, 1988 through June 17, 1995. If a vessel used both trawl and non-trawl gear during this period, its license was designated for both gear types.

Trawl LLP License Endorsements and Designations

Area endorsements – Each license carries one or more subarea endorsements authorizing entry to fisheries in those subareas (BS, AI, CG, or WG).

Operation-type designations – Each license carries a designation for either catcher processor operation or catcher vessel operation. A catcher processor may choose to operate as a catcher vessel, delivering its catch to shore.

Gear designation – Each license carries a gear designation, trawl and/or non-trawl, authorizing its entry in fisheries for the designated gear.

MLOA designation – Each license carries a maximum LOA designation, limiting the length of the vessel that can use the license.

Non-severability – The endorsements and designations of a license are non-severable and only transfer with the license.

AFA LLP licenses – Licenses derived from AFA vessel histories cannot be transferred to non-AFA vessels.

Lastly, each license carries an MLOA, identifying the maximum vessel LOA for use of the license. For vessels 125 feet or greater in length on June 24, 1992, the MLOA is the vessel length. For vessels under 125 feet in length on that date, the MLOA is the lesser of 1.2 times the LOA or 125 feet. If a vessel was under reconstruction on June 24, 1995, the basis for determining the MLOA is the vessel's length on completion of the reconstruction. In addition, vessels under 60 feet on June 17, 1995 (or under construction on that date with a reconstructed LOA under 60 feet) cannot have an MLOA greater than 60 feet; vessels under 125 feet on June 17, 1995 (or under construction on that date with a reconstructed LOA under 125 feet) cannot have an MLOA greater than 125 feet; and vessels under construction on that date with a reconstructed LOA over 125 feet will have an MLOA equal to the vessel's reconstructed length.

Generally, 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 endorsement and designated for the gear (trawl or non-trawl) and operation type (catcher processor or catcher vessel) and of sufficient MLOA.⁵

A number of past and pending actions have an effect on the environment for effort limitation in the BSAI and GOA groundfish fisheries. First and most important, the segmentation of fisheries by sector contributes to impacts of entry of latent effort. Sectors that receive exclusive allocations and have constraining limits on access are less likely to be affected by entry. The adverse impacts of entry of latent capacity are exacerbated for sectors with substantial latent capacity, if other sectors receive allocations that are not affected by the increase in effort. Two effects contribute to this impact. First, exclusive allocations leave less of the TAC available to the sectors not receiving those allocations, concentrating the impact of entry of latent effort. Second, exclusive allocations (especially when accompanied by new entry

⁴ This transition could occur one of two ways. First, a catcher processor licenses can be voluntarily (and irreversibly) converted to a catcher vessel license. In addition, a catcher processor may choose to deliver its catch to shore.

⁵ There are a few exceptions to the requirement for an LLP license. Most pertinent to this action, a person fishing exclusively in state waters (i.e., inside 3 nm) is not required to have an LLP. 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. In addition, vessels <60 feet LOA, and that are using jig gear (but no more than 5 jig machines, one line per machine, and 15 hooks per line) are exempt from the LLP requirements in the BSAI.

limits) reduce the number of fisheries available to latent effort, further contributing to the impact of entry of latent effort.

The actions under BSAI Amendment 80 (non-AFA trawl catcher processor sector allocation and cooperative program) and BSAI Amendment 85 (Pacific cod sector allocations) have the effect of limiting the dispersal of impacts of entry. Both of these actions could leave some sectors exposed to the effects of increases in trawl catcher vessel effort. Under Amendment 85, trawl catcher vessels receive an exclusive allocation of Pacific cod. Participants in the trawl catcher vessel Pacific cod fishery (both AFA vessels and non-AFA vessels) could be affected by any increase in trawl catcher vessel effort. Under Amendment 80, the exclusive allocation to the non-AFA catcher processors would leave a portion of the TAC of the five Amendment 80 species (i.e., yellowfin sole, rock sole, other flatfish, Atka mackerel, and Pacific Ocean perch) available to all other sectors. These sectors (primarily, the AFA trawl catcher processors, AFA trawl catcher vessels, and non-AFA trawl catcher vessels) would be vulnerable to entry of latent catcher vessels. In a broader sense, as opportunities for entry are foreclosed, latent participants wishing to reenter have access to fewer fisheries. So, those sectors and fisheries that remain accessible are especially vulnerable to impacts of entry.

The AFA also impacts the distribution of effects of entry of holders of latent licenses in a few ways. To understand these impacts requires an understanding of the limits on AFA participation in fisheries (other than the BSAI pollock fisheries). Most AFA vessels are subject to sideboards in the BSAI non-pollock fisheries and GOA fisheries. The total catch of these vessels should be effectively limited by the sideboards. Some smaller AFA catcher vessels (i.e., less than 125 feet LOA) with limited BSAI pollock history (i.e., less than 1,700 mt during 1995-1997) are exempt from certain sideboards. Catcher vessels meeting the size and pollock catch criteria with at least 30 landings in the BSAI Pacific cod fishery during 1995-1997 are exempt from the sideboard in that fishery. Nine vessels have qualified for this exemption. In addition, vessels meeting the size and pollock catch criteria with more than 40 groundfish landings in the GOA during 1995 - 1997 are exempt from the GOA sideboards. Sixteen vessels have qualified for this exemption. Catch of these exempt vessels was not included in calculating the applicable sideboard limit.

To further protect non-AFA GOA groundfish participants, GOA sideboard exempt AFA vessels have agreed through an inter-cooperative agreement that the GOA exemption will only apply to vessels that do not lease any of their BSAI pollock allocation. This agreement is intended to prevent an exempt vessel from using leasing to increase its catch in the GOA, while receiving the benefit of its AFA pollock allocation. Lastly, LLP licenses derived from the history of an AFA vessel cannot be transferred to a non-AFA vessel. This prohibition prevents holders of AFA vessel LLPs from transferring an LLP to a non-AFA vessel, ensuring that there is no increase in effort in fisheries other than the BSAI pollock fishery.⁶

2.2.2 Background on the intent of the proposed action

This section provides more information related to the intent of the proposed action and the reasons that prompted the initiation of this amendment package. Whether the LLPs excluded under the proposed

⁶The combination of sideboard limits together with this transfer prohibition appears to prevent potential increase in effort by AFA vessels (beyond the level used to determine the AFA sideboards) that would necessitate the removal of latent AFA licenses from either BSAI or GOA fisheries. Note that some participants in fisheries other than the BSAI pollock fisheries contend that this action should remove any licenses (including AFA licenses) to protect current participants from any potential increase in effort from AFA vessels beyond their current effort level in the fisheries. Without eliminating inactive AFA licenses, it is possible for AFA licenses that are currently inactive to reenter the fisheries. While this increase in effort would be subject to the sideboard limitations, the reentry of effort by AFA vessels could result in increases in catch by AFA vessels when compared to the recent post-AFA implementation years.

amendment would enter the trawl groundfish fishery in the future in the absence of this action is uncertain. That entry would depend on the future market conditions, resource conditions, regulatory environment, as well as costs and opportunity situations specific to each individual LLP holder.

Industry has related concerns with being one of the only fisheries remaining open to new effort in the wake of effort limitation programs already in place in the BSAI and GOA. Within the GOA, concern over latent effort could be partially resolved by Gulf rationalization. However, due to the uncertainty of that action and the significant time necessary for such an action to complete the public process, the proposed amendment gained some support as a necessary action. The remainder of this section highlights three of the primary reasons this amendment was proposed.

2.2.2.1 Diminished Season Length

To arrive at the conclusion that there are too many permits in most CV and CP trawl fisheries (e.g., there are latent LLPs, some of which should be removed), the Council relied on data and testimony relating to diminished season lengths for most areas and upon industry testimony that future increases in effort would cause economic dislocation and hardship for those currently participating in, and depending upon, the trawl groundfish fisheries. As an example, Table 2 shows the declining trend in the number of days the trawl catcher vessel Pacific cod fishery has been open in recent years (2000 - 2006). The total number of days for this fishery had steadily declined from 346 days in 2000, to 95 days in 2006. As another example of this concern, the Council has been asked to address trip limits for pollock in the GOA, due to concern over shortened seasons from increased effort by larger vessels.

Table 2 BSAI trawl CV Pacific cod fishery

BSAI trawl CV Pacific cod fishery: Season length 2000 - 2006				
year	open	closed	reason for closure	# of days season open
2006	1/20/2006	3/8/2006	achieved TAC*	47
	4/1/2006	4/6/2006	achieved TAC	5
	7/19/2006	8/31/2006	halibut bycatch	43
total for year				95
2005	1/20/2005	3/13/2005	achieved TAC	52
	3/29/2005	8/18/2005	halibut bycatch	142
total for year				194
2004	1/20/2004	3/23/2004	achieved TAC	63
	4/1/2004	4/4/2004	achieved TAC	3
	4/10/2004	4/13/2004	achieved TAC	3
	6/10/2004	11/1/2004	REG**	144
total for year				213
2003	1/20/2003	9/25/2003	halibut bycatch cap	248
	total for year			
2002	1/20/2002	7/1/2002	Red king crab zone 1	162
	1/20/2002	10/29/2002	Halibut bycatch cap	282
total for year				282
2001	1/20/2001	11/1/2001	bycatch cap exceeded	285
	total for year			
2000	1/20/2000	12/31/2000	12/14/2000	closed by injunction *
	1/20/2000	12/31/2000	REG	346
total for year				346

*TAC means closed by harvest of the allowable quota.

**REG means closed by date in regulation.

Note: In 2000, the trawl P. cod fishery was closed to within critical habitat zones on 12/14 to protect Steller sea lions.
Source: NOAA Fisheries, RAM Division, at: <http://www.fakr.noaa.gov/sustainablefisheries/catchstats.htm>

2.2.2.2 Diminished alternative opportunities as an incentive for re-entry of latent LLPs

Part of the concern that prompted this amendment was the perception that a series of fishery management decisions by the Council over a number of years has gradually restricted alternative fishing opportunities. The concern is that those fisheries remaining open will attract new effort from LLPs assigned to vessels that have not recently participated in these fisheries.

The series of management measures that have generated this concern include:

- the IFQ Program for the halibut and sablefish fisheries;
- implementation of the American Fisheries Act, which allocates the BSAI pollock fishery among specified trawl vessels;
- adoption of BSAI Amendment 67, which established an LLP endorsement requirement in the non-trawl BSAI Pacific cod fishery for vessels $\geq 60'$ LOA;
- the BSAI crab rationalization program;
- the Central GOA rockfish pilot program, initially approved for two years but recently extended under reauthorization of the Magnuson-Stevens Act; and
- adoption of BSAI Amendment 80, which allocates several BSAI non-pollock trawl groundfish species among trawl fishery sectors and facilitates the formation of harvesting cooperatives in the non-AFA trawl CP sector.

The concerns is that an inadvertent consequence of this series of regulations could be an environment where groundfish fisheries participants gravitate towards any open venue, with the intent of preserving future opportunity, rather than specific interest in a particular fishery (i.e. "fishing for history"). The extent to which future re-entry of latent groundfish LLPs could be triggered by the above series of management actions is unknown; however, it is one of the primary concerns that spurred the development of this amendment.

2.2.2.3 Insufficient number of non-AFA trawl CVs to participate in the AI groundfish fisheries

Component 4 under Alternatives 2 and 3 would have the opposite effect of the other parts of the proposed action. While Components 1 – 3 under Alternatives 2 and 3 would have the effect of removing area endorsements from recently inactive LLPs, Component 4 would create new additional AI subarea endorsements on non-AFA trawl CV licenses.

The Council's rationale for considering the creation of new AI endorsements for the non-trawl CV sector is based upon the following three concepts:

- (1) Under the status quo (Alternative 1), there are very few non-AFA trawl groundfish LLPs endorsed for the AI. There are only six in total, and only one of the six has been used in recent years.
- (2) The Council has heard testimony from representatives of Adak fisheries that their operations are currently constrained by only being able to operate in State waters, while Pacific cod and other groundfish concentrations are outside of the 3-mile limit during part of the year.

Figure 1 shows the three mile boundary around Adak Island. In testimony to the Council, proponents of Component 4 have expressed concern that the current groundfish fleet operating

out of Adak can only operate in the parallel waters fishery or in the State waters fishery for Pacific cod. However, during the fishing season, the cod resource is concentrated outside of the State waters (3 mile) boundary, in Sitkin Sound and Tanaga Sound. Supporters of this component would like to have additional non-AFA trawl CV LLPs endorsed for the AI so that the resource can be harvested both within and outside of State waters by a larger fleet, including those that have only participated in the parallel or State waters Pacific cod fishery.

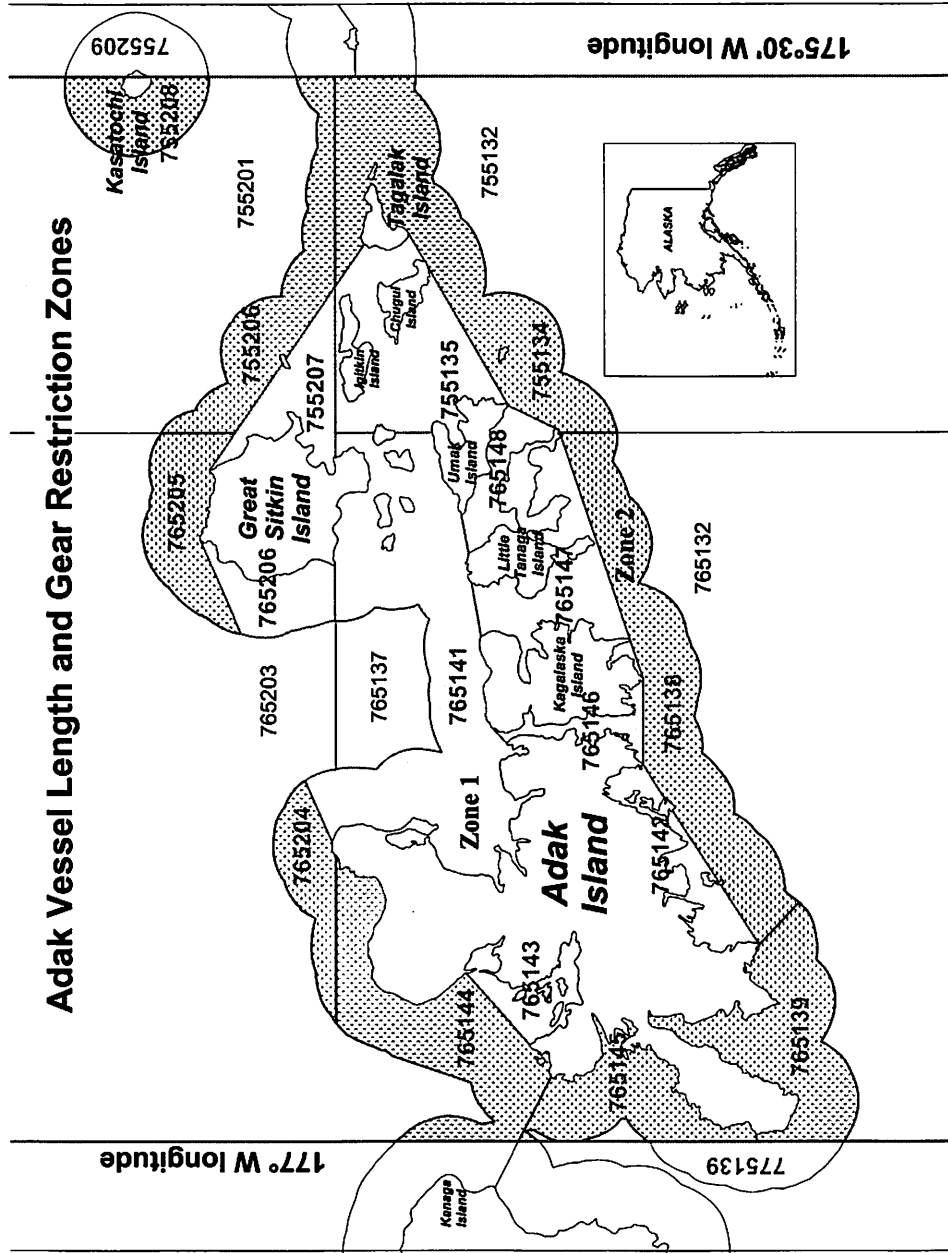
- (3) The Council and the Alaska Board of Fisheries have, through recent actions, established regulations for non-AFA groundfish fisheries in the Aleutian Islands. The recent actions include: the pollock allocations established under BSAI Amendment 82, the State waters Pacific cod fishery established by the Alaska Board of Fisheries, and the allocations under BSAI Amendment 80 for up to 10 percent of the AI ITAC for CV trawl harvests of Pacific Ocean perch and Atka mackerel. However, it has been suggested there may not be a sufficient number of LLPs endorsed for the AI under the status quo to effectively harvest these fisheries. Table 3 shows the allocations that will result under the action taken in Amendment 80.

Table 3 Trawl Limited Access AFA CV, CP and Non-AFA CV Allocations under Amendment 80 Provisions

species	year	Area 541		Area 542		Area 543	
		% allocation	allocation in mt.	% allocation	allocation in mt.	% allocation	allocation in mt.
Atka Mackerel	year 1	2%	127.5	2%	603.5	0	0
Atka Mackerel	year 2	4%	255.0	4%	1207.0	0	0
Atka Mackerel	year 3	6%	382.5	6%	1810.5	0	0
Atka Mackerel	year 4	8%	510.0	8%	2414.0	0	0
Atka Mackerel	year 5	10%	637.5	10%	3017.5	0	0
POP	year 1	5%	130.9	5%	129.0	2%	86.4
POP	year 2	10%	261.8	10%	258.0	2%	86.4

note: example allocations are based upon percentages of 2005 ITAC
percentage allocations are from Amendment 80.

Figure 1 Adak vessel length and gear restriction zones and statistical reporting areas



Source: ADF&G.

2.2.3 Estimated revenues in the trawl groundfish fisheries

Table 4 and Table 5 below show catch (mt) and gross revenues by trawl catcher vessels and trawl catcher processors in the groundfish fisheries off Alaska during 2006, respectively. The catch data for trawl CVs are from ADF&G fishtickets, and the catch data for trawl CPs are from the NMFS catch accounting database and blend data. Gross revenues were calculated using ex-vessel prices from Table 18 of the 2007 Economic Stock Assessment Fishery Evaluation (SAFE) report.⁷ Wholesale values were calculated using catcher processor product prices per ton from Table 27 of the Economic SAFE report. Note that this is one of several ways to calculate revenues.

Appendix 2 provides similar tables showing the average annual catch and gross revenues by trawl CVs and CPs in the groundfish fisheries during 2000 - 2006, as well as the total catch and gross revenues by trawl CVs and CPs in the groundfish fisheries during 2000 - 2006. Please reference this appendix for additional information.

Table 4 Catch (mt) and gross revenues by trawl catcher vessels in the groundfish fisheries off Alaska, 2006

Year	Area	Fishery	Vessels	Tons	Earnings
2006	AI	Flatfish	*	*	*
2006	AI	Pacific Cod	25	10,332	\$7,880,860
2006	AI	Pollock	13	899	\$253,680
2006	AI	Rockfish	*	*	*
2006	BS	Atka Mackerel	77	563	\$133,938
2006	BS	Flatfish	92	5,043	\$2,257,036
2006	BS	Other	88	533	\$26,609
2006	BS	Pacific Cod	101	26,947	\$20,555,054
2006	BS	Pollock	100	787,842	\$222,320,322
2006	BS	Rockfish	73	443	\$254,084
2006	BS	Sablefish	47	4	\$9,588
2006	CG	Atka Mackerel	14	11	\$2,571
2006	CG	Flatfish	47	20,670	\$6,333,956
2006	CG	Other	40	920	\$87,485
2006	CG	Pacific Cod	47	6,377	\$5,187,438
2006	CG	Pollock	47	42,529	\$12,657,434
2006	CG	Rockfish	47	7,169	\$3,950,973
2006	CG	Sablefish	41	413	\$1,863,379
2006	WG	Atka Mackerel	13	14	\$3,404
2006	WG	Flatfish	35	408	\$125,091
2006	WG	Other	32	6	\$195
2006	WG	Pacific Cod	37	4,917	\$3,999,594
2006	WG	Pollock	37	24,381	\$7,256,407
2006	WG	Rockfish	32	26	\$14,144
2006	WG	Sablefish	5	5	\$22,594

Source: ADF&G fish tickets (catch data). Gross revenues calculated based on ex-vessel prices reported in the December 2007 Economic SAFE report.

*Withheld for confidentiality.

⁷See: <http://www.afsc.noaa.gov/REFM/docs/2007/economic.pdf>

Table 5 Catch (mt) and gross revenues by trawl catcher processors in the groundfish fisheries off Alaska, 2006

Year	Area	Vessels	Tons	Wholesale value
2000	AI	14	72,703	\$43,236,016
2001	AI	13	88,103	\$66,069,975
2002	AI	13	74,628	\$53,224,047
2003	AI	14	86,975	\$60,824,667
2004	AI	15	87,229	\$64,989,204
2005	AI	15	87,689	\$74,160,897
2006	AI	15	88,744	\$77,845,283
2000	BS	38	712,433	\$506,537,950
2001	BS	38	786,879	\$515,142,026
2002	BS	39	853,176	\$598,450,746
2003	BS	40	712,276	\$524,535,291
2004	BS	40	883,064	\$735,830,600
2005	BS	39	879,234	\$860,184,426
2006	BS	39	893,220	\$853,679,926
2000	CG	10	23,504	\$27,114,358
2001	CG	11	19,096	\$14,965,956
2002	CG	9	21,656	\$19,047,144
2003	CG	15	27,925	\$25,103,727
2004	CG	11	12,742	\$15,104,031
2005	CG	12	18,283	\$24,361,699
2006	CG	12	23,163	\$31,386,867
2000	WG	15	10,734	\$12,177,211
2001	WG	14	9,070	\$8,007,501
2002	WG	14	11,219	\$8,796,337
2003	WG	16	14,068	\$11,961,424
2004	WG	15	9,687	\$10,723,498
2005	WG	13	7,467	\$9,372,011
2006	WG	11	9,149	\$12,496,174

Source: NMFS Catch Accounting (catch data). Wholesale values calculated based on product values per ton reported in the December 2007 Economic SAFE report.
*Withheld for confidentiality.

2.3 Related Documents and Actions

The documents listed below include detailed information on the License Limitation Program, the groundfish fisheries in the North Pacific, and on the natural resources, economic and social activities, and communities affected by those fisheries:

- Groundfish Programmatic Supplemental Environmental Impact Statement (PSEIS) (NMFS 2004)
- Essential Fish Habitat Environmental Impact Statement (EIS) (NMFS 2005b)
- The Harvest Specifications Environmental Impact Statement (EIS)(NMFS 2007)
- Analysis of Proposed License Limitation Amendment Package (EA/RIR/IRFA)(NPFMC 1999)

Section 2.2.2.2 presents information on some of the previous fisheries management regulations which set the conditions that have created concern for possible future re-entry of latent LLPs into the trawl groundfish fisheries in the BSAI and GOA. There are also some current actions being considered that will interact with the proposed amendment.

At the February 2007 Council meeting, staff presented a discussion paper outlining the potential cross effects that the proposed amendment will have with: (1) a proposed action to divide the Bering Sea/Aleutian Islands Pacific cod allocations into separate Bering Sea allocations and Aleutian Islands allocations should the BSAI TAC be split into BS and AI TACs, and to combine the BS and AI endorsements into a single BSAI endorsement; and (b) a proposed action that would establish sector allocations for Gulf of Alaska Pacific cod and remove latent licenses from the Gulf of Alaska fisheries. These actions could result in regulatory overlap with this proposed amendment, but since they are currently in the development process, that situation has not yet been determined.

2.4 Alternatives Considered

The Council action under consideration includes three alternatives. Alternative 1 is the no action alternative and Alternatives 2 and 3 would require that a trawl LLP meet minimum landings criteria (one or two landings, during 2000 – 2005 or 2000 – 2006) in order to retain its subarea (BS, AI, WG, and/or CG) endorsements.

The only difference between Alternative 2 and Alternative 3 is how the landings thresholds are applied. Alternative 2 would remove subarea endorsements on latent licenses by applying the threshold criteria at the overall management area level, i.e. BSAI and GOA. Alternative 3 would remove subarea endorsements on latent licenses by applying the threshold criteria at the subarea level, i.e., BS, AI, WG, and CG. Thus, Alternative 2 is structured such that participation in the trawl groundfish fisheries in one subarea is adequate to retain an endorsement in the adjacent subarea (e.g., landing(s) in the BS would allow you to retain your AI endorsement). In contrast, Alternative 3 requires participation in the trawl groundfish fisheries in the specific subarea in order to retain the endorsement for that subarea (e.g., only a landing(s) in the AI would allow you to retain your AI endorsement).

There are four components applicable to Alternatives 2 and 3 that define the action; the components are exactly the same under Alternatives 2 and 3. There are also options and suboptions for consideration under Alternatives 2 and 3. As structured, the Council would select an overall alternative, plus options under Components 1, 3, and 4. Component 2 does not represent an option; it is a provision that provides direction on how to credit groundfish harvest history in the case that multiple LLPs are stacked on a single vessel.

The following provides the complete suite of alternatives, components and options under consideration in this amendment package. Note that the suite of alternatives has been reorganized from the initial review draft RIR/EA/RFA (dated November 19, 2007) presented at the December 2007 Council meeting. No substantive changes were intended; the only changes were organizational and structural in nature. A summary table of the reorganized suite of alternatives is provided in Table 6.

Alternative 1. No action. All trawl LLPs currently issued with a BSAI and/or GOA area endorsement will continue to be valid for the BSAI and/or GOA trawl groundfish fisheries.

Alternative 2. Remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the overall management area (BSAI or GOA).

Alternative 3. Remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the specified subarea.

Alternatives 2 and 3 apply to all trawl CV and CP LLPs in the areas specified except for those identified in the following exemptions:

AFA exemption from BSAI landings thresholds: Exempt BSAI LLP endorsements originally issued to vessels qualified under the AFA and any non-AFA BSAI LLPs assigned to AFA vessels not having any other license. (Applies to CPs and CVs).

Central Gulf Rockfish Pilot Program exemption from CG landings thresholds: Exempt CG subarea endorsements on CG rockfish pilot program qualified licenses. (Applies to CPs and CVs).

Amendment 80 exemption from BSAI landings thresholds: Exempt BSAI LLP endorsements originally issued to vessels qualified under Am. 80 and BSAI LLPs used for eligibility in Am. 80.

The following components are applicable to Alternative 2 and Alternative 3.

Component 1 – Landings thresholds in the specified area⁸

- Option 1. At least one landing of groundfish during 2000 – 2005.
- Option 2. At least two landings of groundfish during 2000 – 2005.
- Option 3. At least [one or two] landings of groundfish during 2000 – 2006.
Suboption: Apply Option 3 only to BSAI endorsements.
- Option 4. Exempt BSAI endorsements on trawl LLPs with MLOA of <60' that have trawl or non-trawl landings in the BSAI directed Pacific cod fishery (in any one year 2000 – 2005) of:
Suboption 1: one landing
Suboption 2: two landings
Suboption 3: 200 mt
- Option 5. Exempt AI endorsements from meeting the landings thresholds.

Component 2 – Groundfish harvest history is credited to each LLP stacked on a single vessel at the time of landing.

Component 3 – Option: Exempt LLPs originally issued to vessels qualified under Amendment 80 and LLPs used for eligibility in Amendment 80 from the GOA landing thresholds.

Component 4 – Adding new AI endorsements to trawl LLPs

- Option 1. Award AI endorsements to non-AFA trawl CV <60' MLOA licenses if they meet the landing thresholds in the AI parallel P. cod fishery during 2000 – 2005 of at least:
Suboption 1: 50 mt
Suboption 2: 250 mt
Suboption 3: 500 mt
- Option 2. Award AI endorsements to non-AFA trawl CV ≥60' MLOA LLPs if they have at least one landing in the AI parallel groundfish fishery or AI State water P. cod fishery in 2000 – 2006 and meet the following threshold in the BSAI P. cod fishery in 2000 – 2006:
Suboption 1: 500 mt
Suboption 2: 1000 mt
- Option 3. NMFS will exempt a limited number of vessels, selected annually by the Aleut Corporation, from the requirement to hold an AI endorsement to participate in the AI groundfish fishery.
Suboption 1: up to 10 vessels <60' LOA can be exempted annually
Suboption 2: up to 4 vessels <125' LOA can be exempted annually

⁸Catcher processors are credited with their landings whether they were operating as a catcher processor or a catcher vessel at the time of landing.

Table 6 Summary of the Alternatives, Components, and Options under Consideration

COMPONENT	ALTERNATIVES and OPTIONS		
	ALTERNATIVE 1. No action.	ALTERNATIVE 2. Remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the overall management area (BSAI or GOA).	ALTERNATIVE 3. Remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the specified subarea.
Component 1: Landings thresholds	N/A	Option 1. One groundfish landing during 2000 – 2005. Option 2. Two groundfish landings during 2005 – 2006. Option 3. [One or two] groundfish landings during 2000 – 2006. Suboption: Apply Op. 3 only to BSAI endorsements Option 4. Exempt BSAI endorsements on trawl LLPs with MLOA >60' with trawl or non-trawl landings in the BSAI directed P.cod fishery of [one landing, two landings, or 200 mt, in any one year 2000 – 2005]. Option 5. Exempt AI endorsements from the landings thresholds.	
Component 2: Stacked LLPs	N/A	Groundfish harvest history is credited to each LLP stacked on a single vessel at the time of the landing. [Note: this is a provision.]	
Component 3: Amendment 80 GOA exemption	N/A	Option to exempt LLPs originally issued to vessels qualified under BSAI Am. 80 and LLPs used for eligibility in Am. 80 from the GOA landing thresholds.	
Component 4: Adding new AI endorsements to trawl LLPs	N/A	Option 1. Award AI endorsements to non-AFA trawl CV <60' MLOA LLPs if they have landings of at least [50 mt, 250 mt, or 500 mt] in the AI parallel P.cod fishery in 2000 – 2005. Option 2. Award AI endorsements to non-AFA trawl CV ≥60' MLOA LLPs if they have at least one landing in the AI parallel groundfish fishery or AI State water P.cod fishery in 2000 – 2006, and [500 mt or 1,000 mt] in the BSAI P.cod fishery in 2000 – 2006. Option 3. Exempt a limited number of vessels [10 vessels <60' or 4 vessels <125'] from the requirement to hold an AI endorsement to participate in the AI groundfish fishery. The Aleut Corporation would select the vessels on an annual basis.	
Exemptions¹	N/A	<ul style="list-style-type: none"> • Exempt BSAI LLP endorsements originally issued to vessels qualified under the AFA and any non-AFA BSAI LLPs assigned to AFA vessels not having any other license. (Applies to CPs and CVs). • Exempt CG subarea endorsements on CG rockfish pilot program qualified licenses. (Applies to CPs and CVs). • Exempt BSAI LLP endorsements originally issued to vessels qualified under Am. 80 and BSAI LLPs used for eligibility in Am. 80. 	

Note: This table provides a general summary outline of the issues, alternatives, and options. See the following section for the exacting wording of the alternatives and options under consideration.

¹The exemptions applicable under Alternatives 2 and 3 are not options; they are provisions.

2.5 Expected Effects of the Alternatives

This section presents a brief discussion of aspects of the economic effects that might be expected to occur as a result of eliminating area endorsements on LLPs that have not been utilized in recent years. It also addresses the need for additional licenses in the Aleutian Islands that is the basis for Component 4.

The impetus for this action originated with existing participants in the trawl groundfish fishery, concerned over possible future entry of 'latent' capacity (i.e. those that have not participated in the fishery in recent years). These 'latent' LLPs are valid, and holders are eligible to participate in the fishery as a result of being awarded an LLP when the program was initially implemented. The minimum landings criteria under consideration are similar to those in the initial LLP, the main difference is in the years considered to qualify an existing LLP (i.e., 2000 - 2005 or 2000 - 2006).

In looking at potential economic benefits from reduced capacity, one typically anticipates benefits from increased efficiency (with respect to productive capability and reduced costs for vessels assigned to the respective LLPs), improved safety, potential for reduction in non-targeted species bycatch or prohibited species bycatch or impacts. In this instance, the action alternatives (Alternatives 2 and 3) will prevent a possible future re-entry of recently latent trawl license holders, but it will not result in any immediate exclusion (reduction) of effort. Therefore, the near term effects on efficiency, as a result of the action would be anticipated to be negligible. In the longer term, the action may forestall the possible situation where re-entry of recently latent licenses could exacerbate crowding, and/or vessel costs, resulting in reduced efficiency of the harvesting sector (i.e. crowding externalities). However, since one will never know, what (if any) proportion of the extinguished latent licenses might ever have re-entered the trawl groundfish fishery, these attributable impacts cannot be quantified.

In general terms, there is a continuum of management measures, working from a total open-access fishery towards full rationalization. In this process, the Council goes through a number of interim steps, typically beginning with implementation of a moratorium, assigning limited entry licenses, and then in some cases moving to a rationalized management regime. For BSAI and GOA trawl groundfish, the first two steps, a moratorium on new entry and assignment of LLPs, have been completed. The current action is essentially an 'update' of the assignment of LLPs, with the intent to remove area endorsements for those LLPs that have not recently participated in these fisheries.

2.6 Alternative 1 – No Action

Under Alternative 1, there would be no reduction in the number of valid LLPs in any of the trawl CV or trawl CP fisheries in the BSAI and GOA. The concern is that under the no action alternative, future re-entry of latent LLPs into the trawl groundfish fisheries could result in reduced trawl groundfish gross revenues, increased operating costs, or both, for permit holders that have consistently participated in recent years. Thus, there could be negative economic impacts imposed upon the current trawl CP and CV LLP participants in the BSAI and GOA under the no action alternative, all else being equal. However, the level of possible future entry is unknown and would depend on a number of factors including future changes in fisheries management regulations, fluctuations in resource abundance, changes in market conditions and prices, and changes in operating costs for vessels assigned to LLPs. This analysis does not quantitatively estimate the potential economic impacts that would result from selection of the status quo. The number of current trawl CV and CP LLPs that would remain valid under Alternative 1 is discussed in the following sections.⁹

⁹This does not account for any interim licenses that are under appeal and may be revoked by final agency action due to not meeting the general qualification requirements for either the license as a whole, or a particular endorsement/designation.

2.6.1 Current number of trawl catcher vessel licenses

The current number of total trawl catcher vessel licenses with BS, AI, CG or WG endorsements under the status quo is shown in the following table. An example of how to read the table is as follows: Table 7 shows that there are currently 48 trawl CV LLPs endorsed for the AI subarea, and 148 LLPs endorsed for the BS subarea, based on the current LLP file.¹⁰ Forty-six LLPs have both a BS and AI endorsement. Therefore, there are only 2 LLPs with only an AI endorsement and 102 LLPs with only a BS endorsement. Thus, the number of trawl CV LLPs with a BS and/or AI endorsement is 150 (46 + 2 + 102). This is the total number of BSAI trawl CV LLPs that are addressed in the following sections.

Table 7 also shows the number of trawl catcher vessel LLPs with CG and/or WG area endorsements. There are currently 176 trawl CV LLPs endorsed for the CG subarea, and 160 LLPs endorsed for the WG subarea. One hundred eighteen LLPs have both a CG and WG endorsement. Therefore, there are 42 LLPs with only a WG endorsement and 58 LLPs with only a CG endorsement. Thus, the number of trawl CV LLPs with a WG and/or CG endorsement is 218 (118 + 42 + 58). This is the total number of Gulf trawl CV LLPs that are addressed in the following sections.

Table 7 Number of trawl CV LLPs endorsed for the BS, AI, CG, and WG

All Trawl CVs	235 licenses	All Trawl CVs	235 licenses
BS	148	BS only	102
AI	48	AI only	2
CG	176	BS and AI	46
WG	160	CG only	58
		WG only	42
		CG and WG	118

Source: NMFS Restricted Access Management LLP file (Jan 6, 2008)

2.6.2 Current number of trawl catcher processor licenses

The current number of trawl catcher processor licenses with BS, AI, CG or WG endorsements under the status quo is shown in Table 8. There are currently 62 trawl CP LLPs endorsed for the BS subarea, and 54 LLPs endorsed for the AI subarea, based on the current LLP file. Fifty-three LLPs have both a BS and AI endorsement. Therefore, there is only 1 LLP with only an AI endorsement and 9 LLPs with only a BS endorsement. Thus, the number of trawl CP LLPs with a BS and/or AI endorsement is 63 (53+1+9). This is the total number of BSAI trawl CP LLPs that are addressed in the following sections.

Table 8 also shows the number of trawl catcher processor LLPs with CG and/or WG area endorsements. There are currently 27 trawl CP LLPs endorsed for the CG subarea, and 26 LLPs endorsed for the WG subarea. Sixteen LLPs have both a CG and WG endorsement. Therefore, there are only 10 LLPs with only a WG endorsement and 11 LLPs with only a CG endorsement. Thus, the number of trawl CP LLPs with a WG and/or CG endorsement is 37 (16+10+11). This is the total number of Gulf trawl CP LLPs that are addressed in the following sections.

¹⁰ File as of January 6, 2008. National Marine Fisheries Service, Alaska Region website at: <http://www.fakr.noaa.gov/ram/llp.htm>.

Table 8 Number of trawl CP LLPs endorsed for the BS, AI, CG, and WG

All Trawl CPs	64 licenses	All Trawl CPs	64 licenses
BS	62	BS only	9
AI	54	AI only	1
CG	27	BS and AI	53
WG	26	CG only	11
		WG only	10
		CG and WG	16

Source: NMFS Restricted Access Management LLP file (Jan 6, 2008)

2.7 Alternatives 2 and 3 – Implementing landings criteria to retain trawl LLP area endorsements

The following sections evaluate each component under the action alternatives (Alternatives 2 and 3). All of the components are identical under Alternatives 2 and 3. The difference between Alternatives 2 and 3 is whether to apply the landings thresholds proposed in Component 1 at the overall management area level (BSAI and Gulf) or the subarea level (BS, AI, WG, and CG), respectively.

2.7.1 Primary exemptions under Alternatives 2 and 3

Note that there are three primary exemptions that apply to both Alternative 2 and 3. These were explicitly stated by the Council as provisions of this amendment, and are not options under consideration in this package. The three exemptions are as follows:

AFA exemption from BSAI landings thresholds: Exempt BSAI LLP endorsements originally issued to vessels qualified under the AFA and any non-AFA BSAI LLPs assigned to AFA vessels not having any other license. (Applies to CPs and CVs).

Central Gulf Rockfish Pilot Program exemption from CG landings thresholds: Exempt CG subarea endorsements on CG rockfish pilot program qualified licenses. (Applies to CPs and CVs).

Amendment 80 exemption from BSAI landings thresholds: Exempt BSAI LLP endorsements originally issued to vessels qualified under Am. 80 and BSAI LLPs used for eligibility in Am. 80.

These exemptions were established primarily because the participants in these specific rationalization programs (AFA, Central GOA rockfish pilot program, and BSAI Amendment 80) have already met specified and more detailed thresholds for these specific management areas to participate in these programs. Thus, AFA vessels, qualified to fish pollock in the BSAI, were determined to be exempt from any further thresholds that may apply to BSAI endorsements under this amendment package. Likewise, Central Gulf rockfish pilot program participants were determined to be exempt from any further thresholds that may apply to Central Gulf endorsements. This exemption was added in June 2007, and the rationale was that it was deemed unreasonable to implement a new pilot program and then extinguish the rights for the license holders to participate in the program. The exemption is intended to preserve the ability of license holders who qualify under the Central Gulf rockfish pilot program to participate in the fishery. Finally, Amendment 80 participants, qualified to fish flatfish and other non-pollock species in the BSAI, were determined to be exempt from any further thresholds that may apply to the BSAI.

Note that these exemptions are area endorsement specific; meaning, these licenses are not exempt from the landings thresholds in other areas or subareas. For example, AFA licenses are not exempt from the CG or WG endorsement landings thresholds. Likewise, the CG rockfish pilot program licenses are not

exempt from the BSAI or WG endorsement landings thresholds. Finally, the Amendment 80 licenses are not exempt from the CG or WG endorsement landings thresholds. In the latter case, there is an option (Component 3) proposed to establish a GOA exemption for Amendment 80 licenses; that is discussed separately under Component 3 in Section 2.7.4.

The tables below show the current number of licenses endorsed for the specified management areas that are included under the exemptions. Table 9 shows the number of AFA CV and CP licenses. There are a total of 100 AFA CV licenses, plus two AFA vessels that do not hold AFA licenses. These licenses are endorsed for the BS, and the majority of those licenses hold at least one other area endorsement. There are also 27 AFA CP licenses, most of which are endorsed for the BSAI. Table 10 provides the same information for the Central Gulf rockfish pilot program qualified licenses. Table 11 provides the same information for LLPs issued to vessels qualified under Amendment 80 and LLPs used for eligibility in Amendment 80.

Table 9 Number of AFA CV and CP LLPs endorsed for the BS, AI, CG, and WG

<u>AFA CVs</u>	<u>100 licenses + 2 vessels</u>	<u>AFA CPs</u>	<u>27 licenses</u>
BS	101	BS	27
AI	42	AI	25
CG	61	CG	4
WG	79	WG	6

Source: NMFS Restricted Access Management LLP file (Jan 6, 2008)

Table 10 Number of CG Rockfish Pilot Program LLPs endorsed for the BS, AI, CG, and WG

<u>Rockfish Pilot CVs</u>	<u>46 licenses</u>	<u>Rockfish Pilot CPs</u>	<u>17 licenses</u>
BS	29	BS	16
AI	2	AI	13
CG	46	CG	17
WG	21	WG	11

Source: NMFS Restricted Access Management LLP file (Jan 6, 2008)

Table 11 Number of BSAI Amendment 80 LLPs endorsed for the BS, AI, CG, and WG

<u>Am 80 CPs</u>	<u>28 licenses</u>
BS	28
AI	21
CG	18
WG	19

Source: NMFS Restricted Access Management LLP file (Jan 6, 2008)

2.7.2 Component 1 – Landings thresholds

Option 1. At least one landing of groundfish during 2000 – 2005.

Option 2. At least two landings of groundfish during 2000 – 2005.

Option 3. At least [one or two] landings of groundfish during 2000 – 2006.

Suboption: Apply Option 3 only to BSAI endorsements.

Option 4. Exempt BSAI endorsements on trawl LLPs with MLOA of <60' that have trawl or non-trawl landings in the BSAI directed Pacific cod fishery (in any one year 2000 – 2005) of:

Suboption 1: one landing

Suboption 2: two landings

Suboption 3: 200 mt

Option 5. Exempt AI endorsements from meeting the landings thresholds.

Component 1 consists of five options for applying landings thresholds to an LLP. Note that not all five options are mutually exclusive; Options 1 – 3 propose specific landings thresholds, and Options 4 and 5 are exemptions to the landings threshold. Thus, Options 4 and 5 are not mutually exclusive, and can be chosen in tandem with a specified threshold. Note also that the landings thresholds under Component 1 apply to each specific area or subarea. Meaning, the landings must be made in the specific area or subarea in order to meet the qualifications to retain that area or subarea endorsement. In addition, catcher processors are credited with their landings whether they were operating as a catcher processor or a catcher vessel at the time of landing.

2.7.2.1 Options 1 – 3

This section provides an overview of the number of licenses from both the trawl CV and trawl CP sectors that meet the proposed landings criteria under Component 1, Options 1 – 3 for the BSAI and GOA. Table 12 below provides the number of licenses in the trawl CV sector that meet the thresholds under Alternatives 2 and 3, Options 1 – 3. Option 1 is one groundfish landing during 2000 – 2005; Option 2 is two groundfish landings during the same time period. Option 3 is similarly structured – either one or two groundfish landings during 2000 – 2006. All three options are provided in Table 12 for the trawl CV sector.

Note that Table 12 does not account for the three exemptions discussed above in Section 2.7.1. As requested by the public and the Council, this table was provided to show the total number of trawl CV licenses and the number of license endorsements that would qualify under Alternatives 2 and 3, absent any exemptions. Table 14, further in this section, shows the impact of Alternatives 2 and 3, but accounts for all three exemptions.

Table 12 Number of trawl CV licenses that qualify under Component 1, Options 1 - 3

Alternative	Endorsement	Harvest Area ¹	Number of endorsements	Option 1	Option 2	Option 3	
				2000-2005		2000-2006	
				1 Landing	2 Landings	1 Landing	2 Landings
ALT 2	AI	AI or BS	48	42	42	42	42
ALT 3	AI	AI only	48	25	22	25	23
ALT 2	BS	AI or BS	148	111	110	112	111
ALT 3	BS	BS only	148	111	110	112	111
ALT 2	CG	CG or WG	176	119	113	121	113
ALT 3	CG	CG only	176	90	80	90	80
ALT 2	WG	CG or WG	160	96	86	98	86
ALT 3	WG	WG only	160	79	65	82	65

¹Harvest area means the management area in which the landings must be made in order to keep the endorsement.

Source: ADF&G fishicket files merged to a January 6, 2008 RAM Division LLP file.

Note: This table includes all trawl CV licenses, including those that are exempt under this action.

Alternative 2 applies the landings thresholds at the management area level (BSAI and Gulf), while Alternative 3 applies the landings thresholds at the subarea level (BS, AI, CG or WG). Thus, it is easier to qualify under Alternative 2 than Alternative 3. For example, Table 10 shows that there are 48 LLPs with AI endorsements. Under Alternative 2, the license must have one or two landings in either the AI or the BS in order to qualify to keep the AI endorsement. Forty-two of the 48 total licenses qualify to keep the AI endorsement under either time period. In contrast, under Alternative 3, the license must have one or two landings specifically in the AI in order to keep the AI endorsement. Twenty-five licenses have one landing in the AI during both time periods under consideration. Only 22 licenses have two landings in 2000 – 2005; and 23 licenses have two landings in 2000 – 2006. In sum, under Alternative 2, 6 licenses would be removed from the AI. Under Alternative 3, a range of 23 – 26 licenses would be removed from the AI, depending upon the option selected.

Note that the qualification period selected, whether 2000 – 2005 (Option 1 and 2) or 2000 – 2006 (Option 3), makes very little difference in the overall number of qualified licenses. If 2006 is included, one additional AI license qualifies under Alternative 3, Option 3 with two landings. Likewise, including 2006 qualifies one additional BS license under Alternative 2 and Alternative 3, whether one or two landings are required. In the CG, two additional licenses qualify under Alternative 2 with one landing; there is no difference if two landings are required, and there is no difference under Alternative 3. In the WG, two additional licenses qualify under Alternative 2 with one landing; and three additional licenses qualify under Alternative 3 with one landing.

In sum, regarding the decision points under Component 1, Options 1 – 3 for trawl CVs:

- Including 2006 (Option 3) does not significantly affect the number of qualified licenses in any area.
- The selection of either one or two landings does not significantly affect the number of qualified licenses in the BS or AI.
- In the AI, it is the selection of Alternative 2 or 3 that has the greatest effect on the number of qualified licenses.
- In the BS, there is very little difference in the number of qualified licenses under any alternative or option.
- In the Gulf, it is both the selection of Alternative 2 or 3, and the selection of either one or two landings, that have the greatest effect on the number of qualified licenses.

Table 13 provides the same information for the trawl CP sector with BSAI and GOA endorsements. Note that Table 13 includes CP landings made whether the vessel was operating in catcher processor mode or catcher vessel mode. This assumption is utilized throughout this analysis. Like Table 12, Table 13 does not account for the three exemptions discussed above in Section 2.7.1. As requested by the public and the Council, this table was provided to show the total number of trawl CP licenses and the number of license endorsements that would qualify under Alternatives 2 and 3, absent any exemptions. This table is provided for comparison purposes. Table 15, further in this section, shows the impact of Alternatives 2 and 3, but accounts for all three exemptions.

Table 13 Number of trawl CP licenses that qualify under Component 1, Options 1 - 3

Alternative	Endorsement	Harvest Area ¹	Number of endorsements	Option 1		Option 2		Option 3	
				2000-2005		2000-2006		2000-2006	
				1 Landing	2 Landings	1 Landing	2 Landings	1 Landing	2 Landings
ALT 2	AI	AI OR BS	54	47	47	47	47	47	47
ALT 3	AI	AI ONLY	54	20	17	20	17	20	17
ALT 2	BS	AI OR BS	62	52	52	52	52	52	52
ALT 3	BS	BS ONLY	62	43	43	43	43	43	43
ALT 2	CG	CG OR WG	27	18	17	18	17	18	17
ALT 3	CG	CG ONLY	27	16	14	16	14	16	14
ALT 2	WG	CG OR WG	26	21	20	21	20	21	20
ALT 3	WG	WG ONLY	26	19	19	19	19	19	19

¹Harvest area means the management area in which the landings must be made in order to keep the endorsement. Source: ADF&G fish ticket files and WPR landings data merged to a January 6, 2008 RAM Division LLP file. Note: This table includes all trawl CP licenses, including those that are exempt under this action. Landings are credited to a CP LLP whether the vessel was operating in CP or CV mode.

Note that the qualification period selected, whether 2000 – 2005 (Option 1 and 2) or 2000 – 2006 (Option 3), does not affect the number of qualified CP licenses under either alternative or landings threshold. Like the trawl CV sector, the primary difference is in the alternative selected.

In sum, regarding the decision points under Component 1, Options 1 – 3 for trawl CPs:

- Including 2006 (Option 3) does not affect the number of qualified licenses in any area.
- The selection of either one or two landings does not significantly affect the number of qualified licenses in any area. A maximum of 3 licenses is removed in any one area as a result of the landings criteria (Alternative 3 for the AI).
- In all areas, it is the selection of Alternative 2 versus Alternative 3 that has the greatest effect on the number of qualified licenses. The greatest difference is in the number of AI endorsed licenses.

While Table 12 and Table 13 are useful for showing the entire universe of trawl CV and trawl CP licenses and the impact of the proposed thresholds, they do not account for the three primary exemptions that the Council has determined are provisions of this action. The following two tables provide a similar format, but show the actual effect of Alternative 2 and 3, Component 1, accounting for all three primary exemptions. Table 14 applies to the trawl CV sector and therefore excludes: AFA licenses from the BSAI endorsement thresholds; and CG rockfish pilot program licenses from the CG endorsement thresholds. Table 15 applies to the trawl CP sector and therefore excludes: AFA licenses from the BSAI endorsement thresholds; CG rockfish pilot program licenses from the CG endorsement thresholds; and Am. 80 licenses from the BSAI endorsement thresholds.

Table 14 Number of trawl CV licenses that qualify under Component 1, Options 1 – 3, with exemptions applied

Alternative	Endorsement	Harvest Area ¹	Number of endorsements	Option 1 2000-2005		Option 3 2000-2006	
				1 Landing	2 Landings	1 Landing	2 Landings
ALT 2	AI	AI or BS	6	1	1	1	1
ALT 3	AI	AI only	6	1	1	1	1
ALT 2	BS	AI or BS	47	14	13	15	14
ALT 3	BS	BS only	47	14	13	15	14
ALT 2	CG	CG or WG	130	78	72	80	72
ALT 3	CG	CG only	130	49	39	49	39
ALT 2	WG	CG or WG	160	96	86	98	86
ALT 3	WG	WG only	160	79	65	82	65

¹Harvest area means the management area in which the landings must be made in order to keep the endorsement.

Source: ADF&G fishticket files merged to a January 6, 2008 RAM Division LLP file.

Note: This table excludes trawl CV licenses that are exempt under this action (CG rockfish licenses are excluded from the CG; AFA licenses, as well as 2 non-AFA licenses attached to AFA CVs, are excluded from the BSAI).

Comparing Table 14 to Table 12 shows how the universe of trawl CV LLPs subject to the proposed action is reduced when the exemptions are applied. For example, when the exemptions are not applied (Table 10), the universe of BS endorsements on trawl CV licenses is 148; when the exemptions are applied (Table 12) the universe of BS endorsements on trawl CV licenses is 47.

Table 14 shows that overall there is a relatively small difference in the number of qualified LLPs whether one or two landings are applied. In addition, Alternative 2 and Alternative 3 qualify the same number of licenses in the BS and AI. The biggest difference among the alternatives and options is in the CG and WG endorsements. In the case of the Gulf, there is a difference between one or two landings, and there is a notable difference between Alternative 2 and Alternative 3.

In sum, for the universe of trawl CV LLPs subject to Component 1:

- The number of AI endorsed licenses would be reduced from 6 to 1 under Alternative 2 or 3
- The number of BS endorsed licenses would be reduced from 47 to 13 – 15 under Alternative 2 or 3
- The number of CG endorsed licenses would be reduced from 130 to 72 – 80 under Alternative 2 or 39 – 49 under Alternative 3
- The number of WG endorsed licenses would be reduced from 160 to 86 – 98 under Alternative 2 or 65 – 82 under Alternative 3

Table 15 Number of trawl CP licenses that qualify under Component 1, Options 1 – 3, with exemptions applied

Alternative	Endorsement	Harvest Area	Number of endorsements	Option 1 2000-2005		Option 2 2000-2005		Option 3 2000-2006	
				1 Landing	2 Landings	1 Landing	2 Landings	1 Landing	2 Landings
ALT 2	AI	AI or BS	8	2	2	2	2	2	2
ALT 3	AI	AI only	8	2	2	2	2	2	2
ALT 2	BS	AI or BS	7	1	1	1	1	1	1
ALT 3	BS	BS only	7	1	1	1	1	1	1
ALT 2	CG	CG or WG	10	5	5	5	5	5	5
ALT 3	CG	CG only	10	5	3	5	3	5	3
ALT 2	WG	CG or WG	26	21	20	21	20	21	20
ALT 3	WG	WG only	26	19	19	19	19	19	19

¹Harvest area means the management area in which the landings must be made in order to keep the Source: ADF&G fish ticket files and WPR landings data merged to a January 6, 2008 RAM Division LLP file. Note: This table excludes trawl CP licenses that are exempt under this action (AFA and Am. 80 licenses are excluded from the BSAI; CG rockfish licenses are excluded from the CG).

Comparing Table 15 and Table 13 shows how the universe of trawl CP LLPs subject to the proposed action is reduced when the exemptions are applied. For example, when the exemptions are not applied (Table 13), the universe of AI endorsements on trawl CP licenses is 54; when the exemptions are applied (Table 15) the universe of AI endorsements on trawl CP licenses is 8.

Table 15 shows that there is a negligible to no difference in the number of qualified LLPs whether one or two landings are applied. In addition, there is also little difference between Alternative 2 and Alternative 3. Alternative 2 and 3 qualify the same number of licenses in the BS and AI. In the CG, two fewer LLPs qualify under Alternative 3 (2 landings) than Alternative 2. In the WG, compared to Alternative 2, two fewer LLPs qualify under Alternative 3 with one landing, and one fewer qualifies under Alternative 3 with two landings.

In sum, for the universe of trawl CP LLPs subject to Component 1:

- The number of AI endorsed licenses would be reduced from 8 to 2 under Alternative 2 or 3
- The number of BS endorsed licenses would be reduced from 7 to 1 under Alternative 2 or 3
- The number of CG endorsed licenses would be reduced from 10 to 5 under Alternative 2 or 3 - 5 under Alternative 3
- The number of WG endorsed licenses would be reduced from 26 to 20 – 21 under Alternative 2 or 19 under Alternative 3

2.7.2.1.1 Impacts of Component 1, Options 1 – 3 on specific sectors

AFA Trawl CV and CP sectors – Gulf endorsements

Given the provision to exempt the AFA CP and CV sectors from the BS and AI endorsement thresholds, the proposed action will only apply to AFA vessels' CG and/or WG endorsements. The exemption applies to BSAI LLP license endorsements originally issued to vessels qualified under the AFA and any non-AFA LLPs assigned to AFA vessels not having any other license from qualification in the BSAI. Although the AFA vessels are captured in Table 14 and Table 15, during a previous review of the analysis, a table was requested which breaks out the AFA sector and shows the number of AFA licenses which would qualify under the CG and WG endorsement thresholds. This table is provided below.

Table 16 Number of AFA CV and CP licenses that qualify under the Gulf endorsement thresholds

Alternative	Endorsement	Harvest Area ¹	Number of endorsements	Option 1 2000-2005		Option 3 2000-2006	
				1 Landing	2 Landings	1 Landing	2 Landings
TRAWL CV							
ALT 2	CG	CG or WG	61	37	31	39	31
ALT 3	CG	CG only	61	30	28	30	28
ALT 2	WG	CG or WG	79	35	26	37	26
ALT 3	WG	WG only	79	24	13	27	13
TRAWL CP							
ALT 2	CG	CG or WG	4	2	1	2	1
ALT 3	CG	CG only	4	0	0	0	0
ALT 2	WG	CG or WG	6	2	1	2	1
ALT 3	WG	WG only	6	0	0	0	0

¹Harvest area means the management area in which the landings must be made in order to keep the endorsement.

Source: ADF&G fishticket files and WPR landings data merged to a January 6, 2008 RAM Division LLP file.

Note: Several AFA trawl CVs hold trawl CP licenses. The CP part of the table includes licenses with a CP designation, and the CV part includes licenses with a CV designation. Thus, all trawl CP licenses are accounted for in the 'trawl CP' part of the table, whether they are used on vessels operating as trawl CPs or trawl CVs.

Table 16 shows that in the AFA trawl CV sector, the Gulf endorsement thresholds would remove 22 – 30 CG endorsements under Alternative 2, and 31 – 33 CG endorsements under Alternative 3. For the WG endorsements, 42 – 53 endorsements would be removed under Alternative 2 and 52 – 66 endorsements would be removed under Alternative 3. Including 2006 in the qualification period (Option 3) qualifies a few more AFA trawl CV Gulf endorsements, up to a maximum of 3 in the WG.

There are relatively few Gulf endorsements in the AFA trawl CP sector: 4 for the CG and 6 for the WG. Table 16 shows that of the 4 CG endorsements in the AFA trawl CP sector, 2 – 3 would be removed under Alternative 2, and all four would be removed under Alternative 3. Of the 6 WG endorsements in the AFA trawl CP sector, 4 – 5 would be removed under Alternative 2 and all 6 would be removed under Alternative 3. Including 2006 in the qualification period (Option 3) does not make any difference in the number of qualified LLP endorsements.

One concern raised by the Council is the potential effect of this action on the ability of AFA pollock cooperative participants to fish sideboard amounts in the GOA fisheries. Gulf sideboards limit the annual harvest by AFA vessels in the GOA groundfish fisheries, based upon the retained catches of groundfish recorded by AFA vessels in the GOA during 1995 - 1997. The sideboard provisions were established under the AFA regulations to protect non-AFA vessels participating in other groundfish fisheries from adverse impacts that could occur following rationalization of the Bering Sea pollock fishery. To implement the annual sideboard limit, NOAA Fisheries sets an aggregate catcher vessel sideboard limit for each groundfish species. This aggregate amount, and an associated PSC bycatch limit, is made available to all AFA catcher vessels. The sideboard limits are divided and distributed among the respective cooperatives through the intercooperative agreement.¹¹

Generally, AFA catcher vessels have not fully harvested their sideboards for most species in recent years. Table 17 below shows the relative proportion of the AFA GOA pollock quota harvested for the 2003-2007 seasons.

¹¹ John Gruver, United Catcher Boats Association. "2006 American Fisheries Act Catcher Vessel Interco-op Annual Report to the North Pacific Fishery Management Council, February 2007".

Table 17 GOA Pollock Sideboard Amounts and Harvests, 2002 - 2007

year	area	quota (mt)	proportion harvested
2003	610	10,262	31.1%
	620	2,809	75.9%
	630	2,519	30.1%
2004	610	14,015	33.6%
	620	3,779	52.6%
	630	3,432	22.6%
2005	610	18,568	26.2%
	620	4,908	41.4%
	630	4,564	34.5%
2006	610	17,674	25.1%
	620	4,350	68.7%
	630	4,498	13.4%
2007	610	15,288	13.8%
	620	2,981	94.4%
	630	3,620	19.9%

Source: NMFS, *Gulf of Alaska Seasonal Sideboard Catch Reports, 2003-2007*.
2007 harvest is through November 10.

Representatives of AFA fishermen have testified to the Council several times during the development of this proposed amendment, suggesting the following reasons for the low GOA pollock sideboard harvests:

- Implementation of the Steller sea lion protection measures, which reduced the areas available for fishing in the GOA and also implemented the 300,000 pound trip limit for pollock trawl harvests in the GOA.
- Exclusive registration for pollock fishing, restricting fishing to either the BSAI or GOA.

To take advantage of efficiencies (e.g., operating cost savings), some AFA LLP holders have not entered their vessels into sideboarded fisheries. By allowing other cooperative partners to fish the sideboard amounts attributed to their catch history, these LLP holders may not meet the threshold criteria within an endorsement area, particularly for the recent qualification period. If this action eliminates a latent LLP endorsement that does not have recent history of participation in a sideboarded fishery, that AFA vessel would be unable to fish its contribution to the sideboard limit in the future. However, other cooperative partners with the appropriate LLP endorsements could continue to fish the sideboard amounts, similar to the status quo.

Industry representatives testifying to the Council have voiced concern that any AFA vessel that loses a Gulf area endorsement could lose the value from the sideboard amount attributable to the vessel. Under the status quo, some AFA vessels that have the ability to fish under a sideboard have chosen to allow other cooperative members to fish their contributions to the sideboard limit. If such a vessel loses the ability to fish its own sideboard amount, its bargaining power within the cooperative would be diminished. Recognizing that the sideboard amounts are fleet limits which are distributed and managed through the intercooperative agreement, it is not possible to determine the impact to a specific LLP holder as a result of this action. The ultimate impact to the affected LLP holder would be determined within the business arrangements of the AFA pollock fleet.

At the October 2007 Council meeting, the Council requested information on the trawl vessels that have been harvesting GOA pollock since the implementation of the AFA in October 1998. This information is presented in Table 18 below. The table shows the total trawl pollock harvest in the GOA from 1999 through 2006 (column 2), as well as the trawl pollock harvest by all non-AFA vessels (column 3) and

trawl pollock harvests by non-AFA vessels <60' LOA. Overall, from 1999 – 2006, about 62% of the total GOA trawl pollock harvest has been harvested by non-AFA trawl vessels. About 21% of the total GOA trawl pollock catch has been taken by non-AFA trawl vessels <60' LOA.

Table 18 GOA Trawl Pollock Harvest: 1999 - 2006

year	all trawl pollock in GOA	all non-AFA trawl pollock	all non-AFA trawl pollock harvested by vessels less than 60 ft LOA
1999	199,288,767	101,434,274	26,491,389
2000	157,291,711	83,819,458	24,701,755
2001	157,685,714	109,402,562	46,975,243
2002	112,546,044	64,063,348	23,286,785
2003	108,288,961	67,071,787	23,029,927
2004	137,056,438	91,621,314	33,710,962
2005	174,023,299	123,350,611	47,304,639
2006	151,558,386	97,178,843	30,074,188
total	1,197,739,320	737,942,197	255,574,888

Source: NPFMC data files based upon ADF&G fish ticket files, October 2007.

Central Gulf Rockfish Pilot Program sector – BS, AI and WG endorsements

Given the provision to exempt the Central Gulf rockfish pilot program CV and CP LLPs from the CG endorsement thresholds, the proposed action will only apply to Central Gulf rockfish participants' BS, AI, and WG endorsements. Although the CG rockfish vessels are captured in Table 14 and Table 15, during a previous review of the analysis, a table was requested which breaks out the CG rockfish sector and shows the number of licenses which would qualify under the BS, AI, and WG endorsement thresholds. This table is provided below.

Table 19 Number of Central Gulf rockfish pilot program licenses that qualify under the BSAI and WG endorsement thresholds

Alternative	Endorsement	Harvest Area	Number of endorsements	Option 1 2000-2005		Option 3 2000-2006	
				1 Landing	2 Landings	1 Landing	2 Landings
Trawl CV							
ALT 2	AI	AI or BS	2	1	1	1	1
ALT 3	AI	AI only	2	1	1	1	1
ALT 2	BS	AI or BS	29	26	26	26	26
ALT 3	BS	BS only	29	26	26	26	26
ALT 2	WG	CG or WG	21	18	18	18	18
ALT 3	WG	WG only	21	11	6	12	6
Trawl CP							
ALT 2	AI	AI or BS	13	9	9	9	9
ALT 3	AI	AI only	13	7	7	7	7
ALT 2	BS	AI or BS	16	11	11	11	11
ALT 3	BS	BS only	16	11	11	11	11
ALT 2	WG	CG or WG	11	9	9	9	9
ALT 3	WG	WG only	11	9	9	9	9

¹Harvest area means the management area in which the landings must be made in order to keep the endorsement.

Source: ADF&G fish ticket files and WPR landings data merged to a January 6, 2008 RAM Division LLP file.

There are 46 Central Gulf rockfish trawl CV licenses and 17 trawl CP licenses at issue (refer back to Table 10). Table 19 shows that only two trawl CV LLPs associated with the Central Gulf rockfish pilot

program have AI endorsements, 29 have BS endorsements, and 21 have WG endorsements. Of those licenses, one is estimated to qualify to retain its AI endorsement and 26 are estimated to qualify to retain their BS endorsements, under either Alternative 2 or 3. Of the 21 WG endorsed licenses, 18 would qualify under Alternative 2 and 6 – 12 would qualify under Alternative 3. Thus, the largest potential reduction in the number of endorsements is in the WG under Alternative 3 (Option 2 or 3, two landings).

There are fewer trawl CP LLPs associated with the Central Gulf rockfish pilot program subject to this action, but a greater percentage of the total licenses have multiple endorsements. Table 19 shows that 13 trawl CP LLPs have AI endorsements, 16 have BS endorsements, and 11 have WG endorsements. Of those licenses, 7 or 9 are estimated to qualify to retain their AI endorsement under Alternative 2 or Alternative 3, respectively. Of the 16 LLPs with BS endorsements, 11 would retain their BS endorsements under either alternative/option. Of the 11 LLPs with WG endorsements, 9 would retain their WG endorsements under either alternative/option. Thus, the largest potential reduction in this sector is in the AI endorsements under Alternative 3.

Amendment 80 Trawl CP sector – CG and WG endorsements

Given the provision to exempt the Amendment 80 CP LLPs from the BS and AI endorsement thresholds, the proposed action could only apply to the Amendment 80 sector's CG and WG endorsements. However, there is a specific component (Component 3) which provides an option to also exempt the Amendment 80 LLPs from the CG and WG endorsements. See Section 2.7.4 (Component 3) for data and details on the effects of Component 1, Options 1 – 3 on the Amendment 80 sector, as well as the effects of the option to exempt the Amendment 80 sector from the Gulf endorsement criteria.

Non-AFA & Non-Amendment 80 Trawl CP sector – BSAI and Gulf endorsements

Prior to the October 2006 meeting, the proposed amendment did not address the operation of CPs in the BSAI. Under the current provisions to exempt particular sectors, both licenses originally issued to and assigned to AFA CPs and licenses assigned to eligible Amendment 80 CPs are exempt from the BSAI endorsement thresholds. Thus, the only CP sector that is subject to the BSAI endorsement thresholds under Component 1 is the 'non-AFA and non-Amendment 80' sector.

Table 20 identifies the number of licenses attributed to the 'non-AFA and non-Amendment 80' CP sector and shows the number of trawl CP licenses that meet the proposed landings thresholds for the respective areas. In sum, of the 8 CP licenses with AI endorsements, 2 would qualify to retain their AI endorsements under Alternative 2 or 3. Of the 7 CP licenses with BS endorsements, only 1 would qualify to retain its BS endorsement under Alternative 2 or 3. Of the 5 CP licenses in this sector with CG endorsements, only 1 would qualify under either alternative. Finally, there is only one CP license in this sector with a WG endorsement; this license qualifies under either alternative. Note that due to the limited opportunities for participation as a non-AFA/non-Amendment 80 catcher processor in the BSAI, these licenses may be used on vessels operating as catcher vessels.

Table 20 Number of non-AFA and non-Amendment 80 CP LLPs that qualify under Component 1, Options 1 - 3

Alternative	Endorsement	Harvest Area ¹	Number of endorsements	Option 1 2000-2005		Option 2 2000-2005		Option 3 2000-2006	
				1 Landing	2 Landings	1 Landing	2 Landings	1 Landing	2 Landings
ALT 2	AI	AI or BS	8	2	2	2	2	2	2
ALT 3	AI	AI only	8	2	2	2	2	2	2
ALT 2	BS	AI or BS	7	1	1	1	1	1	1
ALT 3	BS	BS only	7	1	1	1	1	1	1
ALT 2	CG	CG or WG	5	1	1	1	1	1	1
ALT 3	CG	CG only	5	1	1	1	1	1	1
ALT 2	WG	CG or WG	1	1	1	1	1	1	1
ALT 3	WG	WG only	1	1	1	1	1	1	1

¹Harvest area means the management area in which the landings must be made in order to keep the endorsement.
Source: ADF&G fishticket files and WPR landings data merged to a January 6, 2008 RAM Division LLP file.

Non-AFA Trawl CV sector – BSAI and Gulf endorsements

The number of non-AFA trawl CV licenses that meet the proposed thresholds under Component 1, Options 1 – 3 in Alternative 2 and 3 are provided below in Table 21. As noted generally, the number of qualifying Gulf LLPs is greater under Alternative 2 than Alternative 3. There is no difference in the number of qualifying LLPs in the BSAI between the two alternatives. Other findings for this sector are noted below.

Table 21 Number of non-AFA trawl CV LLPs that qualify under Component 1, Options 1 – 3

Alternative	Endorsement	Harvest Area ¹	Number of endorsements	Option 1 2000-2005		Option 2 2000-2005		Option 3 2000-2006	
				1 Landing	2 Landings	1 Landing	2 Landings	1 Landing	2 Landings
ALT 2	AI	AI or BS	6	1	1	1	1	1	1
ALT 3	AI	AI only	6	1	1	1	1	1	1
ALT 2	BS	AI or BS	47	14	13	15	14	15	14
ALT 3	BS	BS only	47	14	13	15	14	15	14
ALT 2	CG	CG or WG	115	82	82	82	82	82	82
ALT 3	CG	CG only	115	60	52	60	52	60	52
ALT 2	WG	CG or WG	81	61	60	61	60	61	60
ALT 3	WG	WG only	81	55	52	55	52	55	52

¹Harvest area means the management area in which the landings must be made in order to keep the endorsement.
Source: ADF&G fishticket files merged to a January 6, 2008 RAM Division LLP file.

Alternative 2 would remove 5 AI endorsements and 32 – 34 BS endorsements from LLPs held by this sector. Alternative 2 would also remove 33 CG endorsements and 20 – 21 WG endorsements from LLPs held by this sector. There is little difference between Options 1 - 3 under Alternative 2. Generally, Option 2 results in the lowest number of qualifying licenses.

Like Alternative 2, Alternative 3 would remove 5 AI endorsements and 32 – 34 BS endorsements from LLPs held by this sector. Alternative 3 would also remove 55 - 63 CG endorsements and 26 - 29 WG endorsements from LLPs held by this sector. There is little difference between Options 1 - 3 under

Alternative 3 for the BS and AI. Generally, Option 2 or Option 3 results in the lowest number of qualifying licenses in the CG and WG.

Including 2006 in the qualifying years (Option 3) effectively qualifies one additional license in the BS under both Alternative 2 and 3.

Note that there are 2 non-AFA trawl CV licenses affected by the AFA exemption. Both licenses would meet the BSAI landings threshold for both one landing and two landings. Therefore, they would qualify with or without the exemption. Note that 3 non-AFA trawl CV licenses are affected by the Central Gulf rockfish pilot program exemption. Those 3 licenses do not meet the landings criteria under Component 1, but will not lose their CG endorsements due to the provision that exempts vessels participating in the CG rockfish pilot program from the CG endorsement criteria.

2.7.2.1.2 Option 4

Option 4 under Component 1 would exempt BSAI endorsements on trawl LLPs with an MLOA of <60' and trawl and non-trawl designations from the BSAI landings thresholds, if the LLP had associated landings in the BSAI directed Pacific cod fishery in any one year 2000 - 2005. The landings requirements are: Suboption 1 – one landing; Suboption 2 – two landings; and Suboption 3 – 200 mt.

There are several assumptions associated with this option. While the language under Option 4 does not explicitly state that both trawl and non-trawl *designations* are necessary on the license, that is how the option has been discussed, interpreted, and analyzed to date. In addition, the language in the motion does not specify whether Option 4 applies only to trawl CVs, and not CPs. (Note, however, that there are several CP licenses on MLOA <60' vessels, but all of these licenses only have non-trawl designations; thus, the option below would not apply to these licenses.) Finally, it is assumed that licenses that meet the BSAI Pacific cod threshold selected under Option 4 would be exempt from both the BS and AI endorsement criteria. The Council should clarify if any of these interpretations are not correct.

Table 22 Number of trawl licenses that qualify under Component 1, Option 4

Total number <60' BS licenses with trawl and non-trawl designations:		15
Number of licenses that qualify for exemption under Option 4 (landings in the BSAI directed P.cod fishery in 2000 – 05):	Suboption 1. one landing	9
	Suboption 2. two landings	8
	Suboption 3. 200 mt	Conf.

Table 22 shows the total number of licenses at issue and the estimated number of licenses that qualify for the exemption proposed under Option 4. Fifteen licenses have both trawl and non-trawl designations, an MLOA of <60', and a BS endorsement. Nine of these licenses have at least one directed Pacific cod landing in the BSAI from 2000 to 2005; eight licenses have two or more directed Pacific cod landings. The number of these licenses that have 200 metric tons of directed Pacific cod catch in the BSAI in any one year in the designated time period cannot be disclosed under confidentiality rules. No licenses with an MLOA of less than 60 feet have an Aleutian Islands area endorsement and both trawl and non-trawl designations. Thus, up to 9 trawl licenses meet the proposed criteria under Option 4 and could be exempt from the BS and AI endorsement thresholds.

2.7.2.1.3 Option 5

Option 5 would exempt licenses with AI endorsements from meeting the AI landings thresholds proposed in Options 1 – 3. Table 23 below is an excerpt from Table 14 and Table 15 relevant to the AI endorsements. Note that the AFA licenses and Amendment 80 licenses are already excluded from this table, as they are exempt from the AI endorsement thresholds under the exemption provisions. The effect

of Option 5 is that it would retain a number of AI endorsed licenses that would otherwise be removed under Options 1 – 3.

Table 23 Number of LLPs that meet the Aleutian Islands thresholds, accounting for exemptions

Alternative	Endorsement	Harvest Area ¹	Number of endorsements	Option 1 2000-2005		Option 3 2000-2006	
				1 Landing	2 Landings	1 Landing	2 Landings
TRAWL CV							
ALT 2	AI	AI or BS	6	1	1	1	1
ALT 3	AI	AI only	6	1	1	1	1
TRAWL CP							
ALT 2	AI	AI or BS	8	2	2	2	2
ALT 3	AI	AI only	8	2	2	2	2

¹Harvest area means the management area in which the landings must be made in order to keep the endorsement.

Source: ADF&G fishticket files and WPR landings data merged to a January 6, 2008 RAM Division LLP file.

Note: This table excludes trawl CV and CP licenses that are exempt under this action (AFA licenses, as well as 2 non-AFA licenses attached to AFA CVs, are excluded from the BSAI; and Am. 80 licenses are excluded from the BSAI).

In sum, Option 5 would:

- exempt 5 trawl CV licenses that would otherwise be removed from the AI under Alternative 2 or Alternative 3; and
- exempt 6 trawl CP licenses that would otherwise be removed from the AI under Alternative 2 or Alternative 3.

2.7.3 Component 2 – Multiple LLPs stacked on a single vessel

Earlier formulations of the alternatives, components, and options for the proposed amendment included a choice for the method of determining how to address ‘stacked’ licenses, (i.e., more than one license assigned to a single vessel). At the June 2006 Council meeting, the Council inquired about the characteristics of the multiple LLPs assigned to a single vessel. The concern was whether multiple LLPs were being sought and held for their utility in gaining area endorsements or gear endorsements or whether they may be held by vessel owners for speculative purposes.

The Council ultimately provided direction on this issue under a provision added as Component 2. Component 2 states that groundfish harvest history is credited to each LLP that was stacked on a single vessel at the time of the landing. Thus, all licenses assigned to a single vessel will receive credit for each landing in the implementation of this amendment, as long as the license was assigned to the vessel at the time of the landing.

2.7.4 Component 3 – Option to exempt Am. 80 licenses from the CG and WG thresholds

The general exemptions discussed in Section 2.7.1 include an exemption for BSAI LLP endorsements originally issued to catcher processors qualified under BSAI Amendment 80 and BSAI LLPs used for eligibility in Amendment 80. Component 3, however, provides an option to also exempt Amendment 80 licenses from the CG and WG thresholds proposed in this amendment. Exempting other licenses assigned to the Amendment 80-qualified vessels would not result in preserving latent licenses that could be transferred to other vessels, since licenses assigned to Amendment 80 vessels are restricted to use on vessels in that program.

NOAA Fisheries recently completed its determination of the qualifying vessels under Amendment 80. The license tied to the Amendment 80 quota, as well as all other LLPs assigned to the qualifying vessel at the time of Amendment 80 program implementation, will be restricted from being used by a non-Amendment 80 vessel. Many of the elements of Amendment 80 were effective on October 15, 2007; the remaining portions of the final rule will be effective in January 2008.¹²

The qualification period for the Amendment 80 program was based on harvests from 1997 through 2002; a total of 28 vessels are qualified for the Amendment 80 program. The 28 licenses originally assigned to the Amendment 80 vessels are listed in the final rule.¹³ Table 24 shows the number of LLPs assigned to Amendment 80 vessels that would meet the thresholds proposed under Component 1 to retain their CG and/or WG endorsements. **In effect, Table 24 shows the impact on Amendment 80 licenses of not exempting them from the Gulf endorsement criteria (i.e., not selecting Component 3).** There are 18 CG endorsements and 19 WG endorsements at issue. Most Am. 80 licenses would qualify to retain their CG and/or WG endorsements if they were not exempted from this action, although fewer licenses qualify under the two landing threshold. In sum, without Component 3, three CG endorsements and one WG endorsement would be removed under Alternative 2. Three or five CG endorsements and one WG endorsement would be removed under Alternative 3.

Table 24 Number of Am. 80 licenses that qualify under Component 1, Options 1 – 3 for a CG and/or WG endorsement

Alternative	Endorsement	Harvest Area	Number of endorsements	Option 1 2000-2005		Option 3 2000-2006	
				1 Landing	2 Landings	1 Landing	2 Landings
ALT 2	CG	CG or WG	18	15	15	15	15
ALT 3	CG	CG only	18	15	13	15	13
ALT 2	WG	CG or WG	19	18	18	18	18
ALT 3	WG	WG only	19	18	18	18	18

¹Harvest area means the management area in which the landings must be made in order to keep the endorsement.
Source: WPR landings data merged to a January 6, 2008 RAM Division LLP file.

While all Amendment 80 LLPs would be exempt from the Gulf endorsement thresholds under the current structure of Component 3, there is a subset of Amendment 80 vessels that are of particular interest. Eleven Amendment 80 vessels met specific criteria and qualified to participate in the directed Gulf flatfish fisheries under Amendment 80.¹⁴ Note, however, that Gulf endorsements are not necessary for these 11 vessels to fish Gulf flatfish under Amendment 80; the Gulf endorsements are only necessary for these vessels to fish other species (Pacific cod, for example) in the respective Gulf areas.

At the June 2007 meeting, public testimony spurred the question of whether any of these 11 vessels would not meet the threshold criteria under Component 1, and would thus lose their Gulf LLP endorsements. Table 25 below, shows the number of endorsements assigned to the eleven Amendment 80 vessels that qualify to fish flatfish in the Gulf under Amendment 80 that meet the endorsement thresholds under consideration. The BSAI is included in this table for a complete picture, although the Gulf endorsements are the ones at issue. Of the 11 Amendment 80 vessels and licenses qualified to fish flatfish in the Gulf, eight of the 11 licenses have a CG endorsement and 7 have a WG endorsement. (Five licenses

¹²The final rule is published at 72 FR 52668 (September 14, 2007).

¹³ Unpublished computer file, personal communication from Glenn Merrill, NOAA Fisheries, Sustainable Fisheries Division, March 14th, 2007).

¹⁴The qualifying criteria were based on 10 weeks of participation in a Gulf flatfish fishery between 1998 – 2004 (the same qualifying years for the BSAI allocations under Amendment 80).

have endorsements in both areas.) Table 25 shows that no CG or WG endorsements assigned to these vessels would be affected by this action; all licenses qualify to retain their CG and WG endorsements.

Table 25 Number of LLPs assigned to the Amendment 80 vessels eligible to participate in the directed Gulf flatfish fisheries that meet the endorsement thresholds under Component 1, Options 1 - 3

Alternative	Endorsement	Harvest Area ¹	Number of endorsements	Option 1 2000-2005		Option 2 2000-2005		Option 3 2000-2006	
				1 Landing	2 Landings	1 Landing	2 Landings	1 Landing	2 Landings
ALT 2	AI	AI or BS	7	6	6	6	6	6	6
ALT 3	AI	AI only	7	5	5	5	5	5	5
ALT 2	BS	AI or BS	11	10	10	10	10	10	10
ALT 3	BS	BS only	11	10	10	10	10	10	10
ALT 2	CG	CG or WG	8	8	8	8	8	8	8
ALT 3	CG	CG only	8	8	8	8	8	8	8
ALT 2	WG	CG or WG	7	7	7	7	7	7	7
ALT 3	WG	WG only	7	7	7	7	7	7	7

¹Harvest area means the management area in which the landings must be made in order to keep the
Source: ADF&G fish ticket files and WPR landings data merged to a January 6, 2008 RAM Division LLP file.

Table 26 shows the combined effect of Component 1 and Component 3 on the number of trawl CP licenses that would qualify under the thresholds proposed in Component 1, Options 1 – 3. **Thus, Table 26 applies all three of the general exemptions discussed in Section 2.7.1, plus the exemption under Component 3, which exempts Am. 80 licenses from the CG and WG endorsement thresholds.** In effect, this table excludes: AFA and Am. 80 licenses from the BSAI endorsement criteria; Am. 80 and CG rockfish pilot program licenses from the CG endorsement criteria; and Am. 80 licenses from the WG endorsement criteria.

Table 26 Number of trawl CP licenses that qualify under Component 1, Options 1 – 3 with all exemptions applied plus Component 3

Alternative	Endorsement	Harvest Area ¹	Number of endorsements	Option 1 2000-2005		Option 2 2000-2005		Option 3 2000-2006	
				1 Landing	2 Landings	1 Landing	2 Landings	1 Landing	2 Landings
ALT 2	AI	AI OR BS	8	2	2	2	2	2	2
ALT 3	AI	AI ONLY	8	2	2	2	2	2	2
ALT 2	BS	AI OR BS	7	1	1	1	1	1	1
ALT 3	BS	BS ONLY	7	1	1	1	1	1	1
ALT 2	CG	CG OR WG	5	1	1	1	1	1	1
ALT 3	CG	CG ONLY	5	1	1	1	1	1	1
ALT 2	WG	CG OR WG	7	1	1	1	1	1	1
ALT 3	WG	WG ONLY	7	1	1	1	1	1	1

¹Harvest area means the management area in which the landings must be made in order to keep the endorsement
Source: ADF&G fish ticket files and WPR landings data merged to a January 6, 2008 RAM Division LLP file.

Note: Landings are credited to a CP LLP whether the vessel was operating in CP or CV mode.

Note: This table accounts for all three general exemptions plus the exemption under Component 3 (to exempt Am. 80 licenses in the CG and WG).

Accounting for all of the primary exemptions plus the exemption in Component 3, the universe of licenses at issue becomes relatively small. Eight licenses are endorsed for the AI, and only 2 licenses would qualify to retain their AI endorsement under any alternative or option. Seven licenses are endorsed for the BS, and only 1 license would qualify to retain its BS endorsement under any alternative or option. Recall that Component 3 only affects the number of qualified licenses in the CG and WG. Accounting for all of the primary exemptions and Component 3, there are only 5 licenses and 7 licenses endorsed for the CG and WG, respectively. Of those, only one would retain its CG endorsement and one would retain its WG endorsement, under any combination of alternatives and options.

The option under Component 3 has raised some concerns relative to the proposed exemption. Since the Amendment 80 allocations are in the BSAI, one could contend that the Amendment 80 sector should be subject to the same threshold in the Gulf of Alaska that applies to all other trawl license holders, in order to restrict future participation by license holders that have not been fished recently. One of the broad goals of Amendment 80 was to limit the ability of non-AFA trawl CPs to expand their harvesting capacity into other fisheries not managed under a LAPP. In contrast, Component 3 proposes to exempt Amendment 80 licenses from the Gulf thresholds, which is different from the primary exemptions that are provisions in this action. While Amendment 80 provides for sideboards in the Gulf of Alaska, it does not include Gulf allocations to the Amendment 80 fleet. The primary exemptions to the action under consideration in this amendment were intended to exempt licenses from endorsement thresholds that were necessary to participate in the area of their specific rationalization program (e.g., AFA exempt from BSAI thresholds; CG rockfish exempt from CG thresholds; BSAI Am. 80 exempt from BSAI thresholds).

Another issue that has been raised is whether the proposed action, absent Component 3, would prevent qualified Amendment 80 LLPs from harvesting the Gulf sideboards attributed to their catch histories.¹⁵ Sideboards are limits on the amount of fish to be harvested by a particular sector; they do not represent an allocation. (Note that there are no BSAI sideboards for any species for Amendment 80 vessels.) Amendment 80 was intended to allow members of the head and gut trawl CP sector to more nearly optimize when and where they fish. The intended results include increased operational efficiency for vessels in the program, by allowing them to alter their historic fishing patterns and operate under a cooperative structure. The flexibility introduced with Amendment 80 and the ability to operate under a cooperative system could provide these vessels a competitive advantage over participants in other fisheries, particularly GOA fisheries that are currently not operating under a rationalization system.

Similar to other rationalization programs, the Council recognized the need to protect non-Amendment 80 participants' current share of non-Amendment 80 fisheries by establishing sideboards in the Gulf of Alaska. The Gulf sideboard limits were based upon the harvest of species not allocated by the main portion of Amendment 80 (Component 1), during the same qualification years used to determine the head and gut trawl CP sector's allocation of the target species.

The sideboard issues for the Amendment 80 program are similar to the AFA sector described previously. If an Amendment 80-qualified vessel were to lose its WG or CG endorsement under the proposed action, the sideboard limits attributed to its catch history during the qualifying years would still exist and could be utilized by the Amendment 80 fleet, although not by that individual vessel. The actual effect of this situation is indeterminate, and would depend upon the private business agreements within the respective cooperative of the specific vessel affected. An exception to this situation could occur if the affected LLP owner chose not to join a cooperative, or if they opted to be in a cooperative with no other LLP holders.

¹⁵See the discussion paper prepared for the April 2007 Council meeting (Agenda C-2(a)) for more detail on sideboard issues for the AFA, rockfish pilot program and BSAI Amendment 80 programs.

2.7.5 Component 4 – Adding new AI endorsements to trawl LLPs

Component 4 would add new AI endorsements to existing trawl LLPs under three different proposed options. These options are not mutually exclusive; any or all of the options could be selected under Component 4. The options under Component 4 are as follows:

Option 1. Award AI endorsements to non-AFA trawl CV <60' MLOA licenses if they meet the landing thresholds in the AI parallel P. cod fishery during 2000 – 2005 of at least:

Suboption 1: 50 mt

Suboption 2: 250 mt

Suboption 3: 500 mt

Option 2. Award AI endorsements to non-AFA trawl CV ≥60' MLOA LLPs if they have at least one landing in the AI parallel groundfish fishery or AI State water P. cod fishery in 2000 – 2006 and meet the following threshold in the BSAI P. cod fishery in 2000 – 2006:

Suboption 1: 500 mt

Suboption 2: 1000 mt

Option 3. NMFS will exempt a limited number of vessels, selected annually by the Aleut Corporation, from the requirement to hold an AI endorsement to participate in the AI groundfish fishery.

Suboption 1: up to 10 vessels <60' LOA can be exempted annually

Suboption 2: up to 4 vessels <125' LOA can be exempted annually

Note that Component 1, Option 5 would exempt all *existing* AI endorsements from meeting the proposed AI thresholds; thus, there would be no reduction in the number of existing AI endorsements under that option (refer to Section 2.7.2.1.3). By contrast, Component 4 would create *new* AI endorsements. Options 1 and 2 would create new AI endorsements for non-AFA trawl catcher vessels with catch history in the AI Pacific cod fishery. Option 3 would exempt a limited number of vessels, selected annually by the Aleut Corporation, from the requirement to hold an AI endorsement to participate in the AI groundfish fishery. Note that Component 1, Option 5 could be selected in place of, or in conjunction with, Component 4, Options 1 - 3. They are not mutually exclusive options.

There has been some conflicting interpretation of Component 4 in various analyses. Currently, staff understands the motion to mean that fishing using an LLP that meets the required threshold in Component 4 would entitle that LLP to receive a trawl groundfish AI endorsement.¹⁶ In contrast, previous versions of this analysis suggested that under Component 4, vessels without a current LLP, but that meet the qualifications under Component 4, would receive a trawl groundfish LLP with an endorsement for the Aleutian Islands.¹⁷ However, the analysis related to Component 4 did not support that interpretation. **All estimates in the current analysis (and all previous analyses) consider only the addition of new AI endorsements on existing LLPs; no new LLPs would be created.**

The Council should advise staff if this interpretation is incorrect and they instead intend to create new licenses under this component. If so, staff will need to revise the analysis and will need additional information from the Council on the process for license issuance (i.e., can a person elect to receive a license or endorsement) and specific license designations and characteristics on newly issued licenses (i.e., MLOA, transferability, etc).

¹⁶This is how Component 4 was described in the June 2007 trawl LLP discussion paper (p. 2).

¹⁷RIR/EA/RFA Groundfish License Limitation Analysis, November 19, 2007, p. 17.

In the problem statement, the Council notes that there are too few non-AFA trawl CV licenses under the present situation to allow the fishing activities at Adak to develop successfully. Fisheries operations at Adak include the State waters fishery for Pacific cod as well as the pollock fishery in the EEZ, now fully allocated to the Aleut Corporation under the Magnuson-Stevens Act, as amended by the Consolidated Appropriations Act of 2004.

The proposed action will only address non-AFA trawl catcher vessel licenses for groundfish (all species) in the Aleutian Islands. Currently there are only six LLPs endorsed for the AI, but only one of the six has been fished recently. To qualify for the new endorsements, non-AFA trawl CVs must have a history of participation in either the trawl groundfish fishery in the parallel fishery (within the State 3 mile limit) or in the 2006 State waters Pacific cod fishery. The qualifying vessels have a history of trawl fishing in the area, and absent the amendment, could continue to operate as they have in the past, inside 3 miles. By contrast, under the proposed action, the newly endorsed licenses for non-AFA trawl CV vessels would be able to fish in Federal AI waters (3 to 200 miles) for groundfish without meeting the LLP area endorsement requirement.

The licensees would be able to fish any groundfish species in the Aleutians to which they had access. Given the limited areas for pollock trawling in the Aleutians, and the fact that most of the licenses are for vessels up to 60 feet, they may have little new opportunity for pollock fishing. The most likely use for the new AI endorsements to be allocated under Component 4 would be to fish Pacific cod out of Adak. Vessels would then be eligible to cross over into Federal waters when the main abundance areas for the cod resource are outside of State waters.

2.7.5.1 Option 1

Option 1 would create new AI endorsements on non-AFA trawl CV <60' MLOA licenses if they met landing thresholds in the AI parallel Pacific cod fishery during 2000 – 2005 of at least: Suboption 1) 50 mt; Suboption 2) 250 mt; or Suboption 3) 500 mt.

Table 27 below shows the number of LLPs (non-AFA trawl CV <60' MLOA) that qualify under Component 4, Option 1, Suboptions 1 – 3, and do not currently hold an AI endorsement. In sum, Suboption 1 would create 14 new AI endorsements; Suboption 2 would create 12 new AI endorsements, and Suboption 3 would create 9 new AI endorsements.

Table 27 Number of LLPs (non-AFA trawl CV <60' MLOA) that qualify under Component 4, Option 1, Suboptions 1 – 3

Option 1: AI parallel Pcod landings in 2000 - 2005	Number of LLPs that qualify
Suboption 1: ≥ 50 mt	14
Suboption 2: ≥ 250 mt	12
Suboption 3: ≥ 500 mt	9

Source: ADF&G fishticket files merged to an August 2006 RAM Division LLP file.

2.7.5.2 Option 2

Option 2 has a similar intent to Option 1; the main difference is that Option 2 would create new AI endorsements on non-AFA trawl CV $\geq 60'$ MLOA licenses. The landings thresholds are also different – the license must have at least one landing in the AI parallel groundfish fishery or AI State water Pacific cod fishery in 2000 – 2006 and at least 500 mt (Suboption 1) or 1,000 mt (Suboption 2) in the BSAI P. cod fishery in 2000 –2006.

Table 28 below shows the number of LLPs (non-AFA trawl CV $\geq 60'$ MLOA) that qualify under Component 4, Option 2, Suboptions 1 and 2, and do not currently hold an AI endorsement. In sum, Suboption 1 would create 4 new AI endorsements, and Suboption 2 would create 3 new AI endorsements. If Option 1 and Option 2 were selected in conjunction with one another under Component 4, a range of 12 – 18 new AI endorsements could be awarded to eligible non-AFA trawl CV LLPs.

Table 28 Number of LLPs (non-AFA trawl CV $\geq 60'$ MLOA) that qualify under Component 4, Option 2, Suboptions 1 and 2

Option 2: one landing in the AI parallel groundfish fishery or AI State water P. cod fishery in 2000 – 2006 and landings in the BSAI P. cod fishery in 2000 – 2006 of:	Number of LLPs that qualify
Suboption 1: ≥ 500 mt	4
Suboption 2: $\geq 1,000$ mt	3

Source: ADF&G fishticket files merged to an August 2006 RAM Division LLP file.

2.7.5.3 Option 3

At the October 2007 meeting, the Council added Option 3 under Component 4. Option 3 is as follows:

Option 3. NMFS will exempt a limited number of vessels, selected annually by the Aleut Corporation, from the requirement to hold an AI endorsement to participate in the AI groundfish fishery.

Suboption 1: up to 10 vessels <60' LOA can be exempted annually

Suboption 2: up to 4 vessels <125' LOA can be exempted annually

Option 3 exempts a limited number of vessels and licenses from the requirement to hold an *AI endorsement* to participate in the AI groundfish fishery. **Thus, like Option 1 and Option 2, Option 3 is interpreted to mean that licenses meeting the required threshold must already have a current LLP; entirely new LLPs would not be created under this option. As stated previously, the Council should clarify if this interpretation is incorrect.**

The universe of licenses available for the endorsement exemption under Option 3 (Suboptions 1 and 2) is approximately the same as for Option 1 (14 licenses). The primary difference under Option 3 is the manner in which the endorsements would be allocated. The approach the Council chooses is thus likely to be based on their preference in management approach, rather than the effect on the number of licenses.

At the October meeting, the Council also directed staff to: *“Address and discuss (in the analysis) the relationships and linkages between the Aleut Corporation, Aleut Enterprise, and Adak Fisheries, and the opportunity to influence terms of delivery as a consideration, or as part of getting on the list of approved vessels.”*

The Aleut Corporation is one of the Alaska Native Regional Corporations created under the Alaska Native Claims Settlement Act (ANCSA) in 1971. It is operated as a private for-profit corporation owned by its shareholders, which are from the Alaska Peninsula, Aleutian Islands, Pribilof Islands, and Shumagin Islands.

The Aleut Enterprise Corporation (AEC) is a wholly owned subsidiary of the Aleut Corporation for the purpose of economic activities, including fisheries operations at Adak Island. The AEC owns much of the property in Adak, including the port facilities and buildings and infrastructure used for seafood processing. AEC leases these facilities to the current seafood operator in Adak, Adak Fisheries LLC.

Aleutian Enterprise does not have an ownership interest in Adak Fisheries.¹⁸ Adak Fisheries is a private corporation that leases their facilities in Adak from the Aleut Enterprise Corporation.¹⁹

Regarding the question of influencing the terms of delivery as a consideration, or as part of getting on the list of approved vessels, the Aleut Corporation asserts that it would not have direct influence on the operation of Adak Fisheries. However, it is likely that they would support some general parameters such as giving a priority to vessels that commit to support shoreside processing instead of at-sea deliveries. Given the Aleut Corporation's role in selecting vessels to participate under Option 3, they would be in an excellent position to 'influence' these decisions.

NMFS staff has reviewed Component 4, Option 3 to determine whether or not this proposal is authorized under existing law. The response to date is that the Aleut Corporation could be designated to make initial determinations about which vessels are eligible to fish without an Aleutian Islands endorsement. NMFS notes that limitations would have to be placed on the Aleut Corporation, and persons denied an exemption by the Aleut Corporation must be provided the opportunity to appeal through the NMFS Office of Administrative Appeals before the agency could take final action on the Aleut Corporation's selection of vessels for an upcoming fishing year. The selection of vessels must be fair and equitable and consistent with the Magnuson-Stevens Act's national standards.

NMFS also provided direction on the likely requirements necessary for the Aleut Corporation to select persons to hold AI endorsements and fish groundfish in the AI. According to NOAA GC, authorization of the Aleut Corporation to select persons who could fish in the Aleutian Islands subarea without an AI endorsement on their LLP would require:

1. *The Council develop and NMFS implement criteria on who is eligible for the exemption;*
2. *The Aleut Corp. makes its initial determination on selected vessels based on these criteria and documents the basis for its determination; and*
3. *Persons who applied for an exemption, but were denied by the Aleut Corp, be provided the opportunity to appeal to the Secretary and have any such appeal concluded prior to the start of the fishery. This means the initial selection process must be initiated sufficiently in advance of the fishing season to allow for any appeals process to be concluded prior to the start of the fishery. Further, no exemption from the AI endorsement would be approved by NMFS for any person, until the appeals process is concluded.*

NOAA GC previously provided the Council with a legal opinion on a similar concept of delegated authority associated with the Gulf of Alaska Community Incentive Fisheries Trust proposal.²⁰ The legal guidance provided in that opinion also pertains to the Aleut Enterprise's proposal under Option 3.²¹

Based on the above information, it appears as if Component 4, Option 3 would be considered an allocation of licenses, subject to the MSA National Standards and the advice given above and in previous legal opinions by NOAA GC.

¹⁸ Personal communication. Troy Johnson, CEO, Aleut Corporation and Tim Martineau, CEO, Aleut Enterprise Corporation, October 2007.

¹⁹ Personal communication. Dave Fraser, representative of Adak Fisheries, October 2007.

²⁰ Legal opinion from Robert Babson, NOAA GC, Alaska Region, for Chris Oliver, Executive Director, NPFMC. *Delegation of Authority and the Community Incentive Fisheries Trust Proposal*, October 3, 2003.

²¹ Sue Salvesson, NMFS. Personal communication, "Requested Guidance to Council on Aleut Enterprise Proposal, November 2, 2007.

2.7.5.4 Summary of Component 4, Options 1 – 3

Overall, Options 1 and 2 under consideration in Component 4 would potentially add an estimated range of 12 – 18 new AI endorsements, awarded to eligible non-AFA trawl CV LLPs. This is the possible range if Option 1 and Option 2 are both selected under the preferred alternative. (Note that the universe of 14 licenses available for the endorsement exemption under Option 3 is approximately the same as for Option 1.)

Recall that there are 48 trawl CV licenses endorsed for the AI. Forty-two of those AI endorsements are on AFA CV licenses, thus there are only 6 non-AFA trawl CV licenses endorsed for the AI. Note that this proposed action exempts the AFA sector from the AI (and BS) endorsement thresholds. Given this exemption, this action is limited to the universe of 6 AI endorsed licenses in the non-AFA trawl CV sector. Component 1, Options 1 – 3 would result in reducing the number of AI endorsed licenses subject to this action from 6 to 1 under either Alternative 2 or 3. Thus, the result of Component 1, Options 1 - 3 is that only one non-AFA trawl CV license will be endorsed for the AI, and the remaining 42 AFA trawl CV licenses will continue to be endorsed for the AI.

The action under Component 1 considers removing area endorsements (BS, AI, WG, and CG) from latent trawl licenses. Component 4 proposes to treat the AI differently from other areas, based on the economic development need of Adak and the need to facilitate a resident fishing fleet (see the problem statement in Section 2.1). **In particular, Component 1 considers removing 5 AI endorsements on non-AFA trawl CV licenses, while the action under Component 4 considers adding an estimated range of 12 – 18 AI endorsements on non-AFA trawl CV licenses.** In addition, there is a separate option (Option 5 under Component 1) which considers exempting trawl AI endorsements from the landings thresholds proposed in this action.

Several concerns have been noted relevant to the proposed action to add new AI endorsements within the non-AFA trawl CV sector. These endorsements would allow the eligible vessels to fish groundfish (e.g., Pacific cod, pollock, Atka mackerel, Pacific Ocean perch, etc.) in the AI, as the action is not species specific. The Aleut Corporation currently receives an allocation of AI pollock under PL 108-199, and the corporation can invite participation in the AI pollock fishery to vessels less than 60 feet without the requirement of an LLP. Under the proposed Component 4, Option 1, 9 - 14 vessels <60 feet would meet the threshold criteria to receive an AI endorsement. However, they would still require the invitation to participate in the AI pollock fishery from the Aleut Corporation. Therefore, for the group of non-AFA trawl CV vessels <60 feet, the proposed amendment represents no change from the status quo with regard to pollock.

The situation is different for vessels $\geq 60'$. There are 3 - 4 non-AFA vessels that would qualify for an AI LLP under Component 4, Option 2. Under the status quo, these vessels are participating in the parallel waters fishery in the AI for Pacific cod and/or the State waters Pacific cod fishery at Adak and meet a requirement to have fished Pacific cod in the BSAI with a threshold of either 500 mt or 1,000 mt. They currently have no history of pollock harvests in the AI. Since participation in the AI pollock fishery is restricted by PL 108-199 to vessels less than 60 feet or vessels having an AFA trawl license, the 3 - 4 newly endorsed non-AFA trawl CVs would not qualify to fish for AI pollock.

The AI Pacific Ocean perch and Atka mackerel fisheries are also available to the non-AFA trawl CV fleet if they have an AI endorsement. The newly endorsed non-AFA trawl CV licenses could be used to fish the 10 percent of TAC allocation for Pacific Ocean perch and Atka mackerel under Amendment 80. This may erode the catch shares and revenues of operations currently fishing these resources. In Areas 541 and 542 for Atka mackerel, the allocation to non-AFA trawl CVs starts at 2 percent of TAC, increasing 2 percent per year up to the maximum of 10 percent. For POP, the allocation in Areas 541 and 542 for the non-AFA trawl CVs begins at five percent of TAC for the first year, increasing to the maximum amount

of 10 percent the second year. In Area 543, the allocation is fixed at 2 percent. Given the areas closed to trawling in the AI, and the relatively small size of the vessels licensed (most are less than 60 feet), it is uncertain how much POP or Atka mackerel may be harvested in the future.

One of the primary concerns is related to the prosecution of the Federal BSAI Pacific cod fishery – since this fishery is managed on a BSAI-wide basis, harvest by any new participants in the fishery that are newly endorsed for the AI will continue to come off the BSAI-wide TAC. Thus, even though Component 1 considers removing up to 32 – 34 BS endorsements and 5 AI endorsements from latent licenses in the trawl CV sector, meaning these licenses could not be used in the BSAI Pacific cod fishery in the future, Component 4 considers adding 12 – 18 new AI endorsements to potentially active vessels who have a greater likelihood of participating in this fishery in the AI in the near-term. It is not possible to speculate as to the exact level of effort that would be realized in the future by adding new AI endorsements, but current participants in the BSAI Pacific cod fishery would realize a decreased share if new endorsements were added and used in the BSAI Pacific cod fishery.

Thus, Component 1 and Component 4 are diametrically opposed management actions (i.e., extinguishing area endorsements under Component 1, while creating new AI endorsements under Component 4), which creates some incongruity in the supporting analysis. The Council's problem statement for the proposed action provides the primary rationale for including Component 4. In effect, there is concern that there is a need to increase the number of valid non-AFA trawl LLPs in the Aleutian Islands management area, such that a resident fishing fleet can develop in Adak and participate in the Pacific cod, pollock, Pacific Ocean perch, and Atka mackerel fisheries in the AI.

Due to this identified need, the Council agreed to consider different criteria for trawl CV area endorsement eligibility in the AI. However, the action is not limited to proposing criteria that are less restrictive in the AI than those proposed for other areas; options are instead proposed to either exempt AI endorsements from this action altogether (Component 1, Option 5) or create new AI endorsements for the non-AFA trawl CV sector (Component 4). Component 4 was likely included in this particular amendment package because it was the only amendment under development that pertained to modifications of the License Limitation Program for trawl CV and CP licenses. However, the fact that these two components are diametrically opposed actions, coupled with the level of controversy associated with Component 4, may spur the Council to consider Component 4 under a separate amendment package.

2.7.6 Summary

Alternative 1 would have no effect on the number of endorsed licenses for the BS, AI, WG, and CG; thus, Alternative 1 retains the possibility that some or all of the licenses identified as latent could become active in the future. Alternative 2 would remove subarea endorsements on latent licenses by applying the threshold criteria at the management area level, i.e. BSAI and GOA. Alternative 3 would remove subarea endorsements on latent licenses by applying the threshold criteria at the management subarea level, i.e., BS, AI, WG, and CG.

In general, the number of latent licenses that meet the minimum thresholds necessary to retain their endorsements would be greater under Alternative 2 than Alternative 3. This is because it is easier to meet an area-wide criterion than a subarea criterion. The options (number of landings and qualification years) have much less of an impact on the number of qualifying licenses than the overall alternative selected. Thus, the number of latent licenses removed is the primary decision factor in this amendment. A secondary factor is related to the basis for the approach under Alternative 2 or 3. Alternative 2 is structured such that participation in the trawl groundfish fisheries in one subarea is adequate to retain an endorsement in the adjacent subarea (e.g., landing(s) in the BS would allow you to retain your AI endorsement). In contrast, Alternative 3 requires participation in the trawl groundfish fisheries in the

specific subarea in order to retain the endorsement for that subarea (e.g., only a landing(s) in the AI would allow you to retain your AI endorsement).

Finally, Component 1 and Component 4 are under Alternative 2 and 3 are diametrically opposed management actions (i.e., extinguishing area endorsements under Component 1, while creating new AI endorsements under Component 4). The Council's problem statement for the proposed action provides the primary rationale for including Component 4. In effect, there is concern that there is a need to increase the number of valid non-AFA trawl LLPs in the Aleutian Islands management area, such that a resident fishing fleet can develop in Adak and participate in the Pacific cod, pollock, Pacific Ocean perch, and Atka mackerel fisheries in the AI.

2.8 Net Benefits to the Nation

Overall, this action is likely to have a limited effect on net benefits realized by the Nation. In large part, the action affects distributional equities among various persons eligible to enter a vessel into the trawl groundfish fisheries under the LLP.

Comparison of status quo (Alternative 1) with Alternatives 2 and 3 (removing LLP area endorsements in the BSAI and GOA)

A few contrasting factors should be considered in assessing the net benefits arising from the action. Under the status quo (Alternative 1), all existing licenses (and qualifying endorsements) would be retained. Under that alternative, it is possible that some of the endorsements that would be extinguished under the action alternatives would enter the fisheries at some future time, increasing effort in the fisheries. This entry could contribute to losses of production efficiency. Costs could rise slightly, if participants perceive a need to increase rates of effort to secure their historical share of the overall catch from the fisheries. The increase in effort could contribute to more aggressive fishing practices (e.g., plugging nets, less care for catch brought on board) and processing practices, both of which contribute to lower quality and less value added production. The extent of these possible effects is very difficult to predict and depends on several factors, including stock sizes and markets. In any case, the influx of effort from these latent licenses is likely to be quite small, with little overall effect on production efficiency.

Under the proposed action alternatives that remove license endorsements (Alternatives 2 and 3), future entry of these licenses into the fisheries would be prohibited, removing the potential influx of effort. Preventing this possible entry could have minor efficiency benefits, in the event these participants would have entered at a future time.

Minor changes in consumer surplus could accompany any change in production outputs. Specifically, changes in product outputs and quality could have effects on consumers. The difference in consumer surplus across the alternatives is likely to be quite small. The status quo, which would maintain all existing licenses, would have the lowest consumer surplus, as it establishes the lowest limit on entry. In addition, the change in U.S. consumer surplus is likely to be diluted, since much of the production from these fisheries is exported for overseas secondary processing and consumption. So, some portion of any consumer surplus benefit resulting from Alternative 2 or 3 is unlikely to be realized as a U.S. benefit.

Implementation of Alternative 2 or 3 will require several administrative tasks by NOAA Fisheries. These include processing and adjudicating the qualifying and non-qualifying licenses under the program, and removing those licenses or license endorsements that do not qualify. The license limitation file administered and maintained by NOAA Fisheries will need to be updated to reflect the valid licenses. Also, it will be necessary for NOAA Fisheries to make changes within the data programs to administer and record license information, in order to create the newly required capability to separately record and

monitor area endorsement and gear endorsements. These costs would not exist for Alternative 1, and are assumed to be identical for Alternatives 2 and 3.

Comparison of status quo with Component 4 (adding LLP license endorsements in the AI)

The increase in endorsements in the AI that are proposed under Component 4 in Alternatives 2 and 3 could increase the number of vessels prosecuting groundfish fisheries in the AI. A few competing effects could arise. Allowing additional effort could facilitate the full harvest of the pollock allocation to the Aleut Corporation, substantial parts of which went unharvested in two of the three years of that allocation. Any additional harvest would increase benefits to producers arising from that allocation. In addition, consumer surplus would increase from that harvest. A portion of that benefit would be lost, to the extent that foreign consumers receive a portion of the pollock harvests. A competing effect will arise from the loss of efficiency that could arise from increased competition in limited entry fisheries. The effect of any additional effort is likely to be a minor loss in production efficiency arising from intensifying the race for fish. Both higher costs and declines in quality and product value could arise. The extent of this effect will depend on several factors, including stock conditions and markets. To the extent that increased effort affects the quality of outputs, it is possible that some decline in consumer surplus could arise under Component 4. This decline is likely to be minor and could be realized primarily outside of the U.S., effectively resulting in a very minor decline in U.S. consumer benefits.

The addition of AI endorsements on LLPs under Component 4 will introduce new administrative costs for NOAA Fisheries Sustainable Fisheries Division, RAM Division, and potentially the Office of Law Enforcement. Since relatively few participants are likely to qualify for new endorsements under Options 1 and 2, or would be awarded new endorsements under Option 3, it is likely that administrative costs related to these applications will be minor.

The main economic benefit to be obtained from the proposed amendment is prevention of future entry of latent trawl LLPs in the groundfish fisheries, which has primarily distributional effects on the universe of existing participants. Any effects on the net benefits to the Nation are considered minor.

3.0 ENVIRONMENTAL ASSESSMENT

The purpose of this section is to analyze the environmental impacts of the proposed Federal action to establish new threshold criteria for area endorsements (BS, AI, CG, and WG) on trawl catcher vessel and catcher processor limited license permits (LLPs). An environmental assessment (EA) is intended, in a concise manner, to provide sufficient evidence of whether or not the environmental impacts of the action is significant (40 CFR 1508.9).

Three of the four required components of an environmental assessment are included below. These include brief discussions of: the purpose and need for the proposal (Section 3.1), the alternatives under consideration (Section 3.2), and the environmental impacts of the proposed action and alternatives (Section 3.3). The fourth requirement, a list of agencies and persons consulted, is provided in Section 6.0.

3.1 Purpose and Need

The Council has identified the following problem statement for the proposed action. Further background information and detail on the intent of the proposed action is provided in Section 2.2.

Problem Statement

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 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 dependant 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 POP 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.

3.2 Description of Alternatives

Three primary alternatives have been identified for analysis. Alternative 1 is the no action alternative. Alternative 2 would remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the overall management area (BSAI or GOA). Alternative 3 would remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the specified subarea. A detailed description of these alternatives can be found in Section 2.4 of this document. A summary table outlining the three alternatives, components, and options under consideration is provided below (Table 29).

Table 29 Summary of the Alternatives, Components, and Options under Consideration

COMPONENT	ALTERNATIVES and OPTIONS		
	ALTERNATIVE 1. No action.	ALTERNATIVE 2. Remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the overall management area (BSAI or GOA).	ALTERNATIVE 3. Remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the specified subarea.
Component 1: Landings thresholds	N/A	<p>Option 1. One groundfish landing during 2000 – 2005.</p> <p>Option 2. Two groundfish landings during 2005 – 2006.</p> <p>Option 3. [One or two] groundfish landings during 2000 – 2006. Suboption: Apply Op. 3 only to BSAI endorsements</p> <p>Option 4. Exempt BSAI endorsements on trawl LLPs with MLOA >60' with trawl or non-trawl landings in the BSAI directed P.cod fishery of [one landing, two landings, or 200 mt, in any one year 2000 – 2005].</p> <p>Option 5. Exempt AI endorsements from the landings thresholds.</p>	
Component 2: Stacked LLPs	N/A	Groundfish harvest history is credited to each LLP stacked on a single vessel at the time of the landing. [Note: this is a provision.]	
Component 3: Amendment 80 GOA exemption	N/A	Option to exempt LLPs originally issued to vessels qualified under BSAI Am. 80 and LLPs used for eligibility in Am. 80 from the GOA landing thresholds.	
Component 4: Adding new AI endorsements to trawl LLPs	N/A	<p>Option 1. Award AI endorsements to non-AFA trawl CV <60' MLOA LLPs if they have landings of at least [50 mt, 250 mt, or 500 mt] in the AI parallel P.cod fishery in 2000 – 2005.</p> <p>Option 2. Award AI endorsements to non-AFA trawl CV ≥60' MLOA LLPs if they have at least one landing in the AI parallel groundfish fishery or AI State water P.cod fishery in 2000 – 2006, and [500 mt or 1,000 mt] in the BSAI P.cod fishery in 2000 – 2006.</p> <p>Option 3. Exempt a limited number of vessels [10 vessels <60' or 4 vessels <125'] from the requirement to hold an AI endorsement to participate in the AI groundfish fishery. The Aleut Corporation would select the vessels on an annual basis.</p>	
Exemptions¹	N/A	<ul style="list-style-type: none"> • Exempt BSAI LLP endorsements originally issued to vessels qualified under the AFA and any non-AFA BSAI LLPs assigned to AFA vessels not having any other license. (Applies to CPs and CVs). • Exempt CG subarea endorsements on CG rockfish pilot program qualified licenses. (Applies to CPs and CVs). • Exempt BSAI LLP endorsements originally issued to vessels qualified under Am. 80 and BSAI LLPs used for eligibility in Am. 80. 	

Note: This table provides a general summary outline of the issues, alternatives, and options. See the following section for the exacting wording of the alternatives and options under consideration.

¹The exemptions applicable under Alternatives 2 and 3 are not options; they are provisions.

3.3 Probable Environmental Impacts

This section estimates the effect of the alternatives on the biological, physical, and human environment. The alternatives establish threshold criteria for using BSAI and GOA trawl LLPs.

The physical and biological effects of the alternatives on the environment and animal species are discussed together in Section 3.3.1. Economic and Socioeconomic effects of the alternatives are primarily analyzed in the RIR in Section 2.5, but are summarized in Section 3.3.2. Cumulative effects are addressed in Section 3.3.3.

3.3.1 Physical and Biological Impacts

Alternative 1

Alternative 1 represents the status quo, with no changes made to the management of LLPs. Status quo groundfish fishing is annually evaluated in the environmental assessment that supports decision-making on annual harvest specifications for the BSAI and GOA groundfish fisheries (NMFS 2006). The EA evaluates all physical and biological resources affected by the groundfish fisheries, and describes the impact of the fisheries. A “beneficial” or “adverse” impact leaves the resource in better or worse, respectively, condition than it would be in an unfished condition. “Significant” impacts are those adverse or beneficial impacts that meet specified criteria for each resource component, but generally are those impacts that affect the species population outside the range of natural variability, and which may affect the sustainability of the species or species group.

The analysis of Alternative 2 in NMFS (2006), which describes status quo fishing, is incorporated by reference. The EA finds that under status quo groundfish fishery management there is a low probability of overfishing target species, or generating significant adverse impacts to fish species generally (target, non-specified, forage, or prohibited species). Direct and indirect effects on marine mammals and seabirds have been identified as adverse but not significant, and effects on essential fish habitat are minimal and temporary. Effects on ecosystem relationships are also analyzed as adverse but not significant.

Alternatives 2 and 3: Components 1 - 3

The net effect of Alternatives 2 and 3, Components 1 – 3, is to maintain fishing activity at status quo levels. The alternatives propose landing thresholds that would remove endorsements on trawl LLPs that have not been used in recent years. Recent years are defined as either 2000 – 2005 or 2000 – 2006. The criteria contain various options, but generally require a valid LLP to have either one or two groundfish landings within the specified management area (Alternative 2) or the specified management subarea (Alternative 3). There is also an option for exempting BSAI endorsements on trawl LLPs with a MLOA of <60’, and an option to exempt AI endorsements altogether. The criteria would apply to catcher vessel and catcher processor LLPs in the BSAI and the GOA, with three primary exceptions. These exceptions are outlined in Table 29 and discussed in Section 2.7.1.

Section 2.7 describes the number of latent LLPs that would be removed under Alternatives 2 and 3. In terms of effects on the physical and biological environment, however, the effect is the same as Alternative 1. These licenses are not currently being used to prosecute groundfish fishing in the BSAI and GOA. The status quo level of fishing has been analyzed in NMFS (2006) and determined to have no significant adverse impacts on fish species, marine mammals, seabirds, habitat, or ecosystem relationships. Under Components 1 - 3 of the alternatives, the status quo level of fishing activity would continue. As a result, there are no significant adverse impacts expected under Alternative 2 or 3, Components 1 - 3.

Alternatives 2 and 3: Component 4

Component 4 of the alternatives applies exclusively to the Aleutian Islands subarea LLP endorsements. In effect, this component may increase the number of LLPs valid in the AI subarea, by an estimated maximum of 18 licenses (14 licenses on vessels <60' LOA and 4 licenses on vessels ≥60' LOA).

There are currently 6 trawl CV LLPs with an AI endorsement. The maximum number of trawl CV LLPs estimated to qualify for an AI subarea endorsement under this component is 14 vessels <60' LOA and up to 4 vessels ≥60' LOA. However, the license holders who would qualify for these endorsements have already been fishing in state waters either in the state or parallel fisheries in the Aleutian Islands. Therefore, the amendment would result in a shift of their fishing effort from State to Federal waters for at least a portion of their fishing effort, compared with the status quo.

Effects on target species from this potential increase in the number of LLPs qualified to fish outside 3 miles will not be adverse. The TAC is determined annually based on the carrying capacity of target species, and effective monitoring and enforcement are in place to ensure that TACs are not exceeded. Therefore, regardless of the potential increase in fishing capacity, the total allowable catch of target species will not increase under this component. Most fish species targeted in the AI have an AI subarea quota, and so there could be no localized increase in catch accruing to the AI subarea. Pacific cod is the exception, as it currently has a BSAI-wide TAC. Pacific cod is believed to be one stock within the BSAI, and so additional effort in the AI subarea would not adversely affect the stock overall. Additionally, the maximum number of LLPs that would gain an AI endorsement under this component is relatively small, so the potential increase in fishing effort for Pacific cod in the AI subarea would be correspondingly small.

Changes in interactions with other fish species, marine mammals, seabirds, habitat, and ecosystem relations are tied to changes in target fishery effort. As described above, only the Pacific cod trawl target fishery may experience an overall increase in fishing effort due to an increase in qualified LLPs. Limits regulate the catch of forage and prohibited species in Federal waters, so any increase in their catch will not achieve a significantly adverse threshold.

The LLP holders who are newly qualified to fish in Federal AI waters are likely those who are already fishing in State waters, so any movement of their fishing activities further offshore is likely to benefit marine mammals. Vessels would still have to comply with existing Federal regulations protecting Steller sea lion rookeries and haulouts.²² Current Steller sea lion protection measures close most of the AI region out to 20 nautical miles offshore from rookeries and haulouts for pollock trawling, effectively limiting pollock fishing opportunities, particularly for small vessels. Pacific cod Steller sea lion closed areas in the AI region are less restrictive. The proposed action would increase cod fishing effort in the AI region, but that effort would still be restricted to areas outside the cod Steller sea lion protection areas. Thus, the effects on Steller sea lions would be minimal.

However, since Component 4 could be considered a change in the action upon which the last ESA Section 7 consultation was based, NOAA Fisheries, Protected Resources Division may have some concerns and should be consulted. In this case, this change in potential cod fishing effort may be included in the ongoing FMP-level consultation and could be addressed in that process. This consultation is scheduled to be completed and a draft Biological Opinion issued by April 2008. Council staff has discussed the potential effects of Component 4 with NOAA staff from the Protected Resources Division, and based on these initial discussions, Component 4 may be considered to have a minimal impact on Steller sea lion protection measures.

²²See <http://www.fakr.noaa.gov/sustainablefisheries/2003hrvstspecssl.htm> for regulations and maps.

The Council and NOAA Fisheries have also recently closed much of the AI subarea to fishing to mitigate any potential adverse effects to essential fish habitat,²³ and vessels would also be subject to those closure areas. Given the limited increase that may result in fishing activity as a result of Component 4, and the measures currently in place to protect the physical and biological environment, the potential effect of the component on an ecosystem scale is very limited. As a result, no significant adverse impacts to marine mammals, seabirds, habitat, or ecosystem relations are anticipated.

3.3.2 Economic and Socioeconomic Impacts

The economic and socioeconomic impacts of the proposed amendment are addressed in the Regulatory Impact Review, Section 2.0 of this report. Alternatives 2 and 3 have very similar general effects, only the number of trawl LLP area endorsements that would be removed from participation in the trawl groundfish fisheries changes with each alternative.

3.3.3 Cumulative Impacts

Analysis of the potential cumulative effects of a proposed action and its alternatives is a requirement of NEPA. Cumulative effects are those combined effects on the quality of the human environment that result from the incremental impact of the proposed action when added to other past, present, and reasonably foreseeable future actions, regardless of what Federal or non-Federal agency or person undertakes such other actions (40 CFR 1508.7, 1508.25(a), and 1508.25(c)). Cumulative impacts can result from individually minor, but collectively significant, actions taking place over a period of time. The concept behind cumulative effects analysis is to capture the total effects of many actions over time that would be missed by only evaluating each action individually. At the same time, the CEQ guidelines recognize that it is not practical to analyze the cumulative effects of an action on the universe but to focus on those effects that are truly meaningful.

The 2004 Final Alaska Groundfish Fisheries Programmatic Supplemental Environmental Impact Statement (Groundfish PSEIS; NOAA 2004) assesses the potential direct and indirect effects of groundfish FMP policy alternatives in combination with other factors that affect physical, biological and socioeconomic resource components of the BSAI and GOA environment. To the extent practicable, this analysis incorporates by reference the cumulative effects analysis of the Groundfish PSEIS, including the persistent effects of past actions and the effects of reasonable foreseeable future actions.

Beyond the cumulative impacts analysis documented in the Groundfish PSEIS, no additional past, present, or reasonably foreseeable cumulative negative impacts on the biological and physical environment (including fish stocks, essential fish habitat, ESA-listed species, marine mammals, seabirds, or marine ecosystems), fishing communities, fishing safety, or consumers have been identified that would accrue from the proposed action. Cumulatively significant negative impacts on these resources are not anticipated as a result of the proposed action because no negative direct or indirect effects on the resources have been identified.

While there are no expected cumulative adverse impacts on the biological and physical environment, fishing communities, fishing safety, or consumers, there may be economic effects on the groundfish trawl fishery sectors as a result of the proposed action in combination with other actions. As discussed below, participants in the groundfish trawl fishery sectors have experienced several regulatory changes in the past several years that have affected their economic performance. Moreover, a number of reasonably foreseeable future actions are expected to affect the socioeconomic condition of these sectors.

²³See <http://www.fakr.noaa.gov/habitat/efh.htm> for further details.

3.3.3.1 Past and Present Actions

The cumulative impacts from past management actions are one of the driving forces for support of the proposed amendment. Other fisheries in the region have been subject to increasingly restrictive management measures, with exclusive fishing privileges being the basis for most actions. As one of the remaining fisheries in the region to be open under a limited access regime, the result is that current trawl groundfish license holders in the BSAI and GOA are concerned with the potential for increased future effort. Some of the management actions that have contributed to the existing conditions are listed below:

- the IFQ Program for the halibut and sablefish fisheries;
- implementation of the American Fisheries Act, which allocates the BSAI pollock fishery among specified trawl vessels;
- adoption of BSAI Amendment 67, which established an LLP endorsement requirement in the non-trawl BSAI Pacific cod fishery for vessels $\geq 60'$ LOA;
- the BSAI crab rationalization program;
- the Central GOA rockfish pilot program, initially approved for two years but recently extended under reauthorization of the Magnuson-Stevens Act; and
- adoption of BSAI Amendment 80, which allocates several BSAI non-pollock trawl groundfish species among trawl fishery sectors and facilitates the formation of harvesting cooperatives in the non-AFA trawl CP sector.

3.3.3.2 Reasonably Foreseeable Future Actions

Analyses are being developed to consider a similar regulatory amendment that would apply to non-trawl license endorsements in the Gulf of Alaska. This amendment package is scheduled for initial review by the Council in April 2008. The Council previously began the process to evaluate a comprehensive rationalization program for Gulf of Alaska groundfish, but that program has been delayed and is not on the Council's near-term agenda. Neither issue would affect the implementation of the proposed amendment.

3.3.3.3 Summary of Cumulative Effects

As noted above, the cumulative effects of past management decisions are the primary reason for the proposed amendment. The proposed amendment, in itself, is not expected to adversely affect the fisheries sectors (harvesting or processing), market conditions, or communities.

4.0 INITIAL REGULATORY FLEXIBILITY ANALYSIS

4.1 Introduction

This Initial Regulatory Flexibility Analysis (IRFA) addresses the statutory requirements of the Regulatory Flexibility Act (RFA) of 1980, as amended by the Small Business Regulatory Enforcement Fairness Act (SBREFA) of 1996 (5 U.S.C. 601-612). This IRFA evaluates the potential adverse economic impacts on small entities directly regulated by the proposed actions.

The RFA, first enacted in 1980, was designed to place the burden on the government to review all regulations to ensure that, while accomplishing their intended purposes, they do not unduly inhibit the ability of small entities to compete. The RFA recognizes that the size of a business, unit of government, or nonprofit organization frequently has a bearing on its ability to comply with a Federal regulation. Major goals of the RFA are: (1) to increase agency awareness and understanding of the impact of their regulations on small business, (2) to require that agencies communicate and explain their findings to the public, and (3) to encourage agencies to use flexibility and to provide regulatory relief to small entities. The RFA emphasizes predicting impacts on small entities as a group distinct from other entities, and on the consideration of alternatives that may minimize adverse economic impacts, while still achieving the stated objective of the action.

On March 29, 1996, President Clinton signed the SBREFA. Among other things, the new law amended the RFA to allow judicial review of an agency's compliance with the RFA. The 1996 amendments also updated the requirements for a final regulatory flexibility analysis, including a description of the steps an agency must take to minimize the significant economic impact on small entities. Finally, the 1996 amendments expanded the authority of the Chief Counsel for Advocacy of the Small Business Administration (SBA) to file *amicus* briefs in court proceedings involving an agency's alleged violation of the RFA.

In determining the scope, or 'universe', of the entities to be considered in an IRFA, NMFS generally includes only those entities that can reasonably be expected to be directly regulated by the proposed action. If the effects of the rule fall primarily on a distinct segment, or portion thereof, of the industry (e.g., user group, gear type, geographic area), that segment would be considered the universe for the purpose of this analysis.

4.1.1 IRFA requirements

Until the Council makes a final decision on a preferred alternative(s), a definitive assessment of the proposed management alternatives cannot be conducted. In order to allow the agency to make a certification decision, or to satisfy the requirements of an IRFA of the preferred alternative, this section addresses the requirements for an IRFA. Under 5 U.S.C., Section 603(b) of the RFA, each IRFA is required to contain:

- A description of the reasons why action by the agency is being considered;
- A succinct statement of the objectives of, and the legal basis for, the proposed rule;
- A description of and, where feasible, an estimate of the number of small entities to which the proposed rule will apply (including a profile of the industry divided into industry segments, if appropriate);
- A description of the projected reporting, record keeping, and other compliance requirements of the proposed rule, including an estimate of the classes of small entities that will be subject to the requirement and the type of professional skills necessary for preparation of the report or record;
- An identification, to the extent practicable, of all relevant Federal rules that may duplicate, overlap, or conflict with the proposed rule;

- A description of any significant alternatives to the proposed rule that accomplish the stated objectives of the proposed action, consistent with applicable statutes, and that would minimize any significant economic impact of the proposed rule on small entities. Consistent with the stated objectives of applicable statutes, the analysis shall discuss significant alternatives, such as:

1. The establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities;
2. The clarification, consolidation, or simplification of compliance and reporting requirements under the rule for such small entities;
3. The use of performance rather than design standards;
4. An exemption from coverage of the rule, or any part thereof, for such small entities.

In preparing an IRFA, an agency may provide either a quantifiable or numerical description of the effects of a proposed action (and alternatives to the proposed action), or more general descriptive statements if quantification is not practicable or reliable.

4.1.2 Definition of a small entity

The RFA recognizes and defines three kinds of small entities: (1) small businesses, (2) small non-profit organizations, and (3) small government jurisdictions.

Small businesses. Section 601(3) of the RFA defines a 'small business' as having the same meaning as 'small business concern', which is defined under Section 3 of the Small Business Act. 'Small business' or 'small business concern' includes any firm that is independently owned and operated and not dominant in its field of operation. The SBA has further defined a "small business concern" as one "organized for profit, with a place of business located in the United States, and which operates primarily within the United States or which makes a significant contribution to the U.S. economy through payment of taxes or use of American products, materials or labor...A small business concern may be in the legal form of an individual proprietorship, partnership, limited liability company, corporation, joint venture, association, trust or cooperative, except that where the firm is a joint venture there can be no more than 49 percent participation by foreign business entities in the joint venture."

The SBA has established size criteria for all major industry sectors in the United States, including fish harvesting and fish processing businesses. Effective January 5, 2006, a business involved in fish harvesting is a small business if it is independently owned and operated, not dominant in its field of operation (including its affiliates), and if it has combined annual gross receipts not in excess of \$4.0 million for all its affiliated operations worldwide.²⁴ A seafood processor is a small business if it is independently owned and operated, not dominant in its field of operation, and employs 500 or fewer persons on a full-time, part-time, temporary, or other basis, at all its affiliated operations worldwide. A business involved in both the harvesting and processing of seafood products is a small business if it meets the \$4.0 million criterion for fish harvesting operations. Finally, a wholesale business servicing the fishing industry is a small business if it employs 100 or fewer persons on a full-time, part-time, temporary, or other basis, at all its affiliated operations worldwide.

²⁴Effective January 6, 2006, SBA updated the Gross Annual Receipts thresholds for determining "small entity" status under the RFA. This is a periodic action to account for the impact of economic inflation. The revised threshold for "commercial fishing" operations (which, at present, has been determined by NMFS HQ to include catcher-processors, as well as catcher vessels) changed from \$3.5 million to \$4.0 million in annual gross receipts, from all its economic activities and affiliated operations, worldwide.

The SBA has established “principles of affiliation” to determine whether a business concern is “independently owned and operated.” In general, business concerns are affiliates of each other when one concern controls or has the power to control the other, or a third party controls or has the power to control both. The SBA considers factors such as ownership, management, previous relationships with or ties to another concern, and contractual relationships, in determining whether affiliation exists. Individuals or firms that have identical or substantially identical business or economic interests, such as family members, persons with common investments, or firms that are economically dependent through contractual or other relationships, are treated as one party with such interests aggregated when measuring the size of the concern in question. The SBA counts the receipts or employees of the concern whose size is at issue and those of all its domestic and foreign affiliates, regardless of whether the affiliates are organized for profit, in determining the concern’s size. However, business concerns owned and controlled by Indian Tribes, Alaska Regional or Village Corporations organized pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1601), Native Hawaiian Organizations, or Community Development Corporations authorized by 42 U.S.C. 9805 are not considered affiliates of such entities, or with other concerns owned by these entities solely because of their common ownership.

Affiliation may be based on stock ownership when: (1) a person is an affiliate of a concern if the person owns or controls, or has the power to control 50 percent or more of its voting stock, or a block of stock which affords control because it is large compared to other outstanding blocks of stock, or (2) if two or more persons each owns, controls or has the power to control less than 50 percent of the voting stock of a concern, with minority holdings that are equal or approximately equal in size, but the aggregate of these minority holdings is large as compared with any other stock holding, each such person is presumed to be an affiliate of the concern.

Affiliation may be based on common management or joint venture arrangements. Affiliation arises where one or more officers, directors, or general partners, controls the board of directors and/or the management of another concern. Parties to a joint venture also may be affiliates. A contractor and subcontractor are treated as joint venturers if the ostensible subcontractor will perform primary and vital requirements of a contract or if the prime contractor is unusually reliant upon the ostensible subcontractor. All requirements of the contract are considered in reviewing such relationship, including contract management, technical responsibilities, and the percentage of subcontracted work.

Small organizations. The RFA defines “small organizations” as any not-for-profit enterprise that is independently owned and operated, and is not dominant in its field.

Small governmental jurisdictions. The RFA defines “small governmental jurisdictions” as governments of cities, counties, towns, townships, villages, school districts, or special districts with populations of fewer than 50,000.

4.2 Description of the Reasons Why the Action is Being Considered

The Council adopted the following problem statement on June 11, 2006:

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 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 dependant 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 POP 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.

4.3 Objective Statement of Proposed Action and its Legal Basis

Under the authority of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act), the Secretary of Commerce and in the Alaska region, the North Pacific Fishery Management Council, have the responsibility to prepare fishery management plans and associated regulations for the marine resources found to require conservation and management. NMFS is charged with carrying out the Federal mandates of the Department of Commerce with regard to marine fish, including the publication of Federal regulations. The Alaska Regional Office of NMFS, and Alaska Fisheries Science Center, research, draft, and support the management actions recommended by the Council.

The trawl groundfish fisheries in the BSAI and GOA are managed under two fishery management plans: the Bering Sea and Aleutian Islands Groundfish Fishery Management Plan and the Gulf of Alaska Groundfish Fishery Management Plan. The proposed action is a Federal regulatory amendment; the fisheries that would be affected occur within the EEZ waters administered under the two plans. The proposed action would modify thresholds for area endorsements under the License Limitation Program for trawl catcher vessels and trawl catcher processors in the GOA and BSAI. The intent is to eliminate latent licenses from the trawl catcher vessel and trawl catcher processor groundfish fisheries in the GOA and BSAI, with specified exemptions.

4.4 Description of the Alternatives Considered

The proposed action includes three primary alternatives: one no action alternative (Alternative 1) and two action alternatives (Alternatives 2 and 3). Alternative 1 would not modify the existing area endorsements on trawl CV and CP LLPs. Alternative 2 would remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the overall management area (BSAI or GOA). Alternative 3 would remove the subarea (BS, AI, CG or WG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the specified subarea. There are four components under each of the two action alternatives. There are also several options and suboptions under each of the action alternatives. The list of alternatives, components, and options under consideration is provided in Section 2.4.

4.5 Estimate of the Number of Small Entities to which the Proposed Rule will Apply

Information concerning ownership of vessels and processors, which would be used to estimate the number of small entities that are regulated by this action, is somewhat limited as is typically the case for Council analyses.

To estimate the number of small versus large entities, earnings from all Alaskan fisheries earnings for 2006 were matched with the licenses that participated in the BSAI or GOA groundfish for that year. Of a total of 181 licenses, only 7 had gross earnings from all fisheries in Alaska (except halibut) over \$4 million, categorizing them as large entities. The remaining 174 are identified as small entities for the purposes of the RFA. It is likely that other licenses are linked by company affiliation, which may then qualify them as large entities, but information is not available to tie vessel earnings together by license ownership status. Therefore, the IRFA may overestimate the number of small entities directly regulated by the proposed action.

4.6 Recordkeeping and Reporting Requirements

Recordkeeping and reporting requirements are not expected to change as a result of the proposed action. The action under consideration requires no additional reporting, recordkeeping, or other compliance requirements different from the status quo.

However, implementation of Alternative 2 or 3 will require NOAA Fisheries to implement a program to revise the system for tracking LLP area endorsements. The existing tracking system does not differentiate between gear and area endorsements, if an LLP has both a trawl and non-trawl gear designation. It will be necessary to change the tracking system to allow differentiation by area and gear to allow implementation of Alternatives 2 and 3. It will also be necessary for NOAA fisheries to administer a program to audit harvests by vessel license, in cases where transfers have occurred and there is some dispute as to which license should be assigned historical trawl groundfish harvests.

4.7 Relevant Federal Rules that may Duplicate, Overlap, or Conflict with the Proposed Rule

No relevant Federal rules have been identified that would duplicate, overlap, or conflict with the proposed actions under Alternatives 2 or 3.

4.8 Description of any Significant Alternatives to the Proposed Rule that Accomplish the Stated Objectives of the Proposed Action

An IRFA also requires a description of any significant alternatives to the proposed action(s) that accomplish the stated objectives, are consistent with applicable statutes, and that would minimize any significant economic impact of the proposed rule on small entities. Note that this section will be revised upon selection of a preferred alternative.

The Council has identified three alternatives under this proposed amendment. Alternative 1 is the status quo, which would result in no change to the existing area endorsements for trawl groundfish LLPs for the BSAI or GOA. Alternatives 2 and 3 would result in the application of landings criteria (one or two landings during 2000 – 2005 or 2000 - 2006) in order to retain the subarea endorsement (BS, AI, CG, and/or WG) on a license. If either action alternative is selected, the subarea endorsements on licenses not meeting the threshold would be extinguished. In effect, if the license at issue has only one area endorsement and it does not meet the landing threshold selected, the entire license is extinguished. If the

license at issue has multiple area endorsements and it does not meet the landing threshold for a specific area, the license would be reissued with only the area endorsements for which it qualifies. The area endorsement for which the license does not qualify would be removed.

The primary intent of the amendment is to prevent future economic dislocation among license holders who have a demonstrated history of recent participation in the trawl groundfish fisheries in the BSAI and GOA. As previously noted, the great majority of the directly regulated entities under this action are considered 'small' as defined under the RFA. Within the universe of small entities that are the subject of this IRFA, impacts may accrue differently (i.e., some small entities would be negatively affected and others positively affected.) Thus, the action represents tradeoffs in terms of impacts on small entities. However, the Council deliberately sought to provide options for the smallest of the small entities under this amendment through consideration of Component 1, Option 4 and Component 4, Option 1 and 3.

Component 1, Option 4 provides an exemption for licenses assigned to vessels <60' from the BS and AI endorsement thresholds. Component 4, Option 1 would award new AI endorsements to non-AFA trawl catcher vessels <60' if they meet a specified threshold in the AI parallel Pacific cod fishery. Component 4, Option 3 would exempt a limited number of <60' vessels from the requirement to hold an AI endorsement in order to participate in the AI groundfish fishery. Thus, it is reasonable to assume that the proportion of licenses assigned to vessels <60' would be at the lower end of the range of small entities.

Overall, however, it is unlikely that Alternatives 2 and 3 would result in extinguishing the licenses of vessels with a high degree of economic dependence upon the trawl groundfish fisheries, as one would have to have had little to no participation in the fisheries since 2000 in order to lose an area endorsement under this action. Based upon the best available scientific data and information, and consideration of the objectives of this action, one may draw the following conclusion. It appears that there are no alternatives to the proposed action which have the potential to accomplish the stated objectives of the Magnuson-Stevens Act and any other applicable statutes and that have the potential to minimize any significant adverse economic impact of the proposed rule on small entities.

5.0 CONSISTENCY WITH APPLICABLE LAW AND POLICY

This section examines the consistency of the LLP trawl recency alternatives with the National Standards and Fishery Impact Statement requirements in the Magnuson-Stevens Act and Executive Order 12866.

5.1 National Standards

Below are the ten National Standards as contained in the Magnuson-Stevens Act, and a brief discussion of the consistency of the proposed alternatives with each of those National Standards, as applicable.

National Standard 1

Conservation and management measures shall prevent overfishing while achieving, on a continuing basis, the optimum yield from each fishery.

None of the alternatives considered in this action would affect overfishing of groundfish in the BSAI or GOA. The alternatives would also not effect, on a continuing basis, the ability to achieve the optimum yield from each groundfish fishery.

National Standard 2

Conservation and management measures shall be based upon the best scientific information available.

The analysis for this amendment is based upon the most recent and best scientific information available. It was necessary for the Council staff to develop a series of new data bases to complete the analyses contained herein.

National Standard 3

To the extent practicable, an individual stock of fish shall be managed as a unit throughout its range, and interrelated stocks of fish shall be managed as a unit or in close coordination.

The proposed action is consistent with the management of individual stocks as a unit or interrelated stocks as a unit or in close coordination.

National Standard 4

Conservation and management measures shall not discriminate between residents of different states. If it becomes necessary to allocate or assign fishing privileges among various U.S. fishermen, such allocation shall be (A) fair and equitable to all such fishermen, (B) reasonably calculated to promote conservation, and (C) carried out in such a manner that no particular individual, corporation, or other entity acquires an excessive share of such privileges.

The proposed alternatives treat all license holders the same. Alternatives 2 and 3 would affect only those license holders who have not demonstrated a minimal level of use (one or two landings) over a six or seven year period. The proposed alternatives would be implemented without discrimination among participants and are intended to promote conservation of the groundfish resources in the BSAI and GOA.

National Standard 5

Conservation and management measures shall, where practicable, consider efficiency in the utilization of fishery resources, except that no such measure shall have economic allocation as its sole purpose.

This action will potentially improve efficiency in utilization of the trawl groundfish resource in the BSAI and the GOA by preventing future increased crowding in the fishery through re-entry of license holders who have not participated in the fishery in recent years.

National Standard 6

Conservation and management measures shall take into account and allow for variations among, and contingencies in, fisheries, fishery resources, and catches.

None of the proposed alternatives are expected to affect the availability of and variability in the groundfish resources in the BSAI and GOA in future years. The harvest would be managed to and limited by the TACs for each species, regardless of the proposed action considered in this amendment.

National Standard 7

Conservation and management measures shall, where practicable, minimize costs and avoid unnecessary duplication.

This action does not duplicate any other management action.

National Standard 8

Conservation and management measures shall, consistent with the conservation requirements of this Act (including the prevention of overfishing and rebuilding of overfished stocks), take into account the importance of fishery resources to fishing communities in order to (A) provide for the sustained participation of such communities, and (B) to the extent practicable, minimize adverse economic impacts on such communities.

This action will not have adverse impacts on communities or affect community sustainability.

National Standard 9

Conservation and management measures shall, to the extent practicable, (A) minimize bycatch, and (B) to the extent bycatch cannot be avoided, minimize the mortality of such bycatch.

Through preventing future crowding by latent license holders in the trawl groundfish fisheries in the BSAI and GOA, this proposed amendment could help to minimize bycatch by preventing further condensing of the respective fisheries.

National Standard 10

Conservation and management measures shall, to the extent practicable, promote the safety of human life at sea.

The alternatives proposed should have no effect on safety at sea, except to the extent that they would prevent an increase in effort above levels of recent years, in the respective trawl groundfish fisheries.

5.2 Section 303(a)(9) – Fisheries Impact Statement

Section 303(a)(9) of the Magnuson-Stevens Act requires that any management measure submitted by the Council take into account potential impacts on the participants in the fisheries, as well as participants in adjacent fisheries. The impacts on participants in the trawl groundfish fisheries in the BSAI and GOA have been discussed in previous sections of this document (see Section 2.0). The proposed alternatives are not anticipated to have effects on participants in other fisheries.

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APPENDIX 1. LIST OF GROUND FISH SPECIES INCLUDED IN THE PROPOSED ACTION

The groundfish species that may be harvested under the current LLP include all species of trawl groundfish harvested in the Aleutians Islands, Bering Sea, Western Gulf of Alaska and Central Gulf of Alaska, specifically:

arrowtooth flounder – *Atheresthes stomias*
Atka mackerel – *Pleurogrammus monopterygius*
sablefish – *Anoplopoma fimbria*
deep water flatfish – includes dover sole (*Microstomus pacificus*),
Greenland turbot (*Reinhardtius hippoglossoides*) and deep-sea
sole (*Embassichthys bathybius*)
demersal rockfish – an assemblage of rockfishes including canary
rockfish (*Sebastes pinniger*), China rockfish (*Sebastes
nebulosus*), copper rockfish (*Sebastes caurinus*), quillback
rockfish (*Sebastes malingeri*), rosethorn rockfish (*Sebastes
helvomagulatus*), tiger rockfish (*Sebastes nigrocinctus*) and
yelloweye rockfish (*Sebastes ruberrimus*).
flathead sole – *Hippoglossoides elassodon*
northern rockfish – *Sebastes polyspinus*
other flatfish – miscellaneous flatfish not included in the deep water
and shallow water assemblage
other rockfish – miscellaneous rockfish species not identified
individually or aggregated as an assemblage
Pacific cod – *Gadus macrocephalus*
Pacific Ocean perch – *Sebastes alutus*
pelagic shelf rockfish – a mixed assemblage comprised of dusky
rockfish (*Sebastes cilatus*), yellowtail rockfish (*Sebastes
flavidus*) and widow rockfish (*Sebastes entomelas*)
rex sole – *Errex zachirus*
northern rock sole – *Lepidopsetta polyxystra n. sp.*
shallow water flatfish – an assemblage that includes northern rock
sole (*Lepidopsetta polyxystra*), southern rock sole (*Pleuronectes
bilineata*), yellowfin sole (*Peuronectes asper*), starry flounder
(*Platichthys stellatus*), butter sole (*Pleuronectes isolepis*),
English sole (*Pleuronectes vetulus*), Alaska plaice (*Pleuronectes
quadrituberculatus*) and sand sole (*Psettichthys melanosticus*)
shortraker rockfish – *Sebastes borealis*
roughey rockfish – *Sebastes Aleutianus*
other slope rockfish – miscellaneous species assemblage including
sharpchin rockfish, redstripe rockfish, harlequin rockfish,
silverygrey rockfish, redbanded rockfish, and a number of minor
species not identified individually (not including shortraker and
roughey rockfish)
thornyhead rockfish – *Sebastes alaskanus*
turbot walleye pollock - *Theragra chalcogramma*
yellowfin sole – *Limanda aspera*

Invertebrates (squid, octopus) crab, prohibited species (salmon, herring, halibut and steelhead), other species (sculpins, skates and sharks) and forage fish are not included and should not be affected by this amendment.

APPENDIX 2. CATCH AND GROSS REVENUES BY TRAWL CVS AND CPS IN THE GROUND FISH FISHERIES OFF ALASKA, 2000-2006

Table A-1. Average annual catch (mt) and gross revenues by trawl catcher vessels in the groundfish fisheries off Alaska, 2000 - 2006

Area	Fishery	Tons	Revenues
AI	Atka Mackerel	<1	\$68
AI	Flatfish	11	\$3,418
AI	Other	<1	\$7
AI	Pacific Cod	11,608	\$6,453,425
AI	Pollock	183	\$50,358
AI	Rockfish	5	\$2,651
AI	Sablefish	5	\$11,593
BS	Atka Mackerel	356	\$89,823
BS	Flatfish	2,412	\$889,021
BS	Other	299	\$20,210
BS	Pacific Cod	26,041	\$14,737,622
BS	Pollock	762,905	\$194,264,854
BS	Rockfish	223	\$95,371
BS	Sablefish	9	\$17,671
CG	Atka Mackerel	6	\$1,877
CG	Flatfish	12,237	\$3,486,772
CG	Other	1,167	\$185,644
CG	Pacific Cod	11,393	\$6,971,270
CG	Pollock	39,717	\$10,478,601
CG	Rockfish	8,276	\$2,962,098
CG	Sablefish	492	\$1,915,238
WG	Atka Mackerel	3	\$808
WG	Flatfish	250	\$71,696
WG	Other	5	\$328
WG	Pacific Cod	4,966	\$3,218,550
WG	Pollock	23,377	\$6,174,962
WG	Rockfish	10	\$3,865
WG	Sablefish	1	\$6,212

Source: ADF&G fish tickets (catch data). Gross revenues calculated based on ex-vessel prices reported in the December 2007 Economic SAFE report.

*Withheld for confidentiality.

Table A-2. Total catch (mt) and gross revenues by trawl catcher vessels in the groundfish fisheries off Alaska, 2000 - 2006

Year	Area	Vessels	Tons	Revenues
2000	AI	39	9,835	\$6,302,813
2001	AI	25	7,335	\$3,797,757
2002	AI	28	15,141	\$6,438,839
2003	AI	34	17,284	\$10,177,865
2004	AI	22	13,772	\$6,643,188
2005	AI	17	8,039	\$4,081,273
2006	AI	25	11,259	\$8,150,865
2000	BS	111	649,029	\$180,683,941
2001	BS	112	771,659	\$189,710,963
2002	BS	112	820,952	\$214,538,947
2003	BS	113	833,151	\$205,853,605
2004	BS	109	825,888	\$200,483,487
2005	BS	103	823,656	\$233,974,429
2006	BS	101	821,375	\$245,556,631
2000	CG	63	80,685	\$30,928,493
2001	CG	76	73,435	\$26,414,418
2002	CG	74	62,911	\$20,036,464
2003	CG	60	66,839	\$23,819,789
2004	CG	56	72,636	\$23,539,578
2005	CG	52	78,408	\$27,186,651
2006	CG	48	78,087	\$30,083,236
2000	WG	60	32,752	\$14,450,560
2001	WG	56	36,663	\$12,057,509
2002	WG	50	22,532	\$6,743,148
2003	WG	41	18,050	\$4,355,296
2004	WG	35	24,971	\$6,171,719
2005	WG	37	35,554	\$11,134,471
2006	WG	38	29,757	\$11,421,427

Source: ADF&G fish tickets (catch data). Gross revenues calculated based on ex-vessel prices reported in the December 2007 Economic SAFE report.

*Withheld for confidentiality.

Table A-3. Average annual catch (mt) and wholesale value of products produced by trawl catcher processors in the groundfish fisheries off Alaska, 2000 - 2006

Area	Fishery	Tons	Wholesale value
AI	Atka Mackerel	53,130	\$32,612,272
AI	Flatfish	1,574	\$1,189,515
AI	Pacific Cod	12,484	\$15,218,747
AI	Pollock	942	\$760,132
AI	Rockfish	15,544	\$12,883,102
AI	Sablefish	50	\$243,388
BS	Atka Mackerel	1,969	\$1,161,188
BS	Flatfish	157,520	\$121,912,965
BS	Pacific Cod	24,444	\$29,970,428
BS	Pollock	632,214	\$501,487,272
BS	Rockfish	798	\$633,115
BS	Sablefish	239	\$1,172,314
CG	Atka Mackerel	141	\$93,915
CG	Flatfish	11,699	\$11,870,290
CG	Pacific Cod	1,299	\$1,559,985
CG	Pollock	172	\$63,928
CG	Rockfish	7,046	\$6,147,708
CG	Sablefish	573	\$2,718,131
WG	Atka Mackerel	337	\$201,380
WG	Flatfish	5,487	\$5,401,683
WG	Pacific Cod	526	\$629,627
WG	Pollock	227	\$83,316
WG	Rockfish	3,446	\$3,341,700
WG	Sablefish	176	\$847,173

Source: NMFS Catch Accounting (catch data). Wholesale values calculated based on product values per ton reported in the December 2007 Economic SAFE report.

Table A-4. Total catch (mt) and wholesale value of products produced by trawl catcher processors in the groundfish fisheries off Alaska, 2000 - 2006

Year	Area	Vessels	Tons	Wholesale value
2000	AI	14	72,703	\$43,236,016
2001	AI	13	88,103	\$66,069,975
2002	AI	13	74,628	\$53,224,047
2003	AI	14	86,975	\$60,824,667
2004	AI	15	87,229	\$64,989,204
2005	AI	15	87,689	\$74,160,897
2006	AI	15	88,744	\$77,845,283
2000	BS	38	712,433	\$506,537,950
2001	BS	38	786,879	\$515,142,026
2002	BS	39	853,176	\$598,450,746
2003	BS	40	712,276	\$524,535,291
2004	BS	40	883,064	\$735,830,600
2005	BS	39	879,234	\$860,184,426
2006	BS	39	893,220	\$853,679,926
2000	CG	10	23,504	\$27,114,358
2001	CG	11	19,096	\$14,965,956
2002	CG	9	21,656	\$19,047,144
2003	CG	15	27,925	\$25,103,727
2004	CG	11	12,742	\$15,104,031
2005	CG	12	18,283	\$24,361,699
2006	CG	12	23,163	\$31,386,867
2000	WG	15	10,734	\$12,177,211
2001	WG	14	9,070	\$8,007,501
2002	WG	14	11,219	\$8,796,337
2003	WG	16	14,068	\$11,961,424
2004	WG	15	9,687	\$10,723,498
2005	WG	13	7,467	\$9,372,011
2006	WG	11	9,149	\$12,496,174

Source: NMFS Catch Accounting (catch data), Wholesale values calculated based on product values per ton reported in the December 2007 Economic SAFE report.

APPENDIX 3. MARKET INFORMATION ON ALASKA POLLOCK AND PACIFIC COD PRODUCTS

Market information on Alaska pollock products

From “An Overview of Alaska Pollock Markets”, by Gunnar Knapp, January 24th 2006 in a presentation at the Marine Science Symposium.

- Alaska pollock accounts for more than one-third of the total U.S. fisheries landings, and about 7 percent of total U.S. fisheries ex-vessel value.
- Alaskan pollock harvests have been at high levels in recent years, increased significantly from 1995-2000, although the TACs for 2007 and 2008 reflect a slight decrease from recent years.
- Harvests of Russian pollock are declining.
- Share of product by volume (2004) – surimi 39%, fillets 33 %, roe 5%.
- Proportion of harvest processed into fillets has been increasing since 2000.
- The highest proportion of fillet production has been skinless/boneless fillets.
- Most of the increase in fillet production has been exported (approximately 2/3 in 2004) – while the volume going into the domestic market has remained relatively constant.
- The volume of pollock surimi has been relatively constant in recent years. The increase in production due to harvests and yields has been offset by a shift from surimi to fillets.
- Most pollock surimi is exported to Japan and South Korea.

Market information on Pacific cod products

From “Selected Market Information for Pacific Cod” by Gunnar Knapp, January 12th, 2006, an unpublished report prepared for the North Pacific Fishery Management Council.

- The proportion of frozen (headed & gutted) Pacific cod was steadily increasing from 1995 through 2004. The overall amount of Pacific cod exported has also increased.
- Data presented in this report show a convergence between headed & gutted production in the U.S. with total exports of frozen cod (currently over 90 percent). This suggests that most headed & gutted Pacific cod is being exported.
- Since 2001, there has been a declining trend in exports of Pacific cod fillets as a share of total U.S. production. The production of Pacific cod fillets have been declining in the U.S. since 1997 and the proportion of the fillet production exported has recently decreased.
- China has received an increasing share of U.S. exports of frozen cod since 1999, but Japan still accounts for the largest proportion of U.S. exports of cod.
- The cod imports to the U.S. from China have increased very dramatically since 1998.
- The amount of frozen cod fillets imported by the U.S. has increased steadily since 1998.

Summary

Market information for groundfish species other than pollock and Pacific cod is not readily available. However, pollock and Pacific cod account for a substantial proportion (74.9% in 2005)²⁵ of the total value of the groundfish harvest from the BSAI and GOA.

A review of the above market information also shows:

1. Most surimi is exported.
2. An increasing amount of Alaska’s production of frozen pollock fillets is exported.
3. Over 70 percent of Alaska’s production of Pacific cod goes into a headed & gutted product (2004).
4. About 90 percent (2004) of U.S. export of Pacific cod is headed & gutted production.

²⁵ See “Stock Assessment and Fishery Evaluation Report for the Groundfish Fisheries of the Gulf Of Alaska and Bering Sea/Aleutian Islands Area: Economic Status of the Groundfish Fisheries off Alaska, 2005” at <http://www.afsc.noaa.gov/refm/docs/2006/economic.pdf>



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**TESTIMONY TO
THE NORTH PACIFIC FISHERY MANAGEMENT COUNCIL
February 10, 2008**

**Regarding: C2- GROUNDISH LICENSE LIMITATION PROGRAM (LLP)
TRAWL RECENCY FOR THE GULF OF ALASKA
Initial Review**

Chairman Olsen and members of the Council: My name is Gale Vick and I am the Executive Director of the Gulf of Alaska Coastal Communities Coalition (GOAC3.). Today I am addressing issue C2 –groundfish LLP trawl recency for the Gulf of Alaska federal statistical areas 610, 620, 630 and 649.

The GOAC3 views the current proposal to eliminate latent catcher-vessel trawl licenses in the affected areas as an unnecessary burden and negative economic impact to the smaller coastal communities of these areas because it:

- Proposes to reduce the existing number of groundfish trawl catcher-vessels licenses by over 50%
- Proposes to eliminate latent trawl licenses for vessels under 60 feet that almost certainly impacts community-owned fleets already hit hard by Steller sea lion mitigation measures
- Has the potential for creating a significant increase in value for the remaining licenses, thus raising entry barriers for adjacent coastal communities to an unreasonable level
- Combined with the expectation of a Pacific cod sector split and a fixed-gear latency reduction has a certainty for creating a closed-class that can further create a formidable economic barrier for community participation in the future for both gear types
- Has not adequately been analyzed within the context of the MSRA¹ socio-economic requirements for fishery management plan changes
- Is an action not truly supported by the problem statement²

This is about cumulative impacts on an ability to combination fish. This is about opportunity for – and responsibility to – keeping area fishing communities economically viable.

It should not take much imagination to fully appreciate the enormous negative impact that the continual loss of fishing effort created by closed-class systems has had on the traditional “combination fishing” options of small Gulf of Alaska fishing communities. In fact, it would be easy to illustrate that combination fishing options have been either destroyed or severely compromised in over 50 fisheries-dependent Gulf communities in the last 15 years. In many cases, this loss is attributable to the unintended consequences of fisheries regulatory actions. Many larger Gulf communities are now experiencing this same loss, but they have more options for economic recovery than do the small communities.

We doubt that any one in this room would deliberately seek to destroy the economies of any of Alaska’s fishing communities. We doubt that few in this room feel directly responsible for any community social or economic loss. However, the law requires you to consider community impacts at several different levels.

The Magnuson-Stevens Re-authorization Act of 2006 sought to redress some of the negative impacts on adjacent fisheries-dependent communities by strengthening requirements for consideration of cumulative impacts of regulatory changes.

The concept of “buying back into” fisheries that once only required a minimal investment in boat and gear and a willingness to work hard, may work for people who have access to capital or a great capacity to leverage, but it rarely works for fishermen in small, isolated communities. Communities are then vulnerable to the actions of individuals who must too often leave the community once they lose their ability to have flexible multiple fishing options. This is a story repeated all over the Gulf. How, therefore, do fishing communities keep an economic base, keep their populations strong enough to support a school and other vital community infrastructure, keep fishing effort from not just migrating – but galloping – out of the reach of their residents?

We keep repeating these sentiments in our testimonies because it is obvious that there are many who still think the smaller communities have other economic options. Most do not. Even ANCSA³ village and regional corporations can not help much because they are constrained by American corporate law and special ANCSA provisions to invest in those opportunities that have a strong financial return to their shareholders and does not favor one set of shareholder over another. In other words, ANCSA corporations cannot be bankers to local fishermen. They actually could be successfully sued for such action.

It is almost impossible to leverage homes in small remote communities that can’t even get fire protection or have low market value. It is unrealistic to expect people already on the economic edge to be able to find optimal loan terms without significant help. It is unreasonable to expect communities to be able to exert pressure on their residents to prevent selling out of the fishing industry when economically forced to do so. And it is simply unjust to continue down a path of rejecting options to alleviate the situation of escalating community deterioration.

We recognize that the Council staff continually delivers well on Council-directed requirements but that there are time and energy constraints on all of them. However, we are reasonably certain that the Council wants to ensure that no further *unnecessary* burdens or barriers are placed on our fishing communities. And, we feel we have raised compelling reasons *why* the proposed actions

would impact affected communities and why socio-economic impacts on communities *must* be analyzed per the requirements of National Standard #8⁴ as well as the socio-economic requirements for all fishery management plans.⁵

Having said all this, we feel that we have an almost painless, easy alternative for applying a level of fairness to the proposed regulatory changes. These suggestions

- provide for entry level opportunity
- ensure a level of fishing effort stays within a community
- do not require a fiscal note
- do not take any fishing effort away from any other individual
- do not prohibit existing trawl LLP owners from obtaining increased value for their license
- are *not* an allocation of TAC or a quota share program
- should not require much analysis
- would be simple and direct and not require a burdensome bureaucracy
- can take advantage of existing NMFS-approved infrastructure for GOA communities.

Therefore, we respectfully request that the Council support the following:

- (1) analysis of trawl CV⁶ LLP licenses transferred – on an annual basis - to the 19 CQE⁷s in federal management areas 610, 620, 630 and 649 as follows**
 - a. 1 trawl license per eligible CQE community⁸ for lease to resident fisherman**
 - b. ~~OR 2 trawl licenses per eligible CQE community for lease to resident fishermen~~**
- (2) exemption from loss of LLP**
 - a. any vessel under 60' with a current license if homeported in a 610-649 community**
- (3) provide for a peer-reviewed “optimal number study” of the fishery by sector and sub-area**

We thank you for your time and consideration.

¹ Magnuson-Stevens Fishery Conservation and Management Reauthorization Act of 2006

² National standard #5 does say you cannot regulate purely for economic reasons

³ Alaska Native Claims Settlement Act

⁴ **104-297 NATIONAL STANDARD #(8)** Conservation and management measures **shall**, consistent with the conservation requirements of this Act (including the prevention of overfishing and rebuilding of overfished stocks), take into account the importance of fishery resources to fishing communities by utilizing economic and social data that meet the requirements of paragraph (2), in order to (A) provide for the sustained participation of such communities, and (B) to the extent practicable, minimize adverse economic impacts on such communities.

16 U.S.C. 1851-1852 MSA §§ 301-302

⁵ **109-479 SECTION 303 (9) CONTENTS OF FISHERY MANAGEMENT PLAN** "SHALL include a fishery impact statement for the plan or amendment (in the case of a plan or amendment thereto submitted to or prepared by the Secretary after October 1, 1990) which shall assess, specify, and analyze the likely effects, if any, including the cumulative conservation, economic and social impacts, of the conservation and management measures on, and possible mitigation measures for – (A) participants in the fisheries and fishing communities affected by the plan or amendment;

⁶ Catcher vessels

⁷ CQE – community quota entity

⁸ Per the *Federal Register*, April 30th, 2004 (Amendment 66) the CQE communities in federal statistical reporting area

610 (Western GOA Regulatory Area, Shumagin District)

King Cove
Sand Point

620 (Central GOA Regulatory Area, Chirikof District)

Chignik
Chignik Lagoon
Chignik Lake
Ivanoff Bay
Perryville

630 (Central GOA Regulatory Area, Kodiak District)

Old Harbor
Ouzinkie
Karluk
Larson Bay
Port Lions
Akhiok
Port Graham
Seldovia
Nanwalek
Tyonak

649 (Prince William Sound)

Chenega
Tatitlek

Mr Chairman and council members, my name is Chuck McCallum and I am here representing the Lake and Peninsula Borough.

In reading the Initial Review Draft of the RIR/EA/IRFA on the Trawl Recency issue I made a number of observations

- 1) On page 4 it is stated that the amendment will not result in production efficiencies to LLPs that meet the threshold criteria of the nature generally ascribed to a rationalization program
- 2) On page 17 the third paragraph this is explained a little further -- "In looking at potential economic benefits from reduced capacity, one typically anticipates benefits from increased efficiency (with respect to productive capacity and reduced costs for vessels assigned to the respective LLPs), improved safety, potential for reduction in non-targeted species bycatch or prohibited species bycatch or impacts. In this instance, the action alternatives (Alternatives 2 and 3) will prevent a possible future re-entry of recently latent trawl license holders, but it will not result in any immediate exclusion (reduction) of effort. Therefore, the near term effects on efficiency, as a result of the action would be anticipated to be negligible."
- 3) Again, on page 4 it is stated that those left in the trawl fishery would be "protected" from possible future use of latent licenses, and thus a reduction of their gross revenue share

With rationalization not under consideration, if trawl recency moves ahead then what do we have? None of the benefits of rationalization such as improved conservation, efficiency, quality, safety, etc. All we accomplished is the setting up a protectionist closed class that limits competition. If the market value of the fishery goes up, all the increased value will go into excess profits that accrue to few.

National standard 5 says that no management measure should have economic allocation as its sole purpose. An erroneous assumption that many people make is that since Free Market Capitalism is a good thing

that individual free market Capitalists will be a trustworthy source of information on how to rationalize a fishery. The reality is often quite different. In general individual free market capitalists who take the time to try to influence policy will do everything in their power to find a way to exempt themselves from the rigors of the free market. I would imagine that a Seattle plumber, if he could, would go to the Seattle city council and argue that there should be a closed class of plumbers in the city because otherwise there is just too much uncertainty in his business and there is a crying need for more stability in his sector. And if, as a city council member you forget about all the future neighborhood plumbers who have always had the opportunity to go out on their own and start their own business – if you forget that you’ve made it too expensive for many of them – it is because it is ONLY an alternate future path that you cannot see play out in front of you; nor will you be able to directly measure the resulting damage.

Communities, whose residents might otherwise become new entrants into the fishery will find that the barriers to entry are much higher if there is a closed class and the number chosen is restrictive. The very concept of a closed class is economically anticompetitive and is only justified when the race for fish is causing significant problems of the kind rationalization is conceived to address and only then if the costs imposed and all reasonable mitigation efforts are carefully considered.

If Trawl Recency is to be part of a stepwise approach to a rationalized fishery then I say that we should be applying the LAPP provisions of the Magnuson Stevens Act starting now. If we are not contemplating rationalizing the fishery then I see no adequate justification for reducing the number of LLPs.

But if you do decide to reduce the number of LLPs then you still need to take into account the fact that you will be increasing the barriers to new entry and that Magnuson Stevens and national standard 8 requires you to consider mitigating the impact on communities.

It is a mistake to think that trawl recency is community neutral. It is not. It is an easy mistake to make. After all, it is argued, if a small Gulf Community – Let's say Chignik – or Old Harbor – doesn't have any trawl LLPs now then how can you negatively impact that? At first blush such an argument seems to make sense but in fact there is a serious error embedded here because you forget the negative impact on all future generations. You raise a bar to new entrants and have forever changed the economics of the fishery. The impact is uncalculable but the direction and nature of the impact is clear – the impact is negative and it raises the cost of entry.

One of the perceived benefits of rationalization is that the market will dictate how many fishermen are active in the fishery. The council can, in an attempt to mitigate the damage use sideboards, caps, set asides of various kinds for communities, etc. But trawl recency is NOT rationalization in the classic sense and the number you pick will be very important. The council should pick the highest number consistent with good management without regard to providing financial protection to fishermen.

On page 4 it is said that this amendment will not necessarily result in an optimum harvesting capacity in any of the sectors or areas. I strongly believe that since you, and not the market, will be setting the maximum number of participants in the fishery that some kind of Optimum Number study, similar to what the State of Alaska does for its limited entry programs needs to be an integral part of the program in some way.

I think it is worth pointing out, by the way, that no one talks about enforcing a minimum number of fishermen in a fishery. We all understand that if the economic incentives are not there that it would be slavery to force someone to fish when they do not see it in their personal interest to do so. The sum of these free market decisions is what results in LLPs remaining unfished – latent.

Please make some attempt to understand what number works best for all interest groups as we move into the future and not just those fishermen who will benefit by being in the resulting smaller closed class.

Finally, in order to mitigate against the higher bar to entry that must result from reducing the number of LLPs I recommend that the council should add an alternative for analysis that would set aside one or two GOA trawl LLPs for each amendment 66 community of the Central and Western Gulf.

Clem Tillion
C-2

Mr. Chairman and members of the Council,

The first point I would like to make is that I work for Aleut Enterprise Corporation, not Adak Fisheries. While the success of a seafood plant is essential to the island, the Aleuts own and lease the dock and buildings that Adak Fisheries operates from. They also have provided a number of homes in the City of Adak for the use of Adak Fisheries but the Aleuts are landlords and they own no part of Adak Fisheries.

The City of Adak is a second-class city formed under the laws of Alaska and is a separate entity from both the Aleut Corporation and Adak Fisheries. As the city depends on tax revenue from the seafood plant as well as tax revenue from the Aleut owned fuel facility, our goals are often related and like the facilities in Unalaska who work together through a common need do so, but often not without friction.

Before Adak Fisheries made a deal with Aleut Enterprise who had received title for the North end of Adak Island in 1999, no fishing in the proximity of Adak was allowed. The distance was some four hundred miles west of Dutch Harbor made it impossible for a small boat fleet to exist even though the Andreaonoff Islands provide shelter once the small boats like our Sand Point/King Cove limit seiners get out to Adak.

The Aleuts bought the North end of Adak after the CDQ program was in place. The fact that the Aleuts were removed in 1942 and some never allowed to return to the place of their birth is another story but 1999 is year zero for Adak.

For the city of Adak to survive, they not only have to provide amenities on shore but to have a small boat fleet we need your help. I hear yells of monopoly if we ask for community protection for Atka and Adak but if the floaters are allowed to skim the cream off thus leaving us with a derby fishery, our small boat fleet will have a hard tough go. Facing the present council makeup, we must face the art of the possible and drop the request for LLP's in our name and request that you cancel out those old unused Aleutian Island LLP's that have not been used for years and let those vessels that are now providing fish to Adak to have a chance.

We would like to propose the following options:

1. Delete Component 1 Option 5. (Exempt AI endorsements from the landing thresholds)
2. Modify Component 4 as follows
 - a. Add the year 2006 to option 1 making it consistent with Option 2
 - b. Delete Option 3 (Exempt vessels selected by Aleut Enterprise Corporation)
 - c. Make all AI endorsements issued under component 4 severable and transferable.