

June 2008 Meeting - Kodiak, Alaska
North Pacific Fishery Management Council
Draft Motion

D-3(d) - Amendment 80 sector cooperative criteria

The Council adopts the following purpose and need statement:

Purpose and Need

Most participants in the Amendment 80 sector have successfully established a cooperative in the first year of the program. However, some participants have expressed concern that over the long term, cooperative formation standards may disadvantage them, and they may be constrained from establishing cooperative relationships, receiving an exclusive annual harvest allocation, and ending the 'race for fish'. Smaller vessel owners with limited quota shares (QS) are likely to have weakened negotiating leverage as the groundfish retention standard (GRS) increases, if they cannot be competitive in the limited access fishery and options in the Gulf of Alaska (GOA) are not viable. Participants of any size will find it difficult to receive the benefits of cooperative management, if they cannot reach agreement on negotiated terms and the limited access fishery is an unattractive outside option, or a cooperative is able to derive some benefit from forcing an entity into the limited access fishery.

Relaxing cooperative formation standards, either by reducing the number of QS permits that must be assigned, or the number of owners required could: (1) provide additional opportunities to QS holders to form cooperatives because more relationships are possible; (2) diminish the negotiating leverage of vessel owners who may be necessary to meet the threshold requirements under more stringent cooperative formation standards; (3) reduce the potential risk of any one company being unable to negotiate settlement and being able to fish only in the limited access fishery; and (4) reduce the incentive for members of a cooperative to attempt to create conditions that are unfavorable for certain fishery participants to form a cooperative.

The Council requests NMFS and Council staff to prepare an analysis for initial review in December 2008 of the following alternatives:

1. Status quo
2. Reduce the number of owners required to form a cooperative from three to two or one unique owner
3. Reduce the number of QS permits required to form a cooperative from the existing nine permits to some lower range (e.g., three permits to the existing nine permits)
4. Reduce both the number of owners and the number of QS permits required to form a cooperative (combination of 2 and 3 above).
5. Allow a cooperative to form with a single or collective group of entities that represent 20, 25 or 30 percent of the sector QS.
6. Allow the GRS to be applied in aggregate to all cooperatives, if this calculation meets or exceeds the GRS requirement.

This analysis should include discussion of:

- How changing the threshold formation level might affect the current cooperative structure.
- How changing the threshold formation level might impact smaller vessels and single-vessel companies, particularly with respect to meeting the GRS.
- How a revised threshold formation level might lead to 'gaming' the system to exclude smaller or single-vessel companies from cooperatives.
- A review of the Council analysis and discussion that resulted in the existing three company/nine vessel standard.