INTRODUCTION

Over the past few years the Council has adopted a number of actions to reduce prohibited species bycatch in the Bering Sea/Aleutian Islands (BSAI) and Gulf of Alaska (GOA) fisheries. The Council recently introduced Chinook salmon PSC limits in the GOA pollock fisheries, and most recently adopted measures for reducing halibut PSC caps in the trawl and catcher-vessel fixed gear fisheries in the GOA by 15%. The Council is considering introducing Chinook PSC limits in the non-pollock trawl fisheries in the GOA as well.

In other fisheries where the Council has adopted similar PSC reductions, fishery participants have had access to management tools such as catch shares and co-operative fishery management systems which allowed fishery participants to adjust internal fishing strategies to meet by-catch reduction goals and still attain harvest objectives for target species.

The Council has long recognized the benefits of such comprehensive management approaches whereby harvesters and processors could work together to better utilize target species catch, control and reduce bycatch including PSC bycatch, contain the costs of operations and management, and meet other conservation and community goals. The utility of this approach is amply revealed by examining the record of other trawl catch share programs in the North Pacific: BSAI pollock cooperatives, the Amendment 80 fishery, and the GOA rockfish program.

The trawl fisheries in the Central Gulf of Alaska and West Yakutat region do not have the management structure or the tools to adapt to new PSC reductions. What is needed is a new management structure whereby participants are able to adapt fishing behavior and effort to accommodate reduced PSC amounts without jeopardizing access to target catch. Such a structure needs to balance the interests of the harvesters and processors in the subject fisheries while meeting conservation objectives and community goals.

This proposal is for a new management program for the trawl fisheries in the Central Gulf of Alaska and West Yakutat management areas that provides industry with the tools and management structure to improve conservation and sustainability, better manage and control bycatch, and provide greater economic stability and opportunity for harvesters, processors, and communities.

The program is designed to minimize allocation disputes between the trawl catcher-processor and inshore trawl sectors, and to build cooperative arrangements among harvesters and processors within the inshore sector. Allocations between the inshore and catcher-processor...
sectors will be based on historical participation levels by each sector. For underutilized species, the intent is to develop measures to fairly allocate future opportunities between the sectors.

The program will address effective management of PSC, provide incentives for the minimization of bycatch, define initial participants, specify measures for community protection, and include mechanisms for new entrants to participate in the fishery.

The inshore trawl fishery catch share program should recognize and be founded on historical participation and investments by both harvesters and processors in the subject fisheries. The overall objective is to develop a program that balances the interests of both sectors, does not erode the assets of either sector, and provides similar opportunities for increased benefits to all participants in these fisheries while meeting conservation goals and community needs.

The inshore catch share program includes measures to fairly allocate costs and benefits of the new management regime between harvesters, processors, and communities dependent on these fisheries. The program is based on the principle that the management structure should not result in devaluation of one sector’s capital assets to benefit a different sector.

In addition, when considering alternative approaches for managing CGOA/WYAK trawl fisheries, industry considered the following objectives that are borne out of the National Standards set forth in the Magnuson-Stevens Act:

- The program must balance the requirements of National Standard 1, the requirement to achieve optimum yield, and National Standard 9, to minimize bycatch and bycatch mortality to the extent practicable.

- The program needs to consider and address historical community involvement in these fisheries as described in National Standard 8, including employment in the harvesting and processing sectors as well as the effects of management measures on community infrastructure, services, and support businesses.

- Recognizing that development of catch share programs, including co-op programs, has inherent and unavoidable allocative impacts, management decisions should take into account existing allocation schemes (Amendments 23, 83, and 88) to the extent possible and seek to avoid reallocation of target, secondary, or PSC species; and be based on historical participation in the fisheries while avoiding disruptions to existing business practices and meeting the requirements outlined in National Standard 4.

- Allocate between the inshore and catcher-processor sectors based on historical participation levels by each sector to balance the interests of both sectors without eroding the assets of either sector, and to provide similar opportunities for increased value to all participants in these fisheries.
• The program must include mechanisms and incentives to responsibly manage and control bycatch including PSC bycatch, accompanied with improved monitoring in the fisheries at the vessel and co-op levels.

• For underutilized species, the program should be designed to provide future opportunities to achieve optimum yield for these species, and seek a fair allocation of these future opportunities among fishery participants.

• The program needs to also be designed to provide opportunities to improve utilization of target species, promote efficiency, enhance safety as addressed in National Standard 10 and minimize management, and avoid spillover effects into other fisheries by establishing appropriate sideboards.

SECTOR ALLOCATION

I. Sector definitions

Inshore Sector: Harvesters and onshore processors that meet the qualifications under the Inshore Trawl Catch Share Program below.

Catcher processor sector: Those A80 vessels, and their replacement vessels, defined by Column A of Table 31 CFR part 679, and the LLP currently issued to them.

II. Sector allocations

a. Current allocations:

• Allocations for the trawl CP and CV sectors for Western/Central Pacific cod (Amendment 83), CGOA rockfish program (Amendment 88) and GOA pollock (Amendment 23) are maintained with this fishery management plan.

• A80 target sideboards (per table 27 of the GOA harvest Specifications) and A80 GOA flatfish eligibility (per table 39 in 50 CFR part 679) are maintained.

b. Target species (other not allocated) sector split options 8/12.

• CGOA Flatfish Allocation options:

  o No sector allocations, control through PSC

    Suboption:
    ▪ Rex Sole
    ▪ Deep Flatfish as defined in the TAC sheet.
Options for analysis: Allocations above based on sector total catch/total trawl catch or sector total catch/ABC.

- WYAK Rockfish (optional);
  - Pacific Ocean perch
  - Dusky Rockfish

c. PSC Sector Allocations

Halibut PSC Cap

- Allocation of halibut PSC to the CP and Inshore sector. CP sector GOA wide.
- Allocation of halibut PSC is based on historical PSC usage by sector in the aggregate.
- Subdivide the Inshore sector halibut PSC allocation between the WGOA and CGOA/WYAK.

Chinook PSC Cap (placeholder)

d. Years for determining Sector allocation for PSC and target species (total catch):
  - 2010 - 2012
  - 2008-2012 (A80 begins)
  - 2003 - 2012
  - 1998 – 2004 (A80 qualification years)

INSHORE CATCH-SHARE PROGRAM ELEMENTS

I. Species

a. Target

- Pollock (640/630/620)
- CGOA Cod
- WYAK rockfish option (POP, Dusky)
- CGOA Flatfish: Options include:
  - No directed allocation, control through PSC
    - Option: Rex Sole and/or Deep Flatfish

b. Secondary species

- Continue MRA management for all species not allocated.
- Option: Allocate sablefish, long-nose skate, and big skate.
c. PSC species

- Halibut.
- Chinook

II. Program structure:

Alternative 1

Quota shares granted to harvesters and the same category of quota shares granted to processors ("one-pie split"), in relative percentages ranging from ________ to __________.

The allocation of quota share within sectors will be based on historical participation.

Suboption:

Quota shares could also be granted to the community sector in a percentage ranging from 3% to 10%.

Voluntary cooperative management structure.

Voluntary Co-op with Harvester/Processor association. To participate, harvesters must form a Co-op and associate with a processor subject to the criteria specified in the program, including the requirement for an agreement signed by both the harvesters and a processor. Initial Co-op formation upon implementation of the program will be based on historical participation of harvesters and processors. These initial Co-ops are termed Tier 1 Co-ops. This is not a closed class of processors, and after a cooling off period harvesters may associate with any processor that meets the regional delivery requirements. These are termed Tier 2 Co-ops. This is a voluntary program, and a harvester may choose not to join a Co-op, and remain in the LLP non-cooperative fishery.

a. Qualifying Years for QS for harvesters.

- 2010-2012
- 2003-2008
- 2008-2012
- 2003-2012 Drop 0, 1, 2 years

Option: To be eligible for participation in this program and receive allocations of QS and PSC, a LLP must be credited with at least one trawl groundfish delivery in WYAK or CGOA the last ___ years before December 31, 2012 (range for analysis 2 -3 years).

b. Qualifying years for QS for processors.
Processors that processed CGOA trawl groundfish in the City of Kodiak (excluding rockfish) during the qualifying period of _____ to _____, or processors that received WYAK trawl groundfish (excluding rockfish) in the qualifying period of _____ to _______.

c. Co-op Participants: Quota Shares will be used to determine annual poundage associated with an LLP or processor entity.

Harvester participants.

- LLP owner. QS based on landings during qualifying years with a CV LLP, or a CP LLP license that did not process catch on board.

- Option: CP LLP license holder offered a one-time only choice, at time of implementation of the program, to retain CP designation or convert to CV. If retain CP designation, would not qualify for Inshore QS, would not be permitted for Inshore Co-op program, or otherwise authorized to participate in inshore fishery.

Processor participants

QS based on the amount of the target species processed by individual processors during the qualifying years, in the City of Kodiak or communities that processed WYAK trawl groundfish, excluding CGOA rockfish.

After an aggregate percentage of quota is set aside for processors as governed through Council & NMFS action, individual qualified processors shall be allocated QS based on fish ticket recorded landings during the qualifying years used for harvesters, and in proportion to historical landings to all qualified processors within the qualifying time frame and with the same number of “drop” years (if any) used for harvesters.

QS assigned to a processor shall be utilized by the Co-op the processor is associated with and managed by that Co-op in the same manner as harvester-derived QS within that Co-op.

Community Landing Requirements/Processor Participants.

- CGOA/Kodiak Landing Requirements: Processors qualified to participate in Co-op program at time of implementation, and associate with a Co-op to receive landings of CGOA groundfish must be located in the City of Kodiak and have processed trawl groundfish, excluding CGOA rockfish.
Suboption: Processors that processed CGOA trawl groundfish in the City of Kodiak (excluding rockfish) during the qualifying period of _____ to _____.

- WYAK/Community Landing Requirements: Processors qualified to participate in the Co-op program at time of implementation, and associate with a Co-op to receive landings from WYAK groundfish include CGOA qualified processors above, and any additional processors that processed WYAK trawl groundfish, excluding CGOA rockfish, that was harvested in WYAK and delivered into Seward or Cordova.

Suboption: Processors that received WYAK trawl groundfish in the qualifying period of ______ to ______.

- All landings to qualified processors participating in the Co-op program must be made in the communities where the qualifying landings were made.

- Landings from CGOA must be delivered to Kodiak; landings from WYAK must be delivered to Kodiak or WYAK communities, including Seward, depending on where the original landings were made to determine initial allocations. If there are no qualified processors in WYAK communities at the time of the program implementation, landings would go to the Tier 1 Kodiak co-op the harvester has a current relationship with.

d. Options for determining QS allocations:

Allocations of target QS and PSC to a Co-op will be based on aggregate history of LLPs and processor in Co-op. (see harvester/processor association below). To access QS, harvesters must form a Co-op and associate with a processor subject to the criteria specified in the program (including the requirement for an agreement signed by both the harvesters and processor). This is a voluntary program, and a harvester may choose not to join a Co-op, and remain in the LLP non-cooperative fishery.

Open Access: If a harvester chooses to fish in open access he shall bring his target species poundage to the open access fishery, and those pounds shall be available to any harvesters in the open access fishery until the open access fishery is closed.

If that harvester decides at a later date to participate in the program, it must be pursuant to the rules for Tier 1 Co-op formation.
• Target species QS derived from landings made on LLP qualifying vessel during qualifying period.
  
  o Option 1: retained catch
  o Option 2: retained catch without meal

• Allocation to Co-op based on aggregate history of LLPs and processor in Co-op.

• Allocation of PSC
  
  o Chinook
    ▪ Pollock Chinook hard cap divided based on Pollock landings
    ▪ Non-pollock hard cap divided based on Non-pollock landings (excludes rockfish). May need to be modified based on Council action
  
  o Halibut (excludes rockfish)

    Co-ops will receive an allocation of PSC in proportion to the allocation to the Co-op of target species. Halibut PSC will be apportioned based on historical usage within target fisheries or fishery groupings, and allocated on a pro-rata basis.

    Options:
    ▪ All groundfish landings (excluding rockfish) combined
    ▪ NPT groundfish landings (excluding rockfish) combined
    ▪ Cod landings and Flatfish landings determined separately
    ▪ Cod landings, shallow flatfish/Flathead sole landings (combined), and deep flatfish/arrowtooth/Rex Sole landings (combined) determined separately.

• PSC allocated to Co-op based on aggregate history of LLPs and processor in Co-op.

  • Target species QS and PSC may be transferred or traded within Co-op or through inter-co-op agreement on annual or other basis subject to Co-op rules/contract and regulations pertinent to this program and MSA.

e. Harvester-Processor Association Provisions
Participation in program is voluntary. Harvester can decide not to participate in Co-op program, in which case harvester continues to fish in open-access fishery (status quo).

For harvesters that choose to participate, must initially join Co-op in association with processor where QS historical landings were made (Tier 1 Co-op). Basis for establishing the initial association is the majority aggregate trawl groundfish deliveries, excluding rockfish, for all species combined:

- Option 1: During the QS qualifying period.
- Option 2: During the 2011-2012 period.

f. Formation of a Tier 1 Co-op requires a Co-op agreement that meets criteria specified in this program, signed by the qualified processor and no less than ___ (range for analysis 51% - 80%) of the ___ (analyze both LLPs or QS) qualified for the Co-op.

f. Options for Harvester movement from Tier 1 Co-op to another Co-op.

- QS Transfer Model. Includes target species QS and PSC.
  - A harvester may exit a Tier 1 Co-op and join a different Co-op on an annual basis.
  - Note: In all cases the LLP program would stay in place, thus vessels must have a LLP to participate in a WYAK/CGOA trawl fishery. References to “open access” are within this context.

g. Tier 2 Co-ops.

- After the cooling off period, Tier 2 Co-ops may form with new entrant processors. Harvesters may join Tier 2 Co-ops provided that they have met requirements for program participation and movement from one Co-op to another.
  - Must be consistent with Community protections and landing requirements.
  - Must have Co-op agreement that meets criteria specified in this program.
  - Meets all other requirements of the program.

h. Processor caps.
• Include processor caps. Range for analysis 20% to 30%. Processors that exceed this amount are grandfathered into program.

i. Closed class.

• No closed class of processors. At program implementation, processor participation determined by qualifying criteria above for Tier 1 Co-op. After the cooling off period, and subject to movement rules and regional delivery requirements, any qualifying harvester may go to any other Co-op, including Tier 2 Co-ops established in conjunction with a new entrant processor, subject to the rules of the new Co-op.

j. Harvester Caps

*Note: the analysis needs to consider the effects of consolidation in the harvesting sector and should explore various mechanisms to address ownership and use.*

k. Bycatch reduction incentive program

*Note: If the Council decides to proceed with development of a program for the CGOA, a bycatch incentive program needs to be a component of that program. The bycatch reduction incentive program should be Co-op performance based and promote cooperative approaches to managing bycatch and reducing bycatch rates. The program should also provide incentives to access underutilized species to enhance OY from Gulf fisheries. Industry stands ready to work with the Council to develop a program tailored to the GOA trawl fisheries that addresses the need to address bycatch concerns. (Risk pool coops that supersede Co-op structure may be useful to this end)*

l. There shall be a cooling off period applied to the program. Range for analysis 1-2 calendar years after implementation.

m. Co-op Qualification and Agreement Criteria

The program is based on a voluntary co-op formed by qualified harvesters that associate with a qualified processor. The association is codified thru a Co-op agreement signed by the requisite harvester representation and the qualified processor. Allocations are to the co-op based on the aggregate history of the LLPs and processor involved, and may only be accessed through the harvesterProcessor associated co-op.
• A Co-op, in association with a qualified processor, is eligible to participate in the program upon certification by NMFS that it meets the following criteria:

- The harvesters and processor are qualified to participate in the program.

- At Tier 1 Co-op formation, program criteria for initial harvester/processor association have been met.

- A Co-op agreement, signed by the requisite harvesters and the processor, has been submitted that includes the by-laws and rules for operation of the Co-op.

- Co-op membership agreements shall allow for the entry of other eligible harvesters into the co-op under the same terms and conditions as agreed to by the original agreement. The terms and conditions shall allow the owners of other qualified catcher vessels to enter into such contract after it is filed and before the calendar year in which fishing will begin under the same terms and conditions as the owners of the qualified catcher vessels who entered into such contract upon filing.

- Co-op membership agreements will specify that processor affiliated harvesters cannot participate in price setting negotiations except as permitted by general antitrust law.

- The Co-op agreement includes provisions for an annual fishing plan including agreements regarding deliveries, rotations, offload, and other operational matters.

- A clear and specific plan for monitoring, controlling, and reducing PSC bycatch is included in the Co-op agreement and annual fishing plan. The terms and conditions in the agreement shall specify that Co-op members are jointly and severally responsible for co-op vessels harvesting in the aggregate no more than their Co-op’s allocation of target species, secondary species and PSC, as may be adjusted by inter-co-op transfers.

- The Co-op agreement provides for collection of appropriate harvest and processing data to measure Co-op performance to achieve the goals and objectives of this program.
Submittal of an annual performance report for review by the North Pacific Fishery Management Council and NMFS. Specific criteria for reporting shall be developed by the Council and specified by NMFS as part of the program implementing regulations.

Alternative 2. Cooperative style program.

Voluntary Co-op with Harvester/Processor association. To participate, harvesters must form a Co-op and associate with a processor subject to the criteria specified in the program, including the requirement for an agreement signed by both the harvesters and processor. Co-ops formed upon implementation of the program will be based on historical participation of harvesters and processors. These initial Co-ops are termed Tier 1 Co-ops. There is not a closed class of processors, and after a cooling off period harvesters may associate with any processor. These are termed Tier 2 Co-ops. This is a voluntary program, and a harvester may choose not to join a Co-op, and remain in the LLP non-cooperative fishery.

n. Qualifying Years for QS.
   • 2010-2012
   • 2003-2008
   • 2008-2012
   • 2003-2012 Drop 0, 1, 2 years

Option: To be eligible for participation in this program and receive allocations of QS and PSC, a LLP must be credited with at least one trawl groundfish delivery in WYAK or CGOA the last ___ years before December 31, 2012 (range for analysis 2 -3 years).

o. Co-op Participants

   Harvester participants.

   • LLP owner. QS based on landings during qualifying years with a CV LLP, or a CP LLP license that did not process catch on board.

   • Option: CP LLP license holder offered a one-time only choice, at time of implementation of the program, to retain CP designation or convert to CV. If retain CP designation, would not qualify for Inshore QS, would not be permitted for Inshore Co-op program, or otherwise authorized to participate in inshore fishery.
Community Landing Requirements/Processor Participants.

- CGOA/Kodiak Landing Requirements: Processors qualified to participate in Co-op program at time of implementation, and associate with a Co-op to receive landings of CGOA groundfish must be located in the City of Kodiak and have processed trawl groundfish, excluding CGOA rockfish.
  
  o Suboption: Processors that processed CGOA trawl groundfish in the City of Kodiak (excluding rockfish) during the qualifying period of _____ to _____.

- WYAK/Community Landing Requirements: Processors qualified to participate in the Co-op program at time of implementation, and associate with a Co-op to receive landings from WYAK groundfish include CGOA qualified processors above, and any additional processors that processed trawl groundfish, excluding CGOA rockfish, that was harvested in WYAK and delivered into Seward or Cordova.
  
  o Suboption: Processors that received WYAK trawl groundfish in the qualifying period of ______ to ______.

- All landings to qualified processors participating in the Co-op program must be made in the communities where the qualifying landings were made.

- Landings from CGOA go back to Kodiak; landings from WYAK go to Kodiak or WYAK communities, including Seward, depending on where the original landings were made. If no qualified processor in WYAK communities at time of program implementation, landings go to the Tier 1 co-op the harvester has a relationship with.

p. Options for determining QS allocations:

Allocations of target QS and PSC to Co-op based on aggregate history of LLPs in Co-op. (see Harvester/Processor association below). To access QS, must form Co-op and associate with a processor subject to the criteria specified in the program (including the requirement for an agreement signed by both the harvesters and processor). This is a voluntary program, and a harvester may choose not to join a Co-op, and remain in the LLP non-cooperative fishery. If that harvester decides at a later date to participate in the program, it must be pursuant to the rules for Tier 1 Co-op formation.
• Target species QS derived from landings made on LLP qualifying vessel during qualifying period.
  
  o Option 1: retained catch
  o Option 2: retained catch without meal

• Allocation to Co-op based on aggregate history of LLPs in Co-op.

• Allocation of PSC
  
  o Chinook
    ▪ Pollock Chinook hard cap divided based on Pollock landings
    ▪ Non-pollock hard cap divided based on Non-pollock landings (excludes rockfish). May need to be modified based on Council action
  
  o Halibut (excludes rockfish)

  Co-ops will receive an allocation of PSC in proportion to the allocation to the Co-op of target species. Halibut PSC will be apportioned based on historical usage within target fisheries or fishery groupings, and allocated on a pro-rata basis.

  Options:
  ▪ All groundfish landings (excluding rockfish) combined
  ▪ NPT groundfish landings (excluding rockfish) combined
  ▪ Cod landings and Flatfish landings determined separately
  ▪ Cod landings, shallow flatfish/Flathead sole landings (combined), and deep flatfish/arrowtooth/Rex Sole landings (combined) determined separately.

• PSC allocated to Co-op based on aggregate history of LLPs in Co-op.

  • Target QS and PSC may be transferred within Co-op or through inter-co-op agreement on annual basis subject to Co-op rules/contract.

q. Harvester-Processor Association Provisions

• Participation in program is voluntary. Harvester can decide not to participate in Co-op program, in which case harvester continues to fish in open-access fishery (status quo).

• For harvesters that choose to participate, must initially join Co-op in association with processor where QS historical landings were made (Tier 1
Co-op). Basis for establishing the initial association is the majority aggregate trawl groundfish deliveries, excluding rockfish, for all species combined:

- Option 1: During the QS qualifying period.
- Option 2: During the 2011-2012 period.

r. Formation of a Tier 1 Co-op requires a Co-op agreement that meets criteria specified in this program, signed by the qualified processor and no less than ___ (range for analysis 51% - 80%) of the ___ (analyze both LLPs or QS) qualified for the Co-op.

g. Options for Harvester movement from Tier 1 Co-op to another Co-op. Options include:

- **QS Transfer Model.** Includes target species QS and PSC.
  - A harvester may exit a Tier 1 Co-op and join a different Co-op and transfer _____% of target QS and _____% of PSC to the new Co-op pursuant to the new Co-op’s rules. QS and PSC are linked. PSC shall be distributed proportionately to target catch. The remainder stays with the original Co-op (the one the harvester is exiting) subject to the rules of that Co-op.

- **Limited Movement Model**
  - Require a Co-op agreement that meets criteria specified in this program, signed by the qualified processor and the harvesters qualified for that Co-op. Agreement must specify the terms and conditions whereby a harvester can exit the co-op after this period and join another co-op, which shall be agreed to by both harvesters and the processors before QS will be awarded to the co-op.

*Note: For both approaches above, the analysis should investigate the potential to meet the Council’s goals and objectives as set forth in the problem statement. The analysis should investigate the potential for creating a stable business environment, the predictability for addressing community and other concerns, and the disposition of QS and PSC under various scenarios. For the quota transfer model, the analysis should explore the effects of moving different amounts of QS and PSC out of one Tier 1 co-op to another co-op. This should include consideration of whether these transfers should be permanent or temporary in nature, and if temporary, for what period of time. The analysis should address the effects on all affected parties (harvesters in the original Co-op and the associated processor, the harvester leaving the Co-op, and coastal communities with historic participation in GOA trawl fisheries, etc.) and their*
investments in the fishery. For both approaches, the analysis should also investigate the potential effect on employment (harvesting and processing), the goal of increasing value in the fishery without creating windfalls, and what kinds of mechanisms could accommodate the desire for flexibility on the part of harvesters while protecting harvester and processor investments in the fishery and meeting the objective of developing measures that do not result in one sector’s investments in the fishery being devalued to benefit a different sector.

- Note: In all cases the LLP program would stay in place, thus vessels must have a LLP to participate in a WYAK/CGOA trawl fishery. References to “open access” are within this context.

s. Tier 2 Co-ops.

- After the cooling off period, Tier 2 Co-ops may form with new entrant processors. Harvesters may join Tier 2 Co-ops provided that they have met requirements for program participation and movement from one Co-op to another.

- Must be consistent with Community protections and landing requirements.

- Must have Co-op agreement that meets criteria specified in this program.

- Meets all other requirements of the program.

t. Processor caps.

- Include processor caps. Range for analysis 20% to 30%. Processors that exceed this amount are grandfathered into program.

u. Closed class.

- No closed class of processors. At program implementation, processor participation determined by qualifying criteria above for Tier 1 Co-op. After the cooling off period, and subject to movement rules and regional delivery requirements, any qualifying harvester may go to any other Co-op, including Tier 2 Co-ops established in conjunction with a new entrant processor, subject to the rules of the new Co-op.

v. Harvester Caps
Note: the analysis needs to consider the effects of consolidation in the harvesting sector and should explore various mechanisms to address ownership and use.

w. Bycatch reduction incentive program

Note: If the Council decides to proceed with development of a program for the CGOA, a bycatch incentive program needs to be a component of that program. The bycatch reduction incentive program should be performance based and promote cooperative approaches to managing bycatch and reducing bycatch rates. The program should also provide incentives to access underutilized species to enhance OY from Gulf fisheries. Industry stands ready to work with the Council to develop a program tailored to the GOA trawl fisheries that addresses the need to address bycatch concerns.

x. There shall be a cooling off period applied to the program. Range for analysis 2-5 calendar years after implementation.

y. Co-op Qualification and Agreement Criteria

The program is based on a voluntary co-op formed by qualified harvesters that associates with a qualified processor. The association is codified thru a Co-op agreement signed by the requisite harvester representation and the qualified processor. Allocations are to the co-op based on the aggregate history of the LLPs involved, and may only be accessed through the harvester-processor associated co-op.

- A Co-op, in association with a qualified processor, is eligible to participate in the program upon certification by NMFS that it meets the following criteria:
  - The harvesters and processor are qualified to participate in the program.
  - At Tier 1 Co-op formation, program criteria for initial harvester/processor association have been met, including the measures whereby a harvester may exit the Tier 1 co-op in compliance with program requirements.
  - A Co-op agreement, signed by the requisite harvesters and the processor, has been submitted that includes the by-laws and rules for operation of the Co-op.
Co-op membership agreements shall allow for the entry of other eligible harvesters into the co-op under the same terms and conditions as agreed to by the original agreement. The terms and conditions shall allow the owners of other qualified catcher vessels to enter into such contract after it is filed and before the calendar year in which fishing will begin under the same terms and conditions as the owners of the qualified catcher vessels who entered into such contract upon filing.

Co-op membership agreements will specify that processor affiliated harvesters cannot participate in price setting negotiations except as permitted by general antitrust law.

Terms and conditions are clearly spelled out and agreed to by the harvesters and the processor in the Co-op agreement whereby the harvester/processor association may be dissolved and a harvester may move to a different Co-op in association with a different processor. Processor affiliated vessels may participate in discussions regarding these terms and conditions, but not vote for their adoption.

The Co-op agreement includes provisions for an annual fishing plan including agreements regarding deliveries, rotations, offload, and other operational matters.

A clear and specific plan for monitoring, controlling, and reducing PSC bycatch is included in the Co-op agreement and annual fishing plan. The terms and conditions in the agreement shall specify that Co-op members are jointly and severally responsible for co-op vessels harvesting in the aggregate no more than their Co-op’s allocation of target species, secondary species and PSC, as may be adjusted by inter-co-op transfers.

The Co-op agreement provides for collection of appropriate harvest and processing data to measure Co-op performance to achieve the goals and objectives of this program.

Submittal of an annual performance report for review by the North Pacific Fishery Management Council and NMFS. Specific criteria for reporting shall be developed by the Council and specified by NMFS as part of the program implementing regulations.