

**Gulf non-trawl LLP latency
North Pacific Fishery Management Council
October 2007**

At its March/April 2007 meeting, the Council reviewed a discussion paper exploring the goals, objectives, elements and options for the removal of latent licenses from non-trawl fisheries in the Gulf. In response, the Council indicated its intent to consider addressing these issues through separate actions. In addition, the Council expressed its interest in taking further testimony on the issues at this meeting prior to developing a statement of purpose and need and alternatives for consideration.

This paper examines possible goals, objectives, elements, and options for removing latent License Limitation Program (LLP) licenses from Gulf of Alaska fisheries. The paper begins with a brief background description of the LLP. The background discussion is followed by a discussion of possible purposes and needs for this action. The paper goes on to describe elements and options that the Council could consider, if it elects to advance this action for analysis.

Background - The LLP

The LLP limits access to the groundfish and crab fisheries in the Bering Sea, Aleutian Islands, and Gulf of Alaska.¹ 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 discussion briefly summarizes the primary provisions applicable to the non-trawl participants. Further detail could be provided in a future paper (or in the analysis) at the Council's discretion.

The LLP defined a general qualification period (GQP) and an endorsement qualification period (EQP) both of which must have been satisfied for a management subarea for a vessel owner to have received a license. Vessels that met requirements for more than one subarea endorsement were 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.

Primary LLP License Endorsements and Designations

Area endorsements – Each license carries one or more LLP area endorsements authorizing entry to fisheries in those LLP areas (BS, AI, CG, WG, or SEO).

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.

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 area and West Yakutat district as a single LLP endorsement area. So, catch in either the Central Gulf or West Yakutat

¹ Amendment 39 to the BSAI groundfish plan and Amendment 41 to the groundfish plan for the GOA established the LLP. The primary rules governing the LLP are contained in 50 CFR 679.4(k).

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.²

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. 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) authorize participation as a catcher vessel. So, removing inactive catcher vessel licenses will not affect the potential entry of holders of catcher processor licenses to the catcher vessel sector.³

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.

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

² 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), required for participation in fisheries in federal waters, were issued LLPs that are not transferable from the originating vessel.

³ 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.

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 designation for the gear (trawl or non-trawl) and operation type (catcher processor or catcher vessel) and be of sufficient MLOA.⁴

License operation type	Gear type used for harvests	Pacific cod harvest threshold	Pacific cod endorsement
catcher vessel	hook-and-line or jig	7.5 mt in one year from 1995 to 1999	hook-and-line catcher vessel
	pot or jig	100,000 pounds in each of any two years from 1995 to 1999	pot catcher vessel
catcher processor	hook-and-line	270 mt in any one year from 1996 to 1999	hook-and-line catcher processor
	pot	300,000 pounds in each of any two years from 1995 to 1998	pot catcher processor

In the fixed gear Pacific cod fishery in the Bering Sea and Aleutian Islands, an additional gear specific/operational endorsement applies to licenses. Various catch requirements were applied to vessels to qualify for the different endorsements. Notably, a jig catcher vessel could qualify for either a hook-and-line catcher vessel or pot catcher vessel endorsement, provided the vessel met the catch threshold for the endorsement. A few other specific aspects of the development of the endorsements are worth consideration. Since the LLP had not been implemented during the catch qualifying period the program used a vessel basis for determining qualification. Catch from a vessel that did not qualify for an LLP license could be attributed to a vessel that did qualify for an LLP license if the same person owned the history of both vessels (except that the catch of a single vessel could not be used to qualify multiple licenses for an endorsement). In addition, the program counted only retained catch that was landed, excluding catch used for personal bait. Any vessel under 60 feet is exempt from the endorsement requirements. The action also contained provisions allowing the owner of a sunken vessel to stack history of that vessel with the history of a replacement vessel to meet the catch threshold and a provision to address unavoidable circumstances. Although the action only limited entry to the Pacific cod fishery, the Bering Sea and Aleutian Islands catcher processor capacity reduction act (which was part of the Consolidated Appropriations Act of 2005) extended the scope of the endorsements for catcher processors to several other species, specifically Atka mackerel, flathead sole, Pacific ocean perch, rock sole, Greenland turbot, and yellowfin sole.

A number of past (as well as 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 various 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 limits) reduce the number of fisheries available to latent effort, further contributing to the impact of entry of latent effort. The halibut and sablefish IFQ program, crab

⁴ A few exceptions to the requirement for an LLP license allow some fishing without an LLP. Most pertinent to this action, a person fishing exclusive in state waters (i.e., inside 3 nm) is not required to have an LLP. In addition, vessels of 26 feet or less LOA in the GOA and vessels of 32 feet or less LOA in the BSAI are not required to have an LLP license.

rationalization, and the actions under Amendment 67 (BSAI Pacific cod non-trawl endorsements) and Amendments 64 and 85 (BSAI Pacific cod sector allocations) have the effect of limiting the dispersal of impacts of entry leaving some sectors exposed to the effects of increases in effort. Exclusive allocations to eligible sectors in tandem with increased limits on effort could disproportionately affect participants in other fisheries that are left vulnerable to increases in effort. The halibut and sablefish IFQ program and crab rationalization provide exclusive allocations to non-trawl vessels that limit the opportunity of holders of latent licenses excluded from those programs, foreclosing certain fisheries to entry opportunities. 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.

Rationalization can also expose participants in other fisheries to increases in effort from recipients of the benefits of the exclusive allocations. Often sideboards are imposed on participants in those programs to prevent these spillover effects. In the development of the Bering Sea and Aleutian Islands crab rationalization program, the Council elected to impose sideboards on only the Gulf of Alaska fisheries. Pot vessels generally participate in only crab and cod fisheries. As a result, the only perceived increase in opportunity arising from the crab rationalization program was thought to be in the Pacific cod fisheries in the Gulf that are prosecuted in January, when the Bering Sea *C. opilio* fishery is typically prosecuted. Only recipients of initial allocations⁵ in the Bering Sea *C. opilio* fishery are subject to the sideboards. The sideboards limit vessels in the aggregate to their historic share of the retained catch from 1996 to 2000 of Gulf of Alaska Pacific cod and other Gulf of Alaska groundfish (excluding Pacific cod and fixed gear sablefish). Vessels that have limited history in the Gulf groundfish fisheries – less than 50 mt of catch from 1996 to 2000 – are prohibited from directed fishing for Pacific cod in the Gulf. Vessels that landed less than 100,000 pounds of Bering Sea *C. opilio* and more than 500 mt of Pacific cod in the Gulf from 1996 to 2000 are exempt from the sideboards. No sideboards were included in the halibut and sablefish IFQ program, as it was thought the potential for spillover effects from these fisheries was thought to be limited.

Table 5, Table 6, and Table 7, show counts of non-trawl catcher vessel licenses by endorsement area, MLOA 60 feet and under, and trawl designation for catcher vessels, catcher processors, and all operation types. The tables show that the Central Gulf has the most LLP endorsed non-trawl licenses (most of which are limited for use on vessels 60 feet or less in length). Less than one-fourth of the over 900 Central Gulf licenses carry endorsements for the Bering Sea or the Western Gulf. The Western Gulf has in excess of 250 endorsed non-trawl licenses. More than half of these licenses are also endorsed for use in either the Bering Sea or Central Gulf. As might be expected, a large percent of the Gulf eligible catcher processor licenses carry endorsements for the Bering Sea and Aleutian Islands. And, relatively few of the catcher processor licenses in are for vessels under 60 feet.

⁵ Since allocations in the program are based on catch history associated with a license, the sideboard is constructed to limit catch using the license. This is done by sideboarding any vessel the catch of which led to a share allocation and any vessel named on the license that arose from the catch history of the vessel that led to that allocation.

Table 2. Non-trawl catcher vessel LLP licenses by endorsement area, MLOA 60 feet or under, and trawl designation.

Catcher vessel non-trawl licenses License endorsement area	Licenses that also have an endorsement (or designation) for						
	Aleutian Islands	Bering Sea	Central Gulf	Western Gulf	Southeast Outside	MLOA of 60 feet or under	trawl
Aleutian Islands	81	70	63	64	15	26	16
Bering Sea		296	162	159	32	112	62
Central Gulf			888	178	180	707	115
Western Gulf				268	43	158	79
Southeast Outside					712	682	9

Source: NFMS LLP license database (January 11, 2007)

Table 3. Non-trawl catcher processor LLP licenses by endorsement area, MLOA 60 feet or under, and trawl designation.

Catcher processor non-trawl licenses License endorsement area	Licenses that also have an endorsement (or designation) for						
	Aleutian Islands	Bering Sea	Central Gulf	Western Gulf	Southeast Outside	MLOA of 60 feet or under	trawl
Aleutian Islands	78	76	43	32	2	0	14
Bering Sea		84	47	33	3	1	15
Central Gulf			51	28	5	5	8
Western Gulf				33	3	1	4
Southeast Outside					7	5	0

Source: NFMS LLP license database (January 11, 2007)

Table 4. Non-trawl LLP licenses by endorsement area, MLOA 60 feet or under, and trawl designation.

All non-trawl licenses License endorsement area	Licenses that also have an endorsement (or designation) for						
	Aleutian Islands	Bering Sea	Central Gulf	Western Gulf	Southeast Outside	MLOA of 60 feet or under	trawl
Aleutian Islands	159	146	106	96	17	26	30
Bering Sea		380	209	192	35	113	77
Central Gulf			939	206	185	712	123
Western Gulf				301	46	159	83
Southeast Outside					719	687	9

Source: NFMS LLP license database (January 11, 2007)

Purpose and Need

As with most actions, the first step in defining appropriate alternatives is the development of a clear purpose and need statement. At both the February and the March/April 2007 meetings, the A.P and Council considered several possible motivations for this action. Based on these discussions, the Council adopted the following draft purpose and need statement at the March/April meeting. The Council's intends this purpose and need statement to focus input from the public and participants in these fisheries.

Draft Statement of Purpose and Need

Western Gulf and Central Gulf groundfish fisheries are subject to intense competition, particularly in the A season, when fish are aggregated and of highest value. Competition among fixed gear participants in the Western Gulf and Central Gulf fisheries has increased for a variety of reasons, including increased market value of Pacific cod products and a declining ABC/TAC. The possible future entry of latent effort would have detrimental effects on LLP holders that have exhibited participation in, and dependence on, the fixed gear groundfish fisheries. Many fixed gear vessel owners have made significant investments, have long catch histories, and are dependant on WGOA and CGOA groundfish resources. These long-term participants need protection from those who have little or no recent history and who have the ability to increase their participation in the fisheries. The intent of the proposed amendment is to prevent latent fixed gear groundfish fishing capacity that has not been utilized in recent years, from future entry or re-entry into the fisheries. This requires prompt action to promote stability in the fixed gear sectors of the GOA groundfish fisheries, and is expected to be implemented concurrently with the division of GOA Pacific cod among sectors which is currently under consideration.

Elements and Options

The elements and options under consideration for the removal of latent licenses should be developed to address the Council's purpose and need statement. So, depending on concerns raised by the purpose and need statement, the Council could choose to adopt elements and options that simply remove licenses that have no (or very limited) use in recent years or redefine the system of endorsements by developing more specific gear designations and attach gear and operational designations to area endorsements. This section outlines possible elements and options that the Council could adopt for analysis. To simplify the process of defining elements for consideration, this paper reviews different aspects of possible elements and options independently. In developing its suite of alternatives, the Council should consider interactive effects of the different elements and options and how those interactions might address issues identified in the purpose and need statement.

Sectors

One of the first considerations in developing a scope for this action is for the Council to define the sectors that will be affected by this action. As a starting point, the Council should assess whether the action will affect only fixed gear licenses or whether trawl licenses will be included in the action.⁶ Inclusion of trawl licenses in this action could be deemed appropriate, if the parallel action that would establish Pacific cod sector allocations is believed to exacerbate effects of latent licenses on that (or those) sector(s).

The Council should also assess whether the action will restructure the LLP, by redefining parts of the system of gear and operation designations and area endorsements. Such an action could parallel Amendment 67 in the Bering Sea and Aleutian Islands fixed gear Pacific cod fishery, which defined gear and operation specific endorsements (i.e., pot cv, pot cp, longline cv, and longline cp) for Pacific cod in the Bering Sea and Aleutian Islands. That action, however, left the non-trawl designations unaffected for both vessels that met and vessels that did not meet the threshold catch requirements for specific Pacific cod endorsements. If the Council wished to approach the issue in a simpler manner, it could choose to add more specific endorsements for fixed gear participation (i.e., distinguishing pot, hook-and-line, and jig). Additionally, the Council could use this action to link area endorsements and gear designations. This could be accomplished at the Gulf level. For example, a general requirement that a license meet a fixed

⁶ If trawl vessels are included, the Council should provide clear guidance concerning the interaction of this action with the ongoing action to remove latent trawl licenses from the fisheries it manages.

gear catch or landing requirement in the Gulf could be applied for maintaining and endorsement for future fixed gear use in the Gulf. The requirement could instead be more specifically applied at the endorsement area level providing separate gear designation/area endorsements for each Gulf endorsement area (i.e., Central Gulf and Western Gulf).⁷ Under this approach, a license would have to meet specific catch or landings thresholds with fixed gear in an endorsement area to maintain its authorization to fish with that gear in the area.

The Council should also assess how this action will affect operation designations and the interaction with gear designations and area endorsements. The Council could choose to integrate gear and operation designations, establishing specific gear and operation type thresholds for maintaining license designations. For example, the Council could require a license to meet a specific threshold for catch with pot gear that was also processed on board for that license to maintain a catcher processor pot endorsement. If desired, this type of requirement could be applied on a management subarea basis, effectively creating gear/operation type/subarea endorsements. If the Council elects to distinguish operation types (using catcher vessel and catcher processor endorsements), it should clearly state whether participants in one sector will be permitted to operate in the other sector. Under the current LLP, licenses with catcher processor designations authorize a vessel to operate as either a catcher vessel or a catcher processor. In addition, catcher processors that are less than 125 feet LOA can make an annual election to operate in the inshore component (which is allocated all of the pollock TAC and 90 percent of the TAC of Pacific cod) provide they process less than 126 metric tons per week. If this action is developed simultaneously with history-based sector allocations of Pacific cod, historic dependence could be acknowledged by crediting catch history of a vessel to its sector (or the sector from which the catch came). So, if small catcher processors are allowed to continue to fish the inshore TAC, their dependence on that fishery would be reflected by counting their inshore catch toward the inshore sector allocation. If small catcher processors are excluded from the inshore sector, acknowledgement of their historic dependence would require crediting that history to a catcher processor (or offshore component). Allocations may not be fully coordinated with eligibility, if catcher processors continue to be permitted to fish on the inshore allocation, since some catcher processors have moved between the inshore component and offshore component.

Depending on the specific problem identified in the Council purpose and need statement, the Council could also add species to the endorsement/designation requirements (similar to the Bering Sea Aleutian Islands fixed gear Pacific cod licensing). The application of a species-based endorsement could be justified, if the Council perceives a need to restrict access to only that species fishery. This approach would allow license holders to pursue opportunities for other species that are subject to less fishing effort. The application of species level endorsements could complicate management in a few ways. Since the species endorsement would limit targeting, it is possible that some participants may perceive an opportunity to use retained incidental catch to supplement their catch revenue in less lucrative target fisheries. Policing and constraining incidental catch of vessels not carrying the endorsement could be complicated, since discards above the MRA are allowed in the current limited entry fishery. This problem is likely to be more pronounced than any similar problem in the Bering Sea and Aleutian Islands fisheries, since fewer local vessels participate in those fisheries and fewer vessels participate in the parallel fisheries in those areas. The development of species endorsements also complicates license administration, particularly if those endorsements are advanced for many different species.

⁷ If the Council wishes to extend this action to Southeast Outside endorsements, the Council should specify that intent. Since this action evolved from the Gulf rationalization action (which excluded Southeast Outside fisheries), this paper has focused on the endorsement areas of the Central Gulf (which includes West Yakutat) and Western Gulf.

In summary, a starting point for developing options to remove latent licenses from Gulf fisheries is to define sectors that would be affected by the action. These sectors could be those currently identified in the LLP or could expand on the current LLP sector definitions to incorporate more specificity.

Sector definitions

Area

Western Gulf

Central Gulf (current endorsement includes West Yakutat)

Southeast Outside (closed to trawl gear)

Gear

Trawl

Fixed

Hook-and-line

Pot

Jig

Operation type

Catcher vessel

Catcher processor

Vessel length

Relevant provisions in the Gulf rationalization package

Sectors are defined as:

Trawl catcher processor

Trawl catcher vessel

Longline catcher processor

Longline catcher vessel

Pot catcher processor

Pot catcher vessel

Jig

Options could define:

Low producing longline catcher vessels – vessels with catch below the mean or 75th percentile

Low producing pot catcher vessels – vessels with catch below the mean or 75th percentile

Suboption: only vessels below the catch threshold and less than 60 feet in length would be defined as low producers

Area designations include:

Central Gulf (currently endorsement includes West Yakutat)

Western Gulf

The Council should specify the extent to which it intends to integrate area, gear, and operation type designations and endorsements. The decision to integrate these different license characteristics should be derived from the purpose and need statement and the extent to which the division of sectors defined by license designations and endorsements are necessary to effectively meet the needs identified. For example, if the intent of this action is to protect vessels using a particular gear and operation type from an influx of vessels that have historically used another gear or operation type, it may be necessary to extend limitations with specific endorsements and designations that prohibit cross over among sectors. On the other hand, if the action is only intended to insulate trawl and fixed gear vessels from the actions of each other, it may be adequate to simply define trawl and fixed gear sectors.

Provisions limiting movement among sectors

In addition to the sector definitions specified in the Gulf rationalization elements and options, the Council has also identified specific options defining eligibility for participation of catcher processors in the inshore and offshore sectors and for participation of licenses with both trawl and non-trawl endorsements in the trawl and non-trawl fisheries.

Under the current management, the Gulf pollock TACs are allocated entirely to the inshore sector; the Gulf Pacific cod TACs are split between the inshore and offshore sectors, with the inshore receiving 90 percent and the offshore receiving 10 percent. Any catcher processor that is less than 125 feet LOA can make an annual election to fish the inshore TAC, provided it limits its harvest to less than 126 metric tons per week. The Council has elected to consider whether to continue to allow catcher processors to continue to make annual elections to fish the inshore TAC, or if these vessels should make a one time election of whether to fish the inshore TAC or offshore TAC. Either of these options might be considered deficient, if not coordinated with the options under consideration for dividing the Gulf Pacific cod TACs among sectors. Coordinating these actions, care should be taken to ensure that each sector allocation is available for harvest by holders of licenses that contributed history used to define the allocation. Allowing a license holder to annually elect a sector to join could allow that person to opportunistically fish off an allocation derived from the history of others. This problem is of particular concern, if some offshore sectors have few participants. Persons eligible for the offshore sector could form a cooperative to coordinate catch of the offshore allocation by a subset of its members and send the eligible remaining members of the sector to fish the inshore allocation to maximize a shared pool of revenues for persons eligible for the offshore sector.

For licenses eligible for both the catcher vessel trawl and non-trawl sectors, the Council has expressed an interest in considering options that could limit their ability to participate in both sectors. Under these options, eligible licenses could be required to make either an annual election or a one time election to fish in the trawl or non-trawl fisheries. Additionally, the Council has included an option to retain the status quo, which allows a license holder to move freely between gear types at any time. In assessing these options, the Council will need to balance competing interests or objectives. Options that limit the potential for a person to move between gear types could provide added stability by limiting movement of licenses between sectors. These options, however, have the potential to limit the ability of license holders to continue their historic participation patterns. For example, license holders that typically change between trawl and non-trawl gear during the year would be prevented from maintaining that pattern, if required to adopt a single gear type, either at the beginning of the year or as a one time election. These persons may have considerable historic participation and catches in both non-trawl and trawl sectors which will have contributed to both sector allocations. Requiring these participants to make an election of which gear type to use would sacrifice the opportunity to participate in the harvest of one of these sector allocations.

Inshore CP sector provisions

- A) Elect annually to either be considered “inshore” or “offshore”.*
- B) One time election to be considered either “inshore or “offshore”.*

Multiple Endorsement Provisions

- A) CV’s operating with a qualifying catch history in both the “trawl” and the “non trawl” sectors shall elect annually sector participation.*
- B) CV’s operating with a qualifying catch history in both the “trawl” and “non trawl” sectors shall have a one time election of sector participation*
- C) CV’s operating with a qualifying catch history in both the “trawl” and “non trawl” sectors shall be able to elect to participate in both sectors in a single season.*

Qualifying period

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

In considering qualifying years, the Council should consider that administration of the program could be complicated by the selection of certain years. Since the LLP was implemented in 2000, in years prior to 2000, catch cannot be attributed to an LLP license. From 1996 to 1999, entry to these fisheries was limited by the license moratorium program. If the Council wishes to include qualifying years during which the moratorium program was in effect, an LLP could be credited with catch made using the moratorium permit that was superseded by the issuance specific LLP license. In other words, catch using a moratorium permit would be credited to its successor LLP license. NMFS, however, maintains that administration of such a policy would be both administratively complex and labor intensive. Because the moratorium was intended to be a short-term measure, NMFS did not maintain an electronic database to link landings to moratorium permits. NMFS maintains that any records documenting catch by moratorium permit would rely on archive paper records of questionable accuracy. Compilation of these data for administration of catch or landing thresholds would be both labor intensive and time consuming process. These complexities could greatly extend the already protracted period necessary for administration of an action of this type.

An alternative method of crediting history during the life of the vessel moratorium program would be to credit an LLP with any catch of the vessels that met the qualification for the LLP license. Crediting catch to the vessel from which the license was derived would greatly simplify the administration of catch qualification during this period, but could be unfair to some license holders. Specifically, persons that transferred licenses from the original vessel during the moratorium program would be denied the catch history of the vessel that used the license during that life of that program. These license holders unfairly lose endorsements, if the LLP license has not met catch or landing thresholds that were met using the moratorium permit. In the case of persons who acquired LLP licenses, loss of permits would seem particularly unjust, since these persons may have paid substantial sums for entry to the fisheries.

If the Council wishes to include 1995 in the qualifying period, the only apparent option for crediting history during that year would be to credit the history to the vessel that gave rise to the LLP license, since no limited entry program was in effect at that time. This method of crediting history would seem to pose no risk of unfairness, since this time period predates the moratorium and LLP.

In 2000 and 2001, the first two years of the LLP, persons were required to have an LLP license on a vessel to participate in the Gulf fisheries, but no formal assignment of a license to a vessel was required for participation. Consequently, no official record of license use exists for that period. To administer a qualification period that includes 2000 or 2001, NMFS would need to rely on alternative documentation (such as individual affidavits or private contracts). Use of these forms of documentation is also likely to protract administration of recency requirements. So, exclusion of 2000 and 2001 from the qualification period would simplify and increase reliability of administration.

Beginning in 2002 licenses were required to be formally assigned to a vessel participate in LLP fisheries. As a consequence, a formal record of license assignments can be used to assign catch from each vessel to

one or more licenses assigned to the vessel. Although administration of qualification criteria is likely to take some time, that process will be simplified, if only years after 2001 are used for qualification.

Provisions for defining qualifying period

Identify years

Relevant provisions in the Gulf rationalization package

Qualifying periods (same for all gears in all areas) for allocations of shares or history

95-01

95-02

95-02

98-02

98-03

Catch or participation thresholds

To remove latent capacity from the fisheries, the Council will need to specify appropriate catch or participation thresholds, which must be met to maintain eligibility to participate. The original LLP thresholds were specified as landing requirements (with requirements of one landing in each of one or two calendar years). The thresholds for fixed gear Pacific cod endorsements in the Bering Sea and Aleutian Islands were catch thresholds, which required a vessel to meet a specific retained catch threshold in each of one or two calendar years. Annual catch thresholds in that action ranged from 7.5 metric tons to 270 metric tons. The trawl latency action currently under consideration by the Council contains threshold options of one or two landings. In general, higher thresholds are applied to catcher processors than to catcher vessels. If quantities of catch requirements are applied and the action includes trawl licenses, higher catch quantities might be appropriate for trawl qualification than for fixed gear. Depending on the scope of this action, and whether endorsements or designations are developed for different fixed gear types and operations, the Council could specify appropriate levels for the different gear qualifications.⁸ Usually, the Council requires participation in a subset of the qualification period to allow for unforeseen circumstances or some movement among fisheries. Alternatively, the Council could require participation during the qualifying period to meet some aggregate threshold (for all activity during the entire period).

Depending on the thresholds established by the Council and the availability of entry opportunities under the revised LLP eligibility, the Council could adopt some exemptions from this action. The exemptions could be equivalent to the current Gulf LLP exemption (which allows vessels under 26 feet to participate in the Gulf limited access fisheries without a license) or could expand on those exemptions by allowing vessels that meet certain criteria (such as length limitations) to participate without a license. The extent of any exemption should depend on the structure of the program and the extent of opportunities within the program. An alternative to simple exemptions for small vessels could be lower catch thresholds for licenses with small MLOAs. Such a structure could be appropriate, if opportunities in the parallel fisheries and State water fisheries are perceived to be adequate for an entrant that wishes to develop operations. These participants could either decide that opportunities in the parallel and State water fisheries are sufficient or move to larger scale fisheries in federal waters by purchasing a license. If participants in fisheries in State waters are to move on to federal fisheries, the availability of licenses allowing for that transition is critical. In developing this action, the Council will need to balance the interests of those wishing to limit entry to fisheries, who desire stability and protection of their investments, against potential future entrants, who wish to ensure adequate opportunity.

⁸ In the Pacific cod endorsement program in Bering Sea and Aleutian Islands jig vessel catch could be applied to meeting pot gear endorsements. If the Council wishes to allow catch with one gear type to qualify a license for use of another gear type, it should clearly outline those requirements.

In considering the application of catch thresholds, the Council should specify whether those thresholds should be based on total catch (including discards) or only retained catch. Retained catch is likely a better indicator of dependence, as discards provide no direct return. Analytically, retained catch thresholds can be more precisely applied, as discards of catcher vessels are typically estimated based on extrapolations of at sea discards from observer data. In addition, the Council could consider whether catch used in meal production should count toward satisfying a threshold. The Council has excluded meal from some allocation programs based on the rationale that meal is a relatively low value product and its inclusion could disadvantage some small catcher processors that do not have meal production capacity.

The Council should also consider the catch that can be applied to meet qualifications. Clearly, catch in the federal fishery should apply toward meeting the threshold. The Council could also allow parallel fishery catch and State water fishery catch to apply toward the threshold. Since the parallel fishery is prosecuted simultaneously with the federal fishery, some vessels likely participate in both fisheries during the course of a season (and even during a fishing trip). This interaction could be argued to justify consideration of parallel fishery catch for qualification. The State water fishery is prosecuted independently from the federal fisheries based on its own guideline harvest level. As a result, inclusion of this catch in defining participation thresholds seems less appropriate. A possible rationale for inclusion of State water catch is that the vessels participating in those fisheries also participate in the federal fisheries.

In some past actions that require participants to meet catch thresholds to remain eligible for a fishery, the Council has asked staff to develop illustrative tables showing the distribution of catch from which thresholds can be identified. If the Council wishes, staff could produce tables from which options could be developed. A set of tables could be developed that could be used to identify options for both catch thresholds and landings thresholds.

Provisions for defining catch thresholds

Identify threshold as:

Quantity of catch (retained or total catch)

Number of landings

Define whether the threshold must be met:

In one or more of the defined qualifying years

In the aggregate during all of the qualifying years

Define qualifying catch

Federal fisheries

Parallel fisheries

State water fisheries

Define whether any gear or vessel length exemptions to meeting criteria will be created

Relevant provisions in the Gulf rationalization package

Landings based on retained catch for each species (includes weekly production report for catcher processor sector). Total pounds landed will be used as the denominator. Exclude retained catch that is used for meal production.

Qualified catch is from:

Option 1: 3-200 miles

Option 2: 3-200 miles, plus 0-3 miles parallel history

Suboption: catch history determined based on a percentage of retained catch per year

Qualifying period options in the Gulf rationalization program include provisions to drop one or two years. These provisions reflect the need to consider that unexpected circumstances can affect regular

participants. In this action, the provisions could be tailored to require catch thresholds to be met on some subset of the qualifying years.

Preliminary Estimates of License Latency

At its April/March 2007 meeting, the Council requested staff to provide additional information showing the extent of latent licenses in the Gulf fisheries. Staff has provided preliminary estimates of the number of licenses that would be affected by applying various landing and catch thresholds for removing latent licenses from these fisheries (see Table 5, Table 6, Table 7, and Table 8). Estimates show the number of licenses that would meet harvest thresholds for groundfish, all Pacific cod, and Pacific cod from the directed federal fishery. For catcher vessel licenses, qualification by gear type is included. It should be noted that some licenses meet qualifications for multiple gear types. For catcher processor licenses, qualification thresholds are applied crediting catcher vessel activity only and crediting catcher vessel and catcher processor activity. Harvest data excludes fish tickets with IFQ (halibut and sablefish) catch and State waters catch. Only harvests by vessels with a valid license with a non-trawl endorsement for the Central or Western Gulf are included. Estimates of the catch history associated with a license are complicated by incomplete records concerning the assignment of licenses to vessels. The problem is particularly acute during 2000 and 2001, when no formal assignment of a license to a vessel was required. Transferred licenses are credited with all catch history from the original qualifying vessel as well as all harvests by the current vessel after the date of transfer. In the case of stacked licenses, catch is credited to both licenses.

Table 5. Estimated qualification of non-trawl catcher vessel licenses in the Western Gulf using various landing and catch thresholds.

Catcher Vessels in the Western Gulf- 266 licenses											
Fishery	Threshold	All non-trawl				Qualifying hook-and-line licenses		Qualifying pot licenses		Qualifying jig licenses	
		2000-2005		2002-2005		2000-2005	2002-2005	2000-2005	2002-2005	2000-2005	2002-2005
		Qualifying licenses	Non-qualifying licenses	Qualifying licenses	Non-qualifying licenses						
All groundfish ^a	1 landing ^b	73	193	62	204	7	4	61	54	6	5
	3 landings	50	216	45	221	*	*	*	*	*	*
	5 landings	35	231	*	*	0	0	35	*	0	0
	5 mt	55	211	50	216	0	0	*	*	*	*
	10 mt	51	215	47	219	0	0	51	47	0	0
	25 mt	43	223	38	228	0	0	43	38	0	0
All Pacific cod ^c	1 landing	69	197	61	205	*	*	61	54	*	*
	3 landings	48	218	43	223	0	0	*	*	*	*
	5 landings	35	231	*	*	0	0	35	*	0	0
	5 mt	55	211	50	216	0	0	*	*	*	*
	10 mt	51	215	47	219	0	0	51	47	0	0
	25 mt	43	223	38	228	0	0	43	38	0	0
Directed Pacific cod ^d	1 landing	69	197	61	205	*	*	61	54	*	*
	3 landings	48	218	43	223	0	0	*	*	*	*
	5 landings	35	231	*	*	0	0	35	*	0	0
	5 mt	55	211	50	216	0	0	*	*	*	*
	10 mt	51	215	47	219	0	0	51	47	0	0
	25 mt	43	223	38	228	0	0	43	38	0	0
	100 mt	23	243	*	*	0	0	23	*	0	0

^a Excludes IFQ harvest and state waters fisheries, but includes parallel fisheries catch.

^b The number of licenses with at least one landing corresponds to the total number of licenses participating in the fishery from 2002-2005 or 2000-2005, excluding licenses that were revoked by RAM as of 3/31/07.

^c Includes all Pacific cod harvested in parallel and EEZ fisheries.

^d Includes only Pacific cod harvested during the directed federal fishery.

* Withheld for confidentiality.

Table 6. Estimated qualification of non-trawl catcher vessel licenses in the Central Gulf using various landing and catch thresholds.

Catcher Vessels in the Central Gulf - 886 licenses											
Fishery	Threshold	All non-trawl				Qualifying hook-and-line licenses		Qualifying pot licenses		Qualifying jig licenses	
		2000-2005		2002-2005		2000-2005	2002-2005	2000-2005	2002-2005	2000-2005	2002-2005
		Qualifying licenses	Non-qualifying licenses	Qualifying licenses	Non-qualifying licenses						
All groundfish ^a	1 landing ^b	238	648	164	722	157	108	88	54	25	12
	3 landings	197	689	132	754	120	85	72	45	16	4
	5 landings	176	710	113	773	110	76	66	*	8	*
	5 mt	191	695	134	752	121	91	*	*	*	*
	10 mt	180	706	128	758	112	85	71	43	0	0
	25 mt	156	730	110	776	93	70	63	39	0	0
All Pacific cod ^c	100 mt	112	774	74	812	63	48	49	26	0	0
	1 landing	223	663	154	732	146	101	88	*	9	*
	3 landings	178	708	121	765	110	77	*	*	*	*
	5 landings	162	724	105	781	98	70	65	36	0	0
	5 mt	185	701	127	759	115	85	*	*	*	*
	10 mt	174	712	121	765	107	79	71	43	0	0
Directed Pacific cod ^d	25 mt	153	733	107	779	90	67	63	39	0	0
	100 mt	110	776	72	814	61	46	49	26	0	0
	1 landing	223	663	154	732	146	101	88	*	9	*
	3 landings	176	710	119	767	108	75	*	*	*	*
	5 landings	160	726	103	783	96	68	65	36	0	0
	5 mt	185	701	126	760	115	84	*	*	*	*
Directed Pacific cod ^d	10 mt	171	715	118	768	103	75	71	43	0	0
	25 mt	153	733	107	779	90	67	63	39	0	0
	100 mt	110	776	72	814	61	46	49	26	0	0
	100 mt	110	776	72	814	61	46	49	26	0	0

^a Excludes IFQ harvest and state waters fisheries, but includes parallel fisheries catch.

^b The number of licenses with at least one landing corresponds to the total number of licenses participating in the fishery from 2002-2005 or 2000-2005, excluding licenses that were revoked by RAM as of 3/31/07.

^c Includes all Pacific cod harvested in parallel and EEZ fisheries.

^d Includes only Pacific cod harvested during the directed federal fishery.

* Withheld for confidentiality.

Table 7. Estimated qualification of non-trawl catcher processor licenses in the Western Gulf using various landing and catch thresholds.

Catcher Processors in the Western Gulf- 33 licenses									
Fishery	Threshold	All non-trawl catcher processor activity				All non-trawl (including catcher vessel activity)			
		2000-2005		2002-2005		2000-2005		2002-2005	
		Qualifying licenses	Non-qualifying licenses	Qualifying licenses	Non-qualifying licenses	Qualifying licenses	Non-qualifying licenses	Qualifying licenses	Non-qualifying licenses
All groundfish ^a	1 landing ^b	*	*	*	*	23	10	*	*
	3 landings	19	14	*	*	*	*	*	*
	5 landings	*	*	*	*	*	*	17	16
	5 mt	*	*	*	*	22	11	*	*
	10 mt	*	*	*	*	*	*	18	15
	25 mt	20	13	15	18	*	*	*	*
All Pacific cod ^c	100 mt	*	*	7	26	12	21	7	26
	1 landing	*	*	*	*	21	12	18	15
	3 landings	*	*	*	*	*	*	*	*
	5 landings	*	*	*	*	16	17	9	24
	5 mt	*	*	16	17	21	12	*	*
	10 mt	*	*	16	17	21	12	*	*
Directed Pacific cod ^d	25 mt	*	*	*	*	*	*	*	*
	100 mt	11	22	7	26	*	*	7	26
	1 landing	*	*	*	*	21	12	*	*
	3 landings	16	17	*	*	*	*	13	20
	5 landings	*	*	*	*	*	*	9	24
Directed Pacific cod ^d	5 mt	*	*	16	17	21	12	*	*
	10 mt	*	*	16	17	21	12	*	*
	25 mt	*	*	*	*	*	*	*	*
	100 mt	11	22	7	26	*	*	7	26

^a Excludes IFQ harvest and state waters fisheries, but includes parallel fisheries catch.

^b The number of licenses with at least one landing corresponds to the total number of licenses participating in the fishery from 2002-2005 or 2000-2005, excluding licenses that were revoked by RAM as of 3/31/07.

^c Includes all Pacific cod harvested in parallel and EEZ fisheries.

^d Includes only Pacific cod harvested during the directed federal fishery.

* Withheld for confidentiality.

Table 8. Estimated qualification of non-trawl catcher processor licenses in the Central Gulf using various landing and catch thresholds.

Catcher Processors in the Central Gulf- 51 licenses

Fishery	Threshold	All non-trawl catcher processor activity				All non-trawl (including catcher vessel activity)			
		2000-2005		2002-2005		2000-2005		2002-2005	
		Qualifying licenses	Non-qualifying licenses	Qualifying licenses	Non-qualifying licenses	Qualifying licenses	Non-qualifying licenses	Qualifying licenses	Non-qualifying licenses
All groundfish ^a	1 landing ^b	*	*	18	33	25	26	*	*
	3 landings	22	29	*	*	*	*	*	*
	5 landings	18	33	12	39	*	*	*	*
	5 mt	*	*	11	40	19	32	*	*
	10 mt	*	*	7	44	15	36	*	*
	25 mt	10	41	*	*	*	*	*	*
	100 mt	5	46	*	*	*	*	5	46
All Pacific cod ^c	1 landing	*	*	9	42	19	32	*	*
	3 landings	*	*	6	45	11	40	*	*
	5 landings	9	42	*	*	*	*	6	45
	5 mt	*	*	7	44	14	37	*	*
	10 mt	11	40	7	44	*	*	*	*
	25 mt	*	*	*	*	*	*	*	*
	100 mt	5	46	*	*	*	*	5	46
Directed Pacific cod ^d	1 landing	16	35	9	42	*	*	11	40
	3 landings	10	41	*	*	*	*	*	*
	5 landings	*	*	*	*	*	*	5	46
	5 mt	11	40	*	*	*	*	8	43
	10 mt	*	*	*	*	*	*	*	*
	25 mt	*	*	*	*	*	*	*	*
	100 mt	5	46	*	*	*	*	*	*

^a Excludes IFQ harvest and state waters fisheries, but includes parallel fisheries catch.

^b The number of licenses with at least one landing corresponds to the total number of licenses participating in the fishery from 2002-2005 or 2000-21 excluding licenses that were revoked by RAM as of 3/31/07.

^c Includes all Pacific cod harvested in parallel and EEZ fisheries.

^d Includes only Pacific cod harvested during the directed federal fishery.

* Withheld for confidentiality.

At its March/April meeting, the Council also requested estimates of the number of transfers of Gulf of Alaska non-trawl designated licenses. In response, staff has prepared a list of the number of licenses that are no longer assigned to the original vessel, effectively showing the number of license that have moved from their originating vessel (see Table 9). These estimates are incomplete, in part, because vessel assignments were not required prior to 2002. In addition, it is possible that some licenses have been transferred multiple times.

Table 9. Number of non-trawl licenses not assigned to their originating vessel.

transfers			
Operation designation	MLOA	Central Gulf	Western Gulf
Catcher processor	less than or equal to 60 feet	2	1
	greater than 60 feet	8	6
Catcher vessel	less than or equal to 60 feet	158	46
	greater than 60 feet	34	21

Source: RAM LLP database (2007).

Conclusion

To proceed with this action, the Council could preliminarily define sectors and request further information from staff that could be used to finalize alternatives at a future meeting. These definitions should be consistent with the purpose and need statement for this action. As alternatives are developed for this action, the Council should consider the interaction of those alternatives with the Pacific cod sector allocations also under consideration. To successfully address the Council's purpose and need statements for these actions, these two actions must be coordinated.