

North Pacific Fishery Management Council
Gulf of Alaska Groundfish Rationalization motion
February 12, 2006

The Council made the following changes to the motion at its February 2006 meeting:

Deletions are shown with strike outs

Additions are shown with highlightings

Only provisions revised by the Council are shown.

A complete copy of the revised motion, incorporating all sections and all changes made at the February 2006 meeting, will be available shortly.

Problem Statement

The Council is proposing a new management regime that rationalizes groundfish fisheries in the Gulf of Alaska west of 140 degrees longitude and rockfish bycatch east of 140 degrees longitude. A rationalization program includes policies and management measures that may increase the economic efficiency of GOA groundfish fisheries by providing economic incentives to reduce excessive capital investment. These management measures would apply to those species, or groups of species identified by the Council as benefitting from additional economic incentives that may be provided by rationalization. This rationalization program would not modify the hook-and-line halibut and sablefish ~~fisheries~~ currently prosecuted under the IFQ Program, except for management of associated groundfish bycatch.

The purpose of the proposed action is to create a management program that improves conservation, reduces bycatch, and broadly distributes the benefits of rationalization to harvesters, processors and fishery-dependent coastal communities provides greater economic stability for harvesters, processors, and communities. A rationalization program could allow harvesters and processors to manage their operations in a more economically efficient manner. Rationalization of GOA fisheries should eliminate the derby-style race for fish by allocating privileges and providing economic incentives to consolidate operations and improve operational efficiencies of remaining operators. Because rationalization programs can have significant impacts on fishing dependent communities, this program should address community impacts and seek to provide economic stability or create economic opportunity in fishery dependent communities.

Rationalizing GOA fisheries may improve stock conservation by creating incentives to eliminate wasteful fishing practices, improve management practices, and provide mechanisms to control and reduce bycatch and gear conflicts. Rationalization programs may also reduce the incentive to fish during unsafe conditions.

Management of GOA groundfish has grown increasingly complicated due to impositions of measures to protect Steller sea lions, increased participation by fishermen displaced from other fisheries such as Alaska salmon fisheries and the requirements to reduce bycatch and address Essential Fish Habitat requirements under the Magnuson-Stevens Act (MSA). These changes in the fisheries are frustrating management of the resource, raising attendant conservation concerns. These events are also having significant, and at times, severe adverse social and economic impacts on harvesters, processors, crew, and communities dependent on GOA fisheries. Some of the attendant problems include:

1. reduced economic viability of the harvesters, processors, and GOA communities
2. high bycatch,
3. decreased safety,
4. reduced product value and utilization,
5. jeopardy to community stability and their historic reliance on groundfish fishing and processing,
6. limited ability of the fishery harvesters and processors to respond to changes in the ecosystem
7. limited ability to adapt to MSA requirements to minimize bycatch and protect habitat,
8. limited ability to adapt to changes to other applicable law (i.e., Endangered Species Act).

All of these factors have made achieving the goals of the National Standards in the MSA difficult and encourage reevaluation of the status quo management of the GOA groundfish fisheries. The management tools in the current GOA groundfish FMP do not provide managers with the ability to improve the economic efficiency of the fishery and effectively solve the excess harvesting capacity and resource allocation problems in the GOA groundfish fisheries. The Council has determined that some form of rationalization program is warranted.

Statement of Intent for Alternative 3

Alternative 3 is a sector allocation and co-op proposal. This proposal allows new processor entrants and provides a mechanism for harvesters to either enter co-ops voluntarily or continue to fish in LLP/open access fisheries. The alternative provides a flexible structure intended to reflect the diversity of the fisheries in the GOA. It recognizes that harvesters, processors, and communities all have a stake in the fisheries. The nature of the fisheries in the Gulf, however, requires a flexible rationalization program that can accommodate all of the different fisheries. This alternative would:

- Allocate primary and secondary species, and halibut PSC by sector.
- Establish a mechanism which would facilitate co-op formation within each sector.
- Specify the operational rules for co-ops.
- Provide fishing opportunities for harvesters that choose not to participate in co-ops
- Include community protection measures appropriate to a cooperative-based program.

The proposal sets up a step-wise process for the establishment of co-ops. The first step includes a sectoral allocation. This is followed by an initial co-op formation period to provide co-ops time to refine their operations. The third step is ongoing, and establishes rules to govern co-op formation, dissolution, and operation after the initial period of co-op formation.

This proposal would not require the assignation of different classes of history or shares (i.e., class A/B class designations). Gulf History (GH) is generic and would originate from an eligible participant's history. GH is only developed through cooperatives. Co-op participation, however, is strictly voluntary so a harvester may choose to continue to fish in a limited entry (LLP) open access fishery.

The proposal does not limit processor entry. A harvester is initially eligible to join one or more a cooperative(s) associated with the processor(s) through which its GH (qualified landings of primary species) arose that it made the most primary species landings to during the qualification period. The program establishes requirements for contracts between a cooperative and its associated processor. The initial contract between a co-op and its associated processor is required to contain the terms for dissolution of the co-op or the movement of a harvester from one co-op to another. During the initial co-op formation period, inter-co-op agreements are allowed within sectors to address operational issues and ensure further rationalization of the fishery between co-ops. Harvesters may not move between cooperatives during the initial co-op formation period.

~~Following the initial co-op formation period, new co-ops can form and harvesters can move from co-op to co-op or exit a co-op and move back into open access. Upon formation of a cooperative, members may dissolve their relationship with that cooperative subject to the dissolution terms and either: a) join a different cooperative, b) transfer their residual quota to a different cooperative or individual, or c) move into limited access.~~ The rules for such movement, including compensation to other members of the co-op and the associated processor are part of the contract agreement. New processors can enter the fishery at any time, and following the initial co-op formation period, harvesters can form co-ops with those processors.

Monitoring of harvests and PSC for the co-op fishery will be at the co-op level. Assignments of GH, including transfers, will be monitored by RAM to ensure proper catch allocations and accounting. GH will result in annual allocations of Gulf Quota (GQ). Current monitoring programs for the open access fishery will continue.

G-2. Species

Primary species by gear (allocated based on individual catch history):

Trawl:

pollock
Pacific cod
deepwater flatfish

rex sole
shallow water flatfish
flathead sole
arrowtooth flounder

northern rockfish	WGOA deep water flatfish (if turbot is targeted)
Pacific ocean perch	northern rockfish
pelagic shelf rockfish	arrowtooth flounder
Longline:	
Pacific cod	Pot:
pelagic shelf rockfish	
Pacific ocean perch	Jig:
	Pacific cod
	Pacific cod

For purposes of caps, use the following species aggregations:
Pollock, pcod, aggregate rockfish and aggregate flatfish

Entry Level Fishery: POP, Northern Rockfish and pelagic shelf rockfish for non-trawl catcher vessels

- An annual set aside for CV non-trawl gear capped at 2-5% of each of these target rockfish species
- The set aside will begin at 1% of the annual TAC
- The set aside amount will increase by one percentage point the following year in which the set aside quota is reached.

Secondary species by gear (allocated based on average sector/gear catch history):

Trawl:	Longline:	Pot:
Thornyhead	Thornyhead	Thornyhead
Rougheye	Rougheye	Rougheye
Shortraker	Shortraker	Shortraker
other slope rockfish	other slope rockfish	other slope rockfish
Atka mackerel	Atka mackerel	Atka mackerel
Sablefish		

Unallocated species will be managed under the existing MRA system and will be accommodated in the annual TAC-setting process.

G-6. Sector Allocations - Primary Species

Alternative 2 and 3

No explicit sector allocation calculation. Allocation to the sector is implicitly the sum of individual allocations

Alternative 3

~~Sector allocations will be based on the aggregate history of vessels in each sector during the qualifying period. Sector allocation qualifying periods and landing criteria (same for all gears in all areas).~~

~~Option 1. 95-01~~

~~Option 2. 95-02~~

~~Option 3. 98-02~~

~~Suboption: for each sector drop the year of lowest tonnage.~~

~~Sector Qualifying landing criteria (same for all gears in all areas)~~

~~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.~~

The analysis will assess AFA vessels as a group.

G-7. Sector Allocations – Secondary Species

Alternative 2

Allocation to the sector is determined by management at the individual level.

- Option 1. Allocation to the sector is based on individual allocations
- Suboption 1. Other slope rockfish in the Western Gulf will not be allocated, but will be managed by MRA and will go to PSC status when the TAC is reached.
 - Suboption 2. Deduct the secondary species catch from fixed gear types from TAC. If deduction is not adequate to cover secondary species catch in fixed gear types, on a seasonal basis, place that species on PSC status until overfishing is reached.
- Option 2. Retain these species on bycatch status for all gear types with current MRAs.

Alternative 3

- Option 1: **Seector Individual** allocation for secondary species is based on each sector's average catch during the ~~sector allocation~~ qualifying period by area and primary species target fishery.
- Option 2: Maintain current MRA management for secondary species.

G-8. Sector Allocations – Halibut PSC

Alternative 2

Pot sector

Pot vessels continue their exemption from halibut PSC caps.

Hook and line sector

- Option 1. Modeled after sablefish IFQ program (no direct inseason accounting of halibut PSC). Holders of halibut IFQ are required to land legal halibut. Estimates of sub-legal and legal size incidental mortality are accounted for when setting annual CEY.
- Option 2. Halibut PSC will be managed through harvest share allocations (sector allocation is sum of allocations to sector members).
- Option 3. Continue to fish under halibut PSC caps.
Suboption (to all options): Holders of halibut IFQ are required to land legal halibut. Halibut bycatch occurring without sufficient IFQs would count against halibut PSC allocations.

Trawl Sector

- Option 1. Halibut PSC will be managed through harvest share allocations (sector allocation is sum of allocations to sector members)
- Option 2. Continue to fish under halibut PSC caps.

Alternative 3

- Option 1: **Seector Individual** allocation for halibut PSC is based on each sector's average catch during the ~~sector allocation~~ qualifying period by area and primary species target fishery.
- Option 2: Maintain current halibut PSC allocations.

G-9. Sector Allocations – Jig Sector

Option 1. The jig fishery would receive an allocation based on its historic landings in the qualifying years

1. 100%
2. 125%
3. 150%
4. 200%

Option 2. **(Applies only to Alternative 2)** Catch by jig would be accounted for in a manner similar to sport halibut harvests in halibut IFQ fishery.

- Suboption: Cap jig harvest at ____% of current harvest of **Pcod** by species and area:
1. 100%
 2. 125%

- 3. 150%
- 4. 200%

Option 3. % of TAC

G-11. Individual allocations – Qualifying landing criteria

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.

Option 1: 3-200 miles

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

Include in the analysis a discussion of the history from 1) 0-200 miles (including parallel history), 2) 3-200 miles, and 0-200 miles, including parallel history and state water fishery history.

Suboption: (**Alternative 2 only**) catch history for P. cod fisheries determined based on a percentage of retained catch per year (does not include meal)

G-13. Individual allocations – Secondary Species

Alternative 2

Under both alternatives, allocations to and management of secondary species for halibut and sablefish IFQ holders would be governed by a separate motion.

Option 1. Share Allocations

Option 1. Allocate shares to all fishermen based on fleet bycatch rates by gear:

Suboption 1. based on average catch history by area and target fishery

Suboption 2. based on 75th percentile by area by target fishery

Option 2.—Allocation of shares will be adjusted pro rata to allocate 100% of the annual TAC for each bycatch species.

Suboption. Allocate these species for one gear type only (e.g., trawl). Deduct the secondary species catch of other gear types from TAC. If deduction is not adequate to cover secondary species catch in other gear types, on a seasonal basis, place that species on PSC status until overfishing is reached.

Option 2. Retain these species on bycatch status for all gear types with current MRAs.

Alternative 3

Option 1: Allocation of secondary species to and within cooperatives is based on the distribution of primary species history of individual cooperative members and the sector's average catch during the sector allocation qualifying period by area and primary species target fishery.

Option 2: Maintain current MRA management for secondary species.

G-14. Individual allocations – Halibut PSC

Alternative 2

Option 1: Share allocations (if applicable to the sector and gear type)

Each recipient of fishing history would receive an allocation of halibut mortality (harvest shares) based on their allocation of the primary species shares. Secondary species would receive no halibut allocation.

Initial allocation based on average halibut bycatch by directed primary species during the qualifying years. Allocations will be adjusted pro rata to equal the existing halibut PSC cap.

By sector average bycatch rates by area by gear:

Option 1. Both sectors

Option 2. Catcher Processor/Catcher Vessel

Option 2. Fleet management, specified in sector allocation of halibut (above)

Alternative 3

Option 1: Allocation of halibut PSC to and within cooperatives is based on the distribution of primary species history of individual cooperative members and the sector's average catch during the sector allocation qualifying period by area and primary species target fishery.

Option 2: Maintain current PSC MRA management for secondary halibut species.

G-17. Transferability - Vessel Type Restrictions

Alternative 2

Restrictions on transferability of CP harvest shares

CP harvest shares maintain their designation when transferred to persons who continue to catch and process CP harvest shares at sea, if CP harvest shares are processed onshore after transfer, CP harvest shares convert to CV harvest shares.

When CP shares are redesignated as CV shares

CP harvest shares retain their gear designation upon transfer.

Purchaser must further identify which processing provision and regionalization provision apply to the shares, consistent with the gear type.

Alternative 3

Option 1. Restrictions on transferability of CP harvest shares:

CP GH may be converted to CV GH. Once it is converted, it cannot be changed back to CP GH. CP GH maintains its designation when transferred to a person that continues to catch and process the resulting GQ at sea (within a cooperative or in open access.)

Option 2: Re-designate CP GH as CV GH upon transfer to a person who is not an initial issuee of CP shares:

- Suboption 1. all CP shares
- Suboption 2. trawl CP shares
- Suboption 3. longline CP shares

It is the intent of the NPFMC that this provision not apply to transfers between the first degree of kindred.

G-18. Transferability – Secondary Species

Permit transfer of secondary species QS

Option 1. Primary species shares and secondary species shares are non-separable and must be transferred as a unit.

Option 2. Primary species shares and secondary species shares are separable and may be transferred separately; they are fully leasable across gear type and sector and are allocated annually based on primary species allocation.

Option for trawl sablefish shares (**applies to Alternative 2 only**)

Allow trawl sablefish catch history to be issued as a new category of sablefish harvest shares ("T" shares) by area. "T" shares would be fully leasable, exempt from vessel size and block restrictions, and retain sector designation upon sale.

Suboption. These shares may be used with either fixed gear or trawl gear.

G-24. Regionalization

Alternative 2

Catcher vessel harvest shares are regionalized based on the landings history during the regionalization qualifying period, not where it was caught.

If issued, all processing licenses (for shore-based and floating processors) will be categorized by region. Processing licenses that are regionally designated cannot be reassigned to another region. (**Applies to Alternatives 2A and 2B**)

Catcher processor shares and any incentive fisheries are not subject to regionalization.

In the event harvest shares are regionalized and the processor linkage option is chosen, a harvester's shares in a region will be linked to the processor entity in the region to which the harvester delivered the most pounds during the qualifying years used for determining linkages.

The following describes the regions established and fisheries that would be subject to regionalization:

Central Gulf: Two regions are proposed to classify harvesting shares: North - South line at 58°51.10' North Latitude (Cape Douglas corner for Cook Inlet bottom trawl ban area) extending west to east to the intersection with 140° W long, and then southerly along 140□ W long.).

The following fisheries will be regionalized for shorebased (including floating) catch and subject to the North-South distribution:

- CGOA Pollock (area 620 and 630)
- CGOA aggregate flatfish,
- CGOA aggregate rockfish and
- CGOA Pacific cod.

CGOA trawl sablefish will be regionalized based on all landing of primary species in the CGOA associated with the license during regionalization qualifying period.

~~Secondary species shares~~

~~Secondary species shares would not be subject to regionalization~~

Qualifying years to determine the distribution of shares between regions will be:

- Option 1. the preferred individual allocation qualifying period
- Option 2. 1999 – 2002

Alternative 3

If adopted, history will be categorized by region (for the fisheries identified below).

History that is regionally designated cannot be reassigned to another region.

Catcher vessel history is regionalized based on where the catch was processed, not where it was caught.

Catcher processor history is not subject to regionalization.

The history associated with a license would be regionalized based on the landings history associated with that license during the regionalization qualifying period.

The following describes the regions established and fisheries that would be subject to regionalization:

Central Gulf: Two regions are proposed to classify harvesting shares: North - South line at 58°51.10' North Latitude (Cape Douglas corner for Cook Inlet bottom trawl ban area) extending west to east to the intersection with 140° W long, and then southerly along 140□ W long.).

The following fisheries will be regionalized for shorebased (including floating) catch and subject to the North-South distribution:

- CGOA Pollock (area 620 and 630),
- CGOA aggregate flatfish,
- CGOA aggregate rockfish, and
- CGOA Pacific cod.

CGOA trawl sablefish will be regionalized based on all landing of primary species in the CGOA associated with the license during regionalization qualifying period.

In the event GH is regionalized, a harvester will be eligible to bring its history in a region to a cooperative associated with the processor in the region to which the harvester delivered the most pounds during the cooperative formation qualifying period using species aggregations (i.e., pollock, Pacific cod, aggregate rockfish, and aggregate flatfish) and:

- Option 1. the cooperative/processor association period or
- Option 2. the individual allocation qualifying period.

Qualifying years to determine the distribution of GH between regions will be:

- Option 1. the years 1999-2002.
- Option 2. consistent with the qualifying period under cooperative formation in Section 3.3.5

G-25. Skipper/Crew

The Council directs staff to draft a discussion paper examining the structure and effects of skipper/crew provisions that:

- a. allocate a certain amount of quota to qualified skipper/crew
- b. requires that qualified skipper/crew be on board during the harvest of a percentage of a vessel's allocation.
- c. provide that, upon transfer of quota share/history, a percentage of the quota and/or transfer price is reserved for crew/skippers.

A skipper is defined as the individual owning the Commercial Fishery Entry Permit and signing the fish ticket.

Option 1. No skipper and/or crew provisions

Option 2. Establish license program for certified skippers. For initial allocation Certified Skippers are either:

- i. Vessel owners receiving initial QS or harvest privileges; or
- ii. Hired skippers who have demonstrated fishing experience in Federal or State groundfish fisheries in the BSAI or GOA for 3 out of the past 5 years as documented by a CFEC permit and signed fish tickets and/or appropriate NMFS documentation (starting date for five years is 2003).

Suboption 1. include crew in the license program.

Suboption 2. require that new Certified Skippers licenses accrue to individuals with demonstrated fishing experience (Groundfish – BSAI/GOA, state or federal waters) similar to halibut/sablefish program.

Under any alternative that establishes QS and annual harvest privileges, access to those annual harvest privileges is allowed only when fishing with a Certified Skipper onboard. Certified Skipper Licenses are non-transferable. They accrue to an individual and may not be sold, leased, bartered, traded, or otherwise used by any other individual.

Option 3. (**Applies to Alternative 2 only**) Allocate to skippers and/or crew

Suboption 1. Initial allocation of 5% shall be reserved for captains and/or crew

Suboption 2. Initial allocation of 10% shall be reserved for captains and/or crew

Suboption 3. Initial allocation of 15% shall be reserved for captains and/or crew

Defer remaining issues to a trailing amendment and assumes simultaneous implementation with rationalization program.

G-26. Incentive species

Alternative 2 and Alternative 3

Incentive species are:

Arrowtooth flounder, deepwater flatfish, flathead sole, rex sole, shallow water flatfish.

Option. The portion of historic unharvested West Yakutat Pacific cod TAC will be made available as an incentive fishery, subject to provision of incentive fisheries.

Allocation of incentive species

Allocations of incentive species groundfish primary species harvest shares (QS) will be made to historical participants using the following threshold approach:

Allocate harvest shares as a fixed allocation in metric tons. The threshold is set as:

- Option 1. Total retained catch of the participants divided by the number of years in the qualifying period.
- Option 2. Total retained catch of the participants plus 25% divided by the number of years in the qualifying period.
- Option 3. Total catch of the participants divided by the number of years in the qualifying period.

If available TAC is less than the total fixed allocation in metric tons, then reduce allocations pro-rata amongst shareholders. If available TAC is greater than the threshold, available incentive fishery quota is amount by which the TAC exceeds the threshold.

Eligibility to fish in the incentive fisheries

- A. The unallocated QS for the incentive fisheries are available for harvest, providing the vessel has adequate halibut PSC and secondary species.
 - Suboption: vessels must be a member of a GOA fishing cooperative to fish in the incentive fishery.
- B. Any holder of halibut or sablefish IFQ that has adequate IFQ or halibut PSC and secondary species.

Catch accounting for and entry to the incentive fisheries

Use of allocated QS and incentive fishery quota

Owners of shares must utilize all their shares for an incentive species before participating in incentive fishery for that species.

- Option 1. The individual co-op member's apportionment of the allocated incentive species QS must be used prior to the individual gaining access to the incentive fishery unallocated portion. The co-op will notify NMFS when a vessel enters the incentive fishery quota pool.
- Option 2. The co-op's allocation of incentive species QS must be fished before gaining access to the unallocated portion of the incentive species quotas. The co-op members through a contractual coop agreement will address catch accounting amongst the co-op members.
- Option 3. For shareholders not participating in co-op, the unallocated incentive species are available for harvest once the individual IFQ holder's allocation of the incentive species has been used.

Trawl Gear Alternatives

T-1. Transferability - Leasing

Alternative 2 and 3

Active participation requirements for trawl CVs (leasing restrictions):

1. For initial issuants of trawl QS/GH who receive initial allocations of Pcod, pollock, or aggregate rockfish primary species less than:

- a. 60th percentile
- b. 65th percentile
- c. 70th percentile
- d. 75th percentile

Their initial allocation of primary species trawl QS/GH can be leased freely for the first 3 years of the program.

2. For initial issuants of trawl QS/GH who receive initial allocations greater than the amount established above in 2 of 3 most recent years:

- a. 30%
- b. 40%
- c. 50%

of their aggregate primary species trawl QS/GH for Pcod, pollock, and aggregate rockfish must either (a) be fished by a vessel which the trawl QS/GH holder owns at least

- Option 1. 20%
- Option 2. 30%
- Option 3. 40%
- Option 4. >50%

of, or (b) fished on a vessel with the trawl QS/GH holder on board.

3. After 3 years from the start of this rationalization program, the above option 2 applies to all QS/GH holders.

(i.e. 75th percentile represents the amount of harvest shares that is greater than the amount of harvest shares for which 75% of the fleet will qualify.)

Leasing requirements imposed on cooperative members will be monitored by the cooperative. Compliance will be reported in the cooperative annual report.

All initial issues (individuals and corporations) would be grandfathered as not being required to be aboard the vessel to fish shares initially issued as "owner on board" shares. This exemption applies only to those initially issued quota shares.

In cases of hardship (injury, medical incapacity, loss of vessel, etc.) a holder of "owner on board" quota shares may, upon documentation and approval, transfer/lease his or her shares a maximum period of 3 years out of any 10 year period.

Option 1: Apply leasing limitation only outside of cooperatives

Option 2: Apply leasing limitation inside and outside of cooperatives

Leasing of QS is defined as the transfer of annual IFQ permit to a person who is not the holder of the underlying QS for use on any vessel and use of IFQ by an individual designated by the QS holder on a vessel which the QS holder owns less than 20%—same as "hired skipper" requirement in halibut/sablefish program.

For trawl catcher vessels

Option 1. No leasing of CV QS (QS holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the IFQ).

Suboption: Allowing leasing by initial recipients of QS (grandfather clause)

- Option 2. Allow leasing of CV QS, but only to individuals and entities eligible to receive QS/IFQ by transfer.
- Option 3. For individuals and entities with CV QS, no leasing restrictions for the first three years. After this grace period, leasing will be allowed in the following calendar year if the QS holder is on board or owns 20 percent or greater of a vessel on which 30 percent of the primary species shares held by the QS holder in at least 2 of the most recent 4 years were harvested.

For trawl catcher processors

Allow leasing of CP QS, but only to individuals and entities eligible to receive QS/IFQ by transfer.

Alternative 3

~~Leasing of history is defined as the use of the resulting annual allocation by a person who is not the holder of the underlying history on any vessel and use of that annual allocation by an individual designated by the history holder on a vessel which the history holder owns less than 20% – same as “hired skipper” requirement in halibut/sablefish program.~~

For trawl catcher vessels

- Option 1. No leasing of CV history (history holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the annual allocation).
- Suboption: Allowing leasing by initial recipients of history (grandfather clause)
- Option 2. Allow leasing of CV history, but only to individuals and entities eligible to receive history by transfer.
- Option 3. For individuals and entities with CV history, no leasing restrictions for the first three years. After this grace period, leasing will be allowed in the following calendar year if the history holder is on board or owns 20 percent or greater of a vessel on which 30 percent of the primary species history held by the history holder in at least 2 of the most recent 4 years were harvested.

For trawl catcher processors

Allow leasing of CP history, but only to individuals and entities eligible to receive history by transfer.

T-2. Share Use – Owner-on-board

Alternative 2

- Option 1: Apply owner on board requirements only outside of cooperatives
- Option 2: Apply owner on board requirements inside and outside of cooperatives

For trawl catcher vessels

A range of 0-70% of the trawl quota shares initially issued to fishers/harvesters would be designated as “owner on board.”

All initial issues (individuals and corporations) would be grandfathered as not being required to be aboard the vessel to fish shares initially issued as “owner on board” shares. This exemption applies only to those initially issued quota shares.

In cases of hardship (injury, medical incapacity, loss of vessel, etc.) a holder of “owner on board” quota shares may, upon documentation and approval, transfer/lease his or her shares a maximum period of 3 years out of any 10 year period.

T-3. Excessive share caps – individual caps on use and holdings

Alternative 2

Caps will be expressed as QS units indexed to the first year of implementation.

- Option 1. Caps apply to all harvesting categories by species with the following provisions:
1. Apply individually and collectively to all harvest share holders in each sector and fishery.

~~2. Percentage caps by species and management area are as follows (a different percentage cap may be chosen for each fishery):~~

Trawl CV and/or CP (can be different caps)

Use cap based at the following percentile of catch history for the following species (i.e., 75th percentile represents the amount of harvest shares that is greater than the amount of harvest shares for which 75% of the fleet will qualify) pollock, Pacific cod, deepwater flatfish, rex sole, shallow water flatfish, flathead sole, Arrowtooth flounder, northern rockfish, Pacific ocean perch, pelagic shelf rockfish

~~Suboption 1. 75 %~~

~~Suboption 2. 85%~~

~~Suboption 3. 95 %~~

~~Option 2. Caps equal to a percentage that would allow contraction of QS holders in the fishery by 20%, 30% or 50% of the number of initially qualified QS recipients by species and sector.~~

Application of caps to intercooperative transfers

To effectively apply individual ownership caps, the number of shares or history that each cooperative member could hold and bring to cooperatives would be subject to the individual ownership caps (with initial allocations grandfathered). Transfers between cooperatives would be undertaken by the members individually, subject to individual ownership caps.

CP QS/IFQ conversion to CV QS/IFQ

~~CP shares converted to CV shares will count toward CV caps~~

~~Caps will be applied to prohibit acquisition of shares in excess of the cap.~~

Alternative 2 and 3

History holdings of a co-op member ~~to an individual~~ shall be capped at:

Option 1. 1% of the history by area, sector and species groups (pollock, Pacific cod aggregate rockfish, aggregate flatfish)

Option 2. 3% of the history by area, sector and species groups

Option 2.3 5% of the history by area, sector and species groups

Option 3.4 20% of the history by area, sector and species groups

Option 3-5 30% of the history by area, sector and species groups

Option 4.6 no cap

Allocations to original issuees would be grandfathered at the original level of history.

~~Apply individually and collectively to all harvest share holders in each sector and fishery.~~

~~Different caps can be chosen in the CV sector and the CP sector.~~

CP history conversion to CV history

CP history and annual allocations converted to CV history and annual allocations will count toward CV caps

Caps will be applied to prohibit acquisition of history in excess of the cap. Conversion of CP history or annual allocations to CV history or annual allocations alone will not require a CP history holder or cooperative to divest CP history and annual allocations for exceeding CP caps.

T-4. Excessive share caps – vessel use caps

Alternative 2 and 3

Individual vessel use cap ~~applies within coops~~

Vessel use caps on harvest shares harvested on any given vessel shall be set at

i. 100%

ii. 150%

iii. 200%

the individual use cap for each species. Initial issuees that exceed the individual or vessel use caps are grandfathered at their current level as of a control date of April 3, 2003, including transfers by contract entered into as of that date.

Cooperative vessel use cap

~~Co-op use caps for harvest shares on any given vessel shall be:~~

- Option 1. Set at the same level as the individual vessel level.
- Option 2. 3 times individual vessel use cap.
- Option 3. No use caps

Alternative 3

~~Vessel use caps on harvest shares harvested on any given vessel shall be set at~~

- i. 100%
- ii. 150%
- iii. 200%

~~the individual use cap for each species. Initial issuees that exceed the individual or vessel use caps are grandfathered at their current level as of a control date of April 3, 2003, including transfers by contract entered into as of that date.~~

T-6. Excessive share caps – cooperative use caps

Alternative 2

~~Set co-op use caps at 25 to 100% of total TAC by species~~

Alternative 2 and 3

Control of history or use of annual allocations by a co-op shall be capped at:

- Option 1. 15% by area, sector and species groups (pollock, Pacific cod aggregate rockfish, aggregate flatfish).
- Option 2. 25% by area, sector and species groups
- Option 3. 45% by area, sector and species groups
- Option 4. no cap

Separate caps can be chosen for the CV and CP sector

T-8. Transferability – Eligibility to Receive

Alternative 2

Persons eligible to receive harvest history or shares by transfer must be:

For CP history/shares:

- 1) Entities eligible to document a vessel
- 2) Initial recipients of CV or C/P harvest shares
- 3) Community administrative entities eligible to receive shares/history by transfer
- 4) Individuals eligible to document a vessel with at least 150 days of sea time

For CV history/shares:

- 1) Individuals eligible to document a vessel with at least 150 days of sea time
- 2) Initial recipients of CV or C/P harvest shares
- 3) Community administrative entities eligible to receive shares/history by transfer

Definition of sea time:

Sea time in any of the U.S. commercial fisheries in a harvesting capacity.

Alternative 3

Persons qualified to receive history by transfer include:

- 1) processors that associate with initial cooperatives and
- 2) for CP/CV history/shares:
 - a. entities eligible to document a vessel

- b. initial recipients of CV or CP harvest shares
 - c. community administrative entities eligible to receive shares/history by transfer
 - d. individuals eligible to document a vessel with at least 150 days of sea time
- 3) Option 1. US citizens who have had at least 150 days of sea time.
- Option 2. Entities that meet U.S. requirements to document a vessel.
- Option 3. Initial recipients of CV or C/P history
- Option 4. individuals who are U.S. citizens.

Definition of sea time:

Sea time in any of the U.S. commercial fisheries in a harvesting capacity.

Alternative T2A – IFQ/Cooperatives with Processor License Limitation

T2A-6. Rules Governing Cooperatives

- Annual allocations of cooperative members would be issued to the cooperative.
- Co-op members may internally allocate and manage the co-op's allocation per the co-op membership agreement. Subject to any harvesting caps that may be adopted, member allocations may be transferred and consolidated within the co-op to the extent permitted under the membership agreement.
- Monitoring and enforcement requirements would be at the co-op level. 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 primary species, secondary species and halibut mortality, as may be adjusted by interco-op transfers.
- Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Co-ops may penalize or expel members who fail to comply with their membership agreement.
- Coop membership agreements will specify that processor affiliated harvesters ~~affiliates cannot participate in price setting negotiations except as permitted by general antitrust law.~~
- Co-ops may engage in inter-cooperative transfers to the extent permitted by rules governing transfers of shares among sectors (e.g., gear groups, vessel types).
- Require that a cooperative accept membership of any eligible participant subject to the same terms and conditions that apply to other cooperative members.
- The cooperatives formed under this program are harvest associations that are intended only to conduct and coordinate harvest activities of their members and are not FCMA cooperatives. Processor affiliated vessels will be permitted to join harvest cooperatives.

T2A-7. Harvest Share Allocations – A share/B share allocations

If a processor limited entry alternative is chosen, CV primary species harvest shares will be issued in two classes. Class A shares will be deliverable to a licensed processor. Class B shares will be deliverable to any processor as authorized under this program. Only the annual allocations will be subject to the Class A/Class B distinction. All long term shares or history will be of a single class.

~~Suboption : Processor affiliated vessels to receive entire allocation as A shares.~~

T2A-10. Processor License Qualifications

To qualify for a processor license, a processor must have purchased and processed a minimum amount of groundfish by region as described below in at least 4 of the following years:

- Option 1. 1995-2001
- Option 2. 1995-2002
- Option 3. 1998-2003
- Option 4. 2000-2004
- Option 5. 1995-2003

Eligible Processors – minimum annual processing
Trawl

- Suboption 1. 2000 mt
- Suboption 2. 1000 mt
- Suboption 3. 500 mt

Trawl and fixed gear eligible processors

Processors that meet criteria for both the trawl processor license and fixed gear processor licenses will be issued a single trawl/fixed gear license

Processor history would be credited to (and licenses would be issued to):

Operator – must hold a federal or state processor permit.

Custom processing history would be credited to the processor that purchased the fish as indicated on the fish ticket and paid for processing

A licensed processor may operate an unlimited number of facilities under one license.

T2A-12. Processing Use Caps

Processing caps apply at the entity level by processor license type (by CGOA and WGOA regulatory areas) on A share landings:

- Option 1. Range 70% to 130% of TAC processed for all groundfish species for the largest licensed processor
- Option 2. Processing use caps would be equal to a percentage that would allow contraction of processing companies in the fishery by 20%, 30%, or 50% of the number initially qualified processing companies

(Note: There is no limit on the amount of fish licensed processor can buy from the open B share classed fish)

Processing caps apply at the entity level.

Initial issuees that exceed the processor use cap are grandfathered at their current level

T2A-13. License ownership restrictions on processors

(Applies at the entity level) by region

Option 1. No restrictions

Option 2. Trawl/fixed license holders cannot hold any additional fixed gear only licenses

Processors may acquire additional licenses so that they hold a combination of licenses allowing them to process 'A' shares from both the fixed gear and trawl gear sectors. Owners of fixed licenses can buy trawl/fixed licenses, owners of trawl/fixed may not buy additional licenses.

Alternative T2B – IFQ/Cooperatives with Processor Linkages

T2B-6. Rules Governing Cooperatives

- Annual allocations of cooperative members would be issued to the cooperative.
- Co-op members may internally allocate and manage the co-op's allocation per the co-op membership agreement. Subject to any harvesting caps that may be adopted, member allocations may be transferred and consolidated within the co-op to the extent permitted under the membership agreement.
- Monitoring and enforcement requirements would be at the co-op level. 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 primary species, secondary species and halibut mortality, as may be adjusted by interco-op transfers.

- Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Co-ops may penalize or expel members who fail to comply with their membership agreement.
- ~~Coop membership agreements will specify that Processor processor affiliates affiliated harvesters~~ cannot participate in price setting negotiations except as permitted by general antitrust law.
- Co-ops may engage in inter-cooperative transfers to the extent permitted by rules governing transfers of shares among sectors (e.g., gear groups, vessel types).
- Require that a cooperative accept membership of any eligible participant subject to the same terms and conditions that apply to other cooperative members.
- ~~The cooperatives formed under this program are harvest associations that are intended only to conduct and coordinate harvest activities of their members and are not FCMA cooperatives. Processor affiliated vessels will be permitted to join harvest cooperatives.~~

T2B-7. Harvest Share Allocations – A share/B share allocations

If a processor limited entry alternative is chosen, CV primary species harvest shares will be issued in two classes. Class A shares will be deliverable to a licensed processor *to which the shares are linked*. Class B shares will be deliverable to any processor as authorized under this program. Only the annual allocations will be subject to the Class A/Class B distinction. All long term shares or history will be of a single class.

~~Suboption : Processor affiliated vessels to receive entire allocation as A shares.~~

T2B-9. Processor License Qualifications

To qualify for a processor license, a processor must have purchased and processed a minimum amount of groundfish by ~~area and~~ region as described below in at least 4 of the following years:

- Option 1. 1995-2001
- Option 2. 1995-2002
- Option 3. 1998-2003
- Option 4. 2000-2004
- Option 5. 1995-2003

Eligible Processors – minimum annual processing

- Suboption 1. 2000 mt
- Suboption 2. 1000 mt
- Suboption 3. 500 mt

Processor history would be credited to (and licenses would be issued to):

Operator – must hold a federal or state processor permit.

Custom processing history would be credited to the processor that purchased the fish as indicated on the fish ticket and paid for processing

If a processor meets the threshold for total purchased and processed groundfish for all their facilities combined, but does not meet the threshold for any one facility then the processor would be issued a license for the facility in which it processed most fish.

T2B-10. Linkage (Linkages apply by area)

~~A harvester's processor linked shares are associated with the licensed trawl processor to which the harvester delivered the most pounds of groundfish during the last ____ years of prior to 2004.~~

- i. 1
- ii. 2
- iii. 3

~~A harvester's processor linked shares are associated with the licensed fixed or trawl processor to which the harvester delivered the most pounds of primary groundfish species by area (Western Gulf; Central Gulf & West Yakutat (combined)) and region (North/South) during the~~

- a) qualifying years.
- b) most recent 1, 2, or 3 years from the qualifying years.
- c) last ___ years of prior to 2004.
 - i. 1
 - ii. 2
 - iii. 3

Suboption:

A harvester is initially eligible to join a cooperative in association with a processor who processed [REDACTED] a) 80% or b) 90%

of the harvesters eligible history. If no processor processed this percentage of a harvester's eligible history, the harvester linked shares are with the processor that processed the most qualified landings and the processor that processed the second most qualified landings on a pro rata basis

Processors with history at multiple facilities in a community may aggregate those histories for determining associations.

Option 1: If the processing facility with whom the harvester is associated is no longer operating in the community, and another processing facility within the community has not purchased the history, the harvester is eligible to deliver to develop a new association in the following order:

- 1) The licensed processor to whom the harvester delivered the second most pounds in the community as long as that processor accounts for at least 20% of harvester's history
- 2) Any licensed processor in the community
- 3) The licensed processor to whom the harvester delivered the second most pounds in the region
- 4) Any licensed processor in the region
 - i. any licensed processor
 - ii. any licensed processor in the community
 - iii. the licensed processor to whom the harvester delivered the second most pounds

Option 2: If the processing facility with whom the harvester is associated is no longer operating in the community, the harvester is eligible to deliver to develop a new association in the following order:

- 1) The licensed processor to whom the harvester delivered the second most pounds in the community as long as that processor accounts for at least 20% of harvester's history
- 2) Any licensed processor in the community
- 3) The licensed processor to whom the harvester delivered the second most pounds in the region
- 4) Any licensed processor in the region
 - i. any licensed processor
 - ii. any licensed processor in the community
 - iii. the licensed processor to whom the harvester delivered the second most pounds

The Council requests staff provide a discussion paper addressing the effect of a use cap on the number of processors in a region.

T2B-12. Transferability of eligible processor licenses

Processor licenses can be sold, leased, or transferred.

Within the same region

If the license is transferred outside the community of origin, then vessel linkages are broken and vessels are allowed to develop a new association with any licensed processor within the same community or, if no processor exists in the community, within the same region. deliver to any licensed processor.

T2B-13. License Transfers Among Processors In the same community

Option 1. any share association with that license will transfer to the processor receiving the license.
 All harvest share/history holders will be subject to any share reduction on severing the linkage, as would have been made in the absence of the transfer.

- ~~Option 2. any share associated with the license will be free to associate with any licensed processor. Harvest share/history holders will be free to move among processors without share/history reduction.~~
- Option 2.** Any share association with that license will transfer to the processor receiving the license. All harvest share/history holders will be subject to any share reduction at the full penalty for movement the first year; for the second year, half penalty applies to change the processor association. Harvest share holders would be allowed to develop a new association with a licensed processor within the same community if another processor is in the community or if no processor in the community within the same region.
- Option 3.** Any share association with that license will transfer to the processor receiving the license. All harvest share/history holders will be subject to any share reduction at the full penalty for the first year; for the second year, no penalty applies to change the processor association. Harvest share holders would be allowed to develop a new association with a licensed processor within the same community if another processor is in the community or if no processor in the community within the same region.

T2B-14. Processing Use Caps

Processing caps apply at the entity level by processor license type (by CGOA and WGOA regulatory areas) on A share landings:

- Option 1. Range 70% to 130% of TAC processed for all groundfish species for the largest licensed processor
- Option 2. Processing use caps would be equal to a percentage that would allow contraction of processing companies in the fishery by 20%, 30%, or 50% of the number initially qualified processing companies

(Note: There is no limit on the amount of fish licensed processor can buy from the open B share classed fish)

Initial issues that exceed the processor use cap are grandfathered at their current level.

2B-15. License ownership restrictions on processors

Applies at the entity level by region

~~Option 1. No restrictions~~

~~Option 2. Trawl/fixed license holders cannot hold any additional fixed gear only licenses~~

Option 1. A maximum of one facility license

Option 2. A maximum of two facility licenses

Option 3. A maximum of three facility licenses

Option 4. An unlimited number of facility licenses

Initial issues that exceed the license ownership cap are grandfathered at their current level.

Alternative T3 – Cooperatives/Limited Access with Processor Associations

T3-3. Cooperative Eligibility - Catcher Vessel Cooperatives

Catcher vessel co-ops may be established within sectors between eligible harvesters in association with an eligible processor. A harvester is initially eligible to join a cooperative in association with the processor to which the harvester delivered the most pounds of primary species by area (Western Gulf, Central Gulf, & West Yakutat combined) and region (North/South) during the

- a) qualifying years.
- b) most recent 1, 2, or 3 years from the qualifying years.
- c) last 4 years prior to 2004

Provisions applied to a, b, and c:

For the following species groups:

- Pollock

- Pacific cod
- Aggregate rockfish
- Aggregate flatfish
- All groundfish

Suboption for All groundfish: A harvester is initially eligible to join a cooperative in association with a processor who processed a) 80% b) 90%

of the harvesters eligible history. If no processor processed this percentage of a harvester's eligible history, the harvester can enter into initial cooperatives with the processor that processed the most qualified landings and, the processor that processed the second most qualified landings on a pro rata basis.

T3-6. Duration of Initial Cooperative Agreements

Duration of initial cooperative agreements:

- Option 1. 1 year
- Option 2. 2 years
- Option 3. 3 years
- Option 4. Any length agreed between the co-op participants.

Different options may apply to CV and CP coops

T3-7. Catcher Vessel - Cooperative/processor associations

Option 1: If the processing facility with whom the harvester would be initially associated is no longer operating in the community, and another processing facility within the community has not purchased the history, the harvester is eligible to deliver to **in the following order**

- i. any licensed processor
- ii. any licensed processor in the community (If there are no eligible processors in that community, the harvester may join a co-op in association with any eligible processor within the region.)
- iii. the licensed processor to whom the harvester delivered the second most pounds
 - 1) The processor to whom the harvester delivered the second most pounds in the community as long as that processor accounts for at least 20% of harvester's history
 - 2) Any processor in the community
 - 3) The processor to whom the harvester delivered the second most pounds in the region
 - 4) Any processor in the region

Option 2: If the processing facility with whom the harvester would be initially associated is no longer operating in the community, the harvester is eligible to deliver to **in the following order**

- i. any licensed processor
- ii. any licensed processor in the community (If there are no eligible processors in that community, the harvester may join a co-op in association with any eligible processor within the region.)
- iii. the licensed processor to whom the harvester delivered the second most pounds
 - 1) The processor to whom the harvester delivered the second most pounds in the community as long as that processor accounts for at least 20% of harvester's history
 - 2) Any processor in the community
 - 3) The processor to whom the harvester delivered the second most pounds in the region
 - 4) Any processor in the region

CV cooperatives must be associated with an eligible processing facility

Processors can associate with more than one co-op.

Processors with history at multiple facilities in a community may aggregate those histories for determining associations.

The eligible processor is:

- 1) prior to satisfying an exit requirement, a processor that the harvester is initially eligible to associate with in a cooperative, and
- 2) after satisfaction of an exit requirement, any processor

T3-10. Movement between cooperatives

An initial cooperative formation period shall be established beginning with year one of program implementation and extended for the period identified below.

Option 1. no initial formation period (0 years)

Option 2. period is 1 year

Option 3. period is 2 years

Option 4. period is 3 years

Different options may apply to CV and CP sectors

After the initial cooperative formation period, a holder of GH that meets the requirements of an initial cooperative agreement for exiting a cooperative may leave an initial cooperative and join a cooperative in association with any processor pursuant to a Contract that meets the requirements of rules governing cooperatives.

T3-11. Rules Governing Cooperatives

The following provisions apply to all cooperatives:

- a. The harvesters that enter into a co-op membership agreement shall be the members of the co-op. The processor will be an associate of the cooperative but will not be a cooperative member.
- b. Except for CP cooperatives, a pre-season Contract between eligible, willing harvesters in association with a processor is a pre-requisite to a cooperative receiving an allocation of GQ. For an initial co-op, the Contract must meet the initial cooperative agreement requirements.
- c. The co-op membership agreement and the Contract will be filed with the RAM Division. The Contract must contain a fishing plan for the harvest of all co-op fish.
- d. Co-op members shall internally allocate and manage the co-op's allocation per the Contract.
- e. Subject to any harvesting caps that may be adopted, GH or GQ may be transferred and consolidated within the co-op to the extent permitted under the Contract.
- f. The Contract must have a monitoring program. Monitoring and enforcement requirements would be at the co-op level. 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 primary species, secondary species and halibut PSC mortality, as may be adjusted by inter-cooperative transfers.
- g. Co-ops may adopt and enforce fishing practice codes of conduct as part of their membership agreement. Co-ops may penalize or expel members who fail to comply with their membership agreement.
- h. Co-op membership agreements will specify that processor affiliated ~~vessels~~ ~~harvesters~~ cannot participate in ~~price setting~~ negotiations ~~concerning price setting~~, ~~except as permitted by general antitrust law~~, code of conduct, mechanisms for expelling members, or exit agreements.
- i. 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. Harvesters that have never been a member of a cooperative must enter an agreement that meets all requirements for an initial co-op, as specified under initial cooperative agreement requirements.
- j. The cooperatives formed under this program are harvest associations that are intended only to conduct and coordinate harvest activities of their members and are not FMCA cooperatives. Processor affiliated vessels will be permitted to join harvest cooperatives.

T3-17. Processing Use Caps

Processors shall be capped at the entity level.

No processor shall process more than:

Option 1. 25% of total harvest by area and primary species groups in Section 3.3.5

Option 2. 50% of total harvest by area and primary species groups in Section 3.3.5

Option 3. 75% of total harvest by area and primary species groups in Section 3.3.5

Option 4. no cap

Option 5. no cap in areas with two or fewer processors.

Processors eligible to associate with an initial cooperative will be grandfathered.

There is no limit on the amount of fish that an eligible processor can buy from the open access fishery.

The Council requests that staff provide:

- 1) Distributions of Quota share by Area and Sector for aggregate rockfish and aggregate flatfish species groups for LLP catch history from 3 to 200 miles (EEZ, excludes parallel fish catch) for purposes of excessive share caps.
- 2) Distributions of Quota share by Area and Sector for pollock, Pacific cod, aggregate rockfish and aggregate flatfish species groups for LLP catch history from 0 to 200 miles (includes parallel fish catch) for purposes of excessive share caps.
- 3) Provide the number of potentially qualifying licenses by processing entity for 2A
- 4) Provide the number of potentially qualifying facility licenses by processing entity for alternative 2B
- 5) Potential Association combinations between processors and vessels for alternative 2 & 3

Staff is requested to separate CV and CP alternatives (applies to all gear types).

Fixed Gear Alternatives

The Council requests staff to split the fixed gear sector into two distinct but parallel sectors, longline and pot.

NOTE: THE FOLLOWING CHANGES TO THE "F" SECTION APPLY TO THE POT SECTOR ONLY.

Should the fixed gear longline sector and/or the fixed gear jig sector wish to modify current alternatives for GOA Groundfish rationalization they should provide direction to the AP and Council. It is not the Council's intent to have these sectors impact the timeframe for decision regarding rationalization of the pot and trawl sectors.

F-1. Transferability - Leasing

Alternative 2 and 3

Active participation requirements for trawl CVs (leasing restrictions):

1. For initial issuants of pot QS/GH who receive initial allocations of Pcod less than:
 - a. 60th percentile
 - b. 65th percentile
 - c. 70th percentile
 - d. 75th percentile

Their initial allocation of primary species pot QS/GH can be leased freely for the first 3 years of the program.

2. For initial issuants of pot QS/GH who receive initial allocations greater than the amount established above in 2 of 3 most recent years:
 - a. 30%
 - b. 40%
 - c. 50%

of their aggregate primary species pot QS/GH for Pcod must either (a) be fished by a vessel which the pot QS/GH holder owns at least

- Option 1. 20%
- Option 2. 30%
- Option 3. 40%
- Option 4. >50%

of, or (b) fished on a vessel with the pot QS/GH holder on board.

3. After 3 years from the start of this rationalization program, the above option 2 applies to all QS/GH holders.

(i.e. 75th percentile represents the amount of harvest shares that is greater than the amount of harvest shares for which 75% of the fleet will qualify.)

Leasing requirements imposed on cooperative members will be monitored by the cooperative. Compliance will be reported in the cooperative annual report.

All initial issues (individuals and corporations) would be grandfathered as not being required to be aboard the vessel to fish shares initially issued as "owner on board" shares. This exemption applies only to those initially issued quota shares.

In cases of hardship (injury, medical incapacity, loss of vessel, etc.) a holder of "owner on board" quota shares may, upon documentation and approval, transfer/lease his or her shares a maximum period of 3 years out of any 10 year period.

Option 1: Apply leasing limitation only outside of cooperatives

Option 2: Apply leasing limitation inside and outside of cooperatives

~~Leasing of QS is defined as the transfer of annual IFQ permit to a person who is not the holder of the underlying QS for use on any vessel and use of IFQ by an individual designated by the QS holder on a vessel which the QS holder owns less than 20%—same as “hired skipper” requirement in halibut/sablefish program.~~

For fixed gear catcher vessels

- Option 1. No leasing of CV QS (QS holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the IFQ).
Suboption: Allowing leasing by initial recipients of QS (grandfather clause)
- Option 2. Allow leasing of CV QS, but only to individuals and entities eligible to receive QS/IFQ by transfer.
- Option 3. For individuals and entities with CV QS, no leasing restrictions for the first three years. After this grace period, leasing will be allowed in the following calendar year if the QS holder is on board or owns 20 percent or greater of a vessel on which 30 percent of the primary species shares held by the QS holder in at least 2 of the most recent 4 years were harvested.

For fixed gear catcher processors

Allow leasing of CP QS, but only to individuals and entities eligible to receive QS/IFQ by transfer.

Alternative 3

~~Leasing of history is defined as the use of the resulting annual allocation by a person who is not the holder of the underlying history on any vessel and use of that annual allocation by an individual designated by the history holder on a vessel which the history holder owns less than 20%—same as “hired skipper” requirement in halibut/sablefish program.~~

For fixed gear catcher vessels

- Option 1. No leasing of CV history (history holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the annual allocation).
Suboption: Allowing leasing by initial recipients of history (grandfather clause)
- Option 2. Allow leasing of CV history, but only to individuals and entities eligible to receive history by transfer.
- Option 3. For individuals and entities with CV history, no leasing restrictions for the first three years. After this grace period, leasing will be allowed in the following calendar year if the history holder is on board or owns 20 percent or greater of a vessel on which 30 percent of the primary species history held by the history holder in at least 2 of the most recent 4 years were harvested.

For fixed gear catcher processors

Allow leasing of CP history, but only to individuals and entities eligible to receive history by transfer.

F-2. Share Use – Owner-on-board

Alternative 2

- Option 1: Apply owner on board requirements only outside of cooperatives
Option 2: Apply owner on board requirements inside and outside of cooperatives

For fixed gear catcher vessels

~~A range of 0-80% of the fixed gear quota shares initially issued to fishers/harvesters would be designated as “owner on board.”~~

~~All initial issues (individuals and corporations) would be grandfathered as not being required to be aboard the vessel to fish shares initially issued as “owner on board” shares. This exemption applies only to those initially issued quota shares.~~

~~In cases of hardship (injury, medical incapacity, loss of vessel, etc.) a holder of "owner on board" quota shares may, upon documentation and approval, transfer/lease his or her shares a maximum period of 3 years out of any 10 year period.~~

F-3. Excessive share caps – individual caps on use and holdings

Alternative 2

Caps will be expressed as QS units indexed to the first year of implementation.

Option 1. Caps apply to all harvesting categories by species with the following provisions:

1. Apply individually and collectively to all harvest share holders in each sector and fishery.
2. Percentage caps by species and management area are as follows (a different percentage cap may be chosen for each fishery):

~~Longline and Pot CV and/or CP (can be different caps)~~

~~based on the following percentiles of catch history for the following species:~~

~~Pacific cod, pelagic shelf rockfish, Pacific ocean perch, deep water flatfish (if Greenland turbot is targeted), northern rockfish~~

Suboption 1.	75 %
Suboption 2.	85%
Suboption 3.	95 %

Option 2. Caps equal to a percentage that would allow contraction of QS holders in the fishery by 20%, 30% or 50% of the number of initially qualified QS recipients by species and sector.

Application of caps to intercooperative transfers

To effectively apply individual ownership caps, the number of shares or history that each cooperative member could hold and bring to cooperatives would be subject to the individual ownership caps (with initial allocations grandfathered). Transfers between cooperatives would be undertaken by the members individually, subject to individual ownership caps.

CP QS/IFQ conversion to CV QS/IFQ

~~CP shares converted to CV shares will count toward CV caps~~

~~Caps will be applied to prohibit acquisition of shares in excess of the cap.~~

Alternative 2 and 3

History holdings of a co-op member shall be capped at:

- | | |
|------------------|--|
| Option | 0.5% of the history by area, sector and species |
| Option 1. | 1% of the history by area, sector and species groups (pollock, Pacific cod aggregate rockfish, aggregate flatfish) |
| Option 2. | 3% of the history |
| Option 3. | 5% of the history by area, sector and species groups |
| Option 4. | 20% of the history by area, sector and species groups |
| Option 5 | 30% of the history by area, sector and species groups |
| Option 6 | no cap |

Allocations to original issuees would be grandfathered at the original level of history.

Apply individually and collectively to all harvest share holders in the pot p. cod sector.

CP history conversion to CV history

CP history and annual allocations converted to CV history and annual allocations will count toward CV caps

Caps will be applied to prohibit acquisition of history in excess of the cap. Conversion of CP history or annual allocations to CV history or annual allocations alone will not require a CP history holder or cooperative to divest CP history and annual allocations for exceeding CP caps.

F-4. Excessive share caps – vessel use caps

Alternative 2 and 3

Individual vessel use cap (applies within coops)

Vessel use caps on harvest shares harvested on any given vessel shall be set at

- i. 100%
- ii. 150%
- iii. 200%

the individual use cap for each species. Initial issuees that exceed the individual or vessel use caps are grandfathered at their current level as of a control date of April 3, 2003, including transfers by contract entered into as of that date.

Cooperative vessel use cap

~~Co-op use caps for harvest shares on any given vessel shall be:~~

- Option 1. Set at the same level as the individual vessel level.
- Option 2. 3 times individual vessel use cap.
- Option 3. No use caps

Alternative 3

~~Vessel use caps on harvest shares harvested on any given vessel shall be set at~~

- i. 100%
- ii. 150%
- iii. 200%

~~the individual use cap for each species. Initial issuees that exceed the individual or vessel use caps are grandfathered at their current level as of a control date of April 3, 2003, including transfers by contract entered into as of that date.~~

F-6. Excessive share caps – cooperative use caps

Alternative 2

~~Set co-op use caps at 25 to 100% of total TAC by species~~

Alternative 2 and 3

Control of history or use of annual allocations by a co-op shall be capped at:

- Option 1. 15% by area, sector and species groups (pollock, Pacific cod aggregate rockfish, aggregate flatfish).
- Option 2. 25% by area, sector ~~Pcod~~
- Option 3. 45% by area, sector ~~Pcod~~
- Option 4. no cap

Different caps can be chosen for CPs and CV

F-9. Retention of halibut out of season

Alternative 2

~~Halibut incidentally caught may be retained outside the halibut season from Jan. 1 to start of commercial fishery. Any person retaining halibut must have adequate halibut IFQ to cover the landing. Retention is limited to (range 10-20%) of primary species.~~

- Option 1: In all GOA areas.
- Option 2: Limited to Areas 3A, 3B, and 4A.

~~The Council requests that staff notify the IPHC concerning these provisions.~~

F-10. Transferability – Eligibility to Receive

Alternative 2

Persons eligible to receive harvest history or shares by transfer must be:

For CP history/shares:

- 1) Entities eligible to document a vessel
- 2) Initial recipients of CV or C/P harvest shares
- 3) Community administrative entities eligible to receive shares/history by transfer
- 4) Individuals eligible to document a vessel with at least 150 days of sea time

For CV history/shares:

~~Individuals eligible to document a vessel with at least 150 days of sea time~~

~~Initial recipients of CV or C/P harvest shares~~

~~Community administrative entities eligible to receive shares/history by transfer.~~

Definition of sea time:

Sea time in any of the U.S. commercial fisheries in a harvesting capacity.

Alternative 3

Persons qualified to receive history by transfer include:

- 1) processors that associate with initial cooperatives and
- 2) For CP/CV history shares:
 - a) Entities eligible to document a vessel
 - b) Initial recipients of CV or CP harvest shares
 - c) Community administrative entities eligible to receive shares/history by transfer
 - d) Individuals eligible to document a vessel with at least 150 days of sea time

~~Option 1. US citizens who have had at least 150 days of sea time.~~

~~Option 2. Entities that meet U.S. requirements to document a vessel.~~

~~Option 3. Initial recipients of CV or C/P history~~

~~Option 4. individuals who are U.S. citizens.~~

Definition of sea time:

Sea time in any of the U.S. commercial fisheries in a harvesting capacity.

Alternative F2L – Fixed Gear Low Producer – IFQ/Cooperatives

- Applies only to low producing fixed gear vessels
- Apply to all pot vessels
- Apply to all longline vessels

Low producing vessels are exempt from delivery requirements

The Council made no additional changes to the other provisions