

North Pacific Fishery Management Council
Advisory Panel Minutes
Anchorage Hilton Hotel
Anchorage Alaska, December 8-11, 2003

The following members were present for all or part of the meeting:

John Bruce	Mitch Kilborn
Dave Boisseau	Kent Leslie
Craig Cross	Tracey Mayhew
Tom Enlow	Sandra Moller
Dan Falvey	Kris Norosz
Lance Farr	Eric Olson
Duncan Fields	Jim Preston
Dave Fraser	Michelle Ridgway
Bill Jacobson	Jeff Steele
Teressa Kandianis	Jeff Stephan

C-2 Observer Program

The AP recommends the preliminary draft analysis be forwarded to the OAC for review with the following additions:

1. Add an alternative increasing observer coverage at shore-based plants in target areas.
2. Include an estimate of necessary coverage levels and costs for each fishery contained in an alternative prior to final action.
3. Include an evaluation on technology based coverage and fisheries where it may be applicable
4. A table showing current observer requirements and standards for both CDQ and non-CDQ fisheries.
5. Potential modification of current requirements to accommodate vessels $\leq 60'$ prior to final action.

Motion passed 19/0.

C-3 IRIU

The AP recommends the Council accept the recommendations of the IRIU committee with the following changes and corrections:

- Component 4: Add option 4.6 (80b) “all less one distinct and separate harvesters using the 10% threshold rule.”

(The following refer to Amendment 80a)

- Recommend that the IRIU Technical Committee meet to discuss appropriate thresholds for a trigger to open fisheries when they become underutilized as discussed on page 32 of the action memo. The Committee should also identify issues associated with opening fisheries to other than historic users. (This would become component 14.)

Motion passed 18/0/1

- Add a section 4.2: Sector allocations can be based on a percentage rather than a set of years. *Motion passed 20/0*

- Component 8: Change existing suboption 8.1.1 to 8.1.1.1 adding the additional options:

Suboption 8.1.1.1 The <60' catcher vessels fixed gear (pot and hook and line) sector and jig sector combined allocation **from TAC (after CDQ apportionment)** is to be:

- a. 2%
- b. 3%
- c. 4%

8.1.1.2 Jig sector will receive an allocation from the TAC after CDQ apportionment

8.1.1.3 A. <60' pot and hook and line catcher vessel sector will receive an allocation from TAC after CDQ apportionment

B. <60' pot and hook and line catcher vessel sector will receive an allocation from the fixed gear sector TAC as is done under existing regulations.

Note: apportionments to the jig and <60' pot and hook and line sectors shall not collectively exceed

- a. 2%
- b. 3%
- c. 4%

Motion passed 20/0

C-4 Halibut Sablefish IFQ

The AP recommends initiating analysis on the actions recommended by the IFQ implementation committee with the following priorities:

Priority 1: Administrative changes

Action 6 Medical transfer

Action 5 Tighten 20% ownership requirement

Action 9 PRR Change for bled sablefish

Priority 1: Allocation

Action 1 Block program

Action 2 Vessel Categories

Action 3 Fish down

Priority 2:

Action 10 Halibut season extension

Priority 3:

Action 7 Pot discussion paper

Action 8 Check in/check out

Action 4 Forfeiture of unused QS

Motion passed 17/0

D-1 Groundfish Specifications

The AP recommends the Council approve the 2003 SAFEs and the EA for BSAI and GOA. *Motion passed 18/0.*

Gulf of Alaska

The AP recommends the Council adopt the SSCs ABCs and adopt the 2004 ABCs as 2004 TACs except for: (see chart for recommended changes)

Pacific cod:
 Shallow water flatfish
 Flathead sole
 Arrowtooth flounder
 Other slope rockfish
 Other species

The AP recognized that the data establishing an OFL and ABC for big and longnose skates in the Gulf of Alaska, as well as the bycatch and mortality data, is limited and would encourage improved data collection, with an immediate emphasis on bycatch and mortality data.

The AP recommends the Council adopt the following PSCs for the following:

2004 Hook and Line

1st trimester	Jan 1 - Jun 10	250 mt
2nd trimester	Jun 10 - Sep 1	5 mt
3rd trimester	Sept 1 - Dec 31	35 mt
DSR	Jan 1 - Dec 31	10 mt
TOTAL		300 mt (<i>motion passed 19/0</i>)

Trawl fishery categories

Season	Shallow Water	Deep Water	Total
Jan 1 - Apr1	450 mt	100 mt	550 mt
Apr 1 - Jun 29	100 mt	300 mt	400 mt
Jun 29 - Sep 1	200 mt	400 mt	600 mt
Sep 1 - Oct 1	150 mt	any rollover	150 mt
Oct 1 - Dec 31	no apportionment		300 mt
TOTAL			2,000 mt (<i>motion passed 19/0</i>)

The AP recommends the Council adopt the 2004/2006 revised Halibut discard mortality rates for the BSAI and GOA as noted in the attached charts. *Motion passed 18/0.*

Bering Sea and Aleutian Islands

The AP recommends the Council adopt the SSCs ABCs. Additionally, the AP recommends the Council adopt the following TACs as noted in the attached chart.

Additionally, the AP recommends the Council adopt the BSAI trawl and non-trawl PSC allowances rolling over the 2003 apportionments using the 2004 PSC levels. *Motion passed 18/0.*

Further, the AP recommends the Council:

1. approve a 2004 A season TAC of 15,000 metric tons for a directed pollock fishery in the Aleutian Islands Management area;
2. 15,000 tons be in excess of the 2 million ton cap if authorized by federal legislation; and
3. the NMFS implement such TAC by emergency rule and publish an interim TAC as soon as possible;
4. NMFS implement this action only if the relevant federal legislation is enacted;
5. Observer program and catch accounting requirements will mirror those of the CDQ and AFA observer and catch accounting requirements.

Motion passed 15/3/2

D-1 (a) BSAI TAC

Minority Report

The minority supports opportunities for growth and prosperity for people of the Adak region. However, we strongly oppose exceeding the 2 million metric ton cap to achieve economic development goals.

There is currently no scientific justification for breaking the cap. If the 2 MMT cap need be re-evaluated for biological reasons, then such an analysis should be undertaken through the appropriate process.

The 2 MMT cap, put into place in 1983, has remained paramount to ensuring sustainable fisheries, stable markets and healthy harvesting communities. The cap serves to bring industry, scientists and the broader Council Family together to rigorously debate balancing of economic and conservation priorities every year. The cap is keystone to this critical TAC-setting process.

Furthermore, the 2MMT cap is recognized nationally and globally as a distinguishing feature of the NPFMC. The minority opposes the proposed measure that would tarnish the NPFMC's brightest green star and erode the integrity of our management process.

Signed John Bruce, Jim Preston, Michelle Ridgway

D-2 Staff Tasking

The AP recommends the Council appoint the Halibut Charter IFQ Implementation committee and schedule the first meeting as soon as the proposed rule on halibut Charter IFQ is published. *Motion passed 17/0.*

Modified GOA Groundfish Rationalization Alternatives

Fixed gear catcher vessels

Because of the number, diversity, and complexity of the fisheries in the GOA, no single alternative below will be appropriate for all fisheries. Mixing and matching should be expected by sector upon further analysis.

Alternative 1	Alternative 2 Low	Alternative 2 High A	Alternative 2 High B	Alternative 3	Alternative 4
No Action	Harvester IFQ	Harvester IFQ with closed class of processors	Harvester IFQ with closed class of processors with processor linkages	Sector allocations with closed class of processors and processor linkage	Harvester IFQ/voluntary cooperative with processor allocation
	Shares allocated to individuals	Shares allocated to individuals	Shares allocated to individuals	Harvest shares allocated to individuals within sector	Shares allocated to individuals
	low producing fixed gear CV	high producing fixed gear CV	high producing fixed gear CV	Longline CV, Pot CV	fixed gear CV
	Voluntary Cooperative	Voluntary Cooperative	Voluntary Cooperative	Mandatory Cooperative	Voluntary Cooperative
	no processor delivery obligation	closed class of processors with X% delivery obligation	closed class of processors with specific processor linkages with X% delivery obligation and share reduction penalty to move between cooperatives	closed class of processors with specific processor linkages with X% delivery obligation and share reduction penalty to move between cooperatives	allocation of 0-50% of harvest shares to qualified processors
	those that do not join co-ops fish IFQs	those that do not join co-ops fish IFQs subject to closed class delivery requirement with PSC reduction	those that do not join co-ops fish IFQs subject to processor linkage delivery requirement with PSC reduction	those that do not join co-ops fish open access with PSC reduction	those that do not join co-ops fish IFQs

Motion passed 10/9

Minority Report: We, the undersigned members of the AP, oppose the 0-50% range included in the fixed gear fleet Alternative 4. The fixed gear fleet has historically delivered to multiple processors during the qualifying period. Consequently, processor protection measures should be less severe than for other sectors which have a stable relationship with a single processor. The minority supports a 0-20% range for fixed gear vessels under Alternative 4. This range acknowledges differences between sectors and provides the public with a more realistic option for this sector. Signed: Dan Falvey, Sandra Moller, Eric Olson, Jeff Stephan, John Bruce, and Duncan Fields.

Modified GOA Groundfish Rationalization Alternatives

Trawl catcher vessels

Because of the number, diversity, and complexity of the fisheries in the GOA, no single alternative below will be appropriate for all fisheries. Mixing and matching should be expected by sector upon further analysis.

Alternative 1	Alternative 2A	Alternative 2B	Alternative 3	Alternative 4
No Action	Harvester IFQ/voluntary cooperative with closed class of processors	Harvester IFQ/voluntary cooperative with closed class of processors and processor linkage	Sector allocations with closed class of processors and processor linkage	Harvester IFQ/voluntary cooperative with processor allocation
	Shares allocated to individuals	Shares allocated to individuals	Harvest shares allocated to individuals within sector	Shares allocated to individuals
	Trawl CV	Trawl CV	Trawl CV	Trawl CV
	Voluntary Cooperative	Voluntary Cooperative	Mandatory Cooperative	Voluntary Cooperative
	closed class of processors with X% delivery obligation	closed class of processors with specific processor linkages with X% delivery obligation and share reduction penalty to move between cooperatives(see section 3.1.1.3 Option 4)	closed class of processors with specific processor linkages with X% delivery obligation and share reduction penalty to move between cooperatives	allocation of 0-50% of harvest shares to qualified processors
	those that do not join co-ops fish IFQs subject to closed class delivery requirement with PSC reduction	those that do not join co-ops fish IFQs subject to processor linkage delivery requirement with PSC reduction	those that do not join co-ops fish open access with PSC reductions	those that do not join co-ops fish IFQs

Modified GOA Groundfish Rationalization Alternatives

Catcher Processors

Because of the number, diversity, and complexity of the fisheries in the GOA, no single alternative below will be appropriate for all fisheries. Mixing and matching should be expected by sector upon further analysis.

Alternative 1	Alternative 2	Alternative 3
No Action	Harvester IFQ/voluntary cooperative	Sector Allocations
	Shares allocated to individuals by gear type <i>Motion passed 18/0</i>	Harvest shares allocated to individuals within sectors
	All Catcher Processors	Sectors: CP Trawl, CP Longline, CP Pot
	Voluntary Cooperative	Mandatory Cooperative
	CP Provisions	CP Provisions
	No Processor Provisions	No Processor Provisions
	those that do not join cooperatives fish IFQs with PSC reduction	those that do not join co-ops fish open access with PSC reduction

**North Pacific Fishery Management Council
Advisory Panel
GULF OF ALASKA GROUND FISH RATIONALIZATION
ELEMENTS AND OPTIONS**

The AP recommends the Council adopt the following elements and options and the attached matrices , with new AP notations noted in reverse text.

1 Status Quo (No Action Alternative)

2 Harvest Sector Provisions

2.1 Management Areas:

Areas are Western Gulf, Central Gulf, and West Yakutat—separate areas

For Pollock: 610 (Western Gulf), 620 and 630 (Central Gulf), 640 (West Yakutat (WY))

- Shortraker and rougheye (SR/RE) and thornyhead rockfishes will be divided between Southeast Outside (SEO) and WY
- The allocation of rockfish bycatch to the halibut IFQ fishery will be on a NMFS management area basis
- Non-SR/RE and thornyhead rockfish trawl catch history in SEO during 95-98 will be used in the calculation of WYAK allocation
- SEO is exempt except for SR/RE and thornyhead rockfishes as ~~bycatch~~ secondary species. Allocation will be based on target catch in sablefish, halibut, Demersal Shelf Rockfish and P. cod fishery

Gear: Applies to all gear except jig gear–

Option 1. The jig fishery would receive an allocation based on its historic landings in the qualifying years – the jig fishery would be conducted on an open access basis.

Option 2. Gear would be accounted for in a manner similar to sport halibut harvests in halibut IFQ fishery.

Suboption: Cap jig harvest at ___% of current harvest by species and area:

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

2.2 Qualifying periods and landing criteria (same for all gears in all areas)

(The analysis will assess AFA vessels as a group)

Option 1. 95-01 drop 1

Option 2. 95-02 drop 1

Option 3. 95-02 drop 2

Option 4. 98-02 drop 1

2.2.1 Qualifying landing criteria

Landings based on retained catch for all species (includes weekly processor report for Catcher/Processor sector)

NOTE: Total pounds landed will be used as the denominator.

Catch history determined based on the poundage of retained catch year (does not include meal)

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

2.2.2 Eligibility

LLP participation

Option 1. Eligibility to receive catch history is any person that holds a valid, permanent, fully transferable LLP license.

Suboption 1. Any person who held a valid interim LLP license as of January 1, 2003.

Suboption 2. Allow the award of retained incidental groundfish catch history arising from the halibut and sablefish IFQ fishery.

Basis for the distribution to the LLP license holder is: the catch history of the vessel on which the LLP license is based and shall be on a fishery-by-fishery basis. The underlying principle of this program is one history per license. In cases where the fishing privileges (i.e., moratorium qualification or LLP license) of an LLP qualifying vessel have been transferred, the distribution of harvest shares to the LLP shall be based on the aggregate catch histories of (1) the vessel on which LLP license was based up to the date of transfer, and (2) the vessel owned or controlled by the LLP license holder and identified by the license holder as having been operated under the fishing privileges of the LLP qualifying vessel after the date of transfer. (Only one catch history per LLP license.)

Option 2. Non-LLP (State water parallel fishery) participation

Suboption 1. Any individual who has imprinted a fish ticket making non-federally permitted legal landings during a State of Alaska fishery in a state waters parallel fisheries for species under the rationalized fisheries.

Suboption 2. Vessel owner at time of non-federally permitted legal landing during a State of Alaska fishery in a state waters parallel fisheries for species under the rationalized fisheries.

The Council requests NMFS RAM review LLP transfers and report on the frequency with which the transfers also include provisions governing catch history.

2.2.3 State Waters - Parallel Fisheries and State Groundfish Management

Option 1. Status Quo –Federal TAC taken in federal waters and in state waters, during a ‘parallel’ fishery, plus state-water fisheries exist for up to 25% of the TAC for Pacific cod.

Option 2. Direct allocation of portion of TAC to fisheries inside 3 nm.

No ‘parallel’ fishery designation, harvest of remaining federal TAC only occurs in federal zone (3 – 200 nm); and

Council allocates _____ % of the TAC, by species by FMP Amendment, to 0-3 nm state water fisheries representing a range of harvests that occurred in state waters. This could include harvest from the status quo parallel fishery and the state waters P. cod fisheries. State waters fisheries would be managed by ADF&G through authority of, and restrictions imposed by, the Board of Fisheries.

Area or species restrictions:

Suboption 1. Limited to Pollock, P. cod, flatfish, and/or pelagic shelf rockfish (light and dark dusky rockfishes).

Suboption 2. Limited to Western, Central GOA management areas and/or West Yakutat.

Option 3. Parallel fishery on a fixed percentage (____ %) allocation of the federal TAC, to be prosecuted within state waters with additional State restrictions (e.g., vessel size, gear restrictions, etc to be imposed by the BOF).

Fixed allocation for:

Suboption 1. P. cod

Suboption 2. Pollock

Suboption 3. All other GOA groundfish species

Council requests that staff provide an analysis of catch data showing harvest inside 3 nm by gear, species, vessel size and area. The Council recommends that this issue be reviewed by the Joint Protocol Committee at its next meeting (tentatively identified as July 28/29 in Anchorage).

2.3 ~~Target~~ Primary Species Rationalization Plan

Primary ~~Target~~ Species by Gear

2.3.1 Initial Allocation of catch history

~~Option 1. Allocate catch history by sector and gear type Council Topic 1~~

Option 2. Allocate catch history on an individual basis

a. Trawl CV and CP:

Pollock, Pacific cod, deepwater flatfish, rex sole, shallow water flatfish, flathead sole, Arrowtooth flounder, northern rockfish, Pacific ocean perch, Pelagic shelf rockfish

b. Longline CV and CP:

Pacific Cod, pelagic shelf rockfish, Pacific ocean perch, deep water flatfish (if turbot is targeted), northern rockfish, Arrowtooth flounder

c. Pot CV and CP:

Pacific Cod

The deletion of Option 1 would show that the Council intends to provide individual allocations rather than simple sector divisions, which do not credit individual history.

2.3.2 Harvest share (or QS/IFQ) Designations

2.3.2.1 Vessel Designation of low producers and high producers in the fixed gear class.

Low producing vessels are:

Option 1. less than average harvest shares initially allocated by gear, species and area

Option 2. less than the 75th percentile harvest shares initially allocated by gear, species and area

High producing vessels are the remainder.

2.3.2.2 Harvest share sector designations:

~~Option 1. No designation of harvest shares (or QS/IFQ) as CV or CP Council Topic 2~~

Option 2. Designate harvest shares (or QS/IFQ) as CV or CP. Annual CV harvest share allocation (or IFQ) conveys a privilege to harvest a specified amount. Annual CP harvest share allocation (or IFQ) conveys the privilege to harvest and process a specified amount. Designation will be based on:

Actual amount of catch harvested and processed onboard a vessel by species.

Deletion of Option 1 would show that the Council intends to distinguish catcher vessel and catcher/processor shares. Catcher/processor shares would carry a processing privilege in addition to the harvest privilege.

2.3.2.3 Harvest share gear designations

~~Option 1. No gear designation~~

~~Option 2. Designate harvest shares as Longline, Pot, or Trawl~~

~~Option 3. Longline and pot gear harvest shares (or IFQ) may not be harvested using trawl gear.~~

~~Option 4. Pot gear harvest shares (or IFQ) may not be harvested using longline gear~~

Option 1: Designate CV harvest shares as Trawl, Longline, and Pot

Option 2: Designate harvest shares and high and low producer fixed gear

Option 3: Designate CP harvest shares as CP trawl, CP longline, CP pot.

Identify option 1 and 3 as preferred provisions without options; retain option 2. Motion passed 15/0

2.3.2.4 Harvest Share Restrictions—Harvest restrictions apply to primary species only.

Harvest restrictions for primary harvest shares (or IFQ) may be used by other gear types except that:

Option 1: No restrictions

Option 2: Fixed gear harvest share (or IFQ) may not be harvested using trawl gear

Option 3: Pot gear harvest shares may not be harvested by longline or trawl gear

Option 4: Pot and longline harvest shares may not be harvested by trawl gear

Council Topic 3

The first of the above two sections (2.3.2.3) would establish the different sectors specified by alternatives in the Council alternatives table. Options 1 and 3 would be used to distinguish shares by gear type, which is likely necessary for the TAC setting process. Option 2 would establish the low producer/high producer distinction for fixed gear vessels that is used in Alternative 2.

The second of the sections (2.3.2.4) would establish restrictions on the use of primary species allocations of one gear designation by another gear type.

The proposed changes can be used to clarify the intention to establish gear designations and the limitations arising out of those designations.

2.3.2.5 ~~2.3.2.4~~ If a closed class of processor alternative is chosen, CV harvest shares will be issued in two classes. Class A shares will be deliverable to a qualified processor or processor shareholder (as applicable). Class B shares will be deliverable to any processor as authorized under this program.

Option 1. **A shares be at the QS level and separable from B shares. Motion passed 15/0**

Suboption: Processor affiliated vessels would receive their entire allocation as A shares. Motion passed 15/3

Option 2. 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.

2.3.3 Transferability and Restrictions on Ownership of Harvest shares (or QS/IFQ)

2.3.3.1 Persons eligible to receive harvest shares by transfer must be (not mutually exclusive):

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

~~Option 2. Entities that have a U. S. citizen with 20% or more ownership and at least 150 days of sea time~~

~~Option 3. Entities that have a US citizenship with 20% or more ownership~~

~~Option 4. Initial recipients of CV or C/P harvest share~~

~~Option 5. US Citizens eligible to document a vessel.~~

~~Option 6. Communities would be eligible to receive harvest shares by transfer (this provision would be applicable if certain provisions of 2.9 are adopted.)~~

Option 1: Individuals eligible to document a vessel with at least 150 days of sea time (apply to CV shares).

Option 2: Entities eligible to document a vessel that have a US citizen with 20% ownership and with at least 150 days of sea time (apply to CV shares).

The AP recommends that the following be preferred provisions without options: Motion passed 18/0

Option 3: Entities eligible to document a vessel (apply to CP).

Option 4: Initial recipients of CV or C/P harvest share.

Option 5: Community administrative entities would be eligible to receive harvest shares by transfer.

Definition of sea time:

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

Council Topic 5

The above section defines eligibility for purchase of harvest shares. The proposed changes address staff's request for clarification concerning US citizenship requirements. The Council should state whether these are intended to be options or if the Council has identified these as the preferred provisions concerning eligibility for share purchase. If these are the preferred provisions, the term "option" should be deleted from each provision.

2.3.3.2 Restrictions on transferability of CP harvest shares

~~Option 1. CP harvest shares maintain their designation upon transfer.~~

~~Option 2. 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 converts to CV harvest shares.~~

~~Option 3. CP harvest shares maintain their designation after transfer for 5 years following implementation, after which time any transfer of CP shares convert to CV shares.~~

The AP selects Option 1 as the preferred provision. Motion passed 18/0

Option 1: 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.

~~Option 2: Redesignate CP shares as CV shares upon transfer to a person who is not an initial issuee of CP shares.~~

Council Topic 6

The above provisions identify two options for the redesignation of CP shares as CV shares. The two options as revised are clear. The Council should clarify whether it intends to select one of the two or both of the options as a preferred option.

2.3.3.3 Redesignate CP shares as CV shares upon transfer to a person who is not an initial issuee of CP shares:

~~Option 1. all CP shares~~

~~Option 2. trawl CP shares~~

~~Option 3. longline CP 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.

Council Topic 6

The above provisions clarify the Council's intent for the redesignation of CP shares as CV shares. If adopted, this would be the Council's preferred option for applying CV designations. The provision would retain gear designations and allow the share holder to choose the designation that determines processor landing requirements and region.

2.3.3.4 Vertical integration

Harvest shares initial recipients with more than 10% limited threshold ownership by any processor are capped at:

- Option 1. initial allocation of harvest CV and CP shares.
- Option 2. 115-150% of initial allocation of harvest CV shares.
- Option 3. 115-150% of initial allocation of harvest CP shares.

~~2.3.3.5 Definition of sea time~~

~~— Sea time in any of the U.S. commercial fisheries in a harvesting capacity.
Council Topic 5~~

This provision is moved into 2.3.3.1 above.

2.3.3.6 Leasing of QS (“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).

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).

~~Option 2. No leasing of CP QS (QS holder must be on board or own at least 20% of the vessel upon which a designated skipper fishes the IFQ). Motion passed 17/0.~~

Option 3. Allow leasing of CV QS, but only to individuals eligible to receive QS/IFQ by transfer.

Option 4. Allow leasing of CP QS, but only to individuals eligible to receive QS/IFQ by transfer.

~~Option 5. Sunset [CP CV] QS leasing provisions [3 5 10] years after program implementation. Motion passed 17/0~~

Option 6. No leasing restrictions for the first three years. After this grace period, leasing will be allowed if the entity QS holder owns 100% 20% or greater of a vessel which made 3, 5, or 10 landings or 30% of the primary species shares held by the entity QS holder in at least 2 of the most recent 4 years. Motion passed 17/0

Council Topic 21

Option 6 would create a new limited leasing provision. This provision would allow leasing in the first three years of the program. Thereafter, leasing would be allowed on a limited basis for shareholders that used shares on a vessel owned by the shareholder.

2.3.3.7 Separate and distinct harvest share use caps

~~Vessel use caps on harvest shares harvested on any given vessel shall be set at two times the individual use cap for each species. Initial issues that exceed the use cap 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. 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, by management area (motion passed 18/0) are as follows (a different percentage cap may be chosen for each fishery):
 - i. 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 %

ii. 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 %

3. Conversion of CP shares:

i. CP shares converted to CV shares

Option 1. will count toward CV caps

Option 2. will not count toward CV caps at the time of conversion.

ii. Caps will be applied to prohibit acquisition of shares in excess of the cap. Conversion of CP shares to CV shares alone will not require a CP shareholder to divest CP shares for exceeding the CP share cap.

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

Topic 17

Changes are in response to staff request for clarification of the provision. The Council might also consider whether ii. should be adapted to apply “high producing fixed gear” and “low producing fixed gear” caps. The deletion of “/or” clarifies that caps will be applied to both catcher vessels and catcher processors.

2.3.3.8 Owner On Board Provisions

Provisions may vary depending on the sector or fishery under consideration (this provision may be applied differently pending data analysis)

i. 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 harvest share units.

Suboption 1. No owner on board restrictions.

The AP requests staff combine 2,3,4,and 5 into a single option. Motion passed 17/0

Suboption 2. A portion (range of 5-100%) of the quota shares initially issued to fishers/ harvesters would be designated as “owner on board.”

Suboption 3. All initial issuees (individual and corporate) would be grandfathered as not being required to be aboard the vessel to fish shares initially issued as "owner on board" shares for a period of 5 years after implementation.

Suboption 4. Shares acquired in the first five years by original issuee shall:

a) retain owner on board designation, and

b) be exempt from owner on board provisions as long as original issuee holds these shares

~~Suboption 4. Shares transferred to initial issues in the first 5 years of the program would be considered the same as shares initially issued (range of 5-100% of the quota shares). See above NOTE~~

~~Suboption 5. "Owner on board" shares transferred by initial issues, after the grace period, would require the recipient to be aboard the vessel to harvest the IFQ.~~

Suboption 56. 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 (Range 1-3 years) out of any 10 year period.

~~ii. Vessel categories for owner on board requirements~~

~~Option 1. No Categories~~

~~Option 2. Vessel Categories as follows~~

~~Vessels < 60'~~

~~Vessels >= 60' and < 125'~~

~~Vessels >= 125'~~

Topic 20

Revisions to i. are clarifications requested by staff. If remaining provisions are intended to be two options, the Council could clarify that by combining Suboptions 2, 3, 4, and 5 into a single option, while re-labeling Suboption 1 as a single option. Council should clarify which provisions would be combined to make a single working provision.

The deletion of ii. is in response to a staff request for clarification on how and whether the Council intended to apply vessel length categories.

2.3.3.9 Overage Provisions

A. Add a 7 day grace period after an overage occurs for the owner to lease sufficient IFQ to cover the overage. Failure to secure sufficient IFQ would result in forfeiture of the overages and fines. Motion passed 17/0.

i. Trawl CV and CP:

Suboption 1. Overages up to 15% or 20% of the last trip will be allowed— greater than a 15% or 20% overage result in forfeiture and civil penalties. An overage of 15% or 20% or less, results in the reduction of the subsequent year's annual allocation or IFQ. Underages up to 10% of **last trip** harvest shares (or IFQ) ~~will be allowed with an increase in the subsequent year's annual allocation (or IFQ).~~

Suboption 2. Overage provisions would not be applicable in fisheries where there is an incentive fishery that has not been fully utilized for the year. (i.e., no overages would be charged if a harvest share (or IFQ) holder goes over his/her annual allocation (or IFQ) when incentive fisheries are still available).

ii. Longline and pot CV and CP:

Overages up to 10% of the last trip will be allowed with rollover provisions for **underages up to 10% of harvest shares (or IFQ).**

~~greater than a 10% overage results in forfeiture and civil penalties. An overage of less than 10% results in the reduction of the subsequent year's annual allocation or IFQ. This provision is similar to that currently in place for the Halibut and Sablefish IFQ Program (CFR 679.40(d)).~~

Suboption. Overages would not be applicable in fisheries where there is an incentive fishery that has not been fully utilized for the year. (i.e., no overages would

be allowed if a harvest share (or IFQ) holder goes over his/her annual allocation (or IFQ) when incentive fisheries are still available).

- 2.3.3.10 Retention requirements for rockfish, sablefish and Atka mackerel:
 - Option 1. no retention requirements.
 - Option 2. require retention (all species) until the annual allocation (or IFQ) for that species is taken with discards allowed for overages
 - Option 3. require 100% retention (all species) until the annual allocation (or IFQ) for that species is taken and then stop fishing.

- 2.3.3.11 Limited processing for CVs
 - Option 1. No limited processing
 - Option 2. Limited processing of rockfish species by owners of CV harvest shares is allowed up to 1 mt of round weight equivalent of rockfish per day on a vessel less than or equal to 60ft LOA.

- 2.3.3.12 Processing Restrictions
 - Option 1. CPs may buy CV fish
 - Suboption. 3 year sunset
 - Option 2. CPs would be prohibited from buying CV fish
 - Option 3. CPs are not permitted to buy fully utilized species (cod, pollock, rockfish, sablefish, and allocated portion of flatfish) from CVs.
 - Suboption. Exempt bycatch amounts of these species delivered with flatfish.

2.4 Allocation of ~~Secondary Bycatch~~ Species

Thornyhead, rougheye, shortraker, other slope rockfish, Atka mackerel, and trawl sablefish
Includes SEO shortraker, rougheye, and thornyhead rockfish.

i. Allocation of shares

- Option 1. Allocate shares to all fishermen (including sablefish & halibut QS 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 1. Other slope rockfish in the Western Gulf will not be allocated, but will be managed by MRB and will go to PSC status when the TAC is reached.
 - ~~Suboption 2. Pro-rata bycatch reduction allowances in open access fisheries reduced from historical bycatch rates at:~~
 - ~~i. 5%~~
 - ~~ii. 10%~~
 - ~~iii. 15%~~

Topic 26

Deletion of suboption 2 would remove the secondary species reductions in the open access fishery under mandatory cooperative alternatives. This revision could be intended to recognize that secondary species have a landed value and are likely to be retained. PSC reductions would be made under the mandatory cooperative alternatives.

- Option 3. Bycatch allocations will be awarded to the owners of sablefish and halibut QS, rather than the LLP holders.

- ii. Include these species for one gear type only (e.g., trawl). Deduct the ~~bycatch~~ secondary species catch from gear types from TAC. If deduction is not adequate to cover ~~bycatch~~ secondary species catch in other gear types, on a seasonal basis, place that species on PSC status until overfishing is reached.
- iii. Retain these species on bycatch status for all gear types with current MRAs.
- iv. 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.
- v. Permit transfer of ~~bycatch~~ secondary species QS
 - Option 1. ~~Groundfish harvest~~ Primary species shares and secondary species ~~bycatch~~ shares are non-separable and must be transferred as a unit.
 - Option 2. ~~Groundfish harvest~~ Primary species shares and secondary species ~~bycatch~~ shares are separable and may be transferred separately

2.5 PSC Species

2.5.1 Accounting of Halibut Bycatch

Pot vessels continue their exemption from halibut PSC caps.

Hook and line ~~and trawl~~ entities

~~Option 1. Same as that under IFQ sablefish and halibut programs~~

~~Option 2. Cooperatives would be responsible for ensuring the collective halibut bycatch cap was not exceeded~~

~~Option 3. Individual share or catch history owners would be responsible to ensure that their halibut bycatch allotment was not exceeded~~

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.

Option 3: Holders of halibut IFQ are required to land legal halibut. Halibut bycatch occurring without sufficient IFQs would count against PSC harvest share allocations.

Option 4: Continue to fish under PSC caps.

Trawl Entities:

Option 1: Halibut PSC will be managed through harvest share allocations.

Option 2: Continue to fish under PSC caps.

Topic 18

Revisions to this section are in response to staff requests for clarification. The changes to the hook and line provisions would create four options for management of halibut bycatch. Under the first option, management would be patterned after the current management of halibut bycatch in the sablefish fishery. The option would not limit halibut bycatch for hook and line participants, but would account for halibut bycatch using an estimate based on previous years' bycatch rates. It is assumed that estimated mortality from the bycatch would be deducted from the allocations to other fisheries, including the halibut longline fishery. The provision may create little or no incentive for hook and line participants that are not IFQ holders to control halibut bycatch. Halibut IFQ holders would have an incentive to reduce bycatch to the extent that they perceive that excessive bycatch results in a reduction of IFQ allocations in future years.

Under the option 2, hook and line fishermen would be allocated PSC shares, which would be used to manage halibut bycatch. Harvest of primary and secondary species would be limited to those holding unused halibut PSC shares.

Option 4 would apply PSC caps to hook and line participants, as are currently used for managing hook and line halibut PSC harvests.

Option 3 is a suboption that would apply under option 2. The Council could also require that any holder of halibut IFQ land legal halibut under options 1 and 3; however, the second sentence, only applies to a program with PSC share allocations and may be deleted if option 1 is selected and modified if option 4 is selected.

The provisions concerning trawl vessels would either maintain current management under PSC cap provisions or would move those vessels to a PSC share program.

2.5.2 Halibut PSC Allocation

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

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

By sector average bycatch rates by area by gear:

Option 1. Both sectors

Option 2. Catcher Processor/Catcher Vessel

2.5.3 Annual transfer/Leasing of Trawl or Fixed Gear Halibut PSC mortality

Halibut PSC harvest shares are separable from primary ~~target~~ groundfish harvest shares and may be transferred independently within sectors. When transferred separately, the amount of Halibut PSC allocation would be reduced, for that year, by:

Option 1. 0%

Option 2. 5%

Option 3. 7%

Option 4. 10%

~~Option 5. Exclude any halibut PSC transferred for participation in the incentive fisheries~~

Option 5: Exclude any halibut PSC transferred for participation in the incentive fisheries (includes transfers outside the cooperative).

Option 6: Exclude any halibut PSC transferred within a cooperative.

Topic 18

Option 5 is similar to the existing Option 5, but clarifies that transfers outside a cooperative would not be subject to the reduction. Option 6 would be used to clarify that no reduction would be made for transfers within a cooperative, if the Council should elect to make any reductions in shares for transfers outside of cooperatives.

~~2.5.3.1 PSC Reduction for Non Members of Cooperatives~~

~~Non members of cooperatives would have PSC reduced by:~~

~~i 5%~~

~~ii 15%~~

~~iii 30%~~

PSC reduction will not apply to low producing fixed gear participants. Motion passes 18/1

Topic 26

This provision would be used to apply PSC reductions for non-members of cooperatives. The exemption of low producing fixed gear participants could be applied, if the Council believes that there is a reason not to penalize these participants for not joining a cooperative and a reason for penalizing others.

- 2.5.4 Permanent transfer of Halibut PSC harvest share mortality
- Option 1. Groundfish harvest shares and Halibut PSC harvest shares are non-separable and must be transferred as a unit
 - Suboption. exempt Pacific cod
 - Option 2. Groundfish harvest shares and Halibut PSC harvest shares are separable and may be transferred separately
- 2.5.5 Retention of halibut **incidentally caught** by ~~longline~~ fixed gear vessels
~~Halibut bycatch may be retained outside the halibut season from Jan 30 to start of commercial fishery, and from end of commercial fishery through December 15.~~
- ~~Option 1. retention is limited to (range 10-20%) of target species~~
 - ~~Option 2. permit holder must have sufficient harvest shares (or IFQ) to cover landing~~

Retention of halibut **incidentally caught** may be retained outside the halibut season from Jan. 1 to start of commercial fishery, and from end of commercial fishery through Nov. 15. 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 AP requests the Council consult with IPHC on these provisions. Motion passed 18/0.

Topic 18

The revisions respond to requests for clarification of provisions by staff. The provision clarifies that halibut retention will require IFQ and will be permitted for a limited period outside of the halibut season. Retention of halibut would also be limited to a specified percentage of primary species. The options would allow for consideration of two areas in which the provisions could be applied. IPHC approval will be required for any retention of halibut outside of the standard halibut season.

2.6 Incentive species

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

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

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

2.6.1 Eligibility to fish in the incentive fisheries

A. The unallocated QS for the incentive fisheries are available for harvest, providing the vessel has adequate PSC and ~~bycatch~~ secondary species and the vessel is a member of a GOA fishing cooperative.

~~B. Any quota holder qualified to be in a coop.~~

B. Open access participants will be permitted to harvest incentive species as long as the open access fishery remains open and NMFS determines that the secondary and PSC allocations remaining in the open access fishery are adequate to support prosecution of incentive species.

C. Any holder of halibut or sablefish IFQ that has adequate IFQ or PSC and secondary species. The AP requests the Council task the IFQ Implementation Team with developing options for accessing incentive species and managing halibut bycatch.

Topic 23

The additional provisions respond to staff requests for clarification of whether incentive species could be retained by participants in an open access fishery in a mandatory cooperative program and by halibut and sablefish IFQ holders.

2.6.2 Catch accounting for the incentive fisheries – Allocated QS and Incentive fishery quota

- Option 1. The individual coop 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 coop will notify NMFS when a vessel enters the incentive fishery quota pool.
- Option 2. The coop's allocation of incentive species QS must be fished before gaining access to the unallocated portion of the incentive species quotas. The coop members through a contractual coop agreement will address catch accounting amongst the coop members.
- Option 3. For vessels not participating in a sector coop, the unallocated incentive species are available for harvest once the non-coop sector's allocation of the incentive species has been used or individual IFQ holder's allocation of the incentive species has been used.
- Option 4. For open access participants, the harvest of incentive species quota allocated to open access participants must be fished prior to gaining access to the unallocated portion of the incentive species quota.

Topic 24

Option 4 provides that the allocated shares of incentive species must be harvested prior to the deduction of open access harvests of incentive species from the unallocated portion of those quotas. The provision parallels requirements for harvest of incentive species by cooperatives and individuals.

2.7 Preserving entry level opportunities for P. cod

~~2.7.1 P. cod harvest share for H&L and pot lowest producer would remain "tied" to a block of quota and could only be permanently sold or transferred as a block.~~

Each initial allocation of P.cod harvest shares based on the final year of the qualifying period to fixed gear catcher vessels below the block threshold size would be a block of quota and could only be permanently sold or transferred as a block.

- Option 1. 10,000 pounds constitutes one block
- Option 2. 20,000 pounds constitutes one block
- Option 3. No Block Program

Suboption. Lowest producer harvest shares earned as a bycatch in the halibut sablefish ITQ program would be exempt from the block program

Topic 27

2.7.2 Eligible participants would be allowed to hold a maximum of:

- Option 1, 1 block
- Option 2. 2 blocks **and any amount of unblocked shares**
- Option 3. 4 blocks

2.7.3 Any person may hold: (Alternatives 2 and 3)

- Option 1. One block and any amount of unblocked shares or
- Option 2. Two blocks and any amount of unblocked shares
- Option 3. Four blocks and any amount of unblocked shares

Topic 27

Modifications to 2.7 clarify the block program provisions. The provision from the June motion does not clearly identify shares that would be subject to the program. The change to 2.7.2 would allow a person to hold both unblocked shares and blocks. This provision may aid persons developing holdings to transition from holders of blocked shares to holders of larger allocations.

2.8 Skipper/Crew

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. 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
- Option 3. 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.

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

2.9 Communities

The AP requests the Council appoint a committee to made up of interested stakeholders and NOAA GC staff to review community protection elements and options. Motion passed 19/0.

A motion to add the following to 2.9.2 CFQ and 2.9.3 Community Purchase purpose statement failed 14/6: Adding the following to the purpose statement: These purposes will be obtained by allocating QS to a community entity so that the community entity can derive revenues from leasing QS to ensure the retention of fishing opportunities and/or support community development.

Minority Report:

A minority of the AP voted to approve language for the Community Fishing Quota that is a response to the letter from NOAA GC regarding possible legal concerns with the current proposed structure of the program. The proposed language would shift program emphasis toward the generation of revenue for the community ownership entity but retain the limitation that CFQ would be fished by residents of qualifying communities. Signed: Eric Olson, Sandra Moller, Tracey Mayhew, Duncan Fields, and Dan Falvey.

Revisions to this section are in response to staff requests for clarification on specific proposed changes to the community protection options. Note, however, that several broad policy questions remain at issue and will need to be addressed in order to prepare a comprehensive analysis of the community protection options under Section 2.9 and their integration with the general rationalization alternatives and options.

Note: Bering Sea/Aleutian Islands communities (CDQ or otherwise) and communities adjacent to the Eastern GOA regulatory area Southeast Outside District (except Yakutat) will not be included in any Gulf rationalization community protection programs.

2.9.1 Regionalization

Regionalization options may be selected under any of the proposed alternatives for Gulf rationalization.

If adopted, all processing licenses (for shorebased and floating processors) will be categorized by region.

- Processing licenses that are regionally designated cannot be reassigned to another region.
- Catcher vessel harvest shares are regionalized based on where the catch was processed, not where it was caught.
- Catcher processor shares, incentive fisheries and secondary species are not subject to regionalization.
- Qualifying years to determine the distribution of shares between regions will be:
 - Option 1. consistent with the preferred alternative under “Section 2.2 Qualifying Periods.”
 - Option 2. 1999 – 2002
- 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.

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: Pollock in Area 630; CGOA flatfish (excludes arrowtooth flounder); CGOA Pacific ocean perch; CGOA northern rockfish and pelagic shelf rockfish (combined); CGOA Pacific cod (inshore); GOA sablefish (trawl); WY pollock

There are three proposed changes to the regionalization provisions in Section 2.9.1.

Secondary species are not subject to regionalization

The first change would exclude ‘secondary species’ from regionalization, as is proposed for catcher processor shares and incentive fisheries. The allocation of secondary species is addressed in Section 2.4. Secondary species are those species that are typically harvested incidentally by fishermen targeting other (primary) species. However, secondary species are also frequently landed and processed, whether they were targeted or harvested incidentally.

Because it will be necessary to have secondary species shares in order to effectively use primary species shares, there is a concern that making secondary species shares subject to both a regionalization designation and a processor linkage could impede transfers and thereby constrain harvest of the primary species. If the intent of secondary species shares is at least partially to support incidental catch of these species in other target fisheries, there exists a contention that these shares must be easily transferable, without regionalization and processor linkages. This may enable harvest of more of the TACs in these multi-species fisheries. In addition, the operations of the fishery and the incidental catch needs would be

expected to change under a rationalized system, when individuals have more flexibility in when and where they fish. To the extent that secondary shares are used for incidental catch, the need for these shares may vary and evolve among individual fishermen. This may provide further rationale for developing a flexible, transferable system for secondary species shares.

Linking the secondary species shares to both a specific region and an individual processor may inhibit the ability of fishermen to effectively trade shares where they are needed, as fishermen will likely want to find secondary species shares that ‘match’ the designations of their primary species shares.¹ This is necessary for the harvester to be associated with only one processor, and to avoid the added costs of delivering primary species and secondary species to different processors in possibly different regions.

The relationship between primary and secondary species shares was discussed at the October Council meeting, however, the proposed change to exclude secondary shares from regionalization may have no effect if the secondary shares are subject to processor linkages. The current processor linkage provisions in Section 3.1 appear to link both primary and secondary species shares to one specific processor. Under the alternatives that include processor linkages, a harvester’s processor-linked shares are associated with the processor to which the harvester delivered the most pounds of all groundfish during a specified time period. Because the primary and secondary shares would be linked to the same processor, they would necessarily be delivered in the same region. Thus, even if secondary shares were not ‘regionalized’ upon allocation, they may still carry a processor linkage in a specific region under several alternatives, which has the same effect as regionalization.

Add option for years 1999 – 2002

The second proposed change would add an option to use 1999 – 2002 as the series of years to determine the distribution of shares between regions. This option was proposed in recognition that delivery patterns likely changed in 1999, with the implementation of Steller sea lion protection measures. This option thus would regionalize the harvest shares based on the location of processing during the first four years the Steller sea lion protection measures were in place, assuming that those patterns better represent preferable delivery patterns under future protection measures than an earlier series of years.

As currently proposed, this option would mean that the regionalization designation would be based on a different set of qualifying years than the harvester allocations and processor linkages.² First, a harvester’s initial allocation would be determined, using the harvester qualifying years selected in Section 2.2. Then the shares would be regionalized, based on the processing location during 1999 – 2002. Finally, the processor linkages would be applied, again using the harvester qualifying years selected under Section 2.2.

Shares within a region will be linked to the processor entity in the region

The third proposed change would remedy a potential inconsistency should the Council select both the regionalization option and a processor linkage option. The following language was proposed to avoid a situation in which the regional designation conflicts with the processor linkage provisions, preventing a harvester from being able to use his/her shares:

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.

¹Note that this argument is only applicable if the Council chooses an option under Section 2.4 that would allow primary and secondary species shares to be transferred separately.

² Option 4 (1998 – 2002, drop 1 year) is the most similar option under consideration in Section 2.2 for qualifying periods.

Depending on the delivery pattern of the individual harvester, a typical harvester could hold shares in both the north and the south regions. The processor linkage provisions in Section 3.1, however, would require a harvester to deliver to the one processor to which he/she delivered the most pounds during the qualifying period. Absent the proposed language, a harvester could hold shares in one region but have an obligation to deliver those shares to a processor in the other region.

In the event both the regionalization and the processor linkage options are chosen, the proposed language resolves the potential conflict by linking a harvester's shares to a processor within each region. Under the proposed provision, a harvester's north region shares would be linked to the processor in the north to which the harvester delivered the most pounds, while the harvester's south region shares would be linked to the processor in the south to which it delivered the most pounds.

Note also that, as written, the provision above suggests that the processor linkage would be applied at the 'entity' (or company) level as opposed to the individual 'facility' level. This is a separate decision point for the Council under Section 3.1.

2.9.2 Community Fisheries Quota (CFQ)

Staff notes that the fundamental concept supporting the proposed CFQ Program is that CFQ would be allocated to the administrative entity to benefit and be used by eligible community residents. It is assumed that the long-term quota share is held by the administrative entity, and is not permanently transferred to an eligible community, resident, or any other person. The benefit of the quota share, however, is derived by using the shares, either through leasing to community residents (proposed in 2.9.2.5) or to another harvester that may pay a royalty fee for use of the shares. Thus, under this structure, the administrative entity must make a decision (through an application process and criteria) as to the individual residents that may harvest the shares. NOAA GC has indicated that legal concerns exist with extending the discretionary authority of the agency to allocate shares to a separate nonprofit organization. This concept is included in both the CIFT and the CFQ Program. Please see the NOAA GC legal opinion on the CIFT Program (Attachment D) and the resulting staff discussion paper (included in Part I) for further details.

The purpose of the Community Fisheries Quota Program and the Community Quota Purchase Program is to mitigate economic impacts from rationalization on smaller, isolated, Gulf of Alaska fisheries dependent communities. Community fishing quota will provide for the sustained participation of the qualifying communities in the rationalized fisheries and acknowledges the importance of fisheries resources to these communities.

The purpose statement above was proposed as specific guidance, beyond that provided in the goal and purpose statement for the entire Gulf Rationalization EIS, for the CFQ and Community Quota Purchase Program options. It is assumed, if not always stated, that the policy objectives drive the development of appropriate options and program elements to meet the stated goal.

The proposed purpose statement for the CFQ and Community Purchase Program is sufficiently broad to encompass almost any community fisheries policy objective, and will not likely serve to significantly restrict or shape the program elements. 'Providing for the sustained participation of the qualifying communities' may mean protecting the current level of participation by local resident fleets of eligible Gulf communities. It could also mean providing new or increased access to the Gulf fisheries by community residents, or providing benefits, in the form of royalties, investments, or other fisheries-related activities, to the eligible communities. Each of these example goals would facilitate development of a different program.

Note that NOAA GC's legal opinion on the CIFT program identifies potential legal concerns due to the intent that the CIFT program allows the CIFT (and not the Secretary of Commerce) to use its discretion and reallocate IFQs to individual fishermen. NOAA GC has advised Council staff that this same problem arises within the CFQ Program. The program's intent to allow the administrative entity to distribute annual IFQs to community residents has spurred legal concerns regarding a sub-allocation of quota share without Secretarial approval, and thus, without an appeals process.

2.9.2.1 Administrative Entity

The administrative entity representing a community or communities must be a non-profit entity qualified by NMFS.

- Option 1. Gulf wide administrative entity
- ~~Option 2. Regional administrative entities (Western Gulf, Central Gulf, Eastern Gulf)~~
- ~~Option 3. Multi community administrative entities~~
- ~~Option 4. The administrative entity representing a community or communities must be a non-profit entity qualified by NMFS.~~

The first proposed change in this section is to move the language from Option 4 under the section heading of 2.9.2.1. This effectively requires that the administrative entity representing eligible communities be a non-profit entity qualified by NMFS. This qualification requirement is similar to other existing and proposed community programs, such as the CDQ Program and the halibut/sablefish community QS purchase program.³ The qualification process would need to be developed and included in Federal regulations.

The second series of proposed changes would eliminate Options 2 – 4, effectively requiring that the CFQ Program have one Gulf-wide administrative entity to hold quota share on behalf of all eligible communities. Should the Council recommend that only one administrative entity be approved, it negates the need to develop an allocation process by which NMFS would distribute CFQ among several administrative entities. As discussed in October, a competitive allocation process among multiple administrative entities in the Gulf groundfish fisheries may prove overly costly and burdensome to participants relative to the level of anticipated benefits generated by the allocation.⁴

While having one administrative entity simplifies the allocation process between NMFS and the administrative entity, there must also be a method to determine the distribution of that quota among eligible communities. The options to determine the amount of quota share 'designated' to residents of each eligible community are proposed under Section 2.9.2.6.

2.9.2.2 Eligible Communities

- Option 1. Population (based on 2000 Census):

³*Under the requirements of the halibut/sablefish community quota share purchase program, the non-profit entity must submit the following information to NMFS in order to become qualified: 1) articles of incorporation as a non-profit; 2) statement designating the communities represented by the non-profit; 3) management organization; 4) statement describing the procedures that will be used to determine the distribution of IFQ to eligible community residents; and 5) statement of support from the governing body of the represented communities (68 FR 59564).*

⁴*There may be varying levels of scope and anticipated revenues that exist between the CDQ Program and the proposed CFQ Program. The 2002 total revenues and royalties from the six CDQ groups combined are about \$70 million and \$46 million, respectively (from the 4th quarter 2002 reports, unaudited). By comparison, the value generated by all Gulf groundfish fisheries (excluding sablefish) in 2002 was less than \$80 million in ex-vessel revenues (SAFE Report: Economic Status of the Groundfish Fisheries off Alaska, 2002). Thus, The total ex-vessel revenues generated from 5% - 15% of the Gulf groundfish TACs (proposed to be allocated to the CFQ Program) could be roughly valued at \$4 - \$12 million. Note that the administrative entity or entities would receive less than the ex-vessel values, however, as they would only receive the lease price from the quota.*

- a. Less than 1500
 - b. Less than 2500
 - c. Less than 5000
 - d. Less than 7500
- Option 2. Geography
- a. Coastal Communities without road connections to larger community highway network
 - b. Coastal communities adjacent to salt water
 - c. Communities within 10 nautical miles of the Gulf Coast
 - d. Communities on the south side of the Alaska Peninsula that are adjacent to Central and Western GOA management areas (including Yakutat) within 5 nautical miles from the water, but not to include Bering Sea communities included under the Western Alaska CDQ program.
- Option 3. Historic Participation in Groundfish Fisheries
- a. Communities with residents having any commercial permit and fishing activity as documented by CFEC in the last ten years (1993 - 2002)
 - ~~b. Communities determined by the State of Alaska to have met the customary and traditional use threshold for halibut~~
- Option 4. Government Structure
- a. Communities recognized by the State of Alaska as a first class, second class, or home rule municipality
 - b. All other eligible communities

The proposed change under Option 3(a) specifies that the qualifying commercial permit and fishing activity is not limited to the Gulf groundfish fisheries. Communities could have landings of any species, whether crab, halibut, herring, salmon, groundfish, etc., during 1993 – 2002 in order to qualify under this option.⁵ Should the Council approve the proposed change, it may consider modifying the title of Option 3 to “Historic Fisheries Participation,” as clarification that it is not limited only to groundfish fisheries participation. Note also that Option 3(a) specifies that it is necessary to both hold a commercial permit and use that permit to generate fishing activity in order to qualify under this option.

The deletion of Option 3(b) means that the Council would not take into account whether a community was determined by the State of Alaska to have customary and traditional use of halibut in order to become eligible for the CFQ program in the Gulf groundfish fisheries. The customary and traditional use finding is related to whether a community qualifies for the Council’s halibut subsistence program, and may not be as relevant a criterion to determine participation in a commercial fisheries program. Under the remaining Option 3(a), a community’s historic participation would be based on actual commercial permit and fishing activity as documented by CFEC during the proposed time period.

Preliminary analysis indicates that four communities (Aleneva, Kodiak Station, Women’s Bay, Susitna) do not have documented commercial landings during 1993 – 2002 nor do they have a customary and traditional use finding for halibut. Thus, these communities would not be eligible for the program, should either of the historic participation criteria be selected. Should the Council choose to apply Option 3(a), as modified above, no additional communities would be excluded beyond the four identified. All other potentially eligible communities appear to have commercial landings during the specified time period.

Staff notes that Option 1 indicates that the population criterion be based on the 2000 U.S. Census. The U.S. Census is considered to be the most accurate and recent demographic data available, and its use is consistent with similar programs. Should the Council select a maximum population criterion for this

⁵ *Should the Council choose not to modify Option 3(a) and require that only groundfish landings count toward eligibility, preliminary analysis indicates that six communities with non-groundfish commercial landings would be affected: Akhiok, Cold Bay, Karluk, Nanwalek, Port Graham, and Tyonek. Each of these communities, except Tyonek, also have a customary and traditional use finding for halibut.*

program, the implementing regulations would likely also establish a minimum population threshold and require that a community be defined as a Census Designated Place (CDP) under the U.S. Census.⁶ Establishing a minimum population standard reduces the potential for future petitions for inclusion in the program by an individual or small group of individuals living in a place solely for the purpose of participating in the program. In addition, a community must be defined as a Census Designated Place (or a city) in the U.S. Census in order to be included in the Census. Thus, no Census data will exist for communities without this designation.

2.9.2.3 Species

- Option 1. All rationalized groundfish species
- Option 2. Limited to species that can be caught without (hard on) bottom trawling

2.9.2.4 Allocation

- Option 1. 5% of annual TAC
- Option 2. 10% of annual TAC
- Option 3. 15% of annual TAC

2.9.2.5 Harvesting of Shares

- ~~Option 1. Limited to residents of eligible communities that own their vessels~~
- Option 2. Limited to residents of any eligible community
- ~~Option 3. No limitations on who harvests shares~~
- ~~Option 4. No offshore leases to CPs.~~

This proposed change would require that the harvest of CFQ shares be restricted to residents of the eligible communities. In effect, a resident of an eligible community could lease quota share from any administrative entity representing any of the eligible communities. This provides for a limited number of persons that could potentially participate in the program, without restricting the administrative entity to leasing quota share only to the residents of the community or communities it represents. It is assumed that this provision is proposed in order to provide flexibility in the event that an eligible community does not have a qualified resident to harvest its shares in a given year. In that case, the shares could be used by a resident of another eligible community and reduce the risk that the shares remain unharvested.

This issue spurs the question of whether a priority would need to be established to ensure that the residents of the represented community have priority over residents of other eligible communities. If only one administrative entity is designated to hold all of the CFQ for every eligible community, the entity would need to monitor the use of the shares and ensure that the residents of each community have the opportunity to fish their ‘designated’ shares. Note that in order to be eligible to harvest CFQ, a person would have to be a resident of an eligible community (under the proposed change) and also meet the eligibility criteria selected to receive harvest shares by transfer under Section 2.3.3.1.

Note that this issue applies regardless of the entity (administrative nonprofit or NMFS) that is leasing the shares to community residents. This section should be considered in the context of NOAA GC’s legal opinion on the CIFT Program, which has similar applicability to the CFQ Program structure. The program’s design to allow the administrative entity to distribute annual IFQs to community residents has spurred legal concerns regarding a sub-allocation of quota share without Secretarial approval, and thus, without an appeals process.

⁶ *The proposed rule for the halibut/sablefish community QS purchase program (Gulf Am. 66) requires that a community be a Census Designated Place under the U.S. Census and have not less than 20 persons and not more than 1,500 persons.*

2.9.2.6 Use of Revenue

- ~~Option 1. Community development projects that tie directly to fisheries or fishery related projects and education.~~
- ~~Option 2. Community development projects that tie directly to fisheries and fisheries related projects, education and government functions.~~
- ~~Option 3. Education, social and capital projects within eligible communities as well as governmental functions.~~

The proposed change would eliminate the options to restrict the use of revenue generated by the use (leasing) of CFQs to specific types of projects. This means that the administrative entity would not be limited in how it could spend revenues resulting from the leasing of CFQ.

If the primary intent of the program is to lease quota to eligible community residents in order to allow them an opportunity to participate in the Gulf groundfish fisheries, it is unlikely that a significant amount of revenue would be generated. The allocations and benefits associated with each eligible community may remain relatively small, due to the smaller, area-specific TACs in the Gulf of Alaska and the number of communities that may be determined eligible. In addition, while a resident may lease CFQ at fair market value, it is also foreseeable that the administrative entity would lease quota at less than fair market value (or no cost) in order to meet the intent of providing opportunities and benefits to resident fishermen. The overall intent of the program appears to be to lease quota to fishermen in rural communities that would not otherwise have the financial means to purchase QS – if so, this may negate the need to regulate the use of revenue generated from that process.

If, however, the intent is for the administrative entity to derive revenues from the allocations to support community development projects, it may be appropriate to restrict the use of revenues. However, any restriction on the use of revenues would necessitate a significant increase in the level of administrative oversight necessary for the program, in that NMFS would be required to review and approve each proposed project to ensure that the use of the revenue complies with the restriction. The cost of increased administrative oversight would have to be weighed against the level of anticipated benefits or revenues derived from the program to determine whether revenue use restrictions are appropriate.

2.9.2.6 Allocation Basis

The initial allocation (harvest shares) of CFQ would be made to the administrative entity representing eligible communities.

Option 1. There would be equal distribution amongst qualified communities of 50% of the Gulf CFQ. There would be pro rata distribution by population amongst qualified communities of 50% of the Gulf CFQ.

The current options propose that the Secretary allocate 5% - 15% of the overall Gulf quota share to the CFQ Program. The options under 2.9.2.1 propose that the quota share be allocated to one Gulf-wide administrative entity representing all eligible communities. However, a method or criteria for determining how much CFQ is associated with each eligible community must also be developed. Option 1 under Section 2.9.2.6 provides one method for determining the distribution of quota share among eligible communities.

Option 1 would allocate half of the CFQ based on being an eligible community and the other half based on population. The implications of this formula are shown in Table 1, based on a preliminary estimate of the number of communities that may be eligible for the program under a specified set of criteria. Table 1 applies a population criterion of less than 7,500 persons, which results in a range of communities from 22 persons to 6,334 persons (based on the 2000 U.S. Census). This table by no means presupposes the actual list of eligible communities or the eligibility criteria that would be selected by the Council. It is only used as an example, to show the distribution of CFQ that would result under the formula in Option 1.

The formula for distributing CFQ under Option 1 would clearly benefit the larger of the eligible Gulf communities in terms of total quota, as half of the quota would be allocated based on population. The example list of eligible communities in Table 1 indicates that the smallest communities would receive less than 2% of the total annual CFQ allocated to the program, and the largest community would receive 21%. The vast majority of communities would receive 2% - 4%, with the three largest communities receiving approximately 7% (Larsen Bay), 9% (Cordova), and 21% (Kodiak).

Whether this formula is appropriate for the program is a policy decision for the Council. The option clearly favors the larger communities in terms of total CFQ allocated, but may still favor some of the smaller communities in terms of the amount of CFQ per individual resident. Recognizing these differences, and the fact that a community's total population does not represent its number of resident fishermen, the Council may want to consider additional formulas for analysis.

2.9.2.7 Qualification of Administrative Entity

The administrative entity must submit a detailed statement of eligibility to NMFS and the State prior to being qualified. The State may comment on the statement of eligibility but does not have a formal role. The required elements of the eligibility statement will be in regulation.

2.9.2.8 Administrative Oversight

A report submitted to NMFS detailing the use of QS by the administrative entity. The required elements and timing of the report will be outlined in regulation.

Table 1: Draft list of WY, CG, and WG communities (Census Designated Places) that meet the following criteria: 1) population¹ of fewer than 7,500; 2) no road connections to larger community highway network; and 3) within 10 nm of the Gulf coast. No governance criteria or fisheries participation (permit holding/fishing activity) were used to develop this list.

	NAME	CLASS	POP	AREA	% of CFQ ²
1	Akhiok	Second Class City	80	CG	2.0%
2	Aleneva	Unincorporated	68	CG	1.9%
3	Chenega Bay	Unincorporated	86	CG	2.0%
4	Chignik	Second Class City	79	CG	2.0%
5	Chignik Lagoon	Unincorporated	103	CG	2.0%
6	Chignik Lake	Unincorporated	145	CG	2.2%
7	Chiniak	Unincorporated	50	CG	1.9%
8	Cold Bay	Second Class City	88	WG	2.0%
9	Cordova ²	Home Rule City	2,454	WY	9.2%
10	Halibut Cove	Unincorporated	35	CG	1.8%
11	Ivanof Bay	Unincorporated	22	WG	1.8%
12	Karluk	Unincorporated	27	CG	1.8%
13	King Cove	First Class City	792	WG	4.1%
14	Kodiak	Home Rule City	6,334	CG	21.0%
15	Kodiak Station	Unincorporated	1,840	CG	7.3%
16	Larsen Bay	Second Class City	115	CG	2.1%
17	Nanwalek	Unincorporated	177	CG	2.3%
18	Old Harbor	Second Class City	237	CG	2.4%
19	Ouzinkie	Second Class City	225	CG	2.4%
20	Perryville	Unincorporated	107	WG	2.0%
21	Port Graham	Unincorporated	171	CG	2.2%
22	Port Lions	Second Class City	256	CG	2.5%
23	Sand Point	First Class City	952	WG	4.6%
24	Seldovia	First Class City	286	CG	2.6%
25	Susitna	Unincorporated	37	CG	1.8%
26	Tatitlek ³	Unincorporated	107	WY	2.0%
27	Tyonek	Unincorporated	193	CG	2.3%
28	Womens Bay	Unincorporated	690	CG	3.8%
29	Yakutat ⁴	First Class City	680	WY/SEO	3.8%
TOTAL POPULATION			16,436		100.0%

¹Population is based on the 2000 U.S. Census.

²This column denotes how much of the total CFQ would be designated to each community under the proposed Option 1 in Section 2.9.2.6 (Allocation Basis): 50% of CFQ allocated based on equal distribution and 50% based on population.

³Cordova and Tatitlek are considered located in the West Yakutat area. Though located within PWS (Area 649), these communities are inside the longitudinal line used to designate the WY (Area 640) and CG (Area 630) boundary.

⁴Yakutat is located on the boundary of WY and SEO, but is technically located within SEO (Gulf Area 650). Staff has included Yakutat in this list based on the Council's expressed preference to include Yakutat in community options for the Gulf rationalization program.

2.9.3 Community Purchase Program

The purpose of the Community Fisheries Quota Program and the Community Quota Purchase Program is to mitigate economic impacts from rationalization on smaller, isolated, Gulf of Alaska fisheries dependent communities. Community fishing quota will provide for the sustained participation of the qualifying communities in the rationalized fisheries and acknowledges the importance of fisheries resources to these communities.

The purpose statement above was proposed as specific guidance for both the CFQ Program and the Community Purchase Program. Please see Section 2.9.2 for further discussion. Note, however, that the comments under Section 2.9.2 regarding NOAA GCs legal opinion on the CIFT and CFQ Program do not apply under the Community Purchase Program. The Community Purchase Program does not involve a delegation of Secretarial authority to an organization representing a community; by contrast, its purpose is to allow for a new category of QS holder that is eligible to purchase quota share on the open market.

2.9.3.1 Administrative Entity

Option. The administrative entity representing a community or communities must be a non-profit entity qualified by NMFS.

2.9.3.2 Eligible communities

Option 1. Population (based on 2000 Census):

- a. Less than 1,500
- b. Less than 2,500
- c. Less than 5,000
- d. Less than 7,500

Option 2. Geography

- a. Coastal Communities without road connections to larger community highway network
- b. Coastal communities adjacent to salt water
- c. Communities within 10 nautical miles of the Gulf Coast
- d. Communities on the south side of the Alaska Peninsula that are adjacent to Central and Western GOA management areas (including Yakutat) within 5 nautical miles from the water, but not to include Bering Sea communities included under the Western Alaska CDQ program.

Option 3. Historic Participation in Groundfish Fisheries

- a. Communities with residents having any commercial permit and fishing activity as documented by CFEC in the last ten years (1993 – 2002)
- ~~b. Communities determined by the State of Alaska to have met the customary and traditional use threshold for halibut~~

The proposed changes above are the same as the proposed changes for the eligibility criteria in the CFQ Program. Please see Section 2.9.2.2 for a discussion of these issues.

Option 4. Government Structure

- a. Communities recognized by the State of Alaska as a first class, second class, or home rule municipality
- b. All other eligible communities

2.9.3.3 Qualification of Administrative Entity

The administrative entity must submit a detailed statement of eligibility to NMFS and the State prior to being qualified. The State may comment on the statement of eligibility but does not have a formal role. The required elements of the eligibility statement will be in regulation.

2.9.3.4 Administrative Oversight

A report submitted to NMFS detailing the use of QS by the administrative entity. The required elements and timing of the report will be outlined in regulation.

2.9.4 Community Incentive Fisheries Trust (CIFT)

The CIFT has full ownership of CIFT harvest shares and holds these shares in trust for the communities, processors and crewmembers in the region to use as leverage to mitigate impacts directly associated with implementation of a rationalization program.

2.9.4.1 Harvest Share Distribution

10-30 % of harvest shares shall be originally reserved for GOA CIFT associations. These harvest shares will be a pool off the top before individual distribution of harvest shares.

2.9.4.2 CIFT Designation

- Option 1. One CV CIFT for entire GOA (exclude SEO)
- Option 2. Regional CV CIFTs:
 - Suboption 1. Central GOA (Kodiak, Chignik)
 - Suboption 2. Western GOA
 - Suboption 3. North Gulf Coast (Homer to Yakutat)
- Option 3. CP-based CIFT

Defer remaining issues to a trailing amendment

The Council did not propose any changes to the options under the CIFT Program in October. However, staff has provided a separate discussion paper on this program (see Part I), due to a recent legal opinion by NOAA GC (Attachment D). Please refer to this paper for a discussion of the CIFT Program and potential legal implications identified by NOAA GC.

Defer remaining issues to a trailing amendment

2.10 PSC for Crab and Salmon

~~The Council requests that staff prepare a discussion paper showing historical data for the bycatch of salmon and crab by species, area, and year for areas subject to the GOA rationalization program. The Council intends to review these data and develop bycatch measures for salmon and crab which will be implemented as part of this rationalization program. The Council intends to develop options for analysis that could be incorporated no later than the October 2003 meeting.~~

Staff comments on this proposed analysis will be provided at the February 2004 meeting.

Proposed staff analysis on Salmon and Crab bycatch measures

The Council recommends that the alternatives on p.5 of the Salmon and Crab Bycatch Measures for GOA Groundfish Fisheries paper not be adopted at this time and that the analysis be expanded to include, to the extent practical, a discussion of the following:

A comparison of salmon bycatch with hatchery salmon releases (in Alaska, Japan and Canada) and regional salmon run strength and catch of foreign origin salmon.

Red king crab and Bairdi bycatch data relative to population estimates for all gear types.

Use of observer data. The discussion would include a table of the % of observed catch by region by season and methods of extrapolation for unobserved vessels (smaller long line fleet), conversion of observer data to identify catch in State waters, and any known problems with the use of observer data.

Other fisheries in which salmon and crab bycatch occurs — ie. pot codfish and pollock bottom trawl.

The reasons for the high bycatch of the “other salmon” category between 1993-95 and provide salmon bycatch data by month by area.

Description of gear specific salmon and crab mortality rates.

Bairdi bycatch in the pacific cod pot fishery - extrapolate as needed to provide numbers for state waters fishery.

Inclusion in the draft alternatives of a BSAI style bycatch pool hotspot management alternative, an alternative that provides for red king crab bycatch protections and an “other salmon” bycatch protections alternative.

Changes in the regulatory requirements for observer coverage in the pot cod fishery.

Discussion of how crab and salmon bycatch limits integrate with Gulf Rationalization.

Distribution and population information on Tanner and king crab will be provided from survey data.

2.11 Review and Evaluation

2.11.1 Data collection.

A mandatory data collection program would be developed and implemented. The program would collect cost, revenue, ownership and employment data on a periodic basis to provide the information necessary to study the impacts of the program. Details of this program will be developed in the analysis of the alternatives.

2.11.2 Review and Sunset

Option 1. The program would sunset unless the Council decides to continue or amend the program. The decision of whether to continue or amend would be based on a written review and evaluation of the program’s performance compared to its objectives.

- Suboption 1. 5 years after fishing under the program
- Suboption 2. 7 years after fishing under the program
- Suboption 3. 10 year schedule after fishing under the program
- Suboption 4. No sunset provision.

Option 2. Formal program review at the first Council Meeting in the 5th year after implementation to objectively measure the success of the program, including benefits and impacts to harvesters (including vessel owners, skippers and crew), processors and communities, by addressing concerns, goals and objectives identified in the problem statement and the Magnuson Stevens Act standards. This review shall include analysis of post-rationalization impacts to coastal communities, harvesters and processors in terms of economic impacts and options for mitigating those impacts. Subsequent reviews are required every 5 years.

2.12 Sideboards

GOA Groundfish sideboards under the crab rationalization plan and under the AFA would be superseded by the GOA rationalization program allocations upon implementation.

~~Participants in the GOA rationalized fisheries are limited to their historical participation based on GOA rationalized qualifying years in BSAI and SEO groundfish fisheries.~~

Vessels (Steel) and LLPs used to generate harvest shares used in a co-op may not participate in other federally managed open access fisheries in excess of sideboard allotments.

Participants in the GOA rationalized fisheries are limited to their aggregate historical participation based on GOA rationalized qualifying years in BSAI and SEO groundfish fisheries.

The Council should consider adding sideboards for the GOA jig fishery, which will not be included in the rationalization program.

Staff analysis of sideboard issues should examine the potential consequences of the creation of a double set of sideboards relating to BSAI fisheries for vessels already subject to AFA sideboards in BSAI fisheries. Motion passed unanimously.

Topic 19

The deleted provision is redundant and creates ambiguity of whether sideboards will be applied on an aggregate basis, which is significantly more workable and less costly than application on an individual basis. The added provision clarifies that sideboards for the jig fisheries will be considered.

The Council noted its intent to further develop sideboard measures for analysis.

3 Processing Sector Provisions

3.1 Provisions for a Closed Class of Processors

3.1.1 Harvester Delivery requirements

3.1.1.1 Closed class delivery requirements

3.1.1.1.1 Option 1. 50-100% of CV harvest share allocation will be reserved for delivery to:

- i. the linked qualified closed trawl or fixed class processor.
 - ii. any qualified closed trawl or fixed or large or small class processor
- The remaining (50 -0%) CV harvest share allocation can be delivered to:
- i. any processor excluding CPs
 - ii. any processor including CPs

Option 2. Low producing vessels are exempt from closed class delivery requirements

3.1.1.2 Linkage:

Option 1. A harvester's processor linked shares are associated with the qualified fixed or trawl closed class large or small processor to which the harvester delivered the most pounds of groundfish during

Option 2. the last ___ years of the harvester allocation base period.

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

If the processor with whom the harvester is associated with is no longer operating, the harvester is eligible to deliver to any qualified processor.

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

3.1.1.3 Penalties for moving between linked processors

- Option 1. No share reduction for moving between processor year to year
- Option 2. Share reductions of 10-20% each time a harvester moves to a different linked processor for:
 - i. 1 year
 - ii. 2 years
 - iii. 4 years
 The share reduction shall be redistributed to:
 - i. The shareholders in association with that processor that the shareholder left (if it continues to exist).
 - ii. To all cooperatives in the sector on a pro rata basis. (applies if mandatory cooperatives)
- Option 3. Penalty to move depends on the amount of open access B share fish. Vessel leaves A share for one year.
 - Suboption 1: Penalty applies to both A and B shares.
 - Suboption 2: Full penalty applies to first move, subsequent moves are penalized at half of that rate.

Council Topic 13

Closed A share class	Open B share class	Penalty on total amount of A and B shares	Ratio of penalty on A shares to B shares
90%	10%	10%	9:1 (9%)
80%	20%	20%	4:1 16%)
70%	30%	30%	7:3 (21%)
60%	40%	40%	3:2 (24%)
50%	50%	50%	1:1 (25%)

~~Option 4. One year penalty in open access. Harvester's shares must move as a block with all shares subject to the one year open access penalty. No open access penalty required if an agreement between coop members and the affiliated processor could be struck. Motion passed 14/4.~~

Council Topic 13

The addition to Option 4 would apply only if the Council adopted an alternative with an open access penalty (Alternative 2 or 3 from the June 2003 table or Alternative 3 from the October tables). The first sentence could be intended to limit the ability of harvesters to take advantage of the open access penalty structure by moving a few shares through the open access to compete with other participants that were using the open access to change cooperative and processor affiliations. If the Council intends to adopt this provision, the limitation should be incorporated into Section 4.6 as well. The second provision provides that no penalty would be applied if a harvester's share move was agreed to by the cooperative and affiliated processor. The Council should also clarify whether this proposed change is intended to create inseparable blocks of all initial allocations. Doing so could reduce long term efficiency gains that could be realized through the division of initial allocations.

- Option 5. No penalty. Movement allowed only upon agreement between Coop members and affiliated processor.

3.1.1.4 Low producing vessel provisions

- i. Low producing vessels are defined as:
 - Option 1. H&L or pot CVs receiving less than average QS initially allocated by gear, species and area

- Option 2. H&L or pot CVs receiving less than the 75th percentile QS initially allocated by gear, species and area
- ii. Provisions for low producing vessels
 - Option 1. Low producing vessels are exempt from closed class delivery provisions
 - Option 2. Subject to block program.

3.1.2. Closed Class Processor Qualifications

3.1.2.1 To purchase groundfish required to be delivered to a qualified processor must have purchased and processed a minimum amount of groundfish as described below in at least 4 of the following years:

- Option 1. 1995-99.
- Option 2. 1995-01
- Option 3. 1995-02

- Option 1.
 - a. Trawl eligible Processors
 - Suboption 1. 2000 mt
 - Suboption 2. 1000 mt
 - Suboption 3. 500 mt
 - b. Fixed gear eligible Processors
 - Suboption 1. 500 mt
 - Suboption 2. 200 mt
 - Suboption 3. 50 mt
 - c. Trawl and Fixed gear eligible processors

Meet criteria for both the closed class trawl process catch and closed class fixed gear process catch as described above

- Option 2.
 - a. Large closed class processor
 - Suboption 1. 2000 MT
 - Suboption 2. 1000 MT
 - Suboption 3. 500 MT
 - b. Small closed class processor
 - Suboption 1. 500 MT
 - Suboption 2. 200 MT
 - Suboption 3. 50 MT
 - c. Open class processor – no groundfish landing qualifications – can purchase any amount of open class B share QS.

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

- Option 1. Operator – must hold a federal or state processor permit.
- Option 2. Facility owner
 - Suboption. Custom processing history would be credited to:
 - i. the processor that physically processes the fish
 - ii. the processor that purchases the fish and pays for processing

3.1.2.3 Transferability of eligible processor licenses

Processor licenses can be sold, leased, or transferred.

- Option 1. Within the same community
- Option 2. Within the same region

3.1.2.4 Processing Use caps by closed class processor type (trawl, fixed or trawl and fixed (low or large), by CGOA and WGOA regulatory areas:

- Option 1. Range 70% to 130% of TAC processed for all groundfish species for the largest closed class processor
- Option 2. Processing use caps for small closed class processors
 - i. 1000 to 2000 MT
 - ii. 2000 to 3000 MT

(Note: There is no limit on the amount of fish either a small or large closed class processor can buy from the open B share classed fish)

3.1.2.5 Processing Caps may apply at:

- Option 1. the facility level
- Option 2. the entity level

3.1.2.6 Closed class license ownership restrictions on processors

- Option 1. No restrictions
- Option 2. Trawl/fixe license holders cannot hold any additional fixe gear only licenses.
- Option 3. Large closed class processors cannot hold small closed class processors licenses.

4 Cooperative Provisions

4.1 Cooperative type (voluntary or mandatory)

- Option 1. Cooperative membership will be voluntary (i.e., harvest shares (IFQ) will be allocated to non-members)
- Option 2. Cooperative membership will be mandatory (i.e., harvest shares will be allocated only to cooperatives)

4.2 Cooperative formation

4.2.1 Co-ops can be formed between holders of harvest shares or history of:

- ~~i. any type~~
- ~~ii. the same area, gear, vessel type (CV or C/P), and/or vessel length class.~~
- ~~iii. the following classes of shares/history~~
 - ~~CV trawl~~
 - ~~CV longline~~
 - ~~CV pot~~
 - ~~C/P trawl~~
 - ~~C/P longline~~
 - ~~C/P pot~~
- ~~iv. All CV in the same area (WGOA and CGOA & WY combined)~~
 - ~~CV trawl~~
 - ~~CV fixe gear~~
 - ~~CV longline~~
 - ~~CV pot~~

Within Alternative 2 in Matrix Table:

- Catcher/processors
- Trawl catcher vessels
- “High producing” fixe gear catcher vessels
- “Low producing” fixe gear catcher vessels

Within Alternative 3 in Matrix Table:

- Trawl Catcher/processors
- Longline catcher/processors
- Pot catcher/processors
- Trawl catcher vessels

Longline catcher vessels
Pot catcher vessels

Council Topic 4

Each group of share/history holders of a defined class that may form cooperatives is defined as a “sector.”

The proposed change clarifies the designation of sectors for cooperative formation as requested by staff. The result of the change is generally consistent with the provisions in the Council, but may need slight modification for the alternatives proposed at the Council’s October 2003 meeting.

4.2.1.1 Coop/processor affiliations

- Option 1. No association required between processors and coops
- Option 2. CV cooperatives must be associated with
 - a) a processing facility
 - b) a processing company

The associated processor must be:

- a) a licensed processor
- b) a qualified processor (if closed processor class is selected)
- c) a closed class processor to which the share holder’s shares are linked
- ~~d) any processing share holder (if processor shares are selected)~~
~~note: should be deleted) Motion passed 19/0~~

- Option 3. A harvester is eligible to join a cooperative associated with the qualified fixed or trawl closed class large or small processor to which the harvester delivered the most pounds of groundfish during the last [1, 2, or 3] years of the harvester allocation base period. If the processor with whom the harvester is eligible to form a coop is no longer operating, the harvester is eligible to join a coop with any qualified processor.

- Suboption 1. Processors can associate with more than one co-op
- Suboption 2. Processors are limited to 1 co-op per plant for each sector.
- Suboption 3. Processor affiliated vessels may join coops. (*moved from header*)

Note: A processor association will not be required for a C/P cooperative.

4.2.2 Cooperatives are required to have at least:

- Option 1. 4 distinct and separate harvesters (using the 10% threshold rule)
Suboption: trawl CP sector, all less 1 of distinct and separate harvesters, using the 10% threshold rule) Motion passed 19/0.
- Option 2. ~~40~~ 50-100 percent of the harvest shares (or catch history) of its sector (may choose different percentages for different sectors)
- Option 3. ~~40~~ 50-100% of **separate and distinct shareholders (using the 10% threshold rule)** belonging to its sector. Council may choose different percentages for different sector.
- Option 4. ~~40~~ 50-75 percent of the harvest shares (or catch history) of the eligible harvest share (or catch history) for each coop associated with its processor

Note: Requirements may differ across sectors (or for CV and CP cooperatives)

4.2.3 Duration of cooperative agreements:

- Option 1. 1 year
- Option 2. 3 years
- Option 3. 5 years

4.2.4 Allocation Prerequisites

Allocations to CV co-ops will only be made under the following conditions:

Required Co-op agreement elements:

Harvesters and processors are both concerned that rationalization will diminish their current respective bargaining positions. Therefore, a pre-season co-op agreement between eligible, willing harvesters and an eligible, and willing processor is a pre-requisite. The co-op agreement must contain a fishing plan for the harvest of all co-op fish.

4.3 Rules Governing Cooperatives

4.3.1 Annual Allocations

Option 1. Annual allocations of cooperative members would be issued to the cooperative.

Option 2. Annual allocation of the sector would be issued to the sector cooperative (if “true” sector cooperative alternative is selected)

- 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 ~~target~~ primary species, ~~non-target~~ 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. Processor 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.

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The change is consistent with a staff suggestion that is intended to limit the ability of a majority of a cooperative to exert excessive bargaining power over persons eligible for membership. This provision alone may not be sufficient to address all issues of bargaining power in a mandatory cooperative program (see discussion of cooperative rules in the alternative descriptions above).

4.4 Ownership and Use Caps and Underages

4.4.1 Set co-op use caps at 25 to 100% of total TAC by species (must choose 100 percent for a “true” sector cooperative)

4.4.2 Coop 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

- 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.
- Underage limits would be applied in the aggregate at the co-op level

4.5 Movement between cooperatives

4.5.1 Harvesters may move between cooperatives at:

- Option 1. the end of each year.
- Option 2. the expiration of the cooperative agreement.
- Option 3. No movement in the first two years

4.5.2 License Transfers Among Processors (applies only if closed class of processors)

- Option 1. any cooperative 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 departing the cooperative, as would have been made in the absence of the transfer.
- Option 2. any cooperatives associated with the license will be free to associate with any qualified processor. Harvest share/history holders in the cooperative will be free to move among cooperatives without share/history reduction.

4.6 Non-Members of Cooperatives (applies only if mandatory cooperatives)

4.6.1 Harvest share/history holders that do not choose to join a co-op

- Option 1. May fish in open access, provided NMFS determines that the non-cooperative allocation is sufficient to conduct an open access fishery. The open access fishery will be comprised of all shares of harvesters that are not cooperative members of the same sector (i.e., area, vessel type (CV or C/P), and/or gear). NMFS will have the discretion to determine the distribution of bycatch among target species open access fisheries from shares of harvesters in the open access fishery ~~holding bycatch shares for multiple target fisheries.~~
- Option 2. Are not allowed to participate in the rationalized fisheries until they join a co-op.

The change clarifies that only the shares of participants in the open access are intended to be used in the open access fishery.

Sections 5 and 6 concerning the halibut and sablefish IFQ program and SEO fisheries

Sections 5 and 6 are possible responses to staff's request that the Council clarify the interaction of the program with the halibut and sablefish IFQ program and the application of the program in Southeast Outside, where only secondary species will be allocated. Staff's initial comments on the provisions are included in the text below. These comments are preliminary and may be addressed as the provisions of these sections are developed.

Sections 5 and 6 are a starting place for developing a program for the partial inclusion of halibut and sablefish IFQ holders and SEO in the rationalization program. Both sets of provision will need further attention and development. Assuming the Council accepts these proposals, the IFQ implementation team would develop provisions for IFQ holders. No similar provisions for further development exists for section 6.

Additional information should be available to assist with the development of these sections, once the analysis has progressed. The Council, however, will need to more clearly describe the management of halibut and sablefish IFQ fisheries and SEO fisheries, if the Council chooses to partially incorporate those fisheries into the rationalization program.

5- Provisions relating to the IFQ halibut/sablefish fishery.

5.1 Management areas:

Applies to Sablefish areas SE, WY, CG, WG. Applies to halibut areas 2C, 3A, 3B, 4A.

5.2 Primary species include: P.cod, Greenland turbot, POP.

A) QS will be issued to the halibut/sablefish owner at the time of landing while harvesting halibut or sablefish IFQ during the qualifying period. Any QS/IFQ issues for these primary species will not be subject to regionalization, mandatory coop, closed class processor, or processor linkage provisions of GOA rationalization.

This provision clarifies the species for which shares will be awarded based on retained catch. One issue that will arise with respect to analysis (and more importantly administration) of this provision is that harvest records do not identify the specific IFQ that authorize the landing of any groundfish necessary to allocate shares based on landings related to an IFQ. In some cases, a relationship may be inferred using the date of landing and permit holder, but the specific relationship cannot be determined with any certainty and in some cases may be impossible to infer. So, the initial allocation of shares based on specific harvest history records as proposed is not possible.

Another aspect of this provision should be clarified. The provision states that the allocation would be made to the "owner at the time of landing". The provision is assumed to refer to the holder of the QS at the time the qualified landing occurred. Although this provision might be intended to award shares based on history, it is unclear why the allocation should not be made to the share holder at the time of the allocation. If allocations of these groundfish species are intended to support incidental catch by halibut and sablefish IFQ holders, awarding shares to persons that have sold their shares may not satisfy that need. In other words, as drafted the provision would allocate groundfish to persons who sold all of their halibut and sablefish IFQ based on any landings they made of groundfish. Allocations to the holder of the shares at the time of the landing suggest that the allocation has a broader purpose than to support the use of halibut and sablefish IFQ, but is instead intended to support direct participation in the groundfish fisheries by IFQ holders. Arguably, a person that transfers halibut QS forsakes the right not only to harvest halibut, but also the ancillary harvests of other species that are made along with the IFQ harvests. Otherwise, the Council should clarify that participants in the halibut fishery have a direct interest in the halibut fishery that is independent of their interests in the halibut IFQ.

There is likely no perfectly clean solution to this allocation issue. Some halibut IFQ participants that hold LLPs target groundfish and record those landings on groundfish tickets, while others record all groundfish landings on halibut fish tickets.

5.3 Secondary species include RE/SR, Thornyheads, Pelagic shelf, Other Slope, Northern, and Other rockfish. Allocation to the halibut/sablefish IFQ fishery shall be determined by:

A) Sablefish: Allocation based on the average rate and 75th percentile of observed bycatch rates, by area (the rate which 75% of observed sets did not exceed)

B) Halibut: Allocation based on the average rate and 75th percentile of bycatch rates experienced in IPHC surveys by area (the rate which 75% of survey sets did not exceed).

The IPHC survey data will look at the years 1995-2002 and 1998-2002.

This provision provides for the allocation of rougheye/shorthead, thornyhead, pelagic rockfish, other slope rockfish, northern rockfish, and other rockfish as secondary species based on observed bycatch rates. The provision is similar to the provisions for the allocation of secondary species to groundfish participants except:

1) pelagic shelf rockfish and northern rockfish are allocated as target species for groundfish participants. The Council should clarify its rationale for not using the same allocation method for all participants. If halibut and sablefish QS holders receive an allocation based on average incidental catch rates, the allocation of these species will favor IFQ participants over groundfish participants, who will receive an allocation based only on retained catch. The provision would result in relatively larger allocations to

participants (including IFQ holders) with higher discard rates and smaller allocations to those with lower discard rates.

5.3.1 Management provisions for secondary species

A) Management of RE/SR, Thornyheads, Pelagic, Other Slope, Northern, and Other rockfish shall be Option 1: Managed in aggregate on an area basis using current MRA regulations.

Option 2: Allocated to individual sablefish or halibut QS owners proportional to their QS holdings. Secondary species QS can only be permanently transferred with the underlying parent QS, but IFQ may be leased across vessel categories and species within the halibut and sablefish IFQ program.

Suboption 1: Allow an individual to choose, on an annual basis, individual allocations or to participate in the common pool.

Suboption 2: Allow a 7 day grace period after an overage occurs for the owner to lease sufficient Secondary species IFQ to cover the overage. Failure to secure sufficient IFQ would result in forfeiture of the overage and fines.

B) An estimate of non commercial use of secondary species will be made based on observer and IPHC data. Non commercial use of secondary species for gurdy bait will not require QS/IFQ.

C) Require full retention of Secondary species listed under A.

Further, the Council requests the IFQ implementation team review these options once the observer and IPHC data becomes available

Under option 1, secondary species would remain under current management, including MRA regulations, for halibut and sablefish IFQ holders.

Option 2 would allocate shares in these species to halibut and sablefish IFQ holders base on their QS holdings. Shares of secondary species would be leasable among participants in the IFQ program, but could not be permanently transferred independent of the QS that gave rise the secondary species allocation. These shares also could not be transferred outside of the IFQ program, to support groundfish harvests.

Suboption 1, appears to create a common pool alternative for IFQ holders. This provision would create a pool of secondary species shares that would support the IFQ harvests of any IFQ holders that elected to join the pool. All secondary species shares of persons joining the pool would be allocated to the pool.

Suboption 2 would allow a 7-day adjustment period during which an IFQ holder that exceeded share holdings would be permitted to acquire shares to cover the overage. As written, this provision applies only to secondary species and to halibut and sablefish IFQ holders. The Council might consider whether this provision is appropriate for other species and participants.

Option B would require that NOAA Fisheries estimate the use of secondary species for non-commercial use (bait). The second sentence would allow the use of secondary species for gurdy bait without shares. Although the provisions are not clear, it is assumed that the estimated non-commercial use would be accounted for in setting TACs for share allocations in the fisheries. The Council should consider whether this provision should apply only to halibut and sablefish IFQ holders and only secondary species.

Option C would require full retention of secondary species listed in option A. The Council should also consider whether this provision should apply only to the species listed in A and only to halibut and sablefish IFQ holders.

6: Provisions relating to the SEO Area. The AP recognizes the need for SEO stakeholders to provide input on Section 6. We request the Council provide staff input if a group of stakeholders convene. *Motion passed 19/0.*

6.1 SEO is exempt from GOA rationalization program except for the management of RE/SR, Thornyheads, and Other Slope as secondary species

6.2 Management provisions for secondary species

A) Any QS/IFQ issued for these secondary species will not be subject to regionalization, mandatory coop, closed class processor, or processor linkage provisions of GOA rationalization

B) Management of RE/SR, Thornyheads, and Other Slope rockfish shall be:

Option 1: Managed in aggregate on an area basis using current MRA regulations.

Option 2: Allocated to the vessel owner or qualified lease holder at time of landing during the qualifying period based on retained catch. Secondary species QS can only be permanently transferred to an individual with 150 days of sea time in a U.S. fishery. Secondary species IFQ may be leased.

Suboption 1: Allow an individual to choose, on an annual basis, individual allocations or to participate in the common pool.

Suboption 2: Allow a 7 day grace period after an overage occurs for the owner to lease sufficient Secondary species IFQ to cover the overage. Failure to secure sufficient IFQ would result in forfeiture of the overage and fines.

C) Non commercial use of secondary species for gurdy bait will not require QS/IFQ.

The provisions of section 6 mirror those of section 5, but apply in Southeast Outside (rather than only to halibut and sablefish IFQ holders). These provisions are clearly a starting point for the development of a management program for SEO. The provisions differ from those of section 5 in a few ways. First, the species governed by these allocations are fewer than those governed by section 5. Second, no provision for allocation of the species is stated. The Council will need to develop an allocation scheme for any SEO allocations. Notably, the species to be allocated are secondary species, which are allocated at standard rates relative to primary species allocations in the rationalization program. Since no primary species allocations are proposed for SEO, an allocation scheme will need to be developed. The provisions seem a starting point for developing a program for management of SEO, but most of the program has yet to be defined.

Additionally, the AP recommends the Council initiate analysis to implement TAC splits among gear types and sectors in the GOA Pacific cod fishery. Motion passed 17/0/1

TRAILING AMENDMENTS

The Council intent is for these trailing amendments to be implemented simultaneously with the main rationalization program.

2.Fee and Loan Program

3.Skipper/Crew Share Program issues

Remaining issues of CIFT program