

GOALS, OBJECTIVES, ALTERNATIVES
EXCERPTS FROM CHAPTERS 1, 2 AND 6
OF
RATIONALIZATION OF THE PACIFIC COAST
GROUND FISH LIMITED ENTRY TRAWL FISHERY
PRELIMINARY
DRAFT ENVIRONMENTAL IMPACT STATEMENT
INCLUDING
REGULATORY IMPACT REVIEW AND INITIAL REGULATORY FLEXIBILITY ANALYSIS

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JUNE 2008

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CHAPTER 1 INTRODUCTION

1.1 How This Document is Organized

This document provides information and an evaluation of a proposed action to change Federal management of the Pacific Coast groundfish trawl fishery, which is managed under the *Pacific Coast Groundfish Fishery Management Plan* (groundfish FMP), developed by the Pacific Fishery Management Council (Council). This action, is intended, among other things, to increase economic efficiency within the fishery (termed “rationalization”) and reduce bycatch (fish that are not kept or sold and are discarded, usually at sea). Implementing the action will involve both changes to the management framework in the FMP and promulgation of implementing regulations. The National Marine Fisheries Service (NMFS) reviews the new management proposals developed by the Council; if the proposal is approved, the FMP is amended to reflect the changes and NMFS implements any necessary regulations. These actions must conform to the Magnuson-Stevens Fishery Conservation and Management Act (MSA), the principal legal basis for fishery management within the Exclusive Economic Zone (EEZ), which extends from the outer boundary of the territorial sea to a distance of 200 nautical miles from shore.

In addition to addressing MSA mandates, this document is an environmental impact statement (EIS), pursuant to the National Environmental Policy Act (NEPA) of 1969, as amended. According to NEPA (Section 102(2)(C)), any “major Federal action significantly affecting the quality of the human environment” must be evaluated in an EIS. Based on a preliminary determination by Council and NMFS staff, implementing the proposed action referenced above could possibly have significant impacts. Therefore, rather than preparing an environmental assessment (EA), which provides “sufficient evidence and analysis for determining whether to prepare an environmental impact statement,” NMFS and the Council have decided to proceed directly to preparation of an EIS. This document is organized so that it contains the analyses required under NEPA, MSA, the Regulatory Flexibility Act (RFA), and Executive Order (EO) 12866. For brevity, this document is referred to as an EIS, although it contains required elements of an Initial Regulatory Flexibility Analysis (IRFA) pursuant to the RFA and a Regulatory Impact Review (RIR) pursuant to EO 12866.

Federal regulations (40 CFR 1502.9) require agencies to prepare and circulate a draft EIS (DEIS), which “must fulfill and satisfy to the fullest extent possible the requirements established for final statements in Section 102(2)(C) of the Act” (i.e., NEPA). Federal regulations (40 CFR 1506.10(c)) and agency guidelines (National Oceanic and Atmospheric Administration (NOAA) Administrative Order 216-6,

Section 5.01.b.1(i)) stipulate a minimum 45-day public comment period on the DEIS.¹ At the end of this period, a final EIS (FEIS) is prepared, responding to comments and revising the document accordingly. After the EIS is completed, a 30-day waiting period ensues before the responsible official may sign a record of decision (ROD) and implement the proposed action.

Environmental impact analyses have four essential components: a description of the purpose and need for the proposed action; a range of alternatives, including the proposed action, that represent different ways of accomplishing the purpose and need; a description of the human environment affected by the proposed action; and an evaluation of the predicted direct, indirect, and cumulative impacts of the alternatives.² The human environment is interpreted comprehensively to include the natural and physical environment and the relationship of people with that environment (40 CFR 1508.14). These elements allow the decision maker to look at different approaches to accomplishing a stated goal and understand the likely consequences of each choice or alternative. In this EIS, Chapters 1 and 2 cover the purpose and need for the action and describe the alternatives. Chapter 3 describes the components of the biological, physical, and human environments potentially affected by the proposed action. Chapter 4 evaluates the direct, indirect and cumulative effects of the alternatives on the resources and stakeholder groups of concern. The analysis is organized around “environmental components” whereby sections in the chapter examine and describes the direct, indirect and cumulative effects of each alternative on a particular resource or stakeholder group. The alternatives include the no action (status quo) alternative and the preferred alternative (when identified by the Council). These chapters describe both the status quo environment potentially affected by the proposed action and the predicted impacts of each of the alternatives. Subsequent chapters (and appendices) cover the following topics:

- Chapter 5 contains a review of other issues typically found in NEPA documents including short-term uses versus long-term productivity, irreversible resource commitments, and energy requirements and conservation potential of the alternatives.
- Chapter 6 examines the consistency of the proposed action with the trawl rationalization program goals, objectives, and constraints and guiding principles (listed in Section 1.2.3); the Groundfish FMP goals and objectives; and the national standards and other provisions of the MSA.
- Chapter 7 examines consistency with other federal laws and Executive Orders.
- Chapter 8 lists the individual preparers of this document.
- Chapter 9 presents a glossary of technical terms and a list of acronyms used in this document.
- Chapter 10 provides a list of the literature cited in this document.
- Chapter 11 provides a general keyword index to the document.
- Appendix A contains a detailed analysis of the components, elements, and options that are part of the IFQ alternative, one of the action alternatives described in Chapter 2.
- Appendix B contains a detailed analysis of the components, elements, and options that are part of the co-op alternative, one of the action alternatives described in Chapter 2.

¹ This required public comment period will occur after the Council has taken final action, as part of NMFS’s review process. Preliminary drafts of the document will also be made available for public review as part of the Council process: this partial draft document in advance of the June 2008 Council meeting and a substantially complete draft in advance of the November 2008 Council meeting.

² Federal regulations at 40 CFR 1502 detail the requirements for an EIS. Although there are several additional components, this list is of the core elements.

- Appendix C contains descriptions of the models used in the impact analysis.
- Appendix D is the RIR and IRFA [To be completed].

1.2 Proposed Action and Purpose and Need

1.2.1 The Proposed Action

The proposed action is to replace the current, primary management tool used for control of the West coast groundfish trawl catch—a system of two-month cumulative landing limits for most species and season closures for whiting—with a system requiring more individual accountability by the assignment of limited access privileges. (Limited access privileges are a form of output control whereby an individual fisherman, community, or other entity is granted the privilege to catch a specified portion of the total allowable catch.) The alternatives include (1) a catch-based individual fishing quota (IFQ) system under which each IFQ pound could be caught at any time during an open season, which could be applied to the whole groundfish fishery or selected sectors of the fishery; and (2) an enforced system of cooperatives (co-ops) that would be applied to one or more of the fishery sectors that target Pacific whiting. The status quo alternative (no action) could also be considered for application to one or more fishery sectors even if one or both action alternatives (IFQs or co-ops) are chosen for the other sectors.

Federally-managed Pacific groundfish fisheries occurring off the coasts of Washington, Oregon, and California establish the geographic context for the proposed action (see Figure 1–1).

1.2.2 Need for Action (Problems for Resolution)

Despite a program to buy back groundfish limited entry permits and associated vessels, completed in 2003, management of the West coast limited entry groundfish trawl fishery (West coast groundfish trawl fishery) is still marked by serious biological, social, and economic concerns, similar to those cited in the US Commission on Ocean Policy’s 2004 report {US Commission on Ocean Policy, 2004 1444 /id /d}. The trawl fishery is currently viewed as economically unsustainable given the current number of participating vessels, the current status of certain groundfish stocks, and the various measures in place to protect those stocks.

One major source of concern stems from the management of bycatch (discarded incidental catch), particularly of overfished species. Over the past several years the Council’s groundfish management efforts have been preoccupied with drafting rebuilding plans for overfished species, and in general developing management schemes for minimizing bycatch and specific management of overfished species incidental catch. Through the groundfish Strategic Plan and Amendment 18 to the groundfish FMP, the Council has indicated its support for future use of IFQ programs to manage commercial groundfish fisheries.³ These programs will give individual fishery participants more flexibility in how they participate in the fishery, and more accountability for how individual actions affecting incidental catch of overfished species impact the groundfish fishery as a whole.

³ Section 6.3.3 of the FMP, as amended, authorizes the Council to establish IFQ programs for any groundfish commercial fishery sector for the purposes of reducing fishing capacity, minimizing bycatch, and to meet other goals of the FMP.



Figure 1–1. The action area, west coast groundfish management areas, and other key management lines.

The Council sent the following problem statement out for public review during the public scoping period:

As a result of the legal requirement to minimize bycatch of overfished species, considerable harvest opportunity is being forgone in an economically stressed fishery. The west coast

groundfish trawl fishery is a multi-species fishery in which fishermen exert varying and limited control of the mix of species in their catch. The optimum yields (OYs) for many overfished species have been set at low levels, placing a major constraint on the industry's ability to fully harvest the available OYs of the more abundant target species that co-occur with the overfished species, wasting economic opportunity. Average discard rates for the fleet are applied to project bycatch of overfished species. These discard rates determine the degree to which managers must constrain the harvest of target species that co-occur with overfished species. These discard rates are developed over a long period of time and do not rapidly respond to changes in fishing behavior by individual vessels or for the fleet as a whole. Under this system, there is little direct incentive for individual vessels to do everything possible to avoid take of species for which there are conservation concerns, such as overfished species. In an economically stressed environment, uncertainties about average bycatch rates become highly controversial. As a consequence, members of fishing fleets tend to place pressure on managers to be less conservative in their estimates of bycatch. Given all of these factors, in the current system there are uncertainties about the accuracy of bycatch estimation, few incentives for the individual to reduce personal bycatch rates, and an associated loss of economic opportunity related to the harvest of target species.

The current management regime is not responsive to the wide variety of fishing business strategies and operational concerns. For example, historically the Pacific Council has tried to maintain a year-round groundfish fishery. Such a pattern works well for some business strategies in the industry, but there has been substantial comment from fishermen who would prefer to be able to pursue a more seasonal groundfish fishing strategy. The current management system does not have the flexibility to accommodate these disparate interests. Nor does it have the sophistication, information, and ability to make timely responses necessary to react to changes in market, weather, and harvest conditions that occur during the fishing year. The ability to react to changing conditions is a key factor in conducting an efficient fishery in a manner that is safe for the participants.

Fishery stock depletion and economic deterioration of the fishery are concerns for fishing communities. Communities have a vital interest in the short-term and long-term economic viability of the industry, the income and employment opportunities it provides, and the safety of participants in the fishery.

In summary, management of the fishery is challenged with the competing goals of: minimizing bycatch, taking advantage of the available allowable harvests of more abundant stocks, increasing management efficiency, and responding to community interest. "Taking advantage of the available allowable harvests" includes conducting safe and efficient harvest activities in a manner that optimizes net benefits over both the short and long term.

1.2.3 Purpose of the Proposed Action

In 2003 the Council established a Trawl Individual Quota Committee (TIQC), which was charged with the task of assisting the Council in identifying the elements of a trawl individual quota program and scoping alternatives and potential impacts of those alternatives in support of the requirements of the MSA and NEPA.⁴ At its first meeting in October 2003, the TIQC drafted a set of goals and objectives.

⁴ The term "individual quota program" was defined broadly to include any dedicated access privilege program, as described in the Notice of Intent to Prepare an EIS published in the Federal Register (69 FR 29482, May 24, 2004), which described the scoping process. Thus the TIQC's charge also included considering community development quota and individual processing quotas.

Another Council-established committee, the Independent Experts Panel (IEP), and the TIQC subsequently recommended modifying some of the goals and objectives. The Council adopted this list in June 2005, but at their March 2007 meeting the Council adopted a further revision of the goals and objectives. (The participation of the TIQC, the IEP, and other entities in the scoping process is described below in Section 1.7.) To pursue the goal thus developed, and shown below, the Council is considering alternatives that would rationalize the west coast trawl fishery and provide incentives to reduce bycatch, either through an IFQ program for all groundfish limited entry trawl sectors and/or through cooperatives for the fishery sectors targeting Pacific whiting. Under either alternative, allocations would be made to eligible fishery participants as a privilege to harvest a portion of fish, and not as a property right. Though structurally different, the Council's intention is that both the IFQ and co-op alternatives fulfill the goal of the program.

The following goal and lists of objectives and constraints and guiding principles outline the purpose of the proposed action.

Goal

*Create and implement a capacity rationalization plan that increases net economic benefits, creates individual economic stability, provides for full utilization of the trawl sector allocation, considers environmental impacts, and achieves individual accountability of catch and bycatch*⁵

Objectives

The above goal is supported by the following objectives:

1. Provide a mechanism for total catch accounting.
2. Provide for a viable, profitable, and efficient groundfish fishery.
3. Promote practices that reduce bycatch and discard mortality and minimize ecological impacts.
4. Increase operational flexibility.
5. Minimize adverse effects from an IFQ program on fishing communities and other fisheries to the extent practical.
6. Promote measurable economic and employment benefits through the seafood catching, processing, distribution elements, and support sectors of the industry.
7. Provide quality product for the consumer.
8. Increase safety in the fishery.

Constraints and Guiding Principles

The above goals and objectives should be achieved while:

1. Taking into account the biological structure of the stocks including, but not limited to, populations and genetics.
2. Taking into account the need to ensure that the total OYs and Allowable Biological Catch (ABC) are not exceeded.
3. Minimizing negative impacts resulting from localized concentrations of fishing effort.
4. Accounting for total groundfish mortality.

⁵ "Bycatch" is defined in the Magnuson-Stevens Act as: "species of fish which are harvested in a fishery, but which are not sold or kept for personal use, and includes economic discards and regulatory discards. Such term does not include fish released alive under a recreational catch and release fishery management program."

5. Avoiding provisions where the primary intent is a change in marketing power balance between harvesting and processing sectors.
6. Avoiding excessive quota concentration.
7. Providing efficient and effective monitoring and enforcement.
8. Designing a responsive mechanism for program review, evaluation, and modification.
9. Taking into account the management and administrative costs of implementing and overseeing the IFQ or co-op program and complementary catch monitoring programs, and the limited state and federal resources available.

As originally framed, this action focused on the more general concept of dedicated access privileges, now more commonly referred to as limited access privileges (described in Section 1.3). However, as the Council developed the range of alternatives, other methods to achieve the goals and objectives listed above were considered. The current range of alternatives includes establishing a framework for mandatory fishing vessel cooperatives, which would not operate as an IFQ system. Because of these changes, beginning in 2006, the developing program has been referred to with the more general term “trawl rationalization” in order to capture the social and economic objectives that are expected to also have substantial conservation benefits, for example by reducing bycatch.

The relative performance of each of the alternatives with respect to these “goals, objectives, and constraints and guiding principles” is summarized in Section 6.1. Many of these elements are also addressed elsewhere in the analysis; for example other sections in the Chapter 6 discuss of consistency with the groundfish FMP and MSA national standards; and in Appendix D where impacts on net national benefits, small entities and communities are addressed.

1.3 Background on Limited Access Privileges

1.3.1 *The Theory behind Tradable Permits*

Tradable permit arrangements have found wide application in dealing with common pool resources. Unlike private property, rights of access to and use of common pool resources are not unitary—controlled by a single person or entity. They are a kind of public good with particular characteristics; aside from the lack of unitary authority to control access and use they are subtractable—that is, the use of the resource by one person affects the ability of others to use it. Examples of common pool resources include the atmosphere (as a place to dispose of airborne pollutants traded off against its life sustaining properties), water resources (again, both as a sink for pollutants and a resource for human use) and—relevant to the case at hand—fish. Common pool resources may be “open access” with no institutional arrangements to constrain access or use, government owned, or “common property” under which access is limited and some type of institution facilitates decision making about resource use by the group that has exclusive access.

U.S. fisheries have traditionally fallen under the government ownership, or more accurately trusteeship, institutional model. Under the trust doctrine the government sets rules about resource use for the benefit of its citizens who are the “owners” of the resource. Access may be unlimited (or practically so, if only limited to any citizen or resident) and government may establish rules over use in an effort to prevent over-exploitation. A variety of rules may be established to limit fishing activity, or effort—and thus indirectly, catch, such as time and area closures and limits on gear effectiveness. Alternatively, catch can be limited directly through quotas, bag limits, and landing limits (trip limits), and the like.

Limiting catch directly or indirectly may address stock conservation concerns if catches can be constrained to or below maximum sustainable yield (MSY); even so, economic efficiency objectives are unlikely to be met. Furthermore, effectively matching catch with MSY can be very expensive in terms

of government monitoring and enforcement costs. If participation cannot be limited, according to early fisheries economics theory {Gordon, 1954 1447 /id;Shaefer, 1957 1448 /id}, people will enter the fishery until an equilibrium is reached where costs (including the opportunity cost of capital and labor⁶) match revenue. Even in a fishery with a few vessels this phenomenon is expected: new vessels will continue to enter the fishery, even though average cost for each vessel increases, to the point where revenues no longer exceed costs. In an unconstrained fishery, and depending on costs, this usually occurs at a level of catch above MSY. Maximum economic yield, according to this model, occurs below MSY when revenue is highest in relation to costs. Fishery participants probably would like to maximize profit (the difference between costs and revenue), but they cannot do so if there is no means to exclude entry. Thus, while the individual may be satisfied with wages received, for the fishery as whole there is a cost in terms of lost profits.

Even if participation can be limited, profits may be dissipated as costs escalate, because of over-investment in vessels and equipment to beat out other fishers in catching the available fish. (This type of competition should not be confused with market competition, which serves to lower prices. In an unconstrained fishery fewer fish will be caught at higher costs, resulting in higher prices in the raw fish market. And even in a constrained fishery over-capitalization results in higher costs than would otherwise be necessary, potentially increasing prices).

Tradable permits ration access to a resource—the permit represents an exclusive right to use some increment of the resource (a ton of sulfur dioxide emitted into the air or a pound of fish brought aboard for example) {Tietenberg, 2002 1449 /id}. In such a scheme the first step is to set a limit on total resource use, total allowable catch, which in the west coast groundfish context, is the OY. This aggregate amount can then be subdivided and allocated in some fashion. In an IFQ scheme this allocation typically represents a percentage share of the total allowable catch, which can vary over time (OYs, for example, are set every two years based on an assessment of stock status and can go up or down). This share can then be converted into a quantity (pounds of fish say) when applied against the externally-determined total allowable catch limit (or OY).

Tradability is an important feature in terms of economic efficiency and bycatch reduction objectives. It requires each fisher to match the amount of fish caught to the permit amount (shares converted into “quota pounds”). In a competitive market for shares they will tend to accrue to the highest valued use. Someone with higher operational costs, for example, may be better off selling their shares to a person who can use them at lower overall cost (operational cost plus the cost of share purchase). The seller is better off by getting more from selling the shares than he or she could realize from using them and the buyer is better off because they still earn profit after absorbing the purchase cost.⁷ In this construct, the shares have been put to the most efficient use and society as a whole is better off because both the buyer and seller are. (However, some social costs may be external to the tradable quota system. For example, consolidation of shares in fewer hands, resulting in a smaller fishing fleet, can affect fishing-dependent communities where the lost vessels were important income generators, contributed to community identity, supported infrastructure used by other fleets, or provided other benefits.) For a tradable permit system to be effective several preconditions must be met {Tietenberg, 2002 1449 /id}. A competitive market may be distorted if any one participant exercises too much market power. Transactions costs—

⁶ In this context opportunity cost represents the individual’s assessment that no other activity that he or she can pursue will pay a comparable wage. Opportunity cost can include non-monetary benefits. For example, someone may choose to continue fishing at a lower wage because the work is more enjoyable than other kinds of work that might pay better.

⁷ Because of the distinction between quota shares and the quota pounds that represent a realized amount, a variety of other arrangements can be used, such as leasing or selling quota pounds (while retaining the asset value of the quota share). But the general principal still applies.

the costs involved in exchanging permits (above the actual sales price) and in obtaining information about prices—cannot be too high. The system as a whole relies on effective monitoring and enforcement; “free riding” or “quota busting” occurs if a participant catches fish without possessing the corresponding quota pounds. Resource conservation objectives are not met (which affects resource value, reflected in share prices) and over time confidence in the system may break down.

The initial allocation of quota shares is often controversial. According to economic theory the value of the resource will be maximized no matter how the shares are initially allocated {Montgomery, 1972 1451 /id}, whether freely distributed (based on past participation or by lottery) or auctioned off. The implication, according to Tietenberg {Tietenberg, 2002 1449 /id /d /ft ", p. 200"} is that “the resource manager can use initial allocation to solve other goals (such as political feasibility or ethical concerns) without sacrificing cost-effectiveness.”

By itself an IFQ program may have few direct conservation benefits, but substantial indirect benefits. In the groundfish fishery regulatory bycatch (discarding of fish because regulations discouraging targeting require one to do so) has been a big problem in terms of lost value and, if not adequately accounted for, contributes to excess mortality and mis-specification of future OYs. The IFQ program will require 100 percent observer coverage; the program may also increase efficiency and profits enough for industry to be able to bear these monitoring costs. Additionally, a program requiring IFQs to cover catch rather than landings is expected to motivate fishers to avoid stocks with low OYs (such as overfished species), because scarcity value would drive up share prices for these stocks. At the same time, direct conservation benefits are probably limited. For example, optimum yield (MSY as reduced by other biological and social factors) is set externally. If it is mis-specified, the IFQ program does nothing to correct the problem. Certain external costs—habitat impacts, for example—may be addressed through the use of IFQ allocations to provide incentive for use of low impact gears (as an example, see the adaptive management provisions described in Chapter 2). It could also be argued that an IFQ program, because share value is tied to yield, would stimulate a conservation ethic among fishers, prompting them to minimize such external effects. For this to work, fishers would have to see a clear correlation between their behavior and the effect on yield and be confident that all, or most, of the other fishers behave in the same fashion. This potential benefit is discussed in the analysis.

An IFQ program may also reduce some government costs—there may be less need to constantly adjust regulations constraining the pace of fishing, for example—while increasing other administrative and monitoring costs (tracking the exchange of quota, observing total catch requiring onboard observers).

1.3.2 Cooperatives

Cooperatives differ from by IFQs in that catch privileges are held jointly by members of the co-op. They can probably be classed as a kind of common property regime, albeit in this case one where government would play an instrumental role. Instead of quota shares held by individuals, each co-op member receives an allocation that can only be accessed exclusively when it is pooled within the co-op. How fishing occurs within the cooperative (how much of the co-op’s pooled allocation assigned to the co-op any one member may catch) is matter of joint decision making by co-op members (through side deals, contracts, and the like). In effect, tradability can occur within a co-op and such arrangements are not brokered by government, rather they are purely a matter of private arrangements.

In theory cooperatives are less economically efficient than IFQs because the barriers imposed on tradability prevent the assignment of catch privileges to the highest valued use. On the other hand, cooperatives may facilitate fishers’ ability to pool both opportunity and risk. This is an important benefit in west coast groundfish fisheries where low OYs for some overfished species are likely to impose constraints on target species fishing opportunity. Government-facilitated cooperatives are

probably more attractive in the Pacific whiting fishery because the catch and operational characteristics are more uniform in comparison to the non-whiting sector. In addition, the whiting fishery does not operate under cumulative landings limits so more efficiency may be lost in a race for fish. This means that cooperatives offer efficiency gains from status quo in comparison to—other things being equal—adoption of cooperatives in the non-whiting trawl fishery.

1.3.3 **Dedicated Access Privileges and Concerns about Conferring a Property Right**

The U.S. Commission on Ocean Policy in its 2004 report {US Commission on Ocean Policy, 2004 1444 /id} popularized the term “dedicated access privilege” without defining it except by example. The term is meant, first, to underscore the diversity of arrangements that can be established to regulate access to fishery resources including IFQs, cooperatives, or community control. As important, the Commission was at pains to underscore that these arrangements do not confer any real interest in property, as represented by ownership of a quota share, for example:

U.S. fishermen do not now and will never have inalienable rights to fish because the fisheries resources of the United States belong to all people of the United States. Under current law, fishermen are granted a privilege to fish, subject to certain conditions. Because this privilege can be taken away, it is not a right. (p. 289)

Section 303A of the reauthorized MSA, entitled “Limited Access Privilege Programs,” elaborates this characterization by stating that such programs do not create a right, title, or interest in allocated fishing opportunity (e.g., quota shares). Any such privilege may be revoked without compensation at any time.

1.4 **Biological Context of West Coast Groundfish**

The groundfish covered by the Groundfish FMP include species that live on or near the bottom of the eastern Pacific Ocean within 200 miles of the U.S. west coast. These include the following species groups:

- **Rockfish.** The FMP covers at least⁸ 64 different species of rockfish, including widow, yellowtail, canary, shortbelly, chilipepper, yelloweye, darkblotched, and vermilion rockfish; bocaccio; cowcod; thornyheads; and Pacific Ocean perch.
- **Flatfish.** The FMP covers 12 species of flatfish, including various soles, starry flounder, turbot, and sanddab.
- **Roundfish.** The six species of roundfish included in the FMP are lingcod, cabezon, kelp greenling, Pacific cod, Pacific whiting (hake), and sablefish.
- **Sharks and skates.** The six species of sharks and skates in the FMP are leopard shark, soupfin shark, spiny dogfish, big skate, California skate, and longnose skate.
- **Other species.** These include ratfish, finescale codling, and Pacific rattail grenadier.

The list of current trawl target species includes flatfish, roundfish, thornyheads and a few species of rockfish. Primary flatfish target species include petrale sole and Dover sole. Roundfish target species include Pacific whiting, Pacific cod, and sablefish. Some rockfish species, especially Pacific Ocean perch and widow rockfish, were important trawl targets until the mid 1990s. Rockfish include three genera under the family Scorpaenidae. One genus, *Scorpaena*, forms only a small fishery off southern California. The thornyheads, genus *Sebastolobus*, are occasionally referred to as rockfish; however

⁸ Because the management unit includes all species in the family Scorpaenidae, and their systematics is still being resolved, there is a potential for new species to be added to the management unit.

CHAPTER 2 DESCRIPTION OF THE ALTERNATIVES

2.1 Introduction

This chapter describes the alternatives for implementing a trawl rationalization program. There are three basic alternatives:

Status Quo Management Regime: If this alternative is chosen, status quo will continue, including vessel cumulative landing limits for nonwhiting and season management for whiting.

Individual Fishing Quota (IFQ) Alternative: If this alternative is chosen, IFQs will be used to manage the catch of groundfish caught by trawl vessels operating under a limited entry (LE) trawl permit with the following exceptions. IFQs will not be required for catch by an LE trawl vessel operating in fisheries (such as shrimp) in which groundfish is harvested incidentally, nor for catch by an LE trawl vessel when operating as part of LE fixed gear fishery (for vessels with LE permit(s) endorsed for both trawl and fixed gears).

Whiting Sector Cooperative Alternative: If this alternative is chosen, co-ops will be established for one or more of the three whiting sectors. Options are provided for the possible rollover of excess whiting from one sector to another and the possible allocation and rollover of bycatch species among sectors. The co-op structure for each of the whiting sectors is as follows:

- Mothership sector co-ops: Catcher vessel permit co-ops and limited entry for motherships.
- Shoreside sector co-ops: Catcher vessel permit co-ops and two year constraint on processor participation.
- Catcher-processor sector co-ops: Continued voluntary co-ops for the catcher-processor sector and endorsement to close the class of catcher-processor permits.

Implementing trawl rationalization—whether through IFQ or cooperatives—requires the specification of numerous program features. In many cases there are alternative ways of specifying these features, which are structured as options (choices to be made in structuring the program) where applicable. The next section describes the action alternatives in summary form. Then Sections 2.3 through 2.5 describe the status quo, IFQ, and whiting sector cooperative alternatives in greater detail. For the two action

alternatives, each program element and any options for how they may be implemented are specified. Appendices A and B provide still more detailed description and evaluation of the elements of an IFQ and whiting cooperative program, respectively. Table 2-3, which starts on page 45, presents the IFQ program features and options at the greatest level of detail.

2.2 Overview of the Alternatives

Two key characteristics of the program, individual catch accountability and flexible vessel limits, are expected to achieve most elements of the program goal (see Chapter 1). In comparison, under status quo management, vessels are individually accountable only for landings (not discards), and fishing is restricted by cumulative trip limits or season closures that are the same for all vessels.

The co-op alternative includes a separate co-op program for each whiting sector. Table 2-1 provides an overview of major elements differentiating the IFQ alternative from the co-op alternative and, within the co-op alternative, differentiating the sector-specific co-op programs from one another.

Neither the IFQ alternative nor the co-op alternative will change the allocation between trawl and other sectors, nor the allocation among trawl sectors. Allocation among sectors is needed to implement the IFQ program but is being handled in a separate process outside of this EIS (see Section 1.6.5). The IFQ alternative provides freely transferable and highly divisible IFQ, which a vessel would need to acquire to cover its catch. NMFS would track the transfers of IFQ and check it against vessel catch. Processors may be given an initial allocation of IFQ or an adaptive management provision may provide processor compensation.

Under the catcher vessel co-op programs (both the mothership and shoreside programs), catcher vessels with permits that meet minimum qualifying requirements would receive a whiting endorsement. The whiting endorsements would be specific for each whiting sector. An option is provided under which the whiting endorsements could be permanently transferred from one limited entry trawl permit to another, through NMFS. Another option would prohibit such transfers. When the endorsements are first issued, the permit's history would be used to associate an amount of whiting catch history with each endorsement. The endorsement catch history might be thought of as a permit or endorsement share. However, the endorsement shares are not divisible and the permit holder's exclusive access to the share is limited. Each year the permit holder would choose between participating in a harvester co-op or in the non-co-op fishery. NMFS would allocate to the co-op or the non-co-op fishery based on the catch history associated with each endorsement. Each co-op would be responsible for managing the fishing of its members through private agreements. It is only through these private agreements that the shares a vessel brings to the co-op could be transferred to a different vessel. The vessels participating in the non-co-op fishery do not have individual exclusive claims to the allocation they contribute to the non-co-op fishery, and therefore no opportunity to transfer permit shares from one vessel to another. NMFS monitors catch at aggregate levels, closing individual co-ops, the non-co-op fishery, and the sector as needed to keep catch within the allocation. If inter-co-op agreements are formed, NMFS may only need to track catch at the inter-co-op level, rather than the level of the individual co-op. If such inter-co-ops cover an entire whiting sector, then NMFS would track catch at the sector level.

The **mothership co-op program** provides a limited entry system for mothership processors. Catcher vessel permits opting to participate in a co-op have all or a portion of their catch tied (obligated) to their initial mothership until the permit participates for a year in the non-co-op fishery. After spending a year in the non-co-op fishery, the portion of the catcher-vessel permit's deliveries that are obligated may be moved to a different processor but are then tied to that new processor until they once again participate for a year in the non-co-op fishery.

Two versions of the **shoreside co-op program** are being considered. Under one version there would be no constraints on the processors that participate and deliveries of permits would not be tied to a particular processor. Under the other version, during the first two years of the program, shoreside processors that are not “co-op eligible” (do not have enough qualifying history) would not be able to receive whiting from the whiting harvester co-ops (as described above). Permit holders opting to participate in a co-op would be tied to processors until the permit participates for a given time (possibly a year or more) in the non-co-op fishery. Within the version of the program that includes ties to processors, there are two options for permit-processor ties after the initial years of the program. Under one option, after the first two years, permits that move into a co-op would not be tied to a processor. Under the other option, ties would be established with a processor any time a permit moves into a co-op (similar to the mothership program).

The **catcher-processor (CP) sector** is already organized as a co-op through a voluntary private agreement. The co-op alternative would provide some additional stability to the co-op by capping the number of permits eligible to participate in the CP sector. Currently, new limited entry permits may be moved into the CP sector through the combination of smaller trawl permits into a permit large enough for a catcher-processor vessel.

Table 2-1. Comparison of the action alternatives.

Program Components	IFQ Alternative for Nonwhiting & Whiting	Co-op Alternative for Whiting		
		Mothership Program	Shoreside Program	Catcher-Processor (CP) Program
Sector Allocation	Allocation between the trawl and other sectors and among the various trawl sectors will be set in a separate but linked process			
Catcher Vessel LE Permit Requirement	LE permit (trawl) required (option to suspend the length endorsement)	New mothership sector whiting endorsement required for mothership deliveries.	New shoreside whiting sector endorsement required for shoreside deliveries.	New CP endorsement required for CP deliveries.
		The new endorsements may or may not be transferable among limited entry trawl endorsed permits.		
Harvest Allocation of Pacific Whiting Among Participants	QS issued initially to permits, and possibly processors, based on harvest history. Each year QP will be issued to holders of QS.	At the time of initial implementation, whiting harvest history (endorsement shares) are associated with each whiting endorsement. The shares for a particular endorsement never change. NMFS assigns the endorsement's shares to a co-op or the non-co-op fishery, depending on the which fishery the permit holder chooses to fish in.		None (Allocation among participants currently achieved through private co-op agreement among participants)
Harvest Allocation of Nonwhiting Species Among Participants	Same as for whiting but initial allocation for some nonwhiting species may be based on a proxy. (Option: No nonwhiting IFQ for whiting deliveries, bycatch managed as a pool with caps)	There are options for whether or not bycatch species will be allocated in aggregate for all whiting sectors, among whiting sectors, between the co-op and non-co-op fisheries, or among co-ops. If nonwhiting (bycatch) species are allocated between the co-op and non-co-op fisheries or to individual co-ops, bycatch species would be allocated among endorsements based on the endorsement's whiting history.		Same as above.
Monitoring, Transfers, and Catch Control	NMFS monitors at the vessel level, including at-sea catch (restricting the fishery as needed) & monitors QS/QP transfers to a wide class of persons, including anyone eligible to own a U.S. fishing vessel.	<p>NMFS monitors harvest at the sector, co-op/non-co-op and co-op levels, closing segments as needed, but does not monitor inseason transfers of catch opportunities. Co-ops may join together in inter-co-ops, in which case NMFS would track catch of the inter-co-op rather than the co-op.</p> <p>If endorsement transfer is allowed, NMFS would record and track those transfers.</p> <p>Co-ops control inseason transfers and the catch of their members. Non endorsed permits may join co-op and fish the allocation of endorsed permits (upon mutual agreement).</p>		NMFS monitors and closes the sector as needed. Distribution of harvest among vessels is currently managed under a private co-op agreement.
Processor Participation Restriction	None	Limited entry for motherships	Either no restriction or a two-year restriction on those eligible to receive from co-ops ("co-op eligible" processors)	New endorsement for participation as a CP
Other Processor Provisions	Example Options: Allocation of QS/QP to processors; possible compensation through adaptive management.	Processor tie (all or part of a permit's catch would be obligated to a particular mothership via a processor tie). (Permits opting to participate in a co-op are tied to the mothership until the permit spends a year in the non-co-op fishery).	Either no tie or a processor tie (Permits opting to participate in a co-op are tied to processors until the permit participates the required time in the non-co-op fishery. Option: Permits that move into a co-op after the first two years are not tied to a processor.	None

2.3 Status Quo (No Action) Alternative

The groundfish FMP describes the management framework for the groundfish trawl fishery. Analyses of biennial harvest specifications and management measures {PFMC, 2006 1407 /id /pt “For example, ”} evaluate the periodic implementation of the management framework. The description of alternatives in these documents gives a picture of how the management framework is implemented on a periodic basis. Section 3.x provides an overview of the current management system and can serve as a general description of the status quo. This section describes status quo management of the limited entry trawl sector.

Chapter 4 in the Groundfish FMP describes how MSY is estimated, criteria for determining stock status, procedures for addressing overfishing and overfished stocks, and based on these procedures, how annual OYs are set. Chapter 5 describes the biennial process for specifying OYs and how they may be adjusted “inseason,” or during the 2-year period covered by the biennial specification. Council action occurs over an 8-month period prior to the beginning of the first year in the biennial period. For example, the Council began work on the 2009–10 harvest specifications at their November 2007 meeting by adopting a preliminary range of OYs, based on information from stock assessments or other procedures. (Section 4.6 in the Groundfish FMP describes how OYs should be specified depending on the amount of information available about a stock. Stock assessments are developed through a Council-managed peer review process that culminates with adoption of stock assessment results in advance of the specifications process.) At the April 2008 Council meeting, preliminary preferred OYs are adopted and a range of management measures consistent with these OYs are identified. At the June 2008 meeting the Council takes final action to adopt the full suite of preferred OYs and management measures. This represents a recommendation to NMFS for the Federal regulations necessary to implement the management measures. A lengthy rulemaking process is required, ending with the implementation of the regulations on January 1, 2009.

Table 2–1 in the 2007–08 harvest specifications EIS {PFMC, 2006 1407 /id} shows the ABC and OY values adopted by the Council for that 2-year period. For the purposes of management, the Council set OYs for 38 stocks or stock complexes. (In some cases OYs may be set for components of a stock complex, but the overall OY is used as a harvest guideline.) OYs are generally construed as harvest guidelines because catches are managed indirectly through landing limits, closed areas, and other operational restrictions. Furthermore, because the fishery is not fully monitored in real time, it cannot be known with absolute certainty when an OY has been reached, which if set as a quota, would require ending the fishery for the year. (Real time monitoring means that catch information is available to managers soon enough after the catches have been made that they can immediately react to the catch level.) The exception is Pacific whiting, which is set as a quota with the fishery fully monitored in real time and closing upon attainment of the OY.

The Council has established fixed allocations, expressed as a percent of the OY, for two stocks: sablefish north of 36° N latitude and Pacific whiting. Nearshore stocks are allocated by the states because they directly manage them, although they coordinate their management through the Council process. (The trawl sector rarely catches these nearshore species.) All other stocks are implicitly allocated; that is, the allocations resulting from a particular suite management measures are taken into account in the process of developing those management measures. For the trawl sector, for example, catches resulting from a set of cumulative landing limits can be projected, indicating the proportion of the OY taken by the sector and the amount available to other sectors. If projected catches diverge from generally agreed fishing opportunity for a sector (an implicit allocation target), then in the harvest specification process the trawl cumulative landing limits (or those established for other sectors) can be adjusted so results match expectations.

OYs for some overfished species—in the case of the trawl fishery, particularly canary rockfish on the continental shelf and darkblotched rockfish on the slope—impose the greatest constraint, translated into a variety of management measures that indirectly limit mortality on the constraining stocks. The whiting fishery is an exception here too; beginning in 2005, the Council has established sector-wide caps for overfished species that effectively serve as a quota limit on the fishery. Problems with this approach have begun to emerge, not only because of the risk of a race for fish related to the low sector caps for these species, but also because of the different timing of the sub-sectors within the whiting sector. The at-sea sector begins fishing earlier than the shore-based sector and thus risks catching a large proportion of an overfished species catch cap, jeopardizing the later-starting sector's opportunity to catch its whiting allocation.

Chapter 6 in the Groundfish FMP describes the range of management measures and catch monitoring programs available to the Council. According to Section 6.1.1 in the FMP the following general categories of management measures are available to the Council:

- Measures to reduce bycatch and bycatch mortality
- Defining authorized fishing gear and regulating the configuration and deployment of fishing gear, including mesh size in nets and escape panels or ports in traps
- Restricting catches by defining prohibited species and establishing landing, trip frequency, bag, and size limits
- Establishing fishing seasons and closed areas
- Limiting fishing capacity or effort through permits, licenses and endorsements, and quotas, or by means of input controls on fishing gear, such as restrictions on trawl size/shape or longline length or number of hooks or pots, or through programs that reduce participation in the fishery by retiring permits and/or vessels

Of these categories, catch restrictions based on cumulative landing limits are the primary measures set for the trawl sector in the biennial specifications process. The boundaries of closed areas—the rockfish conservation areas referenced in Section 1.6—are also often adjusted as part of the biennial process. Although trawl gear restrictions, principally intended to keep trawlers out of rocky habitat (where several of the overfished species are found), are an important part of the management process, these requirements are much less frequently modified. In addition to restrictions on the size of trawl net footropes intended for this purpose, selective flatfish trawl gear, which has shown a lower incidental catch rate for some roundfish, including some overfished species, is required shoreward of the RCA north of Cape Mendocino, California.

Cumulative landing limits are a longstanding feature of the management framework, and were originally implemented on a per-trip basis (thus, confusingly, cumulative landing limits are often referred to as “trip limits”). They worked reasonably well until the need to rebuild overfished stocks became a central concern of the management process. Managing by landings alone then became much less effective because the low landing limits (or no retention rules) established for these stocks led to unacceptable levels of unmonitored bycatch. In order to address this problem NMFS implemented the west coast Groundfish Observer Program, covering the non-whiting trawl sector, in August 2001. The coverage target is to monitor 20 percent of the catch as a proportion of total landings. The whiting fishery, as noted above, is more closely monitored. The at-sea sectors are subject to 100 percent coverage on catcher-processors and motherships. Catcher vessels, whether delivering to shore or motherships must retain all catch. (Mothership catcher vessels deliver the whole cod-end to the processing vessel.) The shore-based sector is monitored at the processing plant.

Although monitoring is much improved, as noted above, for the nonwhiting trawl fishery there is a considerable lag time in the delivery of observer information to managers. Currently, observer reports,

which contain bycatch rates that can be used to project total catch mortality, are on an 8-month lag. Total catch mortality rates, which give a retrospective picture of how the fishery performed (or the effectiveness management measures in meeting targets) are on a 1-year lag. Combined with the difficulty in accurately forecasting catches—due to numerous factors affecting the deployment of fishing effort and changes in catch per unit of effort—inseason management action is a regular feature of the management process. As with the biennial setting of management measures, inseason action most commonly modifies cumulative landing limits and the boundaries of the RCA for the trawl fishery.

Other measures affecting the trawl sector are established in permanent regulations and not modified through biennial or inseason action. Important among these are various measures implemented in 2006 and intended to reduce adverse impacts to essential fish habitat. These include gear restrictions and prohibitions and additional areas closed to trawl gear. Measures to control capacity—such as the license limitation and vessel buyback programs described in Section 1.6.4—are another important permanent feature of the current groundfish trawl sector management framework.

2.4 IFQ Alternative

This section details the IFQ alternative. In the first part of the section describes major components of the alternative. The last part (Section 2.4.2) details all of the program features and options in outline form; Table 2-2 summarizes the organization of this outline form. Table 2-3, which starts on page 45, presents the IFQ program features and options at the greatest level of detail. As noted above, Appendix A provides still more detailed descriptions of the program features along with the rationale and evaluation of the approach taken.

2.4.1 Overview of Program Features

Under the alternative, an IFQ will grant an entity the privilege to catch a specified portion of the trawl sector's allocation. Within the IFQ program, vessels will be allowed to use a variety of directed groundfish commercial gear, which will thus allow for "gear switching." For the **shoreside non-whiting sector**, IFQs will be created for all species of groundfish under the Groundfish FMP (although some will still be managed collectively at the stock complex level). For the **whiting sectors**, IFQ will either be created for all species of groundfish, or IFQ might be created only for the target species, Pacific whiting. Under the second option, the allocation of bycatch to the whiting fishery (or to specific whiting sectors) will be managed as fleet catch caps. Reaching the bycatch limit will trigger closure of the whiting fishery (or a specific whiting sector).

Halibut individual bycatch quota (IBQ) may be created and required to cover the incidental catch of Pacific halibut in the groundfish trawl fishery. Under an IBQ program, retention would not be allowed.

The following sections describe the main components of the program.

2.4.1.1 Initial Allocation

The program will initially allocate IFQ as quota shares (QS) to fishery participants based mainly on their historic involvement in the fishery. Following the initial allocation, transfers (described below) will allow for others to also participate in the fishery as quota holders. The initial allocation can be viewed in two segments:

First, the Council is considering the groups that should be included in the initial allocation, and the proportional split among the groups. Options range from allocating 100 percent of QS to permit owners

in the nonwhiting and whiting trawl sectors to allocating 75 percent to permit owners and 25 percent to processors for the nonwhiting groundfish sector, and 50 percent to permit owners and 50 percent to processors for the whiting sector. Additionally, there are options that would allocate 10 percent of the annual trawl allocation for an adaptive management program.

Second, the Council is considering specific allocation formulas that will determine the amount of QS each eligible entity will receive. These calculations are based on the delivery history associated with a vessel permit or processing company over a set number of years. There is an option that would base the allocation to vessel permit owners entirely on permit delivery history and another that would equally divide the pool of QS associated with the buyback permits (see Section 1.6.4) among the remaining qualified permits. For nonwhiting catcher vessels and shoreside processors, a special calculation is being considered for overfished species to allocate these species based on a QS recipient's need to cover incidental catch under current fishing practices (as measured by bycatch rates, individual permit logbooks, and the amount of target species QS that an entity receives). A similar approach would be used for the allocation of halibut IBQ. For the whiting sector, there is an option to allocate nonwhiting bycatch species on a pro rata basis, according to the amount of whiting QS an entity is issued. Additionally, as explained above, fleet catch caps may be used instead of IFQs to manage bycatch species in the whiting fishery. If this option is chosen, only whiting QS will be allocated.

2.4.1.2 IFQ Management Units

QS will be issued for the species groups and areas for which there are OYs (management units). For all OYs for which there is not already a latitudinal subdivision there is an option under which the trawl allocations and QS management units would be subdivided at 40° 10' N latitude. There are also provisions that provide for the subdivision of QS after initial allocation.

2.4.1.3 Management under IFQs

In designing the management regime for the IFQ program, the Council is balancing the benefits of flexibility and individual accountability with program costs and the constraints of the very low allowable catch levels of overfished species. Prior to the start of each fishing year, NMFS will issue quota pounds (QP) to entities based on the amount of QS they hold and the overall trawl sector allocation. When a vessel goes fishing under the IFQ program, all catch must be recorded and must be matched by an equal amount of QP from the vessel's QP account. If there is not enough QP to cover the catch from a trip, there is a 30-day grace period during which adequate QP must be transferred into the vessel's account. A vessel's fishing will be limited, and its permit cannot be sold, until the overage is covered. A carryover provision will allow for an overage in one year to be covered by up to 10 percent of the following year's QP; likewise, the provision also will allow QP that were not used in one year to be carried over into the following year, up to 10 percent.

Bycatch reduction and greater efficiency are expected to occur in the groundfish fishery under the IFQ program because of the transferability of QS and QP. As these units are transferred (bought and sold or "leased" through private contract), it is anticipated that those best able to avoid catching overfished species, and those who are most efficient, will increase the amount registered to them, while those who consistently have high bycatch rates or operate less efficiently might choose to sell their QS and leave the fishery. Generally, anyone eligible to own a U.S.-documented fishing vessel could also acquire QS and QP, and the QS and QP could be acquired in very small increments.¹⁴ These provisions will allow for new entrants into the fishery; for example, a crew member could slowly purchase amounts of quota.

¹⁴ To be eligible to own QS the person need not actually own a U.S. documented fishing vessel.

Rewarding bycatch avoidance and efficiency are desired outcomes from the program. In order to protect against unintended consequences, however, two provisions limit transferability. The Council is considering whether to divide the trawl fishery into three or four sectors within the IFQ alternative (under three sectors, the fishery will divide into catcher-processor whiting, mothership whiting, and shoreside; while under four sectors the shoreside sector will divide additionally into shoreside whiting and shoreside non-whiting). QS or QP could not be transferred between the different sectors, so there will be stability in the relative amount of fish caught within each sector. The second provision is to establish accumulation limits on the amount of QS or QP that can be controlled by an entity, and accumulation limits on the amount of QP registered to a vessel. The intent of these limits is to prevent excessive control of quota by a participant. A grandfather clause may allow a person initially allocated QS in amounts in excess of the cap to maintain ownership of those QS.

An option for an adaptive management provision would allow the Council to use 10 percent of the trawl allocation to provide incentives, support, or other compensation to offset adverse impacts of the program.

2.4.1.4 *Tracking and Monitoring*

The monitoring and tracking program necessary and feasible to assure that all catch (including discards) is documented and matched against QP is under development. Currently, 100 percent coverage by at-sea compliance monitors/observers is prescribed in the IFQ alternative (though it may be possible in certain situations to use cameras to assure compliance). Compared to status quo monitoring, this will be a significant increase for a large portion of the trawl fleet, particularly non-whiting shoreside vessels. Resulting more accurate estimates of total mortality will have benefit stock conservation goals. Discarding may be allowed, though all fish discarded will also have to be covered by QP. A number of other elements of the monitoring program are being considered, including the level of shoreside monitoring, whether to limit landing ports or landing hours, the expansion of the state fish ticket system into an electronic Federal system to track trawl landings, and a small vessel exception, if feasible. Additionally, a program for the mandatory submission of economic data is included to facilitate monitoring program performance.

2.4.1.5 *Costs and Fee Structure*

Program costs are of concern and are under assessment. Fee structures will be proposed to recover program costs, and a fee structure aligned with usage level will be considered. The extent to which management system elements will be privatized under the program is also being considered. Work on the cost and fee structure is proceeding.

2.4.1.6 *Special Provisions for Processors*

A number of special provisions are being considered to address processor concerns. These include the provision of an initial allocation to processors. Consideration is being given to:

- Limiting the duration of the QS initially issued to processors
- Not allowing processors to use the accumulation limit grandfather clause mentioned above (i.e., processors would not be allowed to use the clause to acquire QS in excess of the accumulation limits based on their processing history)
- Using some of the trawl allocation set aside for adaptive management to compensate for adverse impacts on processors.

2.4.1.7 Fixed Term and Auctions (Option)

The Council is considering an option that will limit the term of all QS issued to 15 years (except that the Term-1 QS may last 15 or 16 years, depending on when the biennial specification period ends). Starting with Term-2 of the program, every two years up to 20 percent of all QS will be returned to NMFS for reissuance via an auction. The specific form of the auction will be decided by the Council in the period between trawl rationalization implementation and the first auction. It will be designed to achieve the goals of the trawl rationalization program, including reducing bycatch; increasing operation flexibility; and producing measurable economic and employment benefits through the seafood catching, processing, distribution elements, and support sectors of the industry.

2.4.2 Detailed Specification of IFQ Program Features and Options

The following text summarizes the details of the IFQ program. Table 2-2 provides an overview of the organization of the sections of the program and Table 2-3 (beginning on page 45) provides a complete description.

Table 2-2. Organization of the IFQ alternative program features and options.

A-1	<i>Trawl Sector Management Under IFQs</i>
A-1.1	Scope for IFQ Management (includes gear switching) (Also see Section A-5)
A-1.2	IFQ Management Units (includes latitudinal area management)
A-1.3	General Management and Trawl Sectors ^a
A-1.4	Management of Nonwhiting Trips
A-1.5	Management of Whiting Trips
A-1.6	Groundfish Permit Length Endorsements
A-2	<i>IFQ System Details</i>
A-2.1	Initial Allocation and Direct Reallocation
A-2.2	Permit/IFQ Holding Requirements and Acquisition (Includes Annual Issuance and Transfer Rules)
A-2.3	Program Administration (Includes Tracking, Data Collection, Costs, Duration)
A-2.4	Additional Measures for Processors
A-3	<i>Adaptive Management (Option)</i>
A-4	<i>Pacific Halibut Individual Bycatch Quota (IBQ) – non-retention (Option)</i>
A-5	<i>Alternative Scope for IFQ Management (Option)</i>
A-6	<i>Alternative Duration: Fixed Term (and Auctions) (Option)</i>

A. Trawl Sector Management under IFQs

A-1.1 Scope for IFQ Management, Including Gear Switching

- Catch-based system
- QP required to cover all groundfish species catch (including all discards)

This implies gear switching is allowed (vessels with limited entry trawl permits can use directed groundfish gears (including open access, longline, and fishpot) to harvest their QP.

See Section A-5 for an alternative specification of the scope for whiting trips.

A-1.2 IFQ Management Units, Including Latitudinal Area Management

QS/QP will be for the species and species groups specified in the ABC/OY table produced as part of biennial harvest specifications. This includes any area subdivisions of stocks indicated in the table and QP cannot be transferred between areas. QS/QP is issued specifically to manage the trawl sector and will not be used in a nontrawl sector (i.e., by vessels without trawl permits). However, a vessel with a limited entry trawl permit may catch the trawl QP with a nontrawl gear, as noted above in Section A-1.1.

Option: For species with a coastwide OY, the QS will be subdivided geographically at the 40° 10' N latitude line.

A-1.3 General Management and Trawl Sectors

Unless otherwise specified, status quo regulations, other than trip limits, will remain in place, including season closures and area restrictions, as necessary.

There will be

Option 1: Three trawl sectors: shoreside, mothership, and catcher-processors.

Option 2: Four trawl sectors: shoreside nonwhiting, shoreside whiting, mothership, and catcher-processors.

Allocation among trawl sectors to be determined in the intersector allocation process.

A-1.4 Management of Nonwhiting Trips

Nonwhiting trips are those with less than 50 percent whiting. No changes to existing management measures other than those specified in Section A-1.3, have been identified at this time.

A-1.5 Management of Whiting Trips

Whiting seasons will not be changed under the TIQ program.

When the primary whiting season is closed:

- If 3 sectors: For shoreside deliveries, sector specific QP required plus cumulative whiting catch limits apply. Deliveries prohibited for at-sea sectors.
- If 4 sectors: Whiting sectors prohibited from delivering.

A-1.6 Groundfish Permit Length Endorsements

Option: Limited entry permit length endorsement will not apply to vessels using limited entry trawl gear.

A-2. IFQ System Details

A-2.1 Initial Allocation and Direct Reallocation

A-2.1.1 Eligible Groups

a. Groups and Initial Split of QS

Eligible Groups: The initial allocation of QS will be made either only to permit owners or to permit owners and processors.

	Nonwhiting Sector QS		Whiting Sector QS	
	Amount to Permits	Amount to Processors	Amount to Permits	Amount to Processors
Option 1	100%	0%	100%	0%
Option 2	87.5%	12.5%	75%	25%
Option 3	75%	25%	50%	50%
Option 4 (10% for Adaptive Management)*	100%	0%	100%	0%
Option 5 (10% for Adaptive Management)*	75%	25%	50%	50%

b. Permits

Permit owner at the time of initial allocation will receive QS as based on permit landing history.

c. Processors and Processing Definition

For the purpose of applying the initial allocation formula, only the first processing counts as processing. A special definition of processors and processing is provided to meet this intent; fish “receivers” may be used as a proxy for “processors.”

d. Attributing and Accruing Processing History

For an allocation to **catcher-processors**, see A-2.1.1-b.

For an allocation to **mothership processors**, history accrues to the vessel on which the at-sea processing occurs.

Option 1: The owner of the vessel at the time of the initial allocation will receive the initial allocation.

Option 2: If a bareboat charter exists, the bareboat charterer will receive the initial allocation

For the **shoreside processor** allocation

Option 1: Attribute history to the receiver reported on the landing receipt.

Option 2: Attribute history to the receiver if that entity meets the definition of processor with respect to trawl-caught groundfish.

Option 3: Same as Option 1, except history may be reassigned to an entity not on the landings receipt, if parties agree or through an agency appeals process.

Successor in interest, as determined by NMFS, will be recognized.

A-2.1.2 Recent Participation

a. Permits

Recent participation is not required in order for a permit to qualify for an initial allocation of QS.

b. Processors (motherships)

Recent participation is required to qualify for an initial allocation of QS: 1,000 mt or more of ground fish in each of any two years from 1997-2003.

c. Processors (shoreside)

Recent participation is required to qualify for an initial allocation of QS:

Nonwhiting Option 1: 1 nonwhiting groundfish trip delivery from 1998-2003.

Nonwhiting Option 2: 6 mt or more of deliveries from nonwhiting groundfish trips in each of any three years from 1998-2003.

Whiting Option 1: 1 whiting trip delivery from 1998-2003.

Whiting Option 2: 1 mt or more of deliveries from whiting trips in each of any two years from 1998-2003.

A-2.1.3 Allocation Formula

a. Permits with catcher vessel history

For all fish management units:

Option 1: All QS allocated based on permit history (see following formulas).

Option 2: An equal division of the buy-back permits' pool of QS among all qualifying permits plus allocation of the remaining QS based on each permit's history (see following formulas).

Permit history based allocation suboptions:

For non-whiting trips, permit history used for QS allocation will be calculated as follows:

For non-overfished species: use an allocation period of 1994-2003. Within that period use relative history and drop the three worst years.

For overfished species taken incidentally:

Overfished Species Option 1: as it is calculated for non-overfished species

Overfished Species Option 2: apply a bycatch rate to target species QS

For whiting trips, permit history used for QS allocation will be calculated as follows:

For whiting, using an allocation period of 1994-2003. Within that period, use relative history and drop the two worst years. The same years must be dropped if a permit is used in both the SS and MS sectors.

For bycatch species (if IFQ is used for bycatch species):

Bycatch Option 1: using history for that species, as it is calculated for whiting

Bycatch Option 2: using the whiting history as a proxy

Area Assignments: Landings history will be assigned to catch areas based on port of landing.

Relative history (%): For each sector, the permit history for each year is measured as a percent of the sector's total for the year.

b. Permits with catcher-processor history

Owners of catcher-processor permits will be allocated whiting QS based on permit history for 1994-2003 (no option to drop years) and using relative history as defined for catcher vessel permits.

For bycatch species (if IFQ is used for bycatch species):

Bycatch Option 1: using history for that species, as it is calculated for whiting

Bycatch Option 2: using the whiting history as a proxy

c. Processors (motherships)

Allocate whiting QS based on the vessel's processing history for 1997-2003 (no option to drop years), and use relative history as defined for catcher vessel permits.

For bycatch species (if IFQ is used for bycatch species):

Bycatch Option 1: using history for that species, as it is calculated for whiting

Bycatch Option 2: using the whiting history as a proxy

d. Processors (shoreside)

For all species other than incidental species, allocate QS based on the entity's history for the allocation period of 1994-2003 (drop two worst years) and use relative history.

For incidental species (overfished species taken incidentally on nonwhiting trips and bycatch species taken on whiting trips) consider the same allocation options identified for permits in Section A-2.1.3.a.

A-2.1.4 History for Combined Permits and Other Exceptional Situations

Permit history for combined permits includes the catch history for all the permits that have been combined. For history catch occurring when trawl permits were stacked, the catch history is split evenly between the stacked permits. Illegal landings, nonwhiting EFP landings in excess of cumulative limits for the non-EFP fishery, and "compensation fish" will not count toward an allocation of QS.

A-2.1.5 Initial Issuance—Appeals

No Council appeals process. NMFS will develop a proposal for an internal appeals process. Accepted revisions to fish tickets are those approved by the state.

A-2.1.6 Direct Reallocation after Initial Issuance

When an overfished species is rebuilt or a species becomes overfished, there may be a change in the QS allocation within a sector. If the geographic configuration of area-specific management units is changed (further subdivision, recombination, or change to the boundaries) QS holdings will be adjusted proportionately. (See Table 2-3, Section A-2.1.6 on page 51 for details.) A similar formula will be used to reallocate shares if a species group is subdivided (e.g., a species currently managed within a complex is removed and managed according to its own OY).

A-2.2 Permit/IFQ Holding Requirements and Acquisition

A-2.2.1 Permit/IFQ Holding Requirement

A limited entry trawl permit is required to use QP for fishing and the QP must be in the vessel's account to cover catch. Catches must be covered by QP within 30 days of when the catch is made, but catch may be covered by QP carried over into the next year, subject to certain restrictions. If a vessel does not have QP to cover catch it may not fish under the IFQ program. A vessel with a deficit may not transfer its LE permit.

- **Option:** There may be some exceptions or additions to the scope of the prohibition on fishing when in QP deficit.
- **Option:** After two years in deficit, a vessel may resume fishing.

A-2.2.2 IFQ Annual Issuance

a. Annual QP Issuance

QP will be issued annually to QS holders.

b. Carryover (Surplus or Deficit)

Non-overfished Species: 10 percent carryover for each species

Overfished Species: 10 percent carryover for each species

Surplus QP may not be carried over for more than one year.

c. Quota Share Use-or-Lose Provisions

None. The need for this provision will be evaluated as part of program review process, and the provision could be added later, if necessary.

d. Entry Level Opportunities

No special provisions. QS are infinitely divisible; new entrants may buy-in through small increments over time.

A-2.2.3 IFQ Transfer Rules

a. Eligible to Own or Hold

Those eligible to own QS/QP will be restricted to those eligible to own and control a U.S. fishing vessel or mothership that participated in the west coast groundfish fishery during the allocation period (see Table 2-3 for additional language).

b. Transfers and Leasing

QS/QP will be transferable and transfers must be registered with NMFS. QS leasing will not be facilitated by NMFS.

c. Temporary Transfer Prohibition

Temporary prohibitions on QS transfers may be imposed, as necessary for program administration (to be determined by NMFS).

Option: QS will not be transferable in the first year of the program (QP will).

d. Divisibility

QS will be highly divisible. QP will be in whole pound units.

e. Accumulation Limits (Vessel and Control)

The amount of QP that may be used with a vessel and the amount of QS or QP a person may control will be limited (termed vessel cap and control cap respectively, see Table 2-4, Section A-2.2.3.e on page 54 for options). The control limit will be based on the individual and collective rule.

A grandfather clause (allowing those initially qualifying for QS in excess of limits may receive and maintain it) may apply to vessel and control accumulation limits.

Option 1: Full grandfather clause.

Option 2: Grandfather clause capped at twice the vessel limits.

Option 3: No grandfather clause.

Note: QS not allocated because of the grandfather clause will be distributed to other eligible recipients based on allocation formulas.

A-2.3 Program Administration

A-2.3.1 Tracking and Monitoring

NMFS will explore the possibility of less than 100 percent at-sea monitoring and report back on the possibility. Tracking and monitoring program component and options are detailed in Table 2-3, Section A-2.3.1 on page 55. These cover at-sea discarding, at-sea monitoring, catch tracking mechanisms, cost control mechanisms, and program performance measures.

A-2.3.2 Socio-economic Data Collection

There will be expanded data collection and mandatory compliance of harvesters and processors. Audits may be used to validate data. Include transaction prices in a central QS ownership registry.

A-2.3.3 Program Costs

Options to be refined.

a. Cost Recovery

Option 1: Recover IFQ program costs but not enforcement or science costs. A maximum of 3 percent of ex-vessel value.

Option 2: Full cost recovery through landing fees plus privatization of certain elements of the management system.

b. Fee Structure

To be determined. TIQC recommends a fee structure that reflects usage. Option (to be developed) that allows for equitable sharing of observer costs for smaller vessels.

A-2.3.4 Program Duration and Modification

Starting four years after implementation the program performance will be reviewed every four years by a community advisory committee.

A-2.4 Additional Measures for Processors

Option 1: Any QS received for processing history as part of the initial allocation will expire after a certain period of time (to be determined prior to final Council action).

Option 2: The accumulation limit grandfather clause of Section A-2.2.3.e will not apply for processing history. Processors will not be allowed to use history receiving groundfish to qualify for QS in excess of accumulation limits.

Option 3: The Adaptive Management allocation and process (Section A-3) will be used to compensate processors for demonstrated harm by providing QP to be directed in a fashion that increases benefits for affected processors.

A-3 Adaptive Management (Option)

Annually, 10 percent of the QP will be set aside for use in an adaptive management program to create incentives for developing gear efficiencies, for community development, or to compensate for unforeseen outcomes from implementing the IFQ program.

Should the Council allocate QS to processors, those processors receiving an initial allocation would not be eligible to hold adaptive management QP issuances.

A-4 Pacific Halibut Individual Bycatch Quota (IBQ)—Non-retention (Option)

Option: IBQ for Pacific halibut bycatch in the trawl fishery will be established. Such IBQ will be issued on the basis of a bycatch rate applied to the target species quota shares an entity receives. IBQ will not be geographically subdivided.

A-5 Alternative Scope for IFQ Management (Option)

Option: IFQ will be required to cover all groundfish catch except for bycatch species taken on whiting trips. If this option is adopted a number of sections above would be amended to conform with the option (see Table 2-3, Section A-5 on page 58 for details).

A-6 Duration: Fixed Term (and Auctions) (Option)

Option: The term of all QS issued will be limited to 15 years (except that the Term-1 QS may last 15 or 16 years, depending on when the biennial specification period ends).

Reallocation Sub-option 1: QS will be reallocated to holders at the end of the term, unless the program is otherwise modified.

Reallocation Sub-option 2: Starting with Term-2 of the program, every two years up to 20 percent of all QS will be returned to NMFS for reissuance via an auction, unless the program is otherwise modified.

The specific form of the auction will be decided by the Council in the period between trawl rationalization implementation and the first auction. It will be designed to achieve the goals of the trawl rationalization program.

Table 2-3. Full description of the IFQ Alternatives

	Element	SubElement	
A. <i>Trawl Sector Management</i>			
A-1.1	Scope for IFQ Management, Including Gear Switching		<p>QP will be required to cover catch of all groundfish (including all discards) by limited entry trawl vessels using any directed commercial groundfish gear, EXCEPT when such vessels also have a limited entry permit endorsed for fixed gear (longline or fishpot) AND have declared that they are fishing in the limited entry fixed gear fishery. See Section A-5 for an alternative specification of the scope for whiting trips.</p> <p>For the purpose of the trawl rationalization alternatives, “directed commercial groundfish gear” is defined as all legal commercial groundfish gear including limited entry gear and commercial vertical hook and line, troll and dinglebar gear.</p> <p><i>This definition of the scope allows a limited entry trawl vessel to switch to nontrawl groundfish gears, including fixed gear, for the purpose of catching their QP. It also allows a nontrawl vessel to acquire a trawl permit, and thereby use trawl QP to catch the LE trawl allocation using nontrawl gear.</i></p>
A-1.2	IFQ Management Units, Including Latitudinal Area Management		<p>QS will carry designations for the species/species group, area and trawl sector to which it applies (see A-1.3 for the list of trawl sectors). The QP will have the same species/species group, area and sector designations as the QS on the basis of which the QP was issued. QP will not be used in a trawl sector other than that for which it was issued, unless specifically allowed, and will not be used in a nontrawl sector (i.e. by vessels without trawl permits).¹ QP will not be used in a catch area or for a species/species group other than that for which it is designated.</p> <p>The species, species groupings and area subdivisions will be those for which OYs are specified in ABC/OY table that is generated through the groundfish biennial specifications process. QS for remaining minor rockfish will be aggregated for the nearshore, shelf, and slope depth strata, as per Table 5.</p> <p>Option: Additionally, for species or species groups for which the OY is not geographically subdivided (i.e. there is only a coastwide OY), the QS will be subdivided geographically at the 40°10' north latitude line. Existing geographic lines for other species will be maintained. (If this option is not adopted area divisions will be as specified for OYs in the biennial ABC/OY table, unless changed by the Council).</p> <p>Changing the management units. After initial QS allocation the Council may alter the management units by changing the management areas or subdividing species groups. Section A-2.1.6 provides methods for reallocating QS when such changes are made after initial implementation of the program.²</p> <p><i>Hereafter, all references to species include species and species group, unless otherwise indicated.</i></p>

Table 2-3. Full description of the IFQ Alternatives (continued).

	Element	SubElement	
A-1.3	General Management and Trawl Sectors		<p>Unless otherwise specified, status quo regulations, other than trip limits, will remain in place. If individual vessel overages (catch not covered by QP) make it necessary, area restrictions, season closures or other measures will be used to prevent the trawl sector (in aggregate or the individual trawl sectors listed here) from going over allocations.³ The IFQ fishery may also be restricted or closed as a result of overages in other sectors. There will be:</p> <p>Option 1: three trawl sectors: shoreside, mothership, and catcher-processors.</p> <p>Option 2: four trawl sectors: shoreside nonwhiting, shoreside whiting, mothership, and catcher-processors.</p> <p><i>Allocation among trawl sectors to be determined in the intersector allocation process.⁴</i></p> <p><i>Trawl vessels fishing IFQ with nontrawl gear will be required to comply with the RCA lines applicable for that gear. Such restrictions, as necessary, will be determined in a separate process.</i></p>
A-1.4	Management of NonWhiting Trips		<p>Nonwhiting trips are those with less than 50% whiting. No changes to management measures, other than those identified in Section A-1.3, have been identified at this time.⁵</p>
A-1.5	Management of Whiting Trips ⁶		<p>Whiting seasons will not be changed under the TIQ program, and so the current spring openings will be maintained to control impacts on ESA-listed salmon.⁷</p> <p>When the primary whiting season for a sector is closed (see Section A-1.3 for options on the number of trawl sectors)</p> <ul style="list-style-type: none"> • If there are 3 sectors: for shoreside deliveries, sector specific QP will be required plus cumulative whiting catch limits apply. Deliveries will be prohibited for at-sea sectors. • If there are 4 sectors: whiting sectors will be prohibited from delivering.
A-1.6	Groundfish Permit Length Endorsements		<p>Option: Length endorsement restrictions on limited entry permits endorsed for groundfish gear will not apply for vessels using limited entry trawl gear. (This action will not change the application of length endorsement restrictions for vessels using limited entry longline or pot gear).</p>

Table 2-3. Full description of the IFQ Alternatives (continued).

	Element	SubElement																																				
A-2. <i>IFQ System Details</i>																																						
A-2.1	Initial Allocation and Direct Reallocation																																					
A-2.1.1	Eligible Groups	<p>a Groups and Initial Split of Quota Share</p> <p>b Permits</p> <p>c Processors and Processing Definition</p>	<p>Eligible Groups The initial allocation of QS will be made either only to permit owners or to permit owners and processors.</p> <table border="1" data-bbox="793 451 1894 683"> <thead> <tr> <th data-bbox="793 451 1318 482"></th> <th colspan="2" data-bbox="1318 451 1608 482">Nonwhiting Sector QS</th> <th colspan="2" data-bbox="1608 451 1894 482">Whiting Sector QS</th> </tr> <tr> <th data-bbox="793 482 1318 537"></th> <th data-bbox="1318 482 1461 537">Amount to Permits</th> <th data-bbox="1461 482 1608 537">Amount to Processors</th> <th data-bbox="1608 482 1751 537">Amount to Permits</th> <th data-bbox="1751 482 1894 537">Amount to Processors</th> </tr> </thead> <tbody> <tr> <td data-bbox="793 537 1318 565">Option 1</td> <td data-bbox="1318 537 1461 565">100%</td> <td data-bbox="1461 537 1608 565">0%</td> <td data-bbox="1608 537 1751 565">100%</td> <td data-bbox="1751 537 1894 565">0%</td> </tr> <tr> <td data-bbox="793 565 1318 592">Option 2</td> <td data-bbox="1318 565 1461 592">87.5%</td> <td data-bbox="1461 565 1608 592">12.5%</td> <td data-bbox="1608 565 1751 592">75%</td> <td data-bbox="1751 565 1894 592">25%</td> </tr> <tr> <td data-bbox="793 592 1318 620">Option 3</td> <td data-bbox="1318 592 1461 620">75%</td> <td data-bbox="1461 592 1608 620">25%</td> <td data-bbox="1608 592 1751 620">50%</td> <td data-bbox="1751 592 1894 620">50%</td> </tr> <tr> <td data-bbox="793 620 1318 647">Option 4 (10% for Adaptive Management)*</td> <td data-bbox="1318 620 1461 647">100%</td> <td data-bbox="1461 620 1608 647">0%</td> <td data-bbox="1608 620 1751 647">100%</td> <td data-bbox="1751 620 1894 647">0%</td> </tr> <tr> <td data-bbox="793 647 1318 675">Option 5 (10% for Adaptive Management)*</td> <td data-bbox="1318 647 1461 675">75%</td> <td data-bbox="1461 647 1608 675">25%</td> <td data-bbox="1608 647 1751 675">50%</td> <td data-bbox="1751 647 1894 675">50%</td> </tr> </tbody> </table> <p data-bbox="884 683 1835 738">* Annually, 10% of the available QP will be set aside for use in an adaptive management program.</p> <p data-bbox="793 764 1423 792"><i>The Council may select other distributions within this range.</i></p> <p data-bbox="793 818 1885 954"><i>Due to limitations on available documentation, fish “receivers” may be used as a proxy for “processors” (see A-2.1.1.d) After initial allocation, trading will likely result in changes in the distribution of shares among permit owners and processors. Additionally, entities that are neither permit owners nor processors may acquire quota shares. (see below: “IFQ/Permit Holding Requirements and IFQ Acquisition”).</i></p> <p data-bbox="793 959 1894 1040">Landing⁸ history will accrue to the permit under which the landing was made. The owner of a groundfish limited entry permit at the time of initial allocation will receive the QS issued based on the permit. (See Section A-2.1.4 on permit combinations and other exceptional situations.)</p> <p data-bbox="793 1045 1894 1149">A special definition of “processor” and “processing” will be used for initial QS allocation. A main intent of the definition is to specify that, if QS is issued for processing, only the first processor of the fish receives an initial allocation of QS. See footnote for definition.⁹ <i>However, due to limitations on available documentation, fish “receivers” may be used as a proxy for “processors, as per the following section.</i></p>		Nonwhiting Sector QS		Whiting Sector QS			Amount to Permits	Amount to Processors	Amount to Permits	Amount to Processors	Option 1	100%	0%	100%	0%	Option 2	87.5%	12.5%	75%	25%	Option 3	75%	25%	50%	50%	Option 4 (10% for Adaptive Management)*	100%	0%	100%	0%	Option 5 (10% for Adaptive Management)*	75%	25%	50%	50%
	Nonwhiting Sector QS		Whiting Sector QS																																			
	Amount to Permits	Amount to Processors	Amount to Permits	Amount to Processors																																		
Option 1	100%	0%	100%	0%																																		
Option 2	87.5%	12.5%	75%	25%																																		
Option 3	75%	25%	50%	50%																																		
Option 4 (10% for Adaptive Management)*	100%	0%	100%	0%																																		
Option 5 (10% for Adaptive Management)*	75%	25%	50%	50%																																		

Table 2-3. Full description of the IFQ Alternatives (continued).

	Element	SubElement	
		d Attributing and Accruing Processing History	<p>Use at-sea fishery observer data and weekly processing reports to document history for allocations to at-sea processors. For an allocation to catcher-processors, see A-2.1.1-b. For an allocation to mothership processors, history accrues to the vessel on which the at-sea processing occurs. MS Option 1: The owner of the vessel at the time of the initial allocation will receive the initial allocation. MS Option 2: If a bareboat charter exists, the bareboat charterer will receive the initial allocation</p> <p>For an allocation for shoreside processors: Option 1: attribute history to the receiver reported on the landing receipt (i.e. the entity responsible for filling out the state fish ticket). <i>The fish receiver would serve as a proxy for processor because of limited availability of official documentation on actual processing history.</i> Option 2: attribute history to the receiver reported on the landing receipt, if that entity meets the definition of a processor with respect to trawl caught groundfish. <i>The option is similar to Option 1 except that the fish receiver would have to demonstrate at least some processing of trawl caught groundfish.</i> Option 3: same as Option 1, except history may be reassigned to an entity not on the landings receipt, if parties agree or through an agency appeals process. <i>The intent of this option is to provide an opportunity for catch history to be assigned to the entity that actually processed the fish.</i></p> <p>For shoreside processors, allocations go to the processing business. For all three of the options for accruing history, successor-in-interest will be recognized. NMFS will develop criteria for use in determining the successor in interest with respect to the entities listed on the landings receipts or otherwise covered in one of these options.¹⁰</p>
A-2.1.2	Recent Participation	a Permits (including catcher-processor ¹¹ permits)	Recent participation is not required in order for a permit to qualify for an initial allocation of QS.
		b Processors (motherships)	Recent participation is required to qualify for QS: 1,000 mt or more of groundfish in each of any two years from 1997-2003.
		c Processors (shoreside)	<p>Recent participation is required to qualify for an initial allocation of QS: Nonwhiting Option 1: 1 nonwhiting groundfish trip delivery from 1998-2003. Nonwhiting Option 2: 6 mt or more of deliveries from nonwhiting groundfish trips in each of any three years from 1998-2003.</p> <p>Whiting Option 1: 1 whiting trip delivery from 1998-2003. Whiting Option 2: 1 mt or more of deliveries from whiting trips in each of any two years from 1998-2003.</p>

Table 2-3. Full description of the IFQ Alternatives (continued).

	Element	SubElement	
A-2.1.3	Allocation Formula	a Permits with catcher vessel history	<p>For all fish management units, as specified in Section A-1.2:</p> <p>Option 1: All QS allocated based on permit history (see following formulas).</p> <p>Option 2: An equal division of the buy-back permits' pool of QS among all qualifying permits plus allocation of the remaining QS based on each permit's history (see following formulas). (The QS pool associated with the buyback permits will be the buyback permit history as a percent of the total fleet history for the allocation period. The calculation will be based on total absolute pounds with no other adjustments and no dropped years.)</p> <p>Permit history based allocation suboptions</p> <p>For non-whiting trips, permit history used for QS allocation will be calculated:</p> <p>For non-overfished species: using an allocation period of 1994-2003. Within that period use relative history and drop the three worst years.¹²</p> <p>For overfished species taken incidentally:¹³</p> <p>Overfished Species Option 1: as it is calculated for non-overfished species.</p> <p>Overfished Species Option 2: use target species QS as a proxy based on the following approach: Apply fleet average bycatch rates to each permit's depth and latitude distributions and target species QS allocations. Fleet average bycatch rates for the areas shoreward and seaward of the RCA and north and south of 40 10 will be developed from West Coast Observer Program data for 2003-2006. For the purposes of the allocation, a permit's QS for each target species will be distributed shoreward and seaward of the RCA and latitudinally based on the permit's logbook information for 2003-2006. If a permit does not have any logbooks for 2003-2006, fleetwide averages will be used.¹⁴</p> <p>For whiting trips, permit history used for QS allocation will be calculated as follows:</p> <p>For whiting, using an allocation period of 1994-2003. Within that period, use relative history and drop the two worst years. If a permit participated in both the shoreside and mothership whiting sectors, the same two years must be dropped for calculation of the permit's QS for each sector.¹⁵</p> <p>For bycatch species (if IFQ is used for bycatch species):</p> <p>Bycatch Option 1: using history for that species, as it is calculated for whiting</p> <p>Bycatch Option 2: using the whiting history as a proxy (i.e. allocation will be pro rata based on the whiting allocation).</p> <p>Area Assignments: Landings history will be assigned to catch areas based on port of landing.¹⁶</p> <p>Relative history (%). For each sector, the permit history for each year is measured as a percent of the sector's total for the year.</p>

Table 2-3. Full description of the IFQ Alternatives (continued).

	Element	SubElement	
		b Permits with catcher-processor history	Allocate whiting QS based on permit history ¹⁷ for 1994-2003 (do not drop worst years) and using relative history as defined for catcher vessel permits. For bycatch species (if IFQ is used for bycatch species): Bycatch Option 1: using history for that species, as it is calculated for whiting Bycatch Option 2: using the whiting history as a proxy (i.e. allocation will be pro rata based on the whiting allocation).
		c Processors (motherships)	Allocate whiting QS based on a vessel's processing history for 1997-2003 (do not drop worst years) and using relative history as defined for catcher vessel permits. For bycatch species (if IFQ is used for bycatch species): Bycatch Option 1: using history for that species, as it is calculated for whiting Bycatch Option 2: using the whiting history as a proxy (i.e. allocation will be pro rata based on the whiting allocation).
		d Processors (shoreside)	For all species other than incidental species , allocate QS based on the entity's history for the allocation period of 1994-2003 (drop two worst years) and use relative history (as defined in Section A-2.1.3.a). For incidental species (overfished species taken incidentally on nonwhiting trips and bycatch species taken on whiting trips) consider the same allocation options identified for permits in Section A-2.1.3.a
A-2.1.4	History for Combined Permits and Other Exceptional Situations		Permit history for combined permits will include the history for all the permits that have been combined. For history occurring when two or more trawl permits were stacked, split the history evenly between the stacked permits. History for illegal landings will not count toward an allocation of QS. Landings made under nonwhiting EFPs that are in excess of the cumulative limits in place for the non-EFP fishery will not count toward an allocation of QS. Compensation fish will not count toward an allocation of QS.
A-2.1.5	Initial Issuance Appeals		There will be no Council appeals process on the initial issuance of IFQ. NMFS will develop a proposal for an internal appeals process and bring it to the Council for consideration. Only revisions to fish tickets accepted will be those approved by the state. Any proposed revisions to fish tickets should undergo review by state enforcement personnel prior to finalization of the revisions.

Table 2-3. Full description of the IFQ Alternatives (continued).

	Element	SubElement	
A-2.1.6	Direct Reallocation After Initial Issuance		<p>Reallocation With Change in Overfished Status. When an overfished species is rebuilt or a species becomes overfished there may be a change in the QS allocation within a sector (allocation between sectors is addressed in the intersector allocation process). When a stock becomes rebuilt, the reallocation will be to facilitate the re-establishment of historic target fishing opportunities. When a stock becomes overfished, QS may be reallocated to maintain target fisheries to the degree possible. That change may be based on a person's holding of QS for target species associated with the rebuilt species or other approaches deemed appropriate by the Council.</p> <p>Reallocation With Changes in Area Management (Changes in management lines are expected to be rare, however, when they occur the following provides for the reallocation of QS in a manner that will give individual QS holders with the same amounts of total QP before and after the line changes.)</p> <p>Area Subdivision: If at any time after the initial allocation an IFQ management unit is geographically subdivided, those holding QS for the unit being subdivided will receive equal amounts of shares for each of the newly created IFQ management units.</p> <p>Area Recombination: When two areas are combined, the QS held by individuals in each area will be adjusted proportionally such that (1) the total QS for the area sums to 100%, and (2) a person holding QS in the newly created area will receive the same amount of total QP as they would if the areas had not been combined.</p> <p>Area Line Movement: When a management boundary line is moved, the QS held by individuals in each area will be adjusted proportionally such that they each maintain their same share of the trawl allocation on a coastwide basis (the fishing area may expand or decrease, but the individual's QP for both areas combined wouldn't change because of the change in areas). In order to achieve this end, the holders of QS in the area being reduced will receive QS for the area being expanded, such that the total QP they would be issued will not be reduced as a result of the area reduction.¹⁸ Those holding QS in the area being expanded will have their QS reduced such that the QP they receive in the year of the line movement will not increase as a result of the expansion (nor will it be reduced).</p> <p>Reallocation With Subdivision of a Species Group: If at any time after the initial allocation an IFQ management unit for a species group is subdivided, those holding QS for the unit being subdivided will receive equal amounts of shares for each of the newly created IFQ management units. For example, if a person holds 1% of a species group before the subdivision, that person will hold 1% of the QS for each of the groups resulting from the subdivision.</p>
A-2.2	Permit/IFQ Holding Requirements and Acquisition (after initial allocation)		

Table 2-3. Full description of the IFQ Alternatives (continued).

	Element	SubElement	
A-2.2.1	Permit/IFQ Holding Requirement		<ol style="list-style-type: none"> 1. Only vessels with limited entry trawl permits are allowed to fish in the trawl IFQ fishery. 2. For a vessel to use QP, the QP must be in the vessel's QP account. 3. All catch taken on a trip must be covered with QP within 30 days of the landing for that trip unless the overage is within the limits of the carryover provision (Section A-2.2.2.b), in which case the vessel has 30 days or a reasonable time (to be determined) after the QP are issued for the following year, whichever is greater.¹⁹ 4. For any vessel with an overage (catch not covered by QP), fishing that is within the scope of the IFQ program will be prohibited until the overage is covered regardless of the amount of the overage. Vessels which have not adequately covered their overage within the time limits specified in paragraph 2, must still cover the overage before resuming fishing, using QP from the following year(s), if necessary. If a vessel covers its overage, but coverage occurs outside the specified time limit (paragraph 2), the vessel may still be cited for a program violation. Option: There may be exceptions and additions to the activities which will be prohibited when a vessel has an overage (see footnote)²⁰ 5. For vessels with an overage, the limited entry permit may not be sold or transferred until the deficit is cleared. 6. Option: After two years in deficit, a vessel may resume fishing.
A-2.2.2	IFQ Annual Issuance	a Annual Quota Pound Issuance	<p>QP will be issued annually to QS holders based on the amount of QS held. <i>As specified above, QS holders will have to transfer their QP to a vessel account in order for those QP to be used.</i></p>
		b Carryover (Surplus or Deficit)	<p>A carryover allowance will allow surplus QP in a vessel's QP account to be carried over from one year to the next or allow a deficit in a vessel's QP account for one year to be carried over and covered with QP from a subsequent year. Surplus QP may not be carried over for more than one year.</p> <p>A vessel with a QP surplus at the end of the current year will be able to use that QP in the immediately following year, up to the limit of the carryover allowance (see below).</p> <p>A vessel with a QP deficit in the current year will be able to cover that deficit with QP from the following year without incurring a violation if</p> <ol style="list-style-type: none"> (1) the amount of QP it needs from the following year is within the carryover allowance (see below), and (2) the QP are acquired within the time limits specified in A-2.2.1.²¹ <p>Carryover Allowance: Limit of up to 10 percent carryover for each species. This applies to both non-overfished species and overfished species. The percentage is calculated based on the total pounds (used and unused) in a vessel's QP account for the current year.²² <i>Note: This provision relates only to carry-over of what is in the vessel's account. Should consideration be given to carryover of QP that are not transferred to a vessel account?</i></p>
		c Quota Share Use-or-Lose Provisions	<p>None. The need for this provision will be evaluated as part of program review process, and the provision could be added later, if necessary.</p>

Table 2-3. Full description of the IFQ Alternatives (continued).

	Element	SubElement	
		d Entry Level Opportunities	Under the MSFCMA, the Council is required to consider entry level fishermen, small vessel owners, and crew members, and in particular the possible allocation of a portion of the annual harvest to individuals falling in those categories. No special provisions have been identified for analysis, given that new entry is addressed indirectly by allowing crew, captains and others to acquire QS in small increments.
A-2.2.3	IFQ Transfer Rules	a Eligible to Own or Hold	Those eligible to own QS/QP will be restricted to (i) any person or entity eligible to own and control a US fishing vessel with a fishery endorsement pursuant to 46 USC 12108 (general fishery endorsement requirements) and 12102(c) (75% citizenship requirement for entities) and (ii) any person or entity that owns a mothership that participated in the West Coast groundfish fishery during the allocation period and is eligible to own or control that US fishing vessel with a fishery endorsement pursuant to Sections 203(g) and 213(g) of the AFA.
		b Transfers and Leasing	QS/QP will be transferable and transfers must be registered with NMFS. NMFS will not differentiate between a transfer for a lease and a permanent transfer. ²³
		c Temporary Transfer Prohibition	NMFS may establish temporary prohibitions on the transfer of QS, as necessary to facilitate program administration. Option: QS will not be transferred in the first year of the program (QP will be transferable).
		d Divisibility	QS will be highly divisible and the QP will be transferred in whole pound units (i.e. fractions of a pound could not be transferred)

Table 2-3. Full description of the IFQ Alternatives (continued).

	Element	SubElement	
		e Accumulation Limits (Vessel and Control)	<p>Limits²⁴ may vary by species/species group, areas, and sector. See options for each sector listed in Table 2-4.</p> <p>Vessel Use Limit: A limit on the QP that may be registered for a single vessel during the year. This element will mean that a vessel could not have more used and unused quota pounds registered for the vessel than a predetermined percentage of the QP pool.</p> <p>Own or Control Accumulation Limit: A person, individually or collectively, may not control QS or QP in excess of the specified limit (unless exempted by the grandfather clause). QS or QP controlled by a person shall include those registered to that person, plus those controlled by other entities in which the person has a direct or indirect ownership interest, as well as shares that the person controls through other means. The calculation of QS or QP controlled by a person will follow the "individual and collective" rule.</p> <p><u>Individual and Collective Rule: The QS or QP that counts toward a person's accumulation limit will include (1) the QS or QP owned by them, and 2) a portion of the QS or QP owned by any entity in which that person has an interest. The person's share of interest in that entity will determine the portion of that entity's QS or QP that counts toward the person's limit.</u>²⁵</p> <p>Grandfather Clause:</p> <p>Option 1: A grandfather clause will apply to (1) vessel accumulation limits and (2) control accumulation limits. This clause allows a person, if initially allocated QS in amounts in excess of the cap, to maintain ownership of the QS. The grandfather clause will expire with a change in ownership²⁶ of the QS. If the owner divests some of the QS, the owner may not reacquire QS or QP until the owner is under the cap. Once under the cap, the grandfather clause expires and additional QS or QP may be acquired but not in excess of the control caps.</p> <p>Option 2: Same as Option 1 but the maximum allowed under the grandfather clause will be twice the vessel accumulation limit.</p> <p>Option 3: There will not be a grandfather clause.</p> <p><i>Note: Absent guidance otherwise, Options 2 and 3 will be implemented in such a manner as to not alter other provisions of the program. Specifically, QS that is not allocated because of the limit or absence of the grandfather clause will be distributed to other eligible recipients in a manner that maintains the distribution among groups specified in A-2.1.1 and based on the allocation formulas specified in A-2.1.3.</i></p>
A-2.3	Program Administration		

Table 2-3. Full description of the IFQ Alternatives (continued).

	Element	SubElement	
A-2.3.1	Tracking, Monitoring and Enforcement NMFS will explore the possibility of less than 100% at-sea monitoring and report back on the possibility.		<p>Discarding</p> <p><u>Tracking and Monitoring (T&M) Program Alt 1:</u> Discarding of ITQ species <i>allowed</i> in limited entry non-whiting trawl fisheries</p> <p><u>Non-whiting</u> Discarding of ITQ allowed, discarding of IBQ required, discarding of non-groundfish species allowed</p> <p><u>Shoreside whiting</u> <i>Maximized retention vessels:</i> Discarding of ITQ, IBQ, and non-groundfish species prohibited</p> <p><i>Vessels sorting at sea:</i> Discarding of ITQ allowed, discarding of IBQ required, discarding of non-groundfish species allowed</p> <p><u>At-sea whiting</u> Discarding of ITQ allowed by processors, discarding of IBQ required by processors, discarding of non-groundfish species allowed by processors, mothership catcher vessels prohibited from discarding catch</p> <p><u>T&M Program Alt 2:</u> Discarding of ITQ species <i>prohibited</i> in limited entry non-whiting trawl fisheries</p> <p><u>Non-whiting</u> Discarding of ITQ species <i>prohibited</i>, discarding of non ITQ commercial species <i>prohibited</i>, discarding of IBQ required, discarding of non-groundfish species allowed except retention of prohibited species would be required</p> <p><u>Other Sectors</u> Same As Alt Program 1</p> <p>At Sea Catch Monitoring</p> <p><u>Nonwhiting –</u> <u>T&M Program Alt 1:</u> The sorting, weighing and discarding of any ITQ or IBQ species must be monitored by an observer with supplemental video monitoring. <u>T&M Program Alt 2:</u> The sorting of catch must be monitored by an observer. The weighing and discarding of any IBQ species must be monitored by an observer. The retention of ITQ species monitored by the observer.</p> <p><u>Shoreside whiting</u> <i>For maximized retention vessels:</i> video monitoring as proposed under Amendment 10. Suboption: Observers would be required in addition to or as a replacement for video monitoring. <i>For vessels that sort at sea:</i> The sorting, weighing and discarding of any ITQ or IBQ species must be monitored by an observer with supplemental video monitoring.</p> <p><u>At-sea whiting</u> <i>Motherships, catcher vessels and catcher/processors:</i> The sorting, weighing and discarding of any ITQ or IBQ species must be monitored by an observer with supplemental video monitoring on all catcher vessels. Supplemental video monitoring on processors may also be used.</p> <p>Shoreside Catch Monitoring</p> <p><u>Non-whiting</u> The sorting, weighing and reporting of any ITQ or IBQ species must be monitored by a catch monitor or qualified observer.</p> <p><u>Shoreside whiting</u> The sorting, weighing and reporting of any ITQ or IBQ species must be monitored by a catch monitor.</p> <p><i>(Description continued on next page.)</i></p>

Table 2-3. Full description of the IFQ Alternatives (continued).

	Element	SubElement	
			<p>(...continued from previous page)</p> <p>Catch Tracking Mechanisms</p> <p>Electronic vessel logbook report <u>Non-whiting, shoreside whiting and at-sea whiting</u> VMS-based electronic logbook required to be transmitted from vessel. At-sea entry by vessel personnel required including catch weight by species and if retained or discarded</p> <p>Vessel landing declaration report <u>Non-whiting and shoreside whiting</u> Mandatory declaration reports</p> <p>Electronic ITQ landing report <u>Non-whiting and shoreside whiting</u> Mandatory reports completed by processors and similar to electronic fish ticket report</p> <p>Processor production report <u>Non-whiting, shoreside whiting and at-sea whiting</u> Mandatory reports (possible inclusion of proprietary data included to be recommended as option is fleshed out)</p> <p>Cost Control Mechanisms</p> <p>Landing hour restrictions <u>Non-whiting and shoreside whiting</u> T&M Program Alt 1: Landing hours not limited T&M Program Alt 2: Limit landing hours</p> <p>Site licenses <u>Non-whiting and shoreside whiting</u> Mandatory license, can be issued to any site that meets the monitoring requirements</p> <p>Vessel Certification <u>Non-whiting, shoreside whiting and at-sea whiting</u> Mandatory certification, can be issued to any vessel that meets the monitoring requirements</p> <p>Program Performance Measures Integrate into the tracking and monitoring program the collection of data on cost, earnings and profitability; Economic efficiency and stability; capacity measures; net benefits to society; distribution of net benefits; product quality; functioning of quota market; incentives to reduce bycatch; market power; spillover effects into other fisheries; contribution to regional economies (income and employment); distributional effects/Community Impacts; employment-seafood catching and processing; safety; bycatch and discards; administrative, enforcement, and management costs. (See A-2.3.2)</p>
A-2.3.2	Socio-Economic Data Collection ²⁷		<p>The data collection program will be expanded and submission of economic data by harvesters and processors will be mandatory. Random and targeted audits may be used to validate mandatory data submissions. See footnote for a full description²⁸ Information on QS transaction prices, will be included in a central QS ownership registry. <i>NOTE: Data collection may need to start before first year of implementation in order to have a baseline for comparison.</i></p>
A-2.3.3	Program Costs Options to be Refined.	a Cost Recovery	<p>Option 1: Fees will be used to recover costs associated with management of the IFQ program but not for enforcement or science. The limit on fees will be 3% of ex-vessel value, as specified in the MSFCMA.</p> <p>Option 2: There will be full cost recovery. Cost recovery will be achieved through landing fees plus privatization of elements of the management system. In particular, privatization for monitoring of IFQ catch (e.g., industry pays for their own compliance monitors). Stock assessments will not be privatized and the electronic fish ticket system will not be privatized.</p>

Table 2-3. Full description of the IFQ Alternatives (continued).

	Element	SubElement	
		b Fee Structure	To be determined. TIQC recommends a fee structure that reflects usage. Option (to be developed) that allows for equitable sharing of observer costs for smaller vessels.
A-2.3.4	Program Duration and Modification		Four-year review process to start four years after implementation. Community advisory committee to review IFQ program performance.
A-2.4	Additional Measures for Processors		Option 1: Any QS received for processing history as part of the initial allocation will expire after a certain period of time (to be determined prior to final Council action). At that time all remaining QS will be adjusted proportionally so that the total is 100%. Option 2: The accumulation limit grandfather clause of Section A-2.2.3.e will not apply for processing history. Regardless of the percent of the total QS designated for processors, processing history will not entitle a person to receive QS in excess of the accumulation limits. Option 3: The Adaptive Management allocation and process (Section A-3) will be used to compensate processors for demonstrated harm by providing QP to be directed in a fashion that increases benefits for affected processors.
A-3	<i>Adaptive Management (Option)</i>		Annually, 10% of the available QP for the trawl IFQ program will be set aside for use in an adaptive management program that could create incentives for developing gear efficiencies, or community development or to compensate for unforeseen outcomes from implementing the IFQ program. Examples of unforeseen outcomes include, but are not limited to, unexpected geographic shifts in the distribution of catch or landings, unexpected effects on certain segments of the industry (e.g. processors), or an unexpected barrier to new entry into the fishery. Should the Council adopt initial allocation of fishing QS to processors, those processors receiving an initial allocation would not be eligible to hold QP issued through an adaptive management program. This provision will apply to the overall trawl sector (whiting and non-whiting).
A-4	<i>Pacific Halibut Individual Bycatch Quota (IBQ) – non-retention (Option)</i>		Option: IBQ for Pacific halibut bycatch in the trawl fishery will be established. Such IBQ will be issued on the basis of a bycatch rate applied to the target species quota shares an entity receives in a manner similar to that described in Section A-2.1.3.a, Overfished Species Option 2. Area specific bycatch rates may be used for allocation but halibut IBQ will not be geographically subdivided.

Table 2-3. Full description of the IFQ Alternatives (continued).

	Element	SubElement	
A-5	<p><u>Alternative Scope for IFQ Management (Option)</u></p>		<p>Option: IFQ will be required to cover all groundfish catch except for bycatch species taken on whiting sector trips.</p> <p>If this option is selected sections above would be modified as follows.</p> <p>Section A-1. Replace “QP will be required to cover catch of all groundfish (including all discards)” with “for non-whiting trips, QP will be required to cover catch of all groundfish (including all discards), for whiting trips, QP will be required to cover catch of all whiting (including all whiting discards but not incidental catch of nonwhiting groundfish species).” If the three sector option is selected in Section A-1.3, then in the previous sentence replace “non-whiting trips” with “shoreside trips” and replace “whiting trips” with “trips delivered at sea.”</p> <p>Section A-1.3 Under the three sector option (shoreside, mothership, and catcher-processors) this alternative scope does not apply to the shoreside sector. For all catch destined for shoreside delivery QP would be required, including catch on trips targeted on whiting. For catch destined for at-sea delivery, QP would be required for whiting but not bycatch species. Under the four sector option, shoreside whiting trips would be included among those for which QP is required to cover whiting and not required for bycatch species.</p> <p>Section A-1.5. Whiting trip bycatch species will not be managed with IFQ but will be pooled and managed with bycatch caps. Select one of the following options for incorporation in Section A-1.5:</p> <p>Bycatch Management Option 1: A single bycatch caps covering all whiting sectors. All sectors and co-ops will close as soon as the whiting fishery bycatch cap is reached for one species; a controlled pace may be established if the sectors choose to work together cooperatively, potentially forming an intersector/interco-op cooperative.</p> <p>Bycatch Management Option 2: A single bycatch caps covering all whiting sectors and seasonal releases. Same as Option 1, including the potential for forming co-ops, except there will be seasonal releases of bycatch allocation.²⁹</p> <p>Bycatch Management Option 3: A separate bycatch caps for each sector. Each sector closes when its bycatch cap is reached.</p> <p>Bycatch Management Option 4: A separate bycatch cap for each sector and a roll-over. Each sector closes when its bycatch cap is reached. Unused bycatch may be rolled over from one sector to another if the sector with unused bycatch has used its full allocation of whiting or participants in the sector do not intend to harvest the remaining sector allocation.</p>

Table 2-3. Full description of the IFQ Alternatives (continued).

	Element	SubElement	
A-6	<p><u>Duration: Fixed Term (and Auctions) (Option)</u></p>		<p>Fixed Term Option: The term of all QS issued will be limited to 15 years (except that the Term-1 QS may last 15 or 16 years, depending on when the biennial specification period ends). Starting with Term-2 of the program, Reallocation SubOption 1: QS will be reallocated to holders at the end of the term, unless the program is otherwise modified. Reallocation SubOption 2: Starting with Term-2 of the program, every two years up to 20% of all QS will be returned to NMFS for reissuance via an auction, unless the program is otherwise modified.</p> <p>If the fixed term option is selected, sections above would be modified as follows.</p> <p>Section A-2.3.4. Add the following. The initial allocation of QS will be valid for a period of 15 or 16 years (ending at the end of the second year of the biennial specification period). Thereafter, in the absence of actions to end or amend the program, QS will be issued for 15 year terms (i.e. all QS will expire every 15 years) on the following basis.</p> <p>Section A-2.1.6. Add the following.</p> <p>Reallocation Option 1: After initial issuance, for the start of each subsequent term of the program, QS will be reallocated to current QS holders (those holding the QS on the day the term expires), in proportion to the amounts they held on the day of expiration, unless the program is otherwise modified,</p> <p>Reallocation Option 2 After initial issuance, for the start of each subsequent term of the program, up to 20% of the QS will be reallocated in an auction with the remainder going to the current QS holders (those holding the QS on the day the term expires), in proportion to the amounts they held on the day of expiration, unless the program is otherwise modified. Additionally, every two years during the term up to 20% of each holder's QS will return to NMFS for redistribution via an auction. All auctions for the QS to be redistributed will be held at least one year in advance of the actual redistribution. When the redistribution occurs, the QS will come from those holding it at the time of the redistribution and go to the winners of the auction.</p> <p>The specific form of the auction will be decided by the Council in the period between trawl rationalization implementation and the first auction. It will be designed to achieve the goals of the trawl rationalization program, including reducing bycatch, increasing operation flexibility, measurable economic and employment benefits through the seafood catching, processing, distribution elements, and support sectors of the industry.</p>

Table 2-3. Full description of the IFQ Alternatives (continued).

- ¹ Notwithstanding this provision, a vessel with a limited entry trawl permit may catch the trawl QP with a nontrawl gear, as per Section A-1.1.
- ² Such changes in latitudinal area management may occur as a result of changes in the management areas for species/species complexes in the ABC/OY table or as a result of separate Council action to change the trawl QS by area. In either case, specific Council action will be required to change the management areas and such action will be accompanied by appropriate supporting analysis and public comment opportunity.
- ³ The Council authority to establish or modify RCAs will not be changed by this alternative.
- ⁴ The allocation among trawl sectors will be determined as part of the intersector allocation process. The TIQC recommended a number of options for determining the allocation among trawl sectors. One of these would have based the allocation on fleet history but not have included in the fleet history the history of any vessel not meeting the recent participation requirement. The Council rejected this application of a recent participation requirement to a determination of fleet history. The remaining TIQC options recommend that the division of allocation among trawl sectors be based on the fleet history over the same time periods used to allocate QS. The TIQC further recommends that if different periods are used for different trawl sectors, either (1) calculate the share for each sector based on its IFQ allocation period, then adjust all percentages proportionately such that they sum to 100%; OR (2) use the shortest period common to the allocation formula for all sectors.
- If bycatch in the whiting sectors is not managed with IFQs and is pooled at the overall whiting fishery or sector level, allocations of bycatch will be determined through the intersector allocation process. The TIQC recommends allocation among the whiting sectors based on: Option 1: pro rata in proportion to the whiting allocation, or Option 2: weighted historical catch formula (for example, in projecting bycatch in the whiting fisheries prior to the start of the season, the GMT uses a four-year weighted average starting with the most recent year: 40%, 30%, 20%, 10%).
- ⁵ For the nonwhiting fishery there is a potential that a vessel might make a targeted whiting trip by accumulating whiting QPs provided to cover whiting bycatch in the nonwhiting fishery. This could create a problem if it occurred during a time when the whiting fishery is closed to control for impacts on ESA listed salmon. Other than that whiting targeted trips using whiting QP intended for whiting bycatch in the nonwhiting fishery might not create a problem. Restrictions might be imposed on whiting catch in the nonwhiting fishery as needed to address concerns ESA concerns.
- ⁶ A whiting QP rollover provision was considered but rejected from further analysis. This provision would have allowed unused QP to be reclassified so that they could be used in any whiting sector.
- ⁷ The current process for changing the whiting fishery opening dates involves a regulatory amendment developed under the FMP through a framework process. Implementation of an IFQ program should not change this process.
- ⁸ The term “landing,” as defined in the regulations, includes both shoreside and at-sea deliveries.
- ⁹ **“Processors”**
- At-sea processors** are those vessels that operate as motherships in the at-sea whiting fishery and those permitted vessels operating as catcher-processors in the at-sea whiting fishery.
- A shoreside processor** is an operation, working on US soil, that takes delivery of trawl-caught groundfish that has not been “processed at-sea” and that has not been “processed shoreside”; and that thereafter engages that particular fish in “shoreside processing.” Entities that received fish that have not undergone “at-sea processing” or “shoreside processing” (as defined in this paragraph) and sell that fish directly to consumers shall not be considered a “processor” for purposes of QS allocations.

Table 2-3. Full description of the IFQ Alternatives (continued).

“Shoreside Processing” is defined as either of the following:

1. Any activity that takes place shoreside; and that involves:

cutting groundfish into smaller portions; OR

freezing, cooking, smoking, drying groundfish; OR

packaging that groundfish for resale into 100 pound units or smaller for sale or distribution into a wholesale or retail market.

2. The purchase and redistribution into a wholesale or retail market of live groundfish from a harvesting vessel.

¹⁰ Transfer of physical assets alone should not be considered a basis for successor in interest. Business relationships such as transfer of the company name and customer base might be reasonable evidence of successor in interest.

¹¹ If a catcher-processor consensus formula is used, recent participation will not be applied.

¹² State landings receipts (fish tickets) will be used to assess landings history for shoreside deliveries and observer data will be used for deliveries to motherships.

¹³ The intent is to consider an alternative allocation method QS for overfished species which, at reduced harvest levels, are needed primarily to cover incidental catch in fisheries that target healthy stocks. The alternative method (Option 2) would attempt to allocate the species to those who will be receiving QS for related target species. By allocating overfished species QS to those most in need of it, such an allocation would be expected to reduce transition costs. Currently, the list of overfished species that fall into this category is as follows: canary rockfish, darkblotched rockfish, Pacific Ocean perch, widow rockfish, yelloweye rockfish. This list may change by the time the program is ready to be implemented. If a major target species became overfished, it would not be intended that such a species would be allocated via an alternative method (for example species such as Dover sole, sablefish, or Pacific whiting).

¹⁴ In order to determine an amount aggregate target species to which bycatch rates will be applied, each vessels QS will be multiplied by the trawl allocation at the time of implementation.

¹⁵ State landings receipts (fish tickets) will be used to assess landings history for shoreside deliveries and observer data will be used for deliveries to motherships.

¹⁶ Catch area data on fish tickets are not considered reliable. It is often filled out by fish receivers that assume the vessel has been fishing in nearby ocean areas. Therefore it will be assumed that all catch comes from ocean areas near the port of landing.

¹⁷ Permit history from observer data

¹⁸ Unless there is a change in the total OY or other factors affecting trawl allocation for the areas involved, in which case their change in quota pounds would be proportional to the change in the trawl allocation.

¹⁹ QP from a subsequent year may not be accessed not until such QP have been issued by NMFS.

²⁰ Within the scope of the IFQ program.

An overage will not prevent a vessel from using the following gears to target on nongroundfish species, even if there is some incidental groundfish catch:

Salmon troll

Table 2-3. Full description of the IFQ Alternatives (continued).

HMS troll gear and other legal surface hook- that also qualify as vertical hook-and-line or dinglebar under the groundfish FMP.

Outside the scope of the IFQ program

An overage **will not** prevent a vessel from fishing using:

Dungeness crab gear

All other HMS gears (including pelagic longline) except small mesh gillnet

Purse seine for coastal pelagic species

An overage **will** prevent a vessel from using: small mesh gillnet for highly migratory species.

Provisions based on Amendment #6 to Motion 20 at the November, 2007 Council meeting.

²¹ Carryover of deficits provides some flexibility to use pounds from a year to cover a deficit from a previous year. Without a carryover provision, a vessel would still need to use pounds in a subsequent year to cover an overage but would incur a violation.

²² There has been some GMT discussion of a possible need for the QP surpluses carried over to a following year be adjusted proportionally in the following year if the trawl allocation for the following year changes.

²³ QS may be transferred on a temporary basis through private contract (leased) but NMFS will not track lease transfers differently than any other transfer.

²⁴ In this section, the term “permit” was changed to “vessel” to be consistent with Section A-2.1.3 which indicates that QP go into vessel accounts, not permit accounts. The term “own or control” was shortened to “control” for simplicity. Control includes ownership and therefore.

²⁵ For example, if a person has a 50% ownership interest in that entity then 50% of the QS owned by that entity will count against the individual's accumulation limit.

²⁶ **Change in Ownership definition:** For the purpose of the grandfather clause, ownership of a legal entity is defined to change with the addition of a new member to the corporation, partnership or other legal entity. Members may leave without causing the grandfather clause to expire for that entity.

²⁷ **Data collection, status quo.**

Voluntary submission of economic data for LE trawl industry (status quo efforts)

Voluntary submission of economic data for other sectors of the fishing industry.

Ad hoc assessment of government costs.

Voluntary Provisions: NMFS will continue to support the PSMFC EFIN project attempts to collect economic and social data useful in evaluating the impacts of fishing and fishing regulations.

Central Registry: The program will include no new central registries for QS owners/lessees or limited entry permit owners/lessees other than that necessary to directly support the IFQ tracking and monitoring system, as maintained by the NMFS Permit Office.

Government Costs: Data on the monitoring, administration, and enforcement costs related to governance of the IFQ program will be collected and summarized on an ad hoc basis.

²⁸ **Data collection:** Expanded **mandatory** submission of economic data:

Mandatory submission of economic data for LE trawl industry (harvesters and processors).

Voluntary submission of economic data for other sectors of the fishing industry.

Include transaction value information in a centralized registry of ownership.

Table 2-3. Full description of the IFQ Alternatives (continued).

Formal monitoring of government costs.

Mandatory Provisions: The Pacific Fishery Management Council and the National Marine Fisheries Service shall have the authority to implement a data collection program for cost, revenue, ownership, and employment data, compliance with which will be mandatory for members of the West Coast groundfish industry harvesting or processing fish under the Council's authority. Data collected under this authority will be treated as confidential in accordance with Section 402 of the MSA.

A mandatory data collection program shall be developed and implemented as part of the groundfish trawl rationalization program and continued through the life of the program. Cost, revenue, ownership, employment and other information will be collected on a periodic basis (based on scientific requirements) to provide the information necessary to study the impacts of the program, including achievement of goals and objectives associated with the rationalization program. This data may also be used to analyze the economic and social impacts of future FMP amendments on industry, regions, and localities. The program will include targeted and random audits as necessary to verify and validate data submissions. Data collected under this authority will be treated as confidential in accordance with Section 402 of the MSA. Additional funding (as compared to status quo) will be needed to support the collection of these data. The data collected would include data needed to meet MSA requirements (including antitrust).

The development of the program shall include: A comprehensive discussion of the enforcement of such a program, including discussion of the type of enforcement actions that will be taken if inaccuracies are found in mandatory data submissions. The intent of this action will be to ensure that accurate data are collected without being overly burdensome on industry in the event of unintended errors.

Voluntary Provisions: A voluntary data collection program will be used to collect information needed to assess spillover impacts on non-trawl fisheries.

Central Registry: Information on transaction prices will be included in a central registry of QS owners. Such information will also be included for LE permit owners/lessees.

Government Costs: Data will be collected and maintained on the monitoring, administration, and enforcement costs related to governance of the trawl rationalization program.

²⁹ At the outset, it is envisioned that the seasonal approach will be used to manage widow rockfish bycatch; for canary rockfish and darkblotched rockfish, status quo management will be maintained (i.e., no sector allocation and no seasonal apportionment).

A seasonal release bycatch management program will be implemented through regulation. For reference, a similar program is used to manage halibut bycatch in NPFMC-managed flatfish and Pacific cod fisheries, see 50CFR679.21(d).

In practice, seasonal releases protect the next sector entering the fishery. For example, a May 15-June 15 release will be used by the catcher-processors and motherships, but it protects the shoreside fishery; the June 15-September release will be used by shoreside and whatever catcher-processors and motherships are still fishing whiting, and to protect a fall at-sea season after September 15; the final release in September will again be shared by the catcher-processors and motherships, assuming shoreside is done.

For example:

1. No sector bycatch allocations.
2. Status quo for canary and darkblotched rockfish; i.e., no seasonal or sector allocation.
3. May 15 - June 15; 40% of widow hard cap released.

Table 2-3. Full description of the IFQ Alternatives (continued).

4. June 15 - August 31; an additional 45% of widow hard cap released.
5. Sept. 1 - Dec. 31; final 15% of widow hard cap released.
6. Once a seasonal release of widow rockfish is reached, the whiting fishery is closed to all three sectors for that period. The fishery re-opens to all three sectors upon release of the next seasonal release of widow rockfish.
7. Unused amounts from one seasonal release rollover into subsequent release periods.

(Note: percentages are for illustration purposes only, actual release percentages will be developed through the PFMC process).

Table 2-3. Full description of the IFQ Alternatives (continued).

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Table 2-4. Control cap, and vessel cap options to define QS/QP accumulation limits in IFQ Program Alternatives.

Stock	Option 1		Option 2		Option 3	
	Control Cap (%)	Vessel Cap (%)	Control Cap (%)	Vessel Cap (%)	Control Cap (%)	Vessel Cap (%)
All nonwhiting groundfish (in aggregate)	1.5	3.0	2.2	4.4	3.0	6.0
Lingcod - coastwide c/	5	10	7.5	15		
N. of 42 (OR & WA)	5	10	7.5	15		
S. of 42 (CA)	5	10	7.5	15		
Pacific Cod	5	10	7.5	15		
Pacific Whiting			0	0		
Shoreside Sector	10	7.5	15	10	25	12
Mothership Sector	10	25	15	37.5	25	50
Catcher Processors	50	65	55	70	60	75
All Whiting Sectors Combined	15	25	22.5	37.5	40	50
Sablefish (Coastwide)	1.9	3.8	2.9	5.7		
N. of 36 (Monterey north)	2	6.2	3	9.3		
S. of 36 (Conception area)	5	6.2	7.5	9.3		
PACIFIC OCEAN PERCH	5	6.2	7.5	9.3		
Shortbelly Rockfish	5	6.2	7.5	9.3		
WIDOW ROCKFISH	3.4	6.8	5.1	10.2		
CANARY ROCKFISH	5	10	7.5	15		
Chilipepper Rockfish	5	10	7.5	15		
BOCACCI	5	10	7.5	15		
Splitnose Rockfish	5	10	7.5	15		
Yellowtail Rockfish	5	10	7.5	15		
Shortspine Thornyhead - coastwide	3.1	6.2	4.7	9.3		
Shortspine Thornyhead - N. of 34deg27'	4.8	9.6	7.2	14.4		
Shortspine Thornyhead - S. of 34deg27'	4.7	9.4	7.1	14.1		
Longspine Thornyhead - coastwide	2	4	3	6		
Longspine Thornyhead - N. of 34deg27'	2	4	3	6		
Longspine Thornyhead - S. of 34deg27'	5	10	7.5	15		
COWCOD - Conception and Monterey	5	10	7.5	15		
DARKBLOTCHED	5	10	7.5	15		
YELLOWEYE g/	5	10	7.5	15		
Black Rockfish	5	10	7.5	15		
Black Rockfish (WA)	5	10	7.5	15		
Black Rockfish (OR-CA)	5	10	7.5	15		
Minor Rockfish North	5	10	7.5	15		
Nearshore Species	5	10	7.5	15		
Shelf Species	4	8	6	12		
Slope Species	5	10	7.5	15		
Minor Rockfish South	5	10	7.5	15		
Nearshore Species	5	10	7.5	15		
Shelf Species	5	10	7.5	15		
Slope Species	5	10	7.5	15		
California scorpionfish	5	10	7.5	15		
Cabezon (off CA only)	5	10	7.5	15		
Dover Sole	1.8	3.6	2.7	5.4		
English Sole	10	20	15	30		
Petrals Sole (coastwide) c/	2.9	5.8	4.4	8.7		
Arrowtooth Flounder	5	10	7.5	15		
Starry Flounder	5	10	7.5	15		
Other Flatfish	10	20	15	30		
Other Fish	5	10	7.5	15		

2.5 Whiting Sector Cooperative Alternative

This alternative considers cooperatives, another form of dedicated access privilege, for the whiting fishery. If the co-op alternative is adopted, the Council could still consider adopting the IFQ alternative for the non-whiting shoreside sector only, or maintaining the non-whiting shoreside sector under status quo. Similarly, the Council could adopt co-ops for all or any combination of the three whiting sectors (shoreside, mothership, and catcher processor).

The whiting sector co-op alternative is described generally in the following summary. Following the summary, Table 2-5 provides an outline of the sections of the alternative. A full description of the alternative and its various co-op programs follows this table. The full description starts with a section on general management of the whiting fishery. It is followed by separate sections on each sector of the whiting fishery, describing the co-op program that would apply to that sector.

2.5.1 Overview of Program Features

2.5.1.1 Whiting Sector Management under Co-ops

The existing allocation of whiting between the shoreside whiting, mothership, and catcher-processor (CP) sectors will not change under this alternative (42, 24, and 34 percent, respectively). Whiting from one sector could not be transferred to another sector, except possibly through a rollover of excess whiting from a sector that does not have the intent or ability to use it to another sector.

Provisions also address bycatch in the whiting fishery (particularly that of certain overfished species). The Council is considering whether or not to create incidental groundfish species caps for all whiting sectors combined, for each of the whiting sectors, for the co-op and non-co-op fisheries within the mothership and shoreside sectors, or for the co-ops within the mothership and shoreside sectors. If fleet caps are sector specific, an allocation among sectors will be made as part of the intersector allocation environmental impact statement. Within sectors, bycatch allocations would be pro rata, based on the amount of whiting allocated to that sector.

Seasonal releases of bycatch and area closures may be used to control the pace of the fishery. For the mothership and shoreside sectors, the fishery will be divided into a co-op fishery and a non-co-op fishery (for those who do not desire to take part in a co-op). Participants in the non-co-op fishery will not have a claim to any particular amount of the fish allocated to that fishery; therefore the vessels will likely race to harvest the available allocation. Options are being considered that would employ buffers to try to ensure that the non-co-op fishery does not overrun its allocation and fish into the co-op allocation.

NMFS will close the whiting fishery, a particular sector, the co-op or non-co-op fishery within a sector, or individual co-ops, as appropriate, if a whiting catch or bycatch limit is reached. With respect to co-ops, inseason monitoring and closure will be needed only at the highest level of aggregation of the co-ops. For example, if individual co-ops join together to form an inter-co-op that covers the entirety of one of the whiting sectors, then NMFS will track and close at the sector level.

Given the high level of monitoring already in place in the whiting fishery, only moderate changes in monitoring are expected to be needed to implement this alternative for the at-sea whiting fishery. For the at-sea processing segment of the fishery, 100 percent coverage aboard mothership and CPs will continue. For the shoreside whiting fishery, at-sea monitoring will be increased to 100 percent to

enforce catch accounting requirements. For some coverage, it may be possible for cameras to be used in place of monitors. Additionally, a program for the mandatory submission of economic data is also included, to facilitate monitoring program performance.

The general provisions for the co-op alternative also include an option for an adaptive management provision that would allow the Council to use 10 percent of the trawl allocation to provide incentives, support, or other compensation to offset adverse impacts of the program.

2.5.1.2 Co-ops for Catcher Vessels Delivering to Motherships

Under this program, those who hold whiting-endorsed permits for catcher vessels in the mothership sector will choose each year whether to be part of a co-op or to register to fish in the non-co-op portion of the fishery. The holders of catcher vessel permits with mothership whiting endorsements will form the co-ops. Based on its catch history, each permit that qualifies for a mothership whiting endorsement will be allocated a portion of the history (share) of the mothership sector allocation. There is an option which would allow the endorsements, together with the associated shares, to be transferred as a unit from one LE trawl permit to another. Each year, NMFS will distribute a catch allocation to a catcher vessel co-op based on the sum of the endorsement shares for the permits registered to that co-op. NMFS will also distribute a catch allocation each year to the non-co-op portion of the fishery, based on the collective catch history of the permits opting to participate in the non-co-op fishery.

The co-op organization will coordinate harvest by its members. Although co-op agreements will include a mandatory clause that the catch allocation made to a member must equal the amount that the member brings into the co-op, co-op members may transfer catch allocations among themselves. Similarly, if multiple co-ops join together in an inter-co-op, one co-op will be allowed to transfer catch allocation to another co-op within that inter-co-op. NMFS will not necessarily need to track transfers among co-op members or within an inter-co-op.

The class of motherships will be closed by creating an limited entry permit for mothership vessels. Each catcher vessel permit will be obligated to deliver all or a portion of its catch to a mothership based on past deliveries. There are a number of options for determining which motherships the permit will be obligated to. A catcher vessel permit owner may join a different co-op or deliver to a different mothership than the one to which it is first assigned. However, the permit owner would first be required to enter into the non-co-op portion of the fishery for one year. While catch may be transferred among participants in a co-op or inter-co-op, such transfers would not change the mothership to which the catch is obligated, unless a mutual agreement is reached or other specified circumstances prevail.

As in the IFQ alternative, accumulation limits will be imposed to prevent excessive concentration of catch allocations. They will cap the proportion of whiting that an individual or entity can process and will cap the proportion of whiting an individual or entity could accumulate via ownership of catcher vessel permit(s).

2.5.1.3 Co-ops for Catcher Vessels Delivering Shoreside

While some of the options and details of the mothership and shoreside co-op program vary, the general description of the program with respect to catcher vessels participating in the shoreside sector is exactly as described in the first two paragraphs in the above section on the mothership sector (except that endorsements would be for the shoreside whiting catcher vessels).

Under one version of the shoreside whiting co-op program there will be no constraints on participation by processors and no ties or delivery obligations between vessels and processors. Under the other version of the program, for the first two years only processors that have qualified for a shoreside processor permit will be eligible to receive fish from a co-op. Qualification will be based on having processed a specified amount of whiting during certain qualifying years. A permit that is in the non-co-op portion may deliver to any processor but a permit in a co-op will be required to deliver whiting to the co-op-qualified processors that were the basis of its catch history. If a permit wants to deliver to a processor different than the one(s) it is assigned to, it will have to enter the non-co-op portion of the fishery for a given number of years, after which it will be released from obligations and may deliver to any shoreside processor. There are two options for processor ties. Under one, after the first two years of a program, once a permit breaks its processor tie it can rejoin a co-op, deliver to any processor, and is not obligated to deliver to that same processor in subsequent years. Under the other option, the permit will be obligated to the processor(s) to which it chooses to deliver in its first year upon rejoining the co-op and in order to break that obligation must again return to the non-co-op fishery for a period of time.

Like in the IFQ alternative, accumulation limits will be imposed to prevent excessive concentration. These limits will cap the proportion of whiting an individual or entity could accumulate via ownership of catcher vessel permit(s).

2.5.1.4 *Co-ops for Catcher-Processors*

Under this alternative, the main change from the current CP sector management will be the creation of a CP endorsement to close the CP fishery to new entrants. This endorsement will be granted to limited entry permits registered to CP vessels if they meet specified qualification criteria. Only vessels with a CP limited entry permit will be allowed to harvest fish from the sector's allocation. Limited entry permits with CP endorsements will continue to be transferable.

Catch by the CP sector will be controlled primarily by closing the fishery when a constraining allocation is reached. As under status quo, co-op(s) may continue to be formed voluntarily by CP permit holders. If a co-op is formed, the sector will be managed as a private voluntary cooperative and governed by a private contract that will likely include division of the sector allocation among eligible vessels according to an agreed harvest schedule. NMFS will not establish an allocation of catch or catch history among permits. Therefore, if any permit holder decides not to join the cooperative, a race for fish could ensue. Similarly, if more than one co-op is formed, a race for fish could ensue absent an inter co-op agreement.

2.5.2 Detailed Specification of Program Features and Options

Table 2-5. Overview of the co-op alternative.

B.1	Whiting Sector Management Under Co-ops
B-1.1	Whiting Management
B-1.2	Annual Whiting Rollovers
B-1.3	Bycatch Species Management
B-1.4	At-sea Observers/Monitoring
B-1.5	Mandatory Data Collection
B-1.6	Adaptive Management
B-2	Whiting Mothership Sector Co-op Program
B-2.1	Participation in the Mothership Sector
B-2.2	Permits/Endorsement Qualification and Characteristics
B-2.3	Co-op Formation and Operation Rules
B-2.4	Processor Ties
B-2.5	NMFS Role
B-3	Whiting Shoreside Sector Co-op Program
B-3.1	Participation in the Shoreside Whiting Sector
B-3.2	Permits/Endorsement Qualification and Characteristics
B-3.3	Co-op Formation and Operation Rules
B-3.4	Processor Ties
B-3.5	NMFS Role
B-3.6	Exclude Processor Ties and Processor Licensing (Option)
B-4	Co-ops for Catcher-Processors
B-4.1	Participation in the Catcher-Processor Sector and Endorsement Qualification
B-4.2	Co-op Formation and Operation Rules
B-4.3	NMFS Role

B-1 Whiting Sector Management Under Co-ops

B-1.1 Whiting Management

Under the co-op options for the mothership and shoreside sectors, catcher vessel permits will be endorsed for deliveries to these sectors and amounts of history assigned.

The whiting catch history calculation for each mothership-endorsed catcher vessel permit [CV(MS)] and shoreside-endorsed catcher vessel permit [CV(MS)] will be assigned to a pool for the co-op in which the permit will participate or a pool for the mothership or shoreside non-co-op fishery. Co-ops are responsible for monitoring and enforcing the catch limits of co-op members. NMFS will monitor the catch in the non-co-op fishery, the co-op fisheries, and the overall catch of all three sectors. NMFS will close these fisheries when their catch limits have been achieved.

B-1.2 Annual Whiting Rollovers

Whiting Rollover Option 1: There will not be a rollover of unused whiting from one whiting sector to another.

Whiting Rollover Option 2: Each year rollovers to other sectors may occur if sector participants are surveyed by NMFS and no participants intend to harvest remaining sector allocations in that year. Current provisions for NMFS to re-allocate unused sector allocations of whiting (from sectors no longer active in the fishery) to other sectors still active in the fishery will be maintained (see 50CFR660.323(c) – Reapportionments).

B-1.3 Bycatch Species Management

For the foreseeable future, the whiting fishery will be managed under bycatch limits (hard caps) for widow, canary, and darkblotched rockfish. The ESA-listed salmon bycatch management measures—that is, the 11,000 Chinook threshold, 0.05 rate threshold, and triggered 100 fathom closure—will also continue to be in place. The goal of bycatch management is to control the rate and amounts of rockfish and salmon bycatch to ensure each sector is provided an opportunity to harvest its whiting allocation.

B-1.3.1 Bycatch Allocation Subdivision

- **Subdivision Option A** (No Subdivision): Do not subdivide bycatch species.
- **Subdivision Option B** (Subdivide by Sector): Subdivide bycatch species allocation among each of the whiting sectors (sector allocations will be determined in the intersector allocation process).
- **Subdivision Option C** (Subdivide by Sector and Co-op/Non-co-op Fisheries): Subdivide bycatch species allocation among each of the whiting sectors, and within the sectors subdivide between the co-op fishery and non-co-op fishery (subdivision for the non-co-op fishery does not apply to the catcher-processor co-op program).
- **Subdivision Option D** (Subdivide by Sector, Co-op/Non-co-op Fisheries, and Among Co-ops): Same as C, but in addition subdivide bycatch among the co-ops.

B-1.3.2 Bycatch Management

All sectors and co-ops will close as soon as the whiting fishery bycatch cap is reached for one species. For overfished stocks allocated to the whiting fishery, the Council may use the following tools for the co-op and non-co-op fisheries:
 seasonal releases of allocations
 area closures (seasonal or year round)

The seasonal releases and area closures may be the same or different for different species. Area closures may be year-round, seasonal, or triggered automatically by the attainment of certain levels of catch.¹⁵

¹⁵ The Council asked for analysis of seasonal releases and area management at the sector, individual, and co-op levels (if here is an inter-co-op agreement).

For Subdivision Option A (No Bycatch Subdivision): If bycatch species are not allocated among the sectors, then:

Bycatch Management Option 1: Initially, the Council will not use seasonal releases and a controlled pace may be established if the sectors choose to work together cooperatively, potentially forming an inter-sector/inter-co-op cooperative.

Bycatch Management Option 2: There will be seasonal releases of bycatch allocation. At the outset, it is envisioned that the seasonal approach will be used to manage widow rockfish bycatch; for canary rockfish and darkblotched rockfish, status quo management will be maintained (i.e., no sector allocation and no seasonal apportionment).

A seasonal release bycatch management program will be implemented through regulation.¹⁶

In practice, seasonal releases protect the next sector entering the fishery. For example, a May 15-June 15 release will be used by the catcher-processors and motherships, but it protects the shoreside fishery; the June 15-September release will be used by shoreside and whatever catcher-processors and motherships are still fishing whiting, and to protect a fall at-sea season after September 15; the final release in September will again be shared by the catcher-processors and motherships, assuming shoreside is done fishing.

For example:

1. Status quo for canary and darkblotched rockfish; i.e., no seasonal or sector allocation.
2. May 1 -June 15: 40 percent of widow hard cap released.
3. June 15-August 31: An additional 45 percent of widow hard cap released.
4. September 1-December 31: Final 15 percent of widow hard cap released.
5. Once a seasonal release of widow rockfish is reached, the whiting fishery is closed to all three sectors for that period. The fishery re-opens to all three sectors upon release of the next seasonal release of widow rockfish.
6. Unused amounts from one seasonal release rollover into subsequent release periods.

(Note: percentages are for illustration purposes only, actual release percentages will be developed through the Council process).

For Subdivision Option B, C, and D (Bycatch Subdivision Among Trawl Sectors):

- **Rollover Option 1:** If each sector has its own allocation of bycatch, unused bycatch may be rolled over from one sector to another if the sector's full allocation of whiting has been harvested or participants in the sector do not intend to harvest the remaining sector allocation.
- **Rollover Option 2: Rollovers are not allowed.**

For Subdivision Option C, and D (Bycatch Subdivision Among the Co-op and Non-co-op Fisheries):

A sector's bycatch allocation will be divided between the co-op and non-co-op fishery of the sector, in proportion to the whiting allocated to each fishery. The co-op fishery will close based on attainment of its allocation.

Option 1: For the non-co-op fishery there will be a bycatch buffer. When only the buffer remains, the fishery would close temporarily while a determination is made as to a possible re-opening. If the fishery is reopened it will close based on attainment of its allocation. The buffer amounts considered will be:

Sub-option i: 20 percent

¹⁶ For reference, a similar program is used to manage halibut bycatch in NPFMC-managed flatfish and Pacific cod fisheries, see 50CFR679.21(d).

Sub-option ii: 10 percent

Sub-option iii: 5 percent

Option 2: For the non-co-op fishery there will not be a buffer. The fishery will close based on attainment of its allocation.

For Subdivision Option D (Bycatch Subdivision Among Co-ops):

Bycatch will be allocated to each co-op pro rata in proportion to its whiting allocation. Each co-op will cease fishing when its bycatch allocation is reached.

B-1.4 At-sea Observers/ Monitoring

Shoreside Whiting Fishery: Increase observer coverage to 100 percent to enforce catch accounting requirements.

At-sea Whiting Fishery: 100 percent observer coverage aboard mothership and catcher-processors will continue.

For some coverage, cameras may be used in place of observers (feasibility to be determined).

B-1.5 Mandatory Data Collection (Option)

- Mandatory submission of economic data for LE trawl industry (harvesters and processors).
- Voluntary submission of economic data for other sectors of the fishing industry.
- Include transaction value information in a centralized registry of ownership.

Formal monitoring of government costs.

Mandatory Provisions. The Pacific Fishery Management Council and the NMFS shall have the authority to implement a data collection program for cost, revenue, ownership, and employment data, compliance with which will be mandatory for members of the west coast groundfish industry harvesting or processing fish under the Council's authority. Data collected under this authority will be treated as confidential in accordance with Section 402 of the MSA.

A mandatory data collection program shall be developed and implemented as part of the groundfish trawl rationalization program and continued through the life of the program. Cost, revenue, ownership, employment and other information will be collected on a periodic basis (based on scientific requirements) to provide the information necessary to study the impacts of the program, including achievement of goals and objectives associated with the rationalization program. These data may also be used to analyze the economic and social impacts of future FMP amendments on industry, regions, and localities. The program will include targeted and random audits as necessary to verify and validate data submissions. *Data collected under this authority will be treated as confidential in accordance with Section 402 of the MSA.* Additional funding (as compared to status quo) will be needed to support the collection of these data. The data collected would include data needed to meet MSA requirements (including antitrust).

The development of the program shall include a comprehensive discussion of the enforcement of such a program, including discussion of the type of enforcement actions that will be taken if inaccuracies are found in mandatory data submissions. The intent of this action will be to ensure that accurate data are collected without being overly burdensome to industry in the event of unintended errors.

Voluntary Provisions: A voluntary data collection program will be used to collect information needed to assess spillover impacts on non-trawl fisheries.

Central Registry: Information on transaction prices will be included in a central registry of whiting endorsed permit and processor permit owners. Such information will also be included for sales and lessees.

Government Costs: Data will be collected and maintained on the monitoring, administration, and enforcement costs related to governance of the rationalization program.

B-1.6 Adaptive Management (Option)

Annually, 10 percent of the available aggregate harvest pounds for the co-op program (including harvest potentially available both to co-ops and the non-co-op fisheries) will be set aside for use in an adaptive management program that could create incentives for developing gear efficiencies, for community development, or to compensate for unforeseen outcomes from implementing the trawl rationalization program. Examples of unforeseen outcomes include, but are not limited to, unexpected geographic shifts in the distribution of catch or landings, unexpected effects on certain segments of the industry (e.g. processors), or an unexpected barrier to new entry into the fishery.

Under sections pertaining to annual allocation to co-ops and the non-co-op fishery, add for each sector as appropriate: Annually, 10 percent of the mothership, shoreside, and catcher-processor sector's available aggregate harvest pounds will be set aside for use in an adaptive management program.

B-2 Whiting Mothership Sector Co-Op Program

Overview. Qualified permits will be endorsed for mothership (MS) co-op participation. Each year the holders of those permits will choose whether their vessels will fish in the co-op fishery, in which individual co-ops will direct harvest, or fish in a non-co-op fishery that will be managed by NMFS as an Olympic style fishery. The co-op will be obligated to deliver its fish to specific mothership processors based on the obligations of each permit in the co-op. Limited entry permits will be issued for motherships and required for a mothership to receive whiting from catcher vessels.

B-2.1 Participation in the Mothership Sector

a. Catcher Vessels

Vessels with CV(MS)-endorsed permits may participate in either the co-op or non-co-op portion of the mothership fishery. They will choose annually which fishery they will participate in for the coming year. Additionally, any groundfish limited entry trawl permitted vessels may participate in the co-op portion of the fishery if they join a co-op (as described in Section B-2.3.3).¹⁷ No other catcher vessels may participate in the mothership fishery.

¹⁷ When such permits participate in a co-op the co-op will not be allocated any additional fish based on participation by such a vessel.

b. Processors

Only motherships with a mothership limited entry permit may receive deliveries from catcher vessels participating in the co-op or non-co-op portions of the mothership sector whiting fishery. (Note: Motherships may acquire such permits by transfer, see Section B-2.2.2.)

c. Vessels Excluded¹⁸

Motherships also operating as a catcher-processor may not operate as a mothership:

Option 1: During a year in which it also participates as a catcher processor.

Option 2: During a month in which it also participates as a catcher-processor.

Option 3: At the same time it is participating as a catcher-processor.

B-2.2 Permits/Endorsement Qualification and Characteristics

B-2.2.1 Catcher Vessel Mothership Whiting Endorsement (CV(MS) Whiting Endorsement)

a. Endorsement Qualification and History Assignment

Permits with a qualifying history will be designated as CV(MS) permits through the addition of an endorsement to their limited entry groundfish permit. At the time of endorsement qualification, each permit will also be assigned a catch history that will determine the share of the mothership whiting allocation associated with that permit.

Qualifying for a CV(MS) Whiting Endorsement. A limited entry permit will qualify for a CV(MS) whiting endorsement if it has a total of more than 500 mt of whiting deliveries to motherships from:

Qualification Option 1: 1994 through 2003

Qualification Option 2: 1997 through 2003

Catch History Assignment (Identification of Endorsement Related Catch History). The following are options for the initial calculation to be used in determining NMFS distribution to co-op and non-co-op fishery pools. A CV(MS) whiting endorsement calculated catch history will be based on whiting history during the related permit's best 6 out of 7 years from 1997 through 2003. (Note: for vessels qualifying in both the shoreside and mothership co-op programs, the same year must be dropped.)

For the purpose of the endorsement and initial calculation, catch history associated with the permit includes that of permits that were combined to generate the current permit.

¹⁸ A vessel that has been under foreign registry after the date of the American Fisheries Act (AFA) and that has participated in fisheries in the territorial waters or exclusive economic zones of other countries will not be eligible to participate as a mothership in the mothership sector of the Pacific whiting fishery, as per Section 12102(c)(6) of the AFA.

b. Whiting Endorsement Transferability and Endorsement Severability

Transfer Option 1: The CV(MS) whiting endorsement (together with the associated catch history) *may not be* severed from the groundfish limited entry trawl permit.

Transfer Option 2: The CV(MS) whiting endorsement (together with the associated catch history) *may be* severed from the groundfish limited entry trawl permit and transferred to a different limited entry trawl permit. Catch history associated with the whiting endorsement may not be subdivided.

c. Accumulation Limit

CV(MS) Permit Ownership: No individual or entity may own CV(MS) permits for which the allocation totals greater than 10, 15, or 25 percent of the total mothership sector whiting allocation.

d. Combination

CV(MS) Permit Combination to Achieve a Larger Size Endorsement. When a CV(MS)-endorsed permit is combined with another permit, the resulting permit will be CV(MS) endorsed, except when the CV(MS) permit is combined with a CP permit, in which case the CV(MS) endorsement will not survive on the resulting permit.¹⁹

B-2.2.2 Mothership Processor Permit

a. Qualifying Entities

Option 1: The owners of qualifying motherships will be issued MS permits. In the case of bareboat charters, the charterer of the bareboat will be issued the permit.

Option 2: The owners of qualifying motherships will be issued MS permits.

b. Qualification Requirements

A qualifying mothership is one which processed at least 1,000 mt of whiting in each of any two years from 1997 through 2003.

c. Transferability

1. MS permits will be transferable, and
2. MS permits may be transferred to a vessel of any size (there will be no size endorsements associated with the permit)

¹⁹ Specifically, a CV(MS)-endorsed permit that is combined with a limited entry trawl permit that is not CV(MS) endorsed or one that is CV(Shoreside) [CV(SS)] endorsed will be reissued with the CV(MS) endorsement. If the other permit is CV(SS) endorsed, the CV(SS) endorsement will also be maintained on the resulting permit. However, CV(MS) and CV(SS) catch histories will be maintained separately on the resulting permit and be specific to participation in the sectors for which the catch histories were originally determined. If a CV(MS) permit is combined with a CP permit, the CV(MS) endorsement and history will not be reissued on the combined permit. The size endorsement resulting from permit combinations will be determined based on the existing permit combination formula.

3. **Option 1:** MS permits **may not** be transferred to a vessel engaged in the *harvest* of whiting in the year of the transfer.
Option 2: MS permits **may** be transferred to a vessel engaged in the *harvest* of whiting in the year of the transfer.
4. Limit on the Frequency of Transfers:
Option 1: MS permits may not be transferred during the fishing year.
Option 2: MS permits may only be transferred one time during the fishing year.
Option 3: MS permits may be transferred two times during the fishing year.

d. Usage Limit

No individual or entity owning a MS permit(s) may process more than...

Option 1: 20 percent,

Option 2: 30 percent, or

Option 3: 50 percent

...of the total mothership sector whiting allocation.

B-2.3 Co-op Formation and Operation Rules.

B-2.3.1 Who and Number of Co-ops

Co-ops will be formed among CV(MS) permit owners.

Co-op Formation Option 1 (Multiple Co-ops): *Multiple co-ops would be organized around motherships.* Permit owners choosing to participate in the co-op fishery must form a separate co-op based on the mothership where the CV(MS) permit holders delivered the majority of their most recent year's catch.

Co-op Formation Option 2: Multiple co-ops are not required. Catcher vessels may organize a single co-op or multiple co-ops but are obligated to deliver to the processors as proscribed in B-2.4.

B-2.3.2 When

Each year at a date certain prior to the start of the fishery, MS and CV(MS) permit holders planning to participate in the mothership sector must register with NMFS. At that time CV(MS) permit holders must identify which co-op they will participate in or if they plan to participate in the non-co-op fishery.

B-2.3.3 Co-op Agreement Standards

The following section has been modified based on guidance provided in Motion 27 at the November 2007 Council meeting. These modifications have not yet been reviewed by the NWR and NOAA GC and may be changes as a result of that review.

a. Submissions to NMFS and the Council

Co-op agreement. Co-op agreements will be submitted to NMFS for approval. Signed copies of the cooperative contracts must be filed with the Council and NMFS and available for public review before

the co-op is authorized to engage in fishing activities. **(During council discussion this was flagged by NOAA General Counsel as a potential legal problem.)** Any material changes or amendments to the contract must be filed annual with the Council and NMFS by a date certain.

Letter to Department of Justice. Co-ops must also file with the Council and NMFS a copy of a letter from the co-op requesting a business review letter on the fishery cooperative from the Department of Justice and any response to such request.

b. Number of Participants in Each Co-op (Including Inter-co-ops)

Two or more permits may form a co-op for harvesters but participation must conform to the requirements of Section B-2.3.1. Co-ops may form co-ops with other co-ops. Within one of the whiting sectors, these co-ops may be formed to manage directed catch and/or bycatch.

c. Catch History Distributions Among Permits

Co-op agreements must stipulate that catch allocations to members of the co-op be based on their catch history calculation distribution to the co-op by NMFS.

d. Participation by Non-CV (MS) Endorsed Permits

Through temporary arrangements a co-op allocation may be harvested by any catcher vessel holding a valid limited entry trawl permit which has joined the co-op (including one that does not have a CV(MS) endorsement).²⁰

e. Other Required Co-op Agreement Provisions

A co-op agreement must include:

1. A list of all vessels, and which must match the amount distributed to individual permit holders by NMFS
2. Signature of all permit holders participating in the co-op
3. A plan to adequately monitor catch and bycatch
4. Adequate enforcement and penalty provisions to ensure that catch and bycatch overages do not occur
5. Measures designed to reduce bycatch of overfished species
6. An obligation to manage inseason transfers of catch history
7. A requirement that agreement by at least a majority of the members is required to dissolve a co-op **(During council discussion this was flagged by NOAA General Counsel as a potential legal problem)**
8. An obligation to produce an annual report to the Council and NMFS by a date certain documenting the co-op's catch and bycatch data and inseason transfers (the report is to be available for review by the public)
9. Identification of a co-op manager who will:
 - a. serve as the contact person with NMFS, the Council and other co-ops,
 - b. be responsible for the annual distribution of catch and bycatch,
 - c. oversee transfers,
 - d. prepare annual reports, and
 - e. be authorized to receive or respond to any legal process against the co-op.

²⁰ As a member of the co-op, such a vessel would be subject to Section B-2.4 and the indicated processor obligations.

10. Provisions that prohibit co-op membership by permit holders that have incurred legal sanctions that prevent them from fishing groundfish in the Pacific Fishery Management Council region
11. A provision that requires new owners to comply with membership restrictions in the co-op agreements

f. Additional Provisions for Inter-co-op Agreements

1. In the case of two or more cooperatives entering into an inter-cooperative agreement, the inter-co-op agreement must incorporate and honor the provisions of the individual co-op agreements unless all such agreements (or modifications thereof) are resubmitted for approval.
2. The requirements of Sections 2.3.3.a-2.3.3.e apply to the inter-co-op agreement, except that for the purpose of Section 2.3.3.e., subparagraph 7, the members of the inter-co-ops are the co-ops and not the participants in each co-op.

B-2.3.4 Annual Allocation Transferability

1. The annual allocations received by a co-op based on catch history of the whiting endorsements held by its members may be transferred among co-op members and from one co-op to another so long as obligations to processors are met (as per Section B-2.4). Additionally, in order to transfer annual allocation from one co-op to another there must be a NMFS approved inter-co-op agreement.
2. Allocations may not be transferred from the mothership sector to another sector.

B-2.4 Processor Ties

Permits will be obligated to deliver...

Option 1: all,

Option 2: 75 percent,

Option 3: 50 percent, or

...of their catch (the permits' "obligated deliveries") to certain motherships, as specified in the following sections. Catch that is not so obligated may be delivered to any mothership with an MS permit.

B-2.4.1 Formation and Modification of Processor Tie Obligations

In the first year of the program, the CV(MS) permit owner's choice will be between delivering in the non-co-op fishery and making deliveries as part of a co-op. If the permit chooses to participate in a co-op its obligated deliveries must go to the licensed mothership to which the permit delivered the majority of its whiting catch in:

Option 1: The most recent year that it fished before the program was implemented

Option 2: From 1997 through 2004

Option 3: From 1994 through 2003

If a mothership does not qualify for an MS permit in the first year of the program,²¹ the vessels which delivered to that mothership in the previous year may deliver its obligated catch to the qualified mothership to which it last delivered its majority of catch. If none of the motherships to which the

²¹ If a mothership that does not qualify for a permit acquires such a permit (i.e., arranges for the transfer of a permit) by the time co-ops are established for the first year of the program, would it be the Council's intent that such the catcher vessel obligation to that mothership remain in place?

permit would be obligated qualify for an MS permit, the permit may participate in the co-op and deliver to a licensed mothership of its choosing. Alternatively, the permit may choose to participate in the non-co-op fishery.

Thereafter, each year, CV(MS) permit owners choosing to participate in a co-op will deliver their obligated catch to the same mothership to which they were obligated in the previous year. However, if the CV(MS) permit owners chose to participate in the non-co-op fishery in the previous year, or did not participate in the mothership whiting fishery, it is released from its obligation to a particular mothership and may deliver to any mothership with an MS permit.

Mothership Permit Transfer. If a mothership transfers its MS permit to a different mothership or different owner, the CV(MS) permit obligation remains in place and transfers with the MS permit to the replacement mothership unless the obligation is changed by mutual agreement or participation in the non-co-op fishery.

B-2.4.2 Flexibility in Meeting Processor Tie Obligations

a. Temporary Transfer of the Annual Allocation Within the Co-op or from One Co-op to Another

When CV(MS) permit owners transfer co-op allocations from one co-op member to another within the co-op or from one co-op to another within an inter-co-op, and the allocation that is transferred is part of the obligated deliveries, such allocations must be delivered to the mothership to which the allocation is obligated, unless released by mutual agreement.

b. Mutual Agreement Exception

By mutual agreement of the CV(MS) permit owner and mothership to which the permit is obligated, and on a year-to-year basis, a permit may deliver its obligated deliveries to a licensed mothership other than that to which it is obligated. Such an agreement will not change the permit's future-year obligation to the mothership (i.e., the permit will still need to participate in the non-co-op fishery for one year in order to move its obligated deliveries from one mothership to another).

B-2.4.3 Mothership Processor Withdrawal

Mothership Withdrawal. If a mothership does not participate in the fishery and does not transfer its permit to another mothership, or does not agree to transfer delivery to another mothership, the CV(MS) permit holders obligated to that mothership may join a different co-op and deliver their obligation to a different mothership; or the entire co-op which delivered to that mothership may deliver its obligated catch to a different mothership. The permits will not be required to participate in the non-co-op fishery in order to shift from one mothership to another.

Option 1: If the mothership returns within two years, any permit with an obligation to that mothership prior to its departure will have the obligation reinstated, unless the permit has participated for one year in the non-co-op fishery. After two years, the permit's obligation will become linked to the mothership to which it most recently delivered its obligated catch.

Option 2: The permit will become obligated to the mothership that it delivers its obligated catch to subsequent to the withdrawal of the mothership to which it was previously obligated.

B-2.5 NMFS Role

B-2.5.1 Permit and Endorsement Issuance

NMFS will issue all necessary permits and endorsements under the rules specified under this program. Appeals processes will be provided as appropriate and necessary.

B-2.5.2 Fishery Registration and Co-op Approval

NMFS will announce a deadline before which all co-op agreements must be received for the coming year. NMFS will review and approve or reject co-op agreements based on standards provided here and other standards that it deems necessary to achieve the policy intent of the Council's actions.

B-2.5.3 Annual Allocation to Co-ops and the Non-co-op Fishery

a. Co-op Allocation

Each year NMFS will determine the percent of the mothership sector's harvest allocation to be given to each co-op based on the catch history calculation of CV(MS) permits registered to participate in the co-op that year. NMFS does not allocate to the individual permit holder; rather, NMFS allocates an aggregate amount of harvest tonnage annually to the co-op based on the catch histories associated with the members of the co-ops.

b. Non-co-op Allocation

Each year NMFS will determine the distribution to be given to the non-co-op fishery based on the catch history calculation of permit holders registered to participate in that fishery.

c. Adaptive Management Allocation

In determining the amounts available for co-ops and the non-co-op fishery, subtractions will be made, as necessary for the adaptive management set aside described in Section B-1.6.

B-2.5.4 Fishery Management and Co-op Monitoring

1. NMFS will track all permit and endorsement transfers (if endorsement transfers are allowed) and the invocation of mutual agreement exceptions. Permit and endorsement transfers will not be valid until registered and acknowledged by NMFS.
2. NMFS will monitor catch and close segments of the fishery as necessary to ensure catch limits are not exceeded for:
 - a. the whiting mothership co-op fishery
 - b. the whiting mothership non-co-op fishery
 - c. the mothership whiting sector as a whole
3. NMFS will not necessarily monitor, but will investigate and enforce as it deems necessary, the permit and co-op obligations to processors

4. NMFS will not necessarily monitor or enforce (except as it deems necessary):
 - a. an individual permit's progress towards its catch allocations (permit level catch control will be at the co-op level and enforced through execution of the private contract)
 - b. a co-op's progress toward its catch allocation²²
 - c. actual performance of the co-op agreement (the parties to the contract will resolve through private contract and remedies any deviation from provisions such as that requiring that a vessel have the opportunity to harvest the catch allocated to the co-op based on that vessel's permit, Section B-2.3.3.c)
5. NMFS will monitor other program provisions as needed. In some situations, there may need to be a declaration procedure to determine where a permit is delivering its obligated catch, for example, if a mothership withdraws without transferring its permit or reaching a mutual agreement for the transfer of obligated deliveries to a different mothership.
6. NMFS will administer the adaptive management program, allocating the set aside for that program as needed based on the adaptive management goals, objectives, and adjustment measures recommended by the Council.

B-3 Whiting Shoreside Sector Co-Op Program

Overview: Qualified permits will be endorsed for shoreside co-op participation. Each year the holders of those permits will choose whether their vessels will fish in the co-op fishery, in which case individual co-ops will direct harvest, or fish in a non-co-op fishery that will be managed by NMFS as an Olympic-style fishery. The co-op will be obligated to deliver its fish to specific processors based on the obligations of each permit in the co-op. For the first 2 years, only certain qualified processors will be eligible to receive deliveries from co-op vessels. Over time, these obligations may change or end (depending on options selected).

B-3.1 Participation in the Shoreside Whiting Sector

a. Catcher Vessels

Vessels with CV(SS)-endorsed permits may participate in either the co-op or non-co-op portion of the shoreside fishery. They will choose annually which portion of the fishery they will participate in for the coming year. Additionally, any groundfish limited entry trawl permitted vessels may participate in the co-op portion of the fishery if they join a co-op (as described in Section B-3.3.3).²³ No other catcher vessels may participate in the shoreside whiting sector.

b. Processors

Any processor may receive fish from vessels participating in the shoreside non-co-op fishery. In the first 2 years, only co-op qualified shoreside processors²⁴ that have declared their intent to participate

²² This assumes that there is an inter-co-op agreement in place that covers the entire co-op fishery. If such an agreement is not in place covering both catch and bycatch, NMFS may need to monitor catch by each individual co-op (but not by the individual vessels in the co-op).

²³ When such permits participate in a co-op the co-op will not be allocated any additional fish based on participation by such a vessel.

²⁴ A **shoreside processor** is an operation, working on U.S. soil, that takes landings of trawl-caught groundfish that has not been processed at-sea or previously processed shoreside, and that thereafter subjects those

may receive deliveries from catcher vessels in a shoreside co-op (Section B-3.3). Thereafter, any shoreside processor may receive deliveries from co-ops.

c. Catcher Vessels and Processors in the Nonwhiting Fishery

This program does not affect vessels or processors receiving whiting taken incidentally in the nonwhiting fishery.

B-3.2 Permits/Endorsement Qualification and Characteristics

B-3.2.1 Catcher Vessel Shoreside Whiting Endorsement (CV(SS) Endorsement)

a. Endorsement Qualification and History Assignment

Permits with a qualifying history will be designated as CV(SS) permits through the addition of a CV(SS) endorsement to their limited entry groundfish permit. At the time of endorsement qualification, each permit will also be assigned a catch history that will determine the share of the shoreside whiting allocation associated with that permit.

Qualifying for a CV(SS) Endorsement. A limited entry permit will qualify for a CV(SS) endorsement if it has a total of more than 500 mt of whiting deliveries to shoreside processors from 1997 through 2003

Catch History Assignment. An initial calculation will be used to determine NMFS's distribution to co-op and non-co-op fishery pools. A CV(SS) permit calculated landings history will be based on whiting history during the related permit's best 6 out of 7 years from 1997 through 2003. (Note: for vessels qualifying in both the shoreside and mothership co-op programs, the same year must be dropped.)

For the purpose of the endorsement and initial calculation, landing history associated with the permit includes that of permits that were combined to generate the current permit.

b. Transferability and Endorsement Severability

Transfer Option 1: The CV(SS) endorsement (together with the associated catch history) may not be severed from the groundfish limited entry trawl permit.

Transfer Option 2: The CV(SS) endorsement (together with the associated catch history) may be severed from the groundfish limited entry trawl permit and transferred to a different limited entry trawl permit. Catch history associated with the whiting endorsement may not be subdivided.

Whiting harvest history (i.e., co-op shares) are not permanently separable from the CV(SS) endorsement.

groundfish to shoreside processing. Entities that received fish that have not undergone at-sea processing or shoreside processing (as defined in this paragraph) and sell that fish directly to consumers shall not be considered a processor for purposes of the shoreside co-op program.

"Shoreside processing" is defined as any activity that takes place shoreside; and that involves:

- a) cutting groundfish into smaller portions; or
- b) freezing, cooking, smoking, drying groundfish; or
- c) packaging that groundfish for resale into 100 pound units or smaller for sale or distribution into a wholesale or retail market.

c. Accumulation Limits

CV(SS) Permit Ownership. No individual or entity may own CV(SS) permits for which the allocation totals greater than 15 percent of the total whiting shoreside allocation.

d. Combination

CV(SS) Permit Combination to Achieve a Larger Size Endorsement. When a CV(SS)-endorsed permit is combined with another permit, the resulting permit will be CV(SS) endorsed, except when the CV(SS) permit is combined with a CP permit, in which case the CV(SS) endorsement will not survive on the resulting permit.²⁵

B-3.2.2 Shoreside Co-op Eligible Processor Permit

a. Activities Requiring this Permit

Only processing entities with a shoreside co-op processor permit (SSP) are eligible to receive whiting fish from whiting cooperatives in the first 2 years of the program. Thereafter, any processing corporation could be eligible to receive whiting from participants in a whiting cooperative, subject to the other provisions of this plan. Processors without SSPs may receive whiting from participants in the non-co-op fishery and whiting harvested incidentally in the nonwhiting fishery at any time, including within the first 2 years of the program.

b. Qualification Requirements

An initial co-op-qualified shoreside processing entity is one that processed at least 1,000 mt of whiting in each of any two years from 1998 through 2003.

c. Transferability

SSP permits will be transferable. If a shoreside processor transfers its SSP permit to a different shoreside processor or different owner, the CV(SS) permit's obligation remains in place unless changed by mutual agreement (as per Section 3.4.3.b) or participation in the non-co-op fishery, (as per Section 3.4.2).

d. Duration of this Section

Since SSP permits are only in effect for the first 2 years of the program, this section is also in effect only for the first 2 years of the program.

²⁵ Specifically, a CV(SS)-endorsed permit that is combined with a limited entry trawl permit that is not CV(SS) endorsed or one that is CV(MS) endorsed will be reissued with the CV(SS) endorsement. If the other permit is CV(MS) endorsed, the CV(MS) endorsement will also be maintained on the resulting permit. However, CV(SS) and CV(MS) histories will be maintained separately on the resulting permit and be specific to participation in the sectors for which the histories were originally determined. If a CV(SS) permit is combined with a CP permit, the CV(SS) endorsement and history will not be reissued on the combined permit. The size endorsement resulting from permit combinations will be determined based on the existing permit combination formula.

B-3.3 Co-op Formation and Operation Rules

B-3.3.1 Who

Co-ops will be formed among CV(SS) permit owners. Multiple co-ops may be formed and new co-ops may be formed each year, prior to annual registration. Owners of LE trawl permits that are not CV(SS) endorsed may join a co-op, but their participation in the co-op will not add to the co-op's allocation. Vessels fishing in the non-co-op fishery may not form co-ops to coordinate harvest in the non-co-op fishery.²⁶

B-3.3.2 When

Each year CV(SS) permit holders planning to participate in the shoreside sector must register with NMFS and express their intent to be a member of the co-op at a date certain prior to the start of the fishery. At that time CV(SS) permit holders must identify which co-op they will participate in or if they plan to participate in the non-co-op fishery.

B-3.3.3 Co-op Agreement Standards

The following section has been modified based on guidance provided in Motion 27 at the November 2007 Council meeting. These modifications have not yet been reviewed by the NWR and NOAA GC and may be changes as a result of that review.

a. Submissions to NMFS and the Council

Co-op agreement. Co-op agreements will be submitted to NMFS for approval. Signed copies of the cooperative contracts must be filed with the Council and NMFS and available for public review before the co-op is authorized to engage in fishing activities. **(During council discussion this was flagged by NOAA General Counsel as a potential legal problem.)** Any material changes or amendments to the contract must be filed annually with the Council and NMFS by a date certain.

Letter to Department of Justice. Co-ops must also file with the Council and NMFS a copy of a letter from the co-op requesting a business review letter on the fishery cooperative from the Department of Justice and any response to such request.

b. Number of Participants in Each Co-op (Including Inter-co-ops)

Two or more permits may form a co-op for harvesters but participation must conform to the requirements of Section B-3.3.1. Co-ops may form co-ops with other co-ops (inter-co-op). Within one of the whiting sectors, these co-ops may be formed to manage directed catch and/or bycatch.

²⁶ This provision does not cover cooperative behavior that is not governed by formally memorialized covenants (written contracts).

c. Catch History Distributions among Permits

Co-op agreements must stipulate that catch allocations to members of the co-op be based on their catch history calculation distribution to the co-op by NMFS.

d. Participation by Non-CV(SS) Endorsed Permits

Through temporary arrangements a co-op allocation may be harvested by any catcher vessel holding a valid limited entry trawl permit which has joined the co-op (including one that does not have a CV(SS) endorsement).²⁷

e. Other Required Co-op Agreement Provisions

A co-op agreement must include:

1. A list of all vessels and permit holders participating in the coop and their share of allocated catch, which must match the amount distributed to individual permit holders by NMFS,
2. Signature of all permit holder participating in the co-op
3. A plan to adequately monitor catch and bycatch
4. Adequate enforcement and penalty provisions to ensure that catch and bycatch overages do not occur
5. Measures designed to reduce bycatch of overfished species
6. An obligation to manage inseason transfers of catch history
7. A requirement that agreement by at least a majority of the members is required to dissolve a co-op, **(During council discussion this was flagged by NOAA General Counsel as a potential legal problem)**
8. An obligation to produce an annual report to the Council and NMFS by a date certain documenting the co-op's catch and bycatch data and inseason transfers (the report is to be available for review by the public)
9. Identification of a co-op manager who will:
 - a. serve as the contact person with NMFS, the Council and other co-ops,
 - b. be responsible for the annual distribution of catch and bycatch,
 - c. oversee transfers,
 - d. prepare annual reports, and
 - e. be authorized to receive or respond to any legal process against the co-op.
10. Provisions that prohibit co-op membership by permit holders that have incurred legal sanctions that prevent them from fishing groundfish in the Pacific Fishery Management Council region
11. A provision that requires new owners to comply with membership restrictions in the co-op agreements

f. Additional Provisions for Inter-co-op Agreements

1. In the case of two or more cooperatives entering into an inter-cooperative agreement, the inter-co-op agreement must incorporate and honor the provisions of the individual co-op agreements unless all such agreements (or modifications thereof) are resubmitted for approval.
2. The requirements of Section 3.3.3.a through 3.3.3.e apply to the inter-co-op agreement, except that for the purpose of Section 3.3.3.e, subparagraph 7, the members of the inter-co-ops are the co-ops and not the participants in each co-op.

²⁷ As a member of the co-op, such a vessel would be subject to paragraph B-3.4 and the indicated processor obligations.

B-3.3.4 Annual Allocation Transferability

a. Temporary Transfer of Quota Shares within the Co-op

Temporary transfers of harvest allocation may take place within the co-op between permit holders.²⁸ Temporary transfers may also be made from one co-op to another so long as both co-ops are part of an inter-co-op agreement. Such inter- or intra-co-op transfers must deliver co-op allocation (shares) to the shoreside processor to which the shares are obligated unless released by mutual agreement (see Section B-3.4).

b. Transfer of Shares from the Shoreside Sector

Transfers of shares from the shoreside sector to other sectors in any form are prohibited.

B-3.4 Processor Ties

B-3.4.1 Initial Formation of Ties

During the first 2 years of co-op formation, permit owners that join a co-op shall be required to deliver their whiting catches to the co-op qualified processors that were the basis of their landing history during the period...

Years Option 1: 2001

Years Option 2: 2000

Years Option 3: 2000-2003

...on a pro rata basis. Determination of the processor(s) to which a permit owner is obligated will take into account any of the processor's(s') successors in interest.

Processor Successor In Interest. In determining the processor to whom a permit owner that participates in a co-op is required to deliver in the first 2 years of the program, a processor's successor in interest will be taken into account. If a processor's assets were purchased and the landing history expressly identified as an asset in the purchase agreement, then any permit owner obligation based on those landings will accrue to the processor making the purchase. For landings history associated with a defunct or non-qualifying processor, that portion of a permit's allocation will be linked to the permit's initially-assigned landing history on a pro rata basis.

B-3.4.2 Duration and Modification of Processor Ties (Options 1 and 2)

A permit's obligation to a processor will remain in place from 1 year to the next unless modified through the following process.

Option 1: Once a CV(SS) permit has participated in the non-co-op fishery for [*Options: 1 to 5 consecutive years*], it is released from its delivery obligations to the processor(s) that were the basis of its history, and may join any of the various co-ops, or join with other permit holders who have also been released from delivery obligations to form a new co-op, and deliver to any shoreside processor in the subsequent years after the SSPs have expired.

²⁸ Such transfers may be used to allow a permit holder to make deliveries exclusively to one processor.

Option 2: Any CV(SS) permit participating in a co-op is linked indefinitely to the processor they are delivering to under the initial linkage requirements. The permit can sever that linkage by participating in the non-co-op fishery for a period of [*Options: 1 to 5 years*] years. After completing their non-co-op obligation, the permit is then free to reenter the co-op system and deliver to a processor of their choosing. Once the permit reenters the co-op system and elects to deliver their fish to a processor, a new linkage is then established with that processor. Should the permit later choose to break that new linkage, the non-co-op participation requirements again apply.

Should a permit elect to enter the non-co-op fishery within the first 2 years of this program, that permit must participate in the non-co-op fishery for a minimum of [*Options: 2 to 5 years*], regardless of other non-co-op participation requirements applying elsewhere in this document. Once the permit meets that obligation and later elects to enter a co-op, all provisions of co-op participation, including the processor linkage provisions, apply.

B-3.4.3 Flexibility in Meeting Processor Tie Obligations

a. Temporary Transfer of the Annual Allocation within the Co-op or from One Co-op to Another

When a co-op or inter-co-op transfers catch among its members it must ensure that the total co-op allocation received by the co-op, based on the permit holders that are members thereof, is distributed between the various co-op qualified processors on a pro rata basis, based on the landing history of the members of the co-op during the initial formation period specified in Section B-3.4.1 or the ties established through subsequent obligations, as per Section B-3.4.2.

b. Mutual Agreement Exception

By mutual agreement of the CV(SS) permit owner and shoreside processor to which the permit's catch is obligated, the vessel with the CV(SS)-endorsed permit may deliver to a shoreside processor other than that to which it is obligated. The transfer may be temporary or permanent. In either case the vessel's catch taken under that permit will continue to be obligated to the same processor (which, in future years, is the transferring processor if the transfer is temporary or the processor receiving the transfer if the transfer is permanent) subject to the terms of the transfer agreement. To make an additional change from its processor link (a change that is not by mutual agreement) the permit will need to be used in the non-co-op fishery for the prescribed time (as per Section B-3.4.2).

B-3.4.4 Shoreside Processor Annual Declaration and Withdrawal

1. Each year SSP permit holders planning to participate in the shoreside sector must register with NMFS.
2. If a qualified shoreside processor does not participate in the whiting fishery in any year in which the co-op fishery is in operation, the CV(SS) permit holders that will otherwise be obligated to deliver to that shoreside processor shall be free to deliver to any other shoreside processor that year.

B-3.5 NMFS Role

B-3.5.1 Permit and Endorsement Issuance

NMFS will issue all necessary permits and endorsements under the rules specified under this program. Appeals processes will be provided as appropriate and necessary.

B-3.5.2 Fishery Registration and Co-op Approval

1. NMFS will announce a date certain before which all co-op agreements must be received for the coming year. NMFS will review and approve or reject co-op agreements based on standards provided here and other standards that it deems necessary to achieve the policy intent of the Council's actions.
2. For the first 2 years of the program NMFS will announce a date certain before which processors with SSPs must declare their intent to participate in the fishery.

B-3.5.3 Annual Allocation

a. Co-op Allocation

Each year NMFS will determine the distribution to be given to each co-op based on the landing history calculation of CV(SS) permits registered to participate in the co-op that year. In addition, NMFS will determine the landing history linking each co-op to each processor, if any.

b. Non-co-op Allocation

Each year NMFS will determine the distribution to be given to the non-co-op fishery based on the landing history calculation of permit holders registered to participate in that fishery. The whiting allocation for the non-co-op segment shall be in proportion to the permit history of non-co-op participants, relative to the co-op participants. That allocation shall be available to all CV(SS)-endorsed permit holders who have registered to participate in the non-co-op fishery that year.

c. Adaptive Management Allocation

In determining the amounts available for co-ops and the non-co-op fishery, subtractions will be made, as necessary, for the adaptive management set aside described in Section B-1.6.

B-3.5.4 Fishery and Co-op Monitoring

1. NMFS will track all permit and endorsement transfers (if endorsement transfers are allowed) and the invocation of mutual agreement exceptions. Permit and endorsement transfers will not be valid until registered and acknowledged by NMFS.
2. NMFS will monitor catch and close segments of the fishery as necessary to ensure catch limits are not exceeded for:
 - a. individual co-ops²⁹

²⁹ If a co-op of co-ops (inter-co-op) is formed, NMFS will only monitor catch at the highest co-op level that meets the co-op agreement standards. If an inter-co-op covers the entire shoreside sector's whiting harvest

- b. the whiting shoreside co-op fishery
- c. the whiting shoreside non-co-op fishery
- d. the shoreside whiting sector as a whole
3. NMFS will not necessarily monitor, but will investigate and enforce as it deems necessary, the permit and co-op obligations to processors
4. NMFS will not necessarily monitor or enforce (except as it deems necessary):
 - a. an individual permit's progress towards its catch allocations (permit level catch control will be at the co-op level and enforced through execution of the private contract)
 - b. actual performance of the co-op agreement (the parties to the contract will resolve through private contract and remedies any deviation from provisions such as that requiring that a vessel have the opportunity to harvest the catch allocated to the co-op based on that vessel's permit, Section B-2.3.3.c)
5. NMFS will monitor other program provisions as needed.
6. NMFS will administer the adaptive management program, allocating the set aside for that program as needed based on the adaptive management goals, objectives, and adjustment measures recommended by the Council.

B-3.6 Exclude Processor Ties and Processor Licensing (Option)

Option: Exclude from the above all references to processor ties and processor licensing.

This option includes the following changes to Section B-3:

Section B-3.1.b, Processors: Delete "non-co-op" from the first sentence and delete the remainder of the section. This section constrains processor participation in the first 2 years of the program.

Section B-3.2.2, Shoreside Co-op Eligible Processing Permit: Delete the entire section.

Section B-3.3.4, Annual Allocation Transferability. Delete the last sentence (refers to the handling of permit obligations to processors when allocations are transferred).

Section B-3.4, Processor Ties: Delete the entire section.

Section B-3.5.2.b: Delete the entire paragraph (addresses preseason registration of processors with shoreside processing permits)

Section B-3.5.3.a: Delete the last sentence (refers to the NMFS need to make determinations on permit links to processors)

Section B-3.5.3.c: Delete "and co-op obligations to processors."

B-4 Co-ops for Catcher-Processors

Catch by the catcher-processor sector will be controlled primarily by closing the fishery when a constraining allocation is reached. As under status quo, vessels may form co-ops to achieve benefits that result from a slower-paced, more controlled harvest. The main change from status quo is the creation of a limited number of catcher-processor endorsements. A new entrant will have to acquire a permit with a catcher processor endorsement in order to enter the fishery.

B-4.1 Participation in the Catcher-Processor Sector and Endorsement Qualification.

Catcher-processor (CP) Endorsement. The class of CP endorsed permits (CP permits) will be limited by an endorsement placed on a limited entry permit. Limited entry permits registered to qualified

then NMFS will monitor the sector as a whole.

catcher-processor vessels will be endorsed as CP permits. A qualified permit is one that harvested and processed in the catcher-processor sector of the Pacific whiting fishery at any time from 1997 through 2003. Only vessels catcher-processor vessels with a CP endorsed limited entry permit will be allowed to process whiting at sea. Limited entry permits with CP endorsements will continue to be transferable.

CP Permit Combination to Achieve a Larger Size Endorsement. A CP permit that is combined with a limited entry trawl permit that is not CP endorsed will result in a single CP permit with a larger size endorsement. (A CV(MS) or CV(SS) endorsement on one of the permits being combined will not be reissued on the resulting permit.) The resulting size endorsement will be determined based on the existing permit combination formula.

B-4.2 Co-op Formation and Operation Rules

No annual registrations or declarations are required. As under status quo, co-op(s) will be formed among holders of permits for catcher-processors. Participation in the co-op will be at the discretion of those permit holders. If eligible participants choose to form a co-op, the catcher-processor sector will be managed as a private voluntary cooperative and governed by a private contract that specifies, inter alia, allocation of whiting among CP permits, catch/bycatch management, and enforcement and compliance provisions. Since NMFS will not establish an allocation of catch or catch history among permits, if any permit holder decides not to participate, the potential co-op benefits will diminish and a race for fish is likely to ensue. Similarly, if more than one co-op forms, a race for fish could likely ensue, absent an inter co-op agreement.

Annual Reporting Requirements. The CP cooperative will submit an annual report to the Pacific Fishery Management Council at their November meeting. The report will contain information about the current year's CP fishery, including the CP sector's annual allocation of Pacific whiting; the CP cooperative's actual retained and discarded catch of Pacific whiting, salmon, rockfish, groundfish, and other species on a vessel-by-vessel basis; a description of the method used by the CP cooperative to monitor performance of cooperative vessels that participated in the CP sector of the fishery; and a description of any actions taken by the CP cooperative in response to any vessels that exceed their allowed catch and bycatch. The report will also identify plans for the next year's CP fishery, including the companies participating in the cooperative, the harvest agreement, and catch monitoring and reporting requirements.

B-4.3 NMFS Role

B-4.3.1 Permit and Endorsement Issuance

NMFS will issue all necessary endorsements under the rules specified under this program. Appeals processes will be provided as appropriate and necessary.

B-4.3.2 Annual Allocation

There will be no government-directed subdivision of the catcher-processor sector quota among participants. However, up to 10 percent of the allocation to the catcher-processor may be set aside as necessary for the adaptive management set aside described in Section B-1.6.

The catcher-processor sector allocation may be divided among eligible catcher-processor vessels (i.e., those catcher-processor vessels for which a CP permit is held) according to an agreed catcher-processor cooperative harvest schedule as specified by private contract.

B-4.3.3 *Fishery and Co-op Monitoring*

1. NMFS will track all permit transfers. Permit transfers will not be valid until registered and acknowledged by NMFS.
2. NMFS will monitor catch and close the catcher-processor sector fishery as necessary to ensure catch limits are not exceeded.
3. NMFS will administer the adaptive management program, allocating the set aside for that program as needed based on the adaptive management goals, objectives, and adjustment measures recommended by the Council.

2.6 Council-preferred Alternative

To be completed after Council action.

CHAPTER 6 CONSISTENCY WITH THE IFQ PROGRAM, WEST COAST GROUND FISH FMP, AND MSA NATIONAL STANDARDS AND REQUIREMENTS

Limited access privilege program related guidelines, requirements, goals, objectives and constraints summarized from the MSA, the groundfish FMP, and this plan amendment are summarized in Table 6-1.

Table 6-1. Policy guidance from MSA, Groundfish FMP and Amendment 20 goals and Objectives

Guidance	Reference
Conservation	
Allocations Reasonably Calculated to Promote Conservation	MSA - National Standard 4(b)
LAPPs shall assist in rebuilding overfished species	MSA – 303A(c)(1)(A)
LAPPs shall promote fishery conservation and management	MSA – 303A(c)(1)(C)(ii)
Maintain an information flow on the status of the fishery... as the fishery occurs	GF FMP Objective 1
Reduce nongroundfish mortality	GF FMP Objective 4
Minimize adverse impacts on EFH	GF FMP – Objective 5
Total catch accounting; Reduce bycatch, discard mortality, and ecological impacts	A-20 Objective 1 & 3
Consider biological stock structure, not exceeding the OY/ABC, minimizing localized concentrations of fishing effort, and accounting for total mortality	A-20 Constraints 1, 2, 3, & 4
Net Benefits and Efficiency	
Consider Efficiency	MSA - National Standard 5
Contribute to reducing capacity	MSA - 303A(c)(1)(B)
Attempt to achieve the greatest net economic benefit to the nation	GF FMP Objective 6
Maximize the value of the groundfish resource as a whole	GF FMP Goal 2
Provide for a[n] . . . efficient groundfish fishery	A-20 Objective 2
Promote measurable economic benefits	A-20 Objective 6
Disruption	
Accomplish change with the least disruption of current domestic fishing practices, marketing procedures, and the environment	GF FMP Objective 14
Excessive Shares	
No particular individual, corporation, or other entity [shall] acquire an excessive share of privileges	MSA - National Standard 4(c)
Address concerns over excessive geographic or other consolidation in the harvesting or processing sectors of the fishery	MSA – 303A(c)(5)(B)(ii)
Ensure that LAPP holders do not acquire an excessive share by (i) establishing a maximum share to hold, acquire or use, and (ii) establishing other measures to prevent inequitable concentration	MSA – 303A(c)(5)(D)
Avoid excessive quota concentration	A-20 Constraint 6
Establish a review process to determine whether any illegal antitrust acts have occurred.	MSA – 303A(c)(1)(J)
Fairness and Equity	
The excessive share objectives also relate to fairness and equity considerations.	
Allocation shall be fair and equitable to all such fishermen	MSA - National Standard 4(a)
Establish procedures to ensure fair and equitable initial allocations, including consideration of (i) current and historical harvests; (ii) employment in the harvesting and processing sectors; (iii) investments in, and dependence upon, the fishery; and (iv) the current and historical participation of fishing communities;	MSA – 303A(c)(5)(A)
Issue privileges to persons who substantially participate in the fishery (as specified by the Council)	MSA – 303A(c)(5)(E)
Provide an administrative appeals process regarding initial allocation decisions	MSA – 303A(c)(1)(I)
Avoid provisions where the primary intent is a change in marketing power balance between harvesting and processing sectors	A-20 Constraint 5
Sector Health	
Provide for a viable, profitable . . . groundfish fishery	A-20 Objective 2
Promote measurable economic . . . benefits through the seafood catching, processing, distribution elements, and support sectors of the industry	A-20 Objective 6
Maximize the value of the groundfish resource as a whole	GF FMP Goal 2
Promote year-round marketing opportunities and extend those opportunities as long as practicable during the fishing year	GF FMP Objective 7
Avoid unnecessary adverse impacts on small entities	GF FMP Objective 15

Guidance	Reference
Labor: Captains, Crew, & Processing Plant Workers	
Include measures to assist... entry-level and small vessel owner-operators, captains, crew... through set-asides of allocations... or economic assistance in the purchase of quota	MSA – 303A(c)(5)(C)
Promote measurable... employment benefits through the seafood catching, processing, distribution elements, and support sectors of the industry	A-20 Objective 6
Promote the safety of human life at sea	MSA - National Standard10 GF FMP – Objective 17
Communities	
Consider importance of fishing to communities in order to provide sustained participation and to minimize adverse impacts	MSA - National Standard 8 GF FMP Objective 16 A-20 Objective 5
Consider basic cultural and social framework of the fishery through (i) the development of policies to promote sustained participation of... fishing communities that depend on the fisheries, including regional or port-specific landing and delivery requirement; (ii) procedures to address concerns over excessive geographic or other consolidation in the harvesting or processing sectors of the fishery	MSA – 303A(c)(5)(B)
Include measures to assist , when necessary and appropriate... fishing communities through set-asides of harvesting allocations... or economic assistance in the purchase of quota	MSA – 303A(c)(5)(C)
If a program is created in which fishing communities are given a special standing (e.g. a direct allocation to qualified fishign communities), the Council is required to consider the following criteria: (i) Traditional fishing or processing practices in, and dependency on, the fishery; (ii) The cultural and social framework relevant to the fishery; (iii) Economic barriers to access the fishery; (iv) Existence and severity of projected economic and social impacts associated with implementation...; (v) Expected effectiveness, transparency and equitability; and (vi) Potential for improving economic conditions in remote coastal communities...	MSA – 303A(c)(3)(B)
Minimize negative impacts resulting from localized concentrations of fishing effort (this constraint is also listed under “Conservation”)	A-20 Constraint 3
Small Vessels, Small Entities, and New Entrants	
Promote sustained participation of small owner-operated fishing vessels	MSA – 303A(c)(5)(B)(i)
Include measures to assist , when necessary and appropriate, entry level and small vessel owner-operators . . . through set-asides of harvesting allocations... or economic assistance in the purchase of quota ¹	MSA – 303A(c)(5)(C)
Avoid unnecessary adverse impacts on small entities	GF FMP Objective 15
Auctions and Cost Recovery	
Auctions, or other systems to collect royalties , shall be considered for initial or any subsequent allocation	MSA – 303A(d)
Assess and provide a program of fees paid by the quota holders that will cover the costs of management, data collection and analysis, and enforcement activities	MSA – 303A(e)
Program Performance Monitoring and Modification	
Take into account the management and administrative costs of implementing and overseeing the IFQ or co-op program and complementary catch monitoring programs, and the limited state and federal resources available.	A-20 Constraint 9
Regular review and monitoring of the program for progress in meeting the goals, 5 year formal review	MSA – 303A(c)(1)(G)
Privileges may be revoked , limited or modified at anytime. Provide for revocation	MSA – 303A(b)(2) MSA – 303A(c)(1)(K)

¹ An **Assisted Purchase Program** may be developed to aid in financing quota purchase by small vessel fishermen and first time purchase by entry-level fishermen (MSA – 303A(g)(1)).