The Groundfish Allocation Committee (GAC) met in Portland, Oregon on October 8 & 9, 2008 to discuss the preliminary preferred alternative chosen by the Council in June 2008. The following the meeting the GAC recommendations were summarized and reviewed by all members of the GAC. Draft rationale based on GAC discussion accompanies each recommendation. The draft rationale has not yet been reviewed by the GAC.

Shoreside Whiting Individual Fishing Quotas (IFQs) vs. Co-ops

The **GAC recommends** the Council go forward with IFQs in the shoreside whiting sector and discontinue consideration of co-ops for the shoreside sector if Congress had not taken action by a certain time *(consensus)*.

**Rationale:** The decision of whether the Council shall go forward with IFQs or a co-op for the shoreside whiting sector should be made soon because other decisions in this trawl rationalization process hinge on this sector decision. It would be difficult to leave that piece undecided or to leave the decision timeframe open ended.

Species Coverage (A-1.1)

The **GAC recommends** that the rationalization program for each 3 sectors cover all groundfish species, except

- Longspine thornyhead south of 34°27';
- California scorpionfish;
- minor nearshore rockfish north and south;
- cabezon;
- kelp greenling;
- black rockfish (WA);
- black rockfish (OR-CA);
- shortbelly;
- other rockfish; and
- spiny dogfish

These species are also listed in the top block of Table A-1 on page A-14 in Appendix A. *(consensus)*

**Rationale:** The GAC recommends the same species coverage for all three sectors in order to provide consistency and in anticipation of such things as the need for bycatch avoidance incentives when a species becomes overfished. Additionally accountability would be diminished if fewer species are covered (as would occur for the at-sea whiting sectors under either A-1.1, at-sea trawl Option 1 or 2 (see page 68 of chapter 2 or page A-14 of Appendix A). At the same time, while the success of the trawl rationalization program relies on individual accountability; it may not be necessary to make participants accountable for every species encountered. This is especially the case for those species that are encountered infrequently by the trawl sector. One concern is that each species will be allocated to each trawl sector even when the sector’s catch of that species is very low relative to the optimum yield (OY). If the allocation for rarely taken species is based on the sector’s average historical catch, variations from the average may lead to unforeseen consequences such as quota hoarding, market manipulation, or constraints on fishing activity. Because of the very low levels of trawl sector harvest for the species, these negative effects may come at little or no conservation or management benefit.
Gears and Fisheries Covered (A-1.1)

*The GAC recommends* vessels with a limited entry (LE) trawl permit using gears listed in Option 2 be included under the scope of the program and that certain gears be explicitly excepted, as follows.

<table>
<thead>
<tr>
<th>Gears Covered Under the Program</th>
<th>Excepted Gears</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Legal groundfish trawl (including California halibut trawl gear)</td>
<td>The following gears are excepted from the program, even if they fall within the list of those gears covered under the program.</td>
</tr>
<tr>
<td>2. Anchored longline (except when used with a fixed gear permit);</td>
<td>• pink shrimp trawl,</td>
</tr>
<tr>
<td>3. Anchored fishpot (except when used with a fixed gear permit);</td>
<td>• ridgeback prawn trawl,</td>
</tr>
<tr>
<td>4. Anchored vertical hook &amp; line;</td>
<td>• sea cucumber trawl, and</td>
</tr>
<tr>
<td>5. Dinglebar;</td>
<td>• salmon troll, and</td>
</tr>
<tr>
<td>6. Jig; and</td>
<td>• all other gears not explicitly covered.</td>
</tr>
<tr>
<td>7. Setnet</td>
<td></td>
</tr>
<tr>
<td>8. Rod and reel, and</td>
<td></td>
</tr>
</tbody>
</table>

(majority)

**Rationale:** To clarify Council intent with respect to the scope of the program a list of gears that can be used to fish for IFQs, as well as exceptions, should be explicitly stated. The exceptions should be limited, and it was recommended that no IFQ be required when fishing with those gears in the “excepted gear” category.

Gear switching/Gear Conversion (A-1.1 and A-7)

*The GAC recommends* the Council support gear switching at a frequency that is not constrained beyond what is necessary for the integrity of the program. A gear conversion provision would remain as something that could be added to the program in the future (consensus).

**Rationale:** Unconstrained gear switching would be permitted under the scope of the trawl rationalization program. Permanent gear conversion was added on as an option for analysis in June 2008, but was not designated as a preliminary preferred alternative. The purpose of allowing trawlers to change to other gear types (flexibility for the harvester and possible conservation benefits from reduced gear contact with the bottom) can be achieved with gear switching as is currently specified in the scope.


*The GAC recommends* that

- 100 percent of the initial quota sharing (QS) allocation go to permits (i.e. no QS allocation for processing history), reaffirming its recommendation from May 2008 (majority).
- The adaptive management provision be crafted to have some kind of regional distribution. Such distribution should take a fair and reasonable approach to dividing the Adaptive Management pounds among the states (majority).
- In implementing adaptive management, recognize formal regional (or community) fishing associations (consensus).
with respect to area management:

(1) retain the lines that are part of the acceptable biological catch (ABC)/OY specifications;
(2) review management lines that are used for conservation purposes; and
(3) monitor the harvest of quota pounds (QP) within those management areas to see if harvest within an area could cause a concern relative to localized depletion.

If there is a conservation concern in one of those areas, the Council could adjust harvest limits, as appropriate, in those management areas (consensus).

The GAC discussed but chose not to include in its recommendations regional landing zones.

**Rationale:** There was considerable discussion about how the various provisions could be designed to afford protection for communities (i.e., harvester shares to processors, adaptive management, and regional landing zones). Creation of different kinds of quota shares and pounds would result in a larger tracking task, which is not a trivial for NMFS, and therefore should have a compelling reason.

The GAC discussed how the adaptive management quota pounds could be divided. One suggestion was to use the same proportion as base period used in the trawl rationalization alternatives. Adaptive management quota pounds could be allocated to states/regions and subsequently distributed for use through independent processes (e.g., through regional or community fishing associations).

The GAC discussed Regional Landing Zones and it was noted that the provision requires landing, but not processing, in the zones. Some members of the GAC indicated they felt the adaptive management provision could do a better job of ensuring community protection than regional landing zones.

Although biological conservation is not the only reason to utilize an area management line to divide quota shares between northern and southern areas, the general feeling of the GAC was that management boundaries should have a clear biological benefit. Following that line of thought, the GAC found that the 40°10' North latitude line might not be appropriate or needed for all species in the ABC/OY table. For these reasons, the GAC wished to see more analysis by the Groundfish Management Team on area management, per the GAC recommendation above.

The GAC heard from California a proposal on one way adaptive management might work. The proposal indicated that only harvesters would be eligible to hold adaptive management quota pounds. If the intent of the adaptive management applicant were to help a community, that and the vessel that would fish the quota pounds would have to be specified in the application. NOAA General Counsel (GC) indicated that a potential private committee and the process to set one up would have to be thought through. An adaptive management committee might be an advisory committee under the Council, so that the Council could be involved in the adaptive management process but would not necessarily need to review every application. If this should go forward, the criteria for judging applications should be well defined by the Council before the committee receives and scores applications.
Attributing and Accruing Processing History (A-2.1.1.d)

The GAC recommends the Council select Option 3, which attributes processor history to the first receiver or to the processor. Disputes would be settled through an appeals process administered by the National Marine Fisheries Service (consensus).

Rationale: The GAC felt that actual processor history should be acknowledged rather than buying history and that proactive steps should be taken to facilitate its consideration, such as setting up an appeals process. NOAA GC indicated the need for criteria to use in settling disputes. These criteria might be developed by the Council during the implementation phase.

Accumulation Limits (A-2.2.3.e)

The GAC requested additional tables to be made available at the November Council meeting showing the number of entities at and below the accumulation limits with 100 percent harvester shares and no grandfather clause.

Rationale: The GAC was unable to arrive at a recommendation on accumulation limits and control but did acknowledge the need to consider accumulation limits and control limits in the context of fleet consolidation and exertion of market power.

MS Processor Ties (B-2.2.2, B-2.4, and B.2.4.3)

The GAC recommends

- the maximum percent that a MS can process in a year be changed to 45 percent (B-2.2.2) (consensus)
- no preferred option on obligated processor tie (B-2.4) (consensus)
- allowing a coefficient of variation (CV) to deliver to the MS of its choice, rather than be required to participate in the non-co-op fishery, if the MS to which it is obligated withdraws from the fishery without the establishment of a mutual agreement (Option 2). In the event of such an occurrence, the tie to the departing mothership would be broken and a new tie established between the CV and the MS to which the CV chose to deliver (GAC recommends Suboption 2b for provision B-2.4.3) (consensus)

The GAC requests additional analysis of the following variations on processor ties for catcher vessels with mothership endorsed permits:

1. Option 2 of B-2.4 (90 percent of the catcher vessel’s deliveries obligated to a mothership, 10 percent not obligated), and vessels are obligated to the same mothership they were in the previous year, unless they participate for a year in the non-co-op fishery.
2. Option 2 of B-2.4, and vessels are obligated to the mothership that they delivered the majority of their catch to in the previous year, unless they participate for a year in the non-co-op fishery. (“Loophole”: Catcher vessels could effectively switch motherships without participating in the non-co-op fishery by delivering their own unobligated catch and that of other vessels to a different mothership).
3. Catcher vessels would declare whether they are in a cooperative or non-cooperative portion of the fishery each year.
i. Catcher vessels electing to participate in the cooperative fishery would be required to identify annually (at a date TBD) the mothership to which they will deliver to in the coming season.

ii. Catcher vessels would be able to switch motherships by simply declaring their linkage to another mothership in a subsequent year.  
*Note: this linkage would technically be made between the CV (MS) permit and the mothership permit in order to fit with the rest of the mothership sector alternative.*

(4) Catcher vessels electing to participate in the non-cooperative fishery may deliver to any licensed mothership.

**Rationale:** By creating a linkage and a disincentive for breaking that linkage processors would be benefited; however, linkages may provide little or no advantage if there is a leasing loophole. Members of the public suggested the linkage could be declared before the season starts. Ties would be effective only for the fishing year. Prices negotiations would take place before any ties are established. This would diminish processor negotiating stance, as compared to a system with linkages. However, such a pre-season declaration would provide stability for the next year, which would benefit business planning. Therefore the pre-season declaration of a linkage option was added to the suite of options, a request for additional analysis was made, and no preferred option was identified.

PFMC
10/20/08