TRAWL RATIONALIZATION TRAILING ACTIONS

The Pacific Fishery Management Council (Council) began the first round of trailing actions for the trawl rationalization program at the September, 2010 Council meeting, after prioritizing issues for analysis and decision. In June 2011 the Council took final action on all but three of the issues which had been subject to refined analysis over the prior nine months. The Council is scheduled to address the following trailing actions at this meeting:

1. Quota share (QS) control rule safe harbors for
   a. community fishing associations (CFAs)
   b. risk pools
2. Cost recovery
3. Provisions for lenders, including QS control rule safe harbors

Safe Harbors
The Council direction on the CFA and risk pool issues from its June 2011 meeting is provided in Agenda Item G.6.a, Attachment 1. At that time, the Council did not adopt a preliminary preferred alternative (PPA) for CFAs and adopted a PPA option for a number of issues in the risk pools alternative but did not designate PPA status on the options for all risk pool issues. Some additional analysis is provided on the details of the CFA program but additional analysis has not been developed on the risk pool alternatives (see sections of Appendix B in the environmental assessment, Agenda Item G.6.a, Attachment 2).

Cost Recovery
Under Section 303A(e) of the Magnuson Stevens Act, the Council is directed to
1. develop a methodology and the means to identify and assess the management, data collection and analysis, and enforcement programs that are directly related to and in support of the program; and
2. provide, under Section 304(d)(2), for a program of fees paid by limited access privilege holders that will cover the costs of management, data collection, and analysis and enforcement activities.

At its June meeting, the Council identified two aspects of the cost recovery programs that needed to be developed: the structure of the program, and the incremental costs to be recovered through that structure. During the meeting, the Council discussed but did not resolve whether the structure might be finalized before the costs were fully identified or whether finalization of the structure should not occur until initial costs are finalized. The Council also did not resolve whether, once the structure is finalized, there will be an ongoing Council role in monitoring and/or approving future applications of an incremental cost methodology after it is developed. In June, the Council provided preliminary guidance on the structure of a cost recovery program and assigned further developmental tasks to a Cost Recover Committee (CRC).

The CRC met on July 29 via webinar and developed recommendations for the Council (Agenda Item, G.6.b, CRC Report, which includes the general committee charge and other reference material, including Council guidance from its June meeting). NMFS will also provide a report under this agenda item (Supplemental Agenda Item, G.6.b, NMFS Report). The cost recovery
method will be implemented under a National Environmental Policy Act categorical exclusion, for which an EA/Environmental Impact Statement is not required. Therefore, it may be possible for the Council to take final action on parts of the cost recovery program at this meeting, if it so desires. However, a document providing analysis and rationale for the Council recommendation has yet to be developed.

Lender Provisions
At its April 2011 meeting, the Council delayed final action on the issue of safe harbors from control rules for lenders and expanded the scope of lender issues to include third party verification of ownership (i.e. National Marine Fisheries Service [NMFS] informing a third party as to the ownership of particular quota share), a lien registry, and unique identifiers for QS to facilitate financial transactions. At this time, no additional background information is available on this issue.

Council Action:

1. Take final action or provide guidance on QS control rule safe harbors:
   a. for CFAs
   b. for risk pools
2. Take final action or provide guidance on cost recovery.
3. Provide guidance on provisions to be considered and analysis of lender issues.

Reference Materials:
5. Agenda Item G.6.c, Public Comment.

Agenda Order:

a. Agenda Item Overview Jim Seger
b. Reports and Comments of Advisory Bodies and Management Entities
   c. Public Comment
   d. Council Action: Final or Preliminary Approval, as Appropriate, for Issues Concerning Cost Recovery and Safe Harbor Rules for Lenders, Risk Pools, and Community Fishing Associations (CFA)--Continued Saturday, If Necessary

PFMC
08/26/11