

Trawl Rationalization Alternatives (REV 05/23/07)

NOTE. Changes since the April 12, 2007 version are:

- 1. Section A of the IFQ alternative has been renumbered as A-1 and Section B has been renumbered A-2*
- 2. Changes recommended by the GAC at their May 2007 meeting have been inserted in bold + underline.*

Trawl Rationalization Alternatives

Status Quo Management Regime Approach

If this alternative is chosen, **status quo** will continue, including vessel cumulative landing limits for nonwhiting and season management for whiting.

IFQ-Based Management

If this alternative is chosen, **IFQs** will be used to manage the catch of groundfish caught by trawl vessels operating under a limited entry trawl permit except catch in fisheries in which groundfish is harvested incidentally and catch taken under a limited entry fixed gear permit (applies to limited entry trawl vessels that also have a limited entry permit endorsed for longline or fishpot gear).

Whiting Sector Cooperative Based Management

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 whiting among sectors and the possible allocation and rollover of bycatch species among sectors.

Mothership Sector Co-ops	Catcher vessel co-ops for the mothership fishery and limited entry for motherships.
Shoreside Sector Co-ops	Catcher vessel co-ops for the whiting shoreside fishery (option development pending).
Catcher-Processor Sector Co-ops	Vessel co-ops for the catcher-processor sector and endorsement to close the class of catcher processor permits.

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Summary of PFMC Trawl Rationalization Program Alternatives

(Note: The majority of this section summarizes the alternatives as adopted for analysis by the Council in March 2007. Portions noted as “pending June 2007 Council action” are those that were recommended by the Groundfish Allocation Committee.)

The Pacific Fishery Management Council (Council) is currently considering alternatives that would rationalize the West Coast trawl fishery and provide incentive to reduce bycatch, either through an individual fishing quota program for all trawl sectors or through co-ops for the whiting sectors. 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, both the IFQ and co-op alternatives have been designed by the Council to fulfill the goal of the program:

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.¹

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.

¹ “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.”

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. 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 review evaluation and modification mechanism.
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.

Quick Comparison of the Alternatives

Flexible vessel catch limits and individual accountability for catch are key components expected to result in achievement of most elements of the program goal. In comparison, under status quo management vessels are individually accountable only for landings (not discards), and fishing is restricted by cumulative trip limits that are the same for all vessels.

Under the co-op alternative there is a separate co-op program for each whiting sector. The alternative comparison table (page 5) gives an overview of major elements differentiating the IFQ alternative from the co-op alternative and the co-op programs for each sector within the co-op alternative.

Neither the IFQ alternative nor the co-op alternative will change the allocation among sectors. The general management approach for the IFQ alternative provides freely transferable and highly divisible individual quota which a vessel would have to acquire to cover its catch. NMFS would track the transfers of individual quota and check it against vessel catch. Processors may be given an initial allocation of quota or there may be a compensation opportunity as part of an adaptive management provision.

Under the catcher vessel co-op programs (mothership and shoreside), vessels with permits that meet the minimum requirements to qualify for a whiting co-op endorsement choose between participating in a co-op or fishing in the non-co-op fishery. NMFS allocates to the co-op or the non-co-op fishery based on the catch history associated with each permit (determined for each permit at the start of the program and not changed thereafter). The permit's catch history might be thought of as a permit quota share. NMFS monitors the sector as a whole, closing the non-co-op fishery and the sector as needed to keep catch within the allocation. Each co-op is responsible for managing the fishing of its members through private agreements. It is only through these private agreements that the harvest opportunity a vessel brings to the co-op can be transferred to a different vessel. Vessels participating in the non-co-op fishery have no exclusive claim to the allocation they contribute to the non-co-op fishery and therefore there is no transfer opportunity.

The mothership co-op program would provide a limited entry system for mothership processors and allow catcher vessel co-op permits to move between processors but only by fishing in the non-co-op fishery for one year (there is an option that would allow permits to move without going through a year in the non-co-op fishery). The shoreside co-op program would limit the shoreside processors eligible to receive from shoreside co-ops for the first two years for the program. During those two years, any shoreside processor could still buy whiting from a vessel fishing in the shoreside non-co-op fishery. As with the mothership program participation in the non-co-op fishery would be required for a permit to move between processors. For the shoreside co-op program, the required duration of this participation in the non-co-op fishery might exceed one year. After a shoreside co-op endorsed permit breaks its link with a processor, that permit can move between processors from year-to-year without participating in the non-co-op fishery.

The CP sector is already organized as a co-op through 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 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. Comparison overview of the alternatives to status quo.

	IFQ Alternative	Co-op Alternative		
		Mothership Program	Shoreside Program	Catcher-Processor (CP) Program
Sector Allocation	No Change	No Change	No Change	No Change
Vessel LE Permit Requirement	LE Permit (Trawl) (no change)	New LE Permit Endorsement Required for Mothership Deliveries	New LE Permit Endorsement Required for Shoreside Deliveries	New LE Permit Endorsement Required for CPs
General Management Approach	A vessel will have to acquire QP to cover its catch.	Permits choose between participation in a co-op or fishing in a non-co-op fishery. NMFS allocates to the co-ops and non-co-op fishery based on catch history of the permits participating in each. Co-ops control catch of their members.	Same as for Motherships	The fishery is currently managed under a private co-op agreement. The co-op will be offered some additional protection by preventing an increase in the number of permits used in the CP sector.
NMFS Monitoring	Vessel Level Including At-sea Catch and QS/QP Transfers	Sector And Co-Op Level. No Monitoring Of Transfers.	Sector And Co-Op Level No Monitoring Of Transfers.	Sector Level
Harvest Allocation Among Participants Whiting	QS Issued Initially to Permits and Possibly Processors. Each year QP will be issued to holders of QS.	To a Co-op Based on a Permit's Whiting History (Permit Quota)	To a Co-op Based on a Permit's Whiting History (Permit Quota)	None (Allocation among participants currently achieved through private co-op agreement among participants)
Nonwhiting	Same As For Whiting. (Option: No IFQ for Whiting Deliveries, Bycatch Managed as a Pool)	Allocation Based On A Permit's Whiting History	Allocation Based On A Permit's Whiting History	Same as above.
Allocation Transferable Separate from Permit?	Yes. QS/QP divisible & transferable to a wide class of persons, including anyone eligible to own a US fishing vessel.	Temporarily Among Permits Within the Co-op Structures (including between co-ops). Permit History Does not Change. Non endorsed permits may join co-op and fish the allocation of other permits (upon mutual agreement).	Temporarily Among Permits Within the Co-op Structures (including between co-ops). Permit History Does not Change. Non endorsed permits may join co-op and fish the allocation of other permits (upon mutual agreement).	N/A
Processor Participation Restriction	None	Limited Entry for Motherships	2 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 IFQ to Processors; Possible Adaptive Management Compensation	Processor Tie (Permits opting to participate in a co-op are tied to the mothership until the permit participates for a year in the non-co-op fishery) There is an option under which there would be no processor tie.	Processor Tie (Permits opting to participate in a co-op are tied to co-op eligible processors until the permit participates the required time in the non-co-op fishery. Permits that move into, or back into, a co-op after the first two years are not tied to a processor.)	None

IFQ = Individual Fishing Quota, in general (encompasses QS and QP)
 QS = Quota Shares, a share of the total trawl allocation (issued at the start of the program)
 QP = Quota Pounds (issued each year based on quota shares held)

Summary of the IFQ Alternative

Under this alternative, an individual fishing quota (IFQ) will grant an entity the privilege to catch a specified portion of the trawl sector's allocation. Vessels will be permitted to use any legal groundfish gear within this program, 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 Fishery Management Plan (although some will still be managed collectively at the complex level). For the whiting sectors, IFQ will either be created for all species of groundfish, or (*pending June 2007 Council action* to include this second option in the alternative) IFQ might be created only for the target species, Pacific whiting. Under the second option, the overall allocation of bycatch to the whiting fishery (or specific sectors) will be pooled and shared by all participants. If the bycatch limit were reached, this will trigger closure of the whiting fishery (or specific sector). This strategy for managing bycatch is similar to that currently used in the whiting fishery.

Initial Allocation

The program will initially allocate IFQ as quota shares (QS) to a number of fishery participants, based on their historical involvement in the fishery. Following the initial allocation, transfers – as generally described below – will allow for others to also participate in the fishery as quota holders. The initial allocation is easiest understood in two segments. First, the Council is considering what groups should be included in the initial allocation and then what proportional split should be made among groups. Options specified are (1) to allocate 100 percent of QS to permit owners, or (2) for nonwhiting groundfish to allocate 75 percent to permit owners and 25 percent to processors, and for whiting to allocate 50 percent to permit owners and 50 percent to processors.

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 catch history associated with a vessel permit or delivery history for a processing company, summed over a set number of years. For 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 explained above, pooling may be used instead of IFQs to manage bycatch species in the whiting fishery. For this scenario, only whiting will be allocated to individuals.

Management Structure. In structuring the management regime for the IFQ program, the Council is balancing the benefits of flexibility and individual accountability with 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 held, in proportion to each species' OY. 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 time adequate QP must be transferred into the vessel's account; that vessel cannot be used to fish, and cannot be sold, until the overage is covered. Under limited circumstances, 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, and "leased" through formal private contract), it is

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QP = Quota Pounds (issued each year based on quota shares held)

anticipated that those best able to avoid catching overfished species and those that are most efficient entities will increase the amount registered to them, while those that regularly incur high bycatch rates or operate less efficiently might choose to sell their quota shares and leave the fishery. Generally, anyone eligible to own a US documented fishing vessel could also acquire QS and QP, and the QS and QP could be acquired in very small increments. These provisions will allow for new entrants into the fishery; for example a crew member could slowly purchase amounts of quota.

Rewarding bycatch avoidance and efficiency are a desired outcome from the program, however in order to protect against unintended consequences, 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, and 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 owned or controlled by an entity, and accumulation limits on the amount of QP registered to a vessel. The Council is still considering the specific percentages, which will be established for each species for the non-whiting shoreside sector, and for whiting for the whiting sectors. The intent of these limits is to prevent excessive control of quota by a participant. A grandfather clause will allow a person initially allocated QS in amounts in excess of the cap to maintain ownership of those QS.

Monitoring and Tracking. The specific 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 major portion of the trawl fleet, particularly non-whiting shoreside vessels. 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 still being resolved, 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.

Costs and Fee Structure. Program costs are of concern and are under assessment. Fee structures will be proposed to recover program costs and consideration will be made to aligning the fee structure with usage level. Another issue under consideration is the extent to which privatization of management system elements will take place under the program. Work on the cost and fee structure will proceed over the summer.

Summary of the Whiting Sector Co-op Alternative

This alternative considers another form of a dedicated access privilege – co-ops – for the whiting fishery. If the co-op alternative is adopted, the Council still also could consider adopting the IFQ alternative for the non-whiting shoreside sector only, or maintain the non-whiting shoreside sector under status quo. Similarly, the Council could adopt co-ops for all or any combination of whiting sectors. There are provisions that will apply to the whiting fishery in general under this alternative, and then specific provisions for the mothership sector, the shoreside sector, and the catcher-processor sector.

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As described below, all qualified catcher vessels (delivering shoreside or to motherships) will have a choice whether to participate in a co-op or in the non-coop portion of the fishery. For catcher-processors (CP), no formal co-op fishery will be established; instead, participation in the fishery will be capped by granting CP permits only to participants meeting specified qualification criteria, and a co-op will be formed on a voluntary basis among these permit owners.

Rather than each permit being issued a privilege to harvest a proportion of the allowable catch (as with QS in the IFQ alternative), the co-op alternative allocates a permit's whiting catch history to the permit's co-op (or to the non-coop portion of the fishery). The contribution by that permit is combined with the contributed allowable catch of the co-op's other members to form the pool of fish that is allocated to the co-op for that year.

Whiting Sector Management under Co-ops

The existing allocation of whiting between the shoreside whiting, mothership, and CP sectors will not change under this alternative (42%, 24%, and 34%, respectively). Whiting from one sector could not be transferred to another sector, except possibly through a rollover. Within each sector, this allowable catch will be assigned each year to co-ops or to the non-coop portion of the fishery. Co-ops will then be responsible for monitoring and enforcing the catch of the organization and of co-op members, and NMFS will monitor the catch of each sector and of the non-coop fisheries, as well as the overall catch by all three sectors. NMFS will make the following closures if limits are reached: close a co-op fishery if co-ops have collectively reached their limit; close the non-coop fishery if it reaches its limit; and/or close the combined co-op and non-coop fishery if that whiting sector reaches its limit.

Provisions also address the bycatch in the whiting fishery (particularly that of certain overfished species and ESA-listed salmon). For limits (hard caps) on incidental groundfish species, the Council is considering whether or not to make these sector-specific. If the latter is chosen, allocating these species between whiting sectors will be done either in proportion to the amount of whiting allocated to the sector, or (*pending June 2007 Council action* to include this second option in the alternative) based on a sector's historical catch of the incidental species. NMFS will close the whiting fishery, or particular sectors, if a bycatch limit were reached.

Given the high levels of monitoring already in place in the whiting fishery, only moderate changes are expected to be required to implement this alternative for the at-sea whiting fishery. For the shoreside whiting fishery, at-sea monitoring will be increased to 100 percent to enforce catch accounting requirements. For the at-sea fishery, 100 percent coverage aboard mothership and catcher-processors will continue. For some coverage, it may be possible for cameras to be used in place of monitors.

Co-ops for Catcher Vessels Delivering to Motherships

Under this alternative, catcher vessels with a co-op endorsement for the mothership sector will make the choice each year whether to be part of a co-op or whether to register to fish in the non-coop portion of the fishery. Each co-op will be made up of catcher vessels, and the class of motherships will be closed by creating a LE permit for mothership vessels. Based on their catch history, catcher vessel permit holders will be designated a share of the mothership sector allocation; this share will be designated for delivery to the mothership that that permit owner had delivered the majority of its catch to in the prior year. Each year, NMFS will distribute a catch allocation to a co-op based on the sum of catch history for the permits registered to that co-op. NMFS will also distribute a catch allocation each year to the non-coop portion of the fishery, based on the collective share of permit holders registered to that mode.

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The co-op organization will coordinate the harvest by its members. (*Pending June 2007 Council action*), though 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 (“The Golden Rule”), co-op members could then agree to transfer catch allocations amongst themselves. Similarly, if there were multiple co-ops in the sector, one co-op will be allowed to transfer catch allocation to another co-op, though that catch will still be obligated for delivery to the original mothership unless a mutual exception were made. NMFS will not track these transfers between co-ops or those among co-op members.

It will be possible for a catcher vessel permit owner to join a different co-op or deliver to a mothership other than the one it will be assigned to as explained above. Under one option in the alternative, it will be required that the permit owner first enter into the non-coop portion of the fishery for one year. Under another option, a permit owner could move between motherships without participation in the non-coop fishery in a previous year. (If the latter option is selected, this would require changes to be made to all other sections of the mothership co-op alternative.)

Like in the IFQ alternative, accumulation limits will be imposed to prevent excessive concentration of catch allocations. These limits have been proposed and are *pending June 2007 Council action* to include them in the alternative. They will cap the proportion of whiting that an individual or entity could process and will cap the proportion of whiting an individual or entity could have registered to his catcher vessel permit(s).

Co-ops for Catcher Vessels Delivering to Shoreside

(The shoreside whiting co-op proposal described below has been significantly revised since the March Council meeting. This revised proposal is pending June 2007 Council action.)

Similar to the structure of the mothership sector co-op, catcher vessels with a shoreside endorsement will make the choice each year whether to be part of a co-op or whether to fish independently in the non-coop portion of the fishery. Based on their catch history, catcher vessel permit holders will be designated a share of the shoreside sector allocation, and this will be distributed each year by NMFS to the co-op to which they registered. NMFS will also distribute a catch allocation each year to the non-coop portion of the fishery based on the catch history of the permit holders fishing in the non-coop mode; only these vessels in the non-coop portion of the fishery will be allowed to access this pool of allowable catch.

The co-op organization will coordinate the harvest by its members. Though co-op agreements will be required to stipulate that the catch allocation made to a member equal the amount that the member brings into the co-op, transfers could be made among co-op members. Transfers could also occur between co-ops. NMFS will not track transfers either between co-ops or among members of a single co-op.

For the first two years of the program, only processors that 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 a set of qualifying years. In turn, for the first two years a permit owner that is in the non-coop portion could deliver only to processors that did not have a shoreside whiting processing permit; a permit owner in a co-op will be required to deliver its whiting to the co-op qualified processors that were the basis of his catch history. If a permit owner wanted to deliver to a different processor than the one(s) he was assigned to, he will have to enter the non-coop portion of the fishery for a given number of years, after which he will be released from obligations and could deliver to any shoreside processor.

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Like in the IFQ alternative, accumulation limits will be imposed to prevent excessive concentration. These limits, which are still under development, will cap the proportion of whiting that an individual or entity could process and will cap the proportion of whiting an individual or entity could have registered to his catcher vessel permit(s).

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 met 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 was reached. As under status quo, co-op(s) will be voluntarily formed among CP permit holders. If a co-op were formed, the sector will be managed as a private voluntary cooperative and governed by a private contract that will 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 decided not to join the cooperative, a race for fish could ensue. Similarly, if more than one co-op were formed, a race for fish could ensue absent an inter co-op agreement.

IFQ Alternative

The IFQ alternative is described in the following three tables. Table 1 provides an overview of the sections of the alternative. Table 2 provides a summary of the provisions in each section. Table 3 provides a full description of the IFQ alternative.

Table 1 Overview the IFQ alternative.

IFQ Alternative	
A-1	<i>Trawl Sector Management Under IFQs</i>
A-1.1	Scope for IFQ Management (includes gear switching)
A-1.2	IFQ Management Units (includes latitudinal area management)
A-1.3	General Management and Trawl Sectors
A-1.4	Management of NonWhiting Trips
A-1.5	Management of Whiting Trips
A-1.6	Special Overfished Species Management Provisions
A-2	<i>IFQ System Details</i>
A-2.1	Initial Allocation
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</i>
A-4	<i>Pacific Halibut Individual Bycatch Quota (IBQ) – non-retention</i>

Table 2. Summary of IFQ alternatives (continued)

Table 2. Summary of the IFQ Alternatives

	Element	SubElement	IFQ Alternative
A. <u>Trawl Sector Management Under IFQs</u>			Same for All Alternatives
A-1.1	Scope for IFQ Management, Including Gear Switching		<p>Catch based system: quota pounds (QP) required to cover: Option 1: All groundfish species catch (including all discards). Option 2: For the non-whiting sector, all groundfish species catch (including all discards). <u>For whiting sectors, all whiting catch (including all whiting discards), but not bycatch.</u></p> <p><i>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).</i></p>
A-1.2	IFQ Management Units, Including Latitudinal Area Management		<p>QS/QP will be species, area and sector specific. 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. QP will not be transferred between areas.</p> <p>Species and areas will be as specified in the ABC/OY table.</p> <p>The Council may subdivide QS after initial allocation. Option: Provide for area subdivision and recombination (option to be developed) in addition to those provided in the ABC/OY table. (Process Option: Initiate a group to address area management)</p>
A-1.3	General Management and Trawl Sectors		<p>Unless otherwise specified, status quo regulations, other than trip limits, will remain in place, including season closures, as necessary. For trawl vessels fishing IFQ with longline gear, RCAs might need to be more conservative.</p> <p>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.</p> <p><i>Allocation among trawl sectors to be determined.^a</i></p>
A-1.4	Management of NonWhiting Trips		<p>Nonwhiting trips are those with less than 50% whiting. No management measures other than those identified in Section A-1.3 have been identified at this time. ^b Trip limits will apply to whiting incidental catch in the nonwhiting fishery (in addition to the requirement that catch be covered with for whiting QP).</p>

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Table 2. Summary of IFQ alternatives (continued)

	Element	SubElement	IFQ Alternative
A-1.5	Management of Whiting Trips		<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.</p> <p>Outside of the whiting season,</p> <ul style="list-style-type: none"> • 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 are prohibited from delivering. <p><u>Under Option 2 in A.1-1, bycatch species will not be managed with IFQ but will be pooled:</u> <u>Option 1: for the total whiting fishery</u> <u>Option 2: at the whiting sector level.</u> <u>If voluntary whiting co-ops form under the IFQ program, at a future time the Council might decide to allocate bycatch species at the co-op level.^e</u></p>
A-1.6	Special Overfished Species Management Provisions	(placeholder)	No special provisions (except with respect to initial allocation and carryovers (see below)) have thus far been developed. This section will be deleted at a later point if no other special provisions are developed.
A-2. <u>IFQ System Details</u>			
A-2.1	Initial Allocation		
A-2.1.1	Eligible Groups	Groups and Initial Split of QS	<p>Option 1: 100% to permit owners Option 2: 75% to permit owners and 25% to processors for nonwhiting groundfish. 50% to permit owners and 50% to processors for whiting.</p>
		Permit History	Landings/deliveries history goes with the permit.
		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.
		Attributing and Accruing Processing History	<p>Attribute to the first receiver, but for shoreside</p> <p>Option 1: Attribute to the receiver reported on the landing receipt. Option 2: Attribute processing history to the receiver if that entity meets the definition of processor. Option 3: Same as Option 1, except history may be reassigned to an entity not on the landings receipt, if parties agree or thru an adjudication process.</p>
A-2.1.2	Recent Participation	Permits	Options: No minimum. or at least 5 or 10 landings/deliveries from 1998 through 2003 are required to qualify for an initial allocation of QS.
		Processors (motherships)	Recent participation is required to qualify for QS: 1,000 mt in each of any two years from 1998-2003 2004.
		Processors (shoreside)	Recent participation is required to qualify for QS: [level of activity to be determined] from 1999-2004

IFQ = Individual Fishing Quota, in general (encompasses QS and QP)
 QS = Quota Shares, a share of the total trawl allocation (issued at the start of the program)
 QP = Quota Pounds (issued each year based on quota shares held)

Table 2. Summary of IFQ alternatives (continued)

	Element	SubElement	IFQ Alternative
A-2.1.3	Allocation Formula	Permits with catcher vessel history	<p>For all species: Option 1: all QS allocated based on permit history. 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. (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.)</p> <p>Permit history based allocation suboptions For non-whiting trips, permit history used for QS allocation will be calculated For non-overfished species: using an allocation period of 1994-2003. Within that period use relative history and drop the three worst years.^d For overfished species taken incidentally: Overfished Species Option 1: as it is calculated for non-overfished species. Overfished Species Option 2: a proxy species based on following approach: <u>Apply fleet average bycatch rates and depth and seasonal distributions to each permit's target species QS allocations. Fleet average bycatch rates will be developed from West Coast Observer Program data for 2003-2006 and the depth distributions and seasonal distributions will derived from logbook information for 2003-2006.</u> The permit's 2003-2006 catch or landings/delivery data will be used to determine the average distribution of that permit's catch by depth, area, and season (strata). Fleet bycatch rates for each depth, area, and season combination (strata) will then be applied to the permit's target species for the strata in order to determine the permit's allocation of overfished species. . [Approach to be reviewed]</p> <p>For whiting trips, permit history used for QS allocation will be calculated: For whiting, using an allocation period of 1994-2003. Within that period, use relative history and drop the two worst years.^e 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).</p> <p>Relative history (%). The permit history for each year is measured as a percent of the fleet total for the year.</p>
		Permits with catcher-processor history	<p>Option 1: Schedule developed by unanimous consent of catcher processors. Option 2: Permit history for 1994-2003 (no option to drop years)^f and using relative pounds.</p>
		Processors (motherships)	<p>Calculate QS based on the entity's history for the allocation period of 1998-2003 (no option to drop years), and use relative pounds.</p>

IFQ = Individual Fishing Quota, in general (encompasses QS and QP)
 QS = Quota Shares, a share of the total trawl allocation (issued at the start of the program)
 QP = Quota Pounds (issued each year based on quota shares held)

Table 2. Summary of IFQ alternatives (continued)

	Element	SubElement	IFQ Alternative
		Processors (shoreside)	<p>For most species, calculate QS based on the entity's history for the allocation period of 1994-2004 (drop two worst years) and use relative pounds.</p> <p>For selected species, calculate QS based on the entity's Selected Species Option 1: history for that species.</p> <p>Selected Species Option 2: history of a proxy species, using separate calculations for non-whiting deliveries and whiting deliveries. The method described for the Overfished Species Option 2 for permits will be applied to each non-whiting delivery as indicated. A weighted average for all of the deliveries will be used to determine an overfished to target species ratio for the processor. [Approach to be reviewed] For whiting deliveries, allocation of bycatch species will pro rata based on the allocation of whiting.</p> <p><i>Note: "selected species" means overfished species for non-whiting deliveries and means bycatch species for whiting deliveries.</i></p> <p><u>If under A-1.1 there is not IFQ for all species, calculation of QS from non-whiting deliveries will be the same as explained above. For whiting deliveries, only whiting QS will be allocated, using the calculation above.</u></p>
A-2.1.4	History for Combined Permits and Other Exceptional Situations		Permit history for combined permits include the history for all the permits that have been combined. When trawl permits were stacked split the history evenly between the stacked permits. EFPs landings in excess of cumulative limits for the non-EFP fishery will not count. Compensation fish will not count. ⁹
A-2.1.5	Initial Issuance Appeals		No Council appeals process. NMFS will develop a proposal for an internal appeals process.
A-2.1.6	<u>Reallocation After Initial Issuance</u>		<u>Option: When a species that is overfished at the time of the initial allocation is rebuilt, the QS for the species will be reallocated within a sector. Staff has been directed to develop options for Council consideration.</u>
A-2.2	Permit/IFQ Holding Requirements and Acquisition		
A-2.2.1	Permit/IFQ Holding Requirement		<ol style="list-style-type: none"> Limited entry trawl permit required. 30 days to cover catch with QP For a vessel to use QP, they must be in the vessel's QP account. For a vessel that does not have QP to cover its catch, no fishing until the overage is covered. A vessel with a deficit could not transfer its LE permit. Option: XXX QP must be held prior to departure from port.
A-2.2.2	IFQ Annual Issuance	Start-of-Year QP Issuance	QP will be issued annually to QS holders.
		Carryover (Surplus or Deficit)	<p>Non-overfished Species: 10% carryover for each species</p> <p>Overfished Species: 10% carryover for each species</p>
		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.
		Entry Level Opportunities	No special provisions. QS are infinitely divisible, new entrants may buy-in slowly.

IFQ = Individual Fishing Quota, in general (encompasses QS and QP)
 QS = Quota Shares, a share of the total trawl allocation (issued at the start of the program)
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Table 2. Summary of IFQ alternatives (continued)

	Element	SubElement	IFQ Alternative
A-2.2.3	IFQ Transfer Rules	Eligible to Own or Hold	Those eligible to own QS will be restricted to those eligible to own and control a US fishing vessel and any person or entity eligible to own or control a US fishing vessel pursuant to sections 203(g) and 213(g) of the AFA (see Table 3 for additional language).
		Transfers and Leasing	QP/QS will be transferable and transfers must be registered with NMFS. QS leasing will not be facilitated by NMFS.
		Temporary Transfer Prohibition	Temporary prohibitions on QS transfers, as necessary for program administration (to be determined by NMFS).
		Divisibility	Unrestricted for QS. Whole pound units for QP.
		Liens	Liens could be placed on QS and QP.
		Accumulation Limits (Permit and Own or Control)	There will be a limit on the amount of QP that may be used with a permit and a limit on the amount of QS or QP a person may own or control. <u>The own or control limit will be based on the individual and collective rule.</u> A grandfather clause will apply to permit and own or control accumulation limits. Note: The Council might limit accumulation of total groundfish QS/QP or QS/QP for a complex, in addition to the species/species group limits.
A-2.3	Program Administration		
A-2.3.1	Tracking and Monitoring NMFS will explore the possibility of less than 100% at-sea monitoring and report back on the possibility.		<p>Option 1: 100% at-sea compliance monitors/observers (small vessel exception, if feasible). Discarding will be allowed. Allowing discarding will require that the timeliness of discard reporting be improved to match that for landings reporting. Such timeliness will be necessary to track QP usage. VMS will be required.</p> <p>Electronic landings tracking, advance notice of landings, unlimited landing hours. Some shoreside monitoring.</p> <p>Some costs will be controlled through a requirement that delivery sites be licensed. Site licenses will ensure that certain standards will be met that will facilitate monitoring and will aid work force planning. Any landing not made at a licensed site will be illegal.</p> <p>QP account information for vessels will be available in the field. A central lien registry system will include only essential ownership information.</p> <p>Option 2: Same as Option 1 except as follows. No small vessel exception. There will be full retention and 100% shoreside monitoring, so the discard reporting system will not need to be upgraded. The site licensing program will be replaced by a limitation on the ports to which deliveries could be made. Costs will be further controlled by limiting landing hours. A central lien registry system will contain expanded ownership information.</p> <p>Option 3: Same as Option 1 except as follows. No small vessel exception. Cameras might be provided as an option for vessels to use in place of compliance observers (feasibility to be determined). Discards will be allowed (except when cameras are used). Instead of creating an electronic state fish ticket system, a Federal system will be created to track trawl landings. A central lien registry system will contain expanded ownership information.</p>

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 QS = Quota Shares, a share of the total trawl allocation (issued at the start of the program)
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Table 2. Summary of IFQ alternatives (continued)

	Element	SubElement	IFQ Alternative
A-2.3.2	Socio-Economic Data Collection		Expanded data collection, mandatory compliance. Include transaction prices in a central QS ownership registry.
A-2.3.3	Program Costs Some cleanup is needed so that the options all cover the same issues.	Cost Transfer and Recovery	<p>Option 1: Recover IFQ program costs but not enforcement or science costs A maximum of 3% of ex-vessel value.</p> <p>Option 2: Full cost recovery through landing fees plus privatization of certain elements of the management system.</p>
		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		<ol style="list-style-type: none"> 1. <u>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%.</u> 2. <u>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 additional total allocation in excess of the accumulation limits.</u> 3. <u>As needed, a fee will be established to provide financial compensation to processors for demonstrated harm. A process will be established for the demonstration of harm. Congressional action might be necessary to establish a fee dedicated to this purpose.</u> 4. <u>The Adaptive Management allocation and process designated in Section A-3 will be used to compensate processors for demonstrated harm by: auctioning QP to generate funds to provide financial compensation, or providing QP to be directed in a fashion that increases benefits for affected processors.</u>
A-3	<u>Adaptive Management</u>		<p>In each of the first 10 years of the program, up to 10% of the trawl allocation will be distributed as quota pounds (QP) to create incentives or to compensate in response to 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. This provision will apply to the overall trawl sector (whiting and non-whiting).</p> <p>When the Council determines that an adjustment is needed, it will establish criteria for the distribution of up to 10% of the QP in a manner that will encourage those receiving the QP to undertake the desired activities or otherwise compensate for unexpected effects.</p> <p>Note: This approach does not change the option for splits of quota share (QS) that will go to eligible groups.</p>

IFQ = Individual Fishing Quota, in general (encompasses QS and QP)
 QS = Quota Shares, a share of the total trawl allocation (issued at the start of the program)
 QP = Quota Pounds (issued each year based on quota shares held)

Table 2. Summary of IFQ alternatives (continued)

	Element	SubElement	IFQ Alternative
A-4	<u>Pacific Halibut</u>	<u>Individual</u>	<u>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. Area specific bycatch rates might be used for allocation but, if so, the halibut IBQ will be divided by area only as necessary to comply with catch sharing plans.</u>
	<u>Bycatch Quota (IBQ) – non-retention</u>		

^a The allocation among trawl sectors may be determined as through the trawl rationalization EIS or 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. Allocate between 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%).

^b 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, while not intended, whiting targeted trips using whiting QP intended for whiting bycatch in the nonwhiting fishery might not create a problem. Restrictions might be imposed on the nonwhiting fishery as needed to address concerns ESA concerns.

^c **In the original TIQC recommendation (May 2007), a third option is to allocate bycatch species at the co-op. However, the IFQ alternative does not include consideration of co-ops. In order to have an internally consistent option, the TIQC recommendation has been interpreted as described in the table.**

^d 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.

^e 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.

IFQ = Individual Fishing Quota, in general (encompasses QS and QP)
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Table 2. Summary of IFQ alternatives (continued)

- ^f Based on observer data
- ^g Illegal landings/deliveries do not count toward history for QS allocation.

Agenda Item E.9.a
Attachment 2
June 2007

Table 3. Full description of the IFQ Alternatives

	Element	SubElement	
A. <u>Trawl Sector Management</u>			
A-1.1	Scope for IFQ Management, Including Gear Switching		<p>QP will be required to cover: Option 1: All groundfish species catch (including all discards), or Option 2: For the non-whiting sector, all groundfish species catch (including all discards). <u>For whiting sectors, all whiting catch (including all whiting discards), but not bycatch,</u> of limited entry trawl vessels using any directed 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.</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.</i></p> <p><i>It also will allow 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 be species, area and sector specific. The QP issued on the basis of the QS will have the same species, area and sector designations. 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. QP will not be used in a catch area other than that for which it is designated. Species and areas will be as specified in the ABC/OY table...</p> <p>The species, species groupings and area subdivisions will be those that are specified in ABC/OY table that is part of the groundfish biennial specifications.</p> <p>Option: The IFQ management units will be further subdivided into latitudinal areas smaller than those reflected in the ABC/OY table (areas and objectives for the subdivision to be specified).</p> <p>(Process Option: Initiate a group to address area management)</p> <p>Future subdivision: If at any time after the initial allocation an IFQ management unit is further subdivided, those holding QS for the unit being subdivided will receive equal amounts of shares for each of the IFQ management units being subdivided.^a</p> <p><u>Future recombination: Option to be provided. Together, the options for subdivision and recombination allow for movement of a management line.</u></p>

IFQ = Individual Fishing Quota, in general (encompasses both QS and QP)
QS = Quota Shares (issued at the start of the program)
QP = Quota Pounds (issued each year based on quota shares held)

Table 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.^b If individual vessel overages (catch not covered by QP) make it necessary, season closures will be used to prevent the trawl sector or sector from going over its allocation. The IFQ fishery may also be closed as a result of overages in other sectors. For trawl vessels fishing IFQ with longline gear, RCAs might need to be more conservative.^c</p> <p>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.^d</i></p>
A-1.4	Management of NonWhiting Trips	<p><u>Nonwhiting trips are those with less than 50% whiting. No management measures other than those identified in Section A-1.3 have been identified at this time.</u>^e Trip limits will apply to whiting incidental catch in the nonwhiting fishery (in addition to the requirement that catch be covered with for whiting QP).</p>
A-1.5	Management of Whiting Trips ^f	<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.</p> <p>Outside of the whiting season,</p> <ul style="list-style-type: none"> • 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 are prohibited from delivering. <p><u>Under Option 2 in A.1-1, bycatch species will not be managed with IFQ but will be pooled:</u></p> <p><u>Option 1: for the total whiting fishery</u></p> <p><u>Option 2: at the whiting sector level.</u></p> <p><u>If voluntary whiting co-ops form under the IFQ program, at a future time the Council might decide to allocate bycatch species at the co-op level.</u>^g</p>
A-1.6	Special Overfished Species Management Provisions	<p>(placeholder)</p> <p>No special provisions (except with respect to initial allocation and carryovers (see below)) have thus far been developed. This section will be deleted at a later point if no other special provisions are developed.</p>

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 QS = Quota Shares (issued at the start of the program)
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Table 3. Full description of the IFQ Alternatives (continued)

	Element	SubElement	
A-2. IFQ System Details			
A-2.1	Initial Allocation		
A-2.1.1	Eligible Groups	a Groups and Initial Split of Quota Share	<p>Eligible Groups The initial allocation of QS will be made either only to permit owners or to permit owners and processors. After the initial allocation, those eligible to purchase QS will not necessarily be limited to these groups (see below: “IFQ/Permit Holding Requirements and IFQ Acquisition”).</p> <p>The following are the shares of the initial QS allocation that are being considered for the eligible groups. Option 1: 100% to permit owners Option 2: 75% to permit owners and 25% to processors for nonwhiting groundfish. 50% to permit owners and 50% to processors for whiting.</p> <p><i>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.</i></p>
		b Permit History	Landing/delivery history will accrue to the permit under which the landing was made. The owner of a permit at the time of initial allocation will receive the QS issued based on the permit.
		c Processing Definition	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. ^h
		d Attributing and Accruing Processing History	<p>For an allocation for deliveries to at-sea processors: use at-sea fishery observer data and weekly processing reports to document processing history.</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). Option 2: attribute history to the receiver reported on the landing receipt, if that entity meets the definition of processor. 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 adjudication process.</p>
A-2.1.2	Recent Participation	a Permits (including catcher-processor ⁱ permits)	Options: No minimum, or at least 5 or 10 landings/deliveries from 1998-2003 (the recent participation period) are required to qualify for an initial allocation of QS. Recent participation may be met with participation in any sector and will qualify a permit for QS for all sectors in which the permit has history for the 1994-2003 allocation period (even if the permit has no recent participation in that sector). The recent participation requirement applies to catcher-processor permits only if there is not a consensus allocation formula among permits with catcher-processor history (see Section 1.3).
		b Processors (motherships)	Recent participation is required to qualify for QS: 1,000 mt in each of any two years from 1998-2003 2004 .
		c Processors (shoreside)	Recent participation is required to qualify for QS: [level of activity to be determined] from 1999-2004.

IFQ = Individual Fishing Quota, in general (encompasses QS and QP)
 QS = Quota Shares (issued at the start of the program)
 QP = Quota Pounds (issued each year based on quota shares held)

Table 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 species: Option 1: all QS allocated based on permit history. 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. (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.)</p> <p>Permit history based allocation suboptions For non-whiting trips, permit history used for QS allocation will be calculated: For non-overfished species: using an allocation period of 1994-2003. Within that period use relative history and drop the three worst years.^l For overfished species taken incidentally: Overfished Species Option 1: as it is calculated for non-overfished species. Overfished Species Option 2: using a proxy species based on the following approach: Apply fleet average bycatch rates and depth and seasonal distributions to each permit's target species QS allocations. Fleet average bycatch rates for the areas shoreward and seaward of the RCA will be developed from West Coast Observer Program data for 2003-2006. For the purposes of the allocation, it will be assumed that a permit's QS for each target species will be distributed shoreward and seaward of the RCA based on the fleet average for that species, derived from logbook information for 2003-2006. Both the fleet bycatch rates and the distribution of fleet target catch will be stratified by latitudinal area. The permit's 2003-2006 catch or landings/delivery data will be used to determine the average distribution of that permit's catch by depth, area, and season (strata). Fleet bycatch rates for each depth, area, and season combination (strata) will then be applied to the permit's target species for the strata in order to determine the permit's allocation of overfished species. [Approach to be reviewed]</p> <p>For whiting trips, permit history used for QS allocation will be calculated: For whiting, using an allocation period of 1994-2003. Within that period, use relative history and drop the two worst years.^k 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).</p> <p>Relative history (%). The permit history for each year is measured as a percent of the fleet total for the year.</p>
		b Permits with catcher-processor history	<p>Option 1: Owners of permits with catcher-processor history will develop an allocation schedule by unanimous consent and submit it to the Council for consideration. Option 2: Owners of catcher-processor permits will be allocated QS based on permit history^l for 1994-2003 using relative pounds (no option to drop years).</p>

IFQ = Individual Fishing Quota, in general (encompasses QS and QP)
 QS = Quota Shares (issued at the start of the program)
 QP = Quota Pounds (issued each year based on quota shares held)

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

	Element	SubElement	
		c Processors (motherships)	Calculate processing history based on allocation period of 1998-2003 (no option to drop years) and use relative pounds.
		d Processors (shoreside)	<p>For most species, calculate QS based on the entity's history for the allocation period of 1994-2004 (drop two worst years) and use relative pounds.</p> <p>For selected species, calculate QS based on the entity's</p> <p>Selected Species Option 1: history for that species.</p> <p>Selected Species Option 2: history of a proxy species, using separate calculations for non-whiting deliveries and whiting deliveries. The method described for the Overfished Species Option 2 for permits will be applied to each non-whiting delivery as indicated. A weighted average for all of the deliveries will be used to determine an overfished to target species ratio for the processor. [Approach to be reviewed] For whiting deliveries, allocation of bycatch species will pro rata based on the allocation of whiting.</p> <p><i>Note: "selected species" means overfished species for non-whiting deliveries and means bycatch species for whiting deliveries.</i></p> <p><u>If under A-1.1 there is not IFQ for all species, calculation of QS from non-whiting deliveries will be the same as explained above. For whiting deliveries, only whiting QS will be allocated, using the calculation above.</u></p>
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. History for illegal landings/deliveries will not count toward an allocation of QS. Landings made under 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. ^m
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. Any proposed revisions to fishtickets will undergo review by state enforcement personnel prior to finalization of the revisions.
A-2.1.6	Reallocation After Initial Issuance		<u>Option: when a species that is overfished at the time of the initial allocation is rebuilt, the QS for the species will be reallocated within a sector. Staff has been directed to develop options for Council consideration.</u>
A-2.2	Permit/IFQ Holding Requirements and Acquisition (after initial allocation)		

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Table 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 will be allowed to participate in the trawl IFQ fishery. 2. All catch taken on a trip will have to be covered with QP within 30 days of the landing for that trip. 3. QP must be transferred to a vessel's QP account in order to be used by that vessel. 4. For any vessel with an overage (catch not covered by QP) there will be no more fishing by the vessel until the overage is covered (extent to be determined)ⁿ. An overage may be covered by with QP from a subsequent year, however, in order to be considered in compliance with the program the vessel must cover the overage within the 30 day allowance and not exceed the limit specified in the carryover provision.^o Vessels which have not covered their overage within 30 days must still cover the overage before resuming fishing and, if necessary, may do so by the acquisition of QP from a following year in amounts in excess of the carryover provision.^p 5. For vessels with an overage, the limited entry permit could not be sold or transferred until the deficit is cleared. 6. Option: XXX QP (to be analyzed and amount determined) must be held prior to departure from port.
A-2.2.2	IFQ Annual Issuance	a Start-of-Year 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.</p> <p>A vessel with a QP surplus at the end of the current year will be able to use that QP in the 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 specified time limit (30 days). <p><i>The time limit on acquisition of additional shares to avoid a violation implies that subsequent year QP could only be used to avoid a violation if that deficit (catch overage) occurs toward the end of the year.^q</i></p> <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.^r</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>
		d Entry Level Opportunities	<p>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.</p>

IFQ = Individual Fishing Quota, in general (encompasses QS and QP)

QS = Quota Shares (issued at the start of the program)

QP = Quota Pounds (issued each year based on quota shares held)

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

	Element	SubElement	
A-2.2.3	IFQ Transfer Rules	a Eligible to Owners or Hold	Those eligible to own QS 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 eligible to own or control a US fishing vessel with a fishery endorsement pursuant to sections 203(g) and 213(g) of the AFA.
		b Transfers and Leasing	QP/QS will be transferable and transfers must be registered with NMFS. QS leasing will not be facilitated by NMFS. ^s NMFS will not differentiate between a transfer for a lease and a permanent transfer.
		c Temporary Transfer Prohibition	NMFS may establish temporary prohibitions on the transfer of QS, as necessary to facilitate program administration.
		d Divisibility	The divisibility of QS will be unrestricted and the QP will be transferred in whole pound units (i.e. fractions of a pound could not be transferred)
		Liens	Liens could be placed on QS and QP.

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

	Element	SubElement	
		e Accumulation Limits (Permit and Own or Control)	<p>Limits may vary by species/species group, areas, and sector. See options for each sector listed in endnote.^t</p> <p>Permit Use Limit: A limit on the QP that may be registered for a single permit during the year. This element will mean that a permit could not have more used and unused quota pounds registered for the permit than a predetermined percentage of the QP pool. Stacking permits to circumvent the limit will not be allowed.</p> <p><u>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.</u></p> <p><u>“Individual and collective” rule: The amount of QS or QP that is computed as applying to a person is equal to the sum of the QS or QP registered to that person and an amount equal to the percentage of holdings by that person in any entity in which that person has an interest.</u></p> <p>A grandfather clause will apply to (1) permit accumulation limits and (2) own or 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 ownership^u of the QS. If the owner divests some of the QS, the owner may not reacquire QS or QP in excess of the cap. Once under the cap, the grandfather clause expires and additional QS or QP may be acquired but not in excess of the ownership caps.</p> <p>Note: The Council may limit accumulation of total groundfish QS/QP or QS/QP for a complex, in addition to the species/species group limits.</p>

IFQ = Individual Fishing Quota, in general (encompasses QS and QP)
 QS = Quota Shares (issued at the start of the program)
 QP = Quota Pounds (issued each year based on quota shares held)

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

	Element	SubElement	
A-2.3	Program Administration		
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>For all tracking, monitoring and enforcement options: VMS and advance notice of landings will be required; shoreside there will be an electronic landings tracking system; QP account information for vessels will be tracked electronically and available in the field; and there will be a central QS/QP transaction system that will include a QS lien registry.</p> <p>Option 1: 100% at-sea compliance monitors/observers (small vessel exception, if feasible). Discarding will be allowed. Allowing discarding will require that the timeliness of discard reporting be improved to match that for landings reporting. Such timeliness will be necessary to track QP usage. Electronic landings tracking (state landings system), advance notice of landings, unlimited landing hours. Some shoreside monitoring. Some costs will be controlled through a requirement that delivery sites be licensed. Site licenses (license criteria to be specified), will ensure that certain standards will be met that will facilitate monitoring and will aid work force planning. Any landing not made at a licensed site will be illegal. The lien registry system will include only essential ownership information.</p> <p>Option 2: Same as Option 1 except as follows. No small vessel exception. There will be full retention and 100% shoreside monitoring, so the discard reporting system will not need to be upgraded. The site licensing program will be replaced by a limitation on the ports (ports to be specified) to which deliveries could be made. Costs will be further controlled by limiting landing hours (to be specified). A lien registry system will contain expanded ownership information.</p> <p>Option 3: Same as Option 1 except as follows. No small vessel exception. Cameras might be provided as an option for vessels to use in place of compliance observers (feasibility to be determined). Discards will be allowed (except when cameras are used, in which case full retention will be required). Instead of creating an electronic state fish ticket system, a Federal system will be created to track trawl landings. A lien registry system will contain expanded ownership information.</p>
A-2.3.2	Socio-Economic Data Collection ^v		The data collection program will be expanded and submission of economic data will be mandatory. ^w Information on QS transaction prices, including leases, will be included in a central QS ownership registry.
A-2.3.3	Program Costs Some cleanup is needed so that the options all cover the same issues.	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>

IFQ = Individual Fishing Quota, in general (encompasses QS and QP)
 QS = Quota Shares (issued at the start of the program)
 QP = Quota Pounds (issued each year based on quota shares held)

Table 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		<ol style="list-style-type: none"> 1. <u>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%.</u> 2. <u>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 additional total allocation in excess of the accumulation limits.</u> 3. <u>As needed, a fee will be established to provide financial compensation to processors for demonstrated harm. A process will be established for the demonstration of harm. Congressional action might be necessary to establish a fee dedicated to this purpose.</u> 4. <u>The Adaptive Management allocation and process designated in Section A-3 will be used to compensate processors for demonstrated harm by: auctioning QP to generate funds to provide financial compensation, or providing QP to be directed in a fashion that increases benefits for affected processors.</u>
A-3	<u><i>Adaptive Management</i></u>		<p><u>In each of the first 10 years of the program, up to 10% of the trawl allocation will be distributed as quota pounds (QP) to create incentives or to compensate in response to 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. This provision will apply to the overall trawl sector (whiting and non-whiting).</u></p> <p><u>When the Council determines that an adjustment is needed, it will establish criteria for the distribution of up to 10% of the QP in a manner that will encourage those receiving the QP to undertake the desired activities or otherwise compensate for unexpected effects.</u></p> <p><u>Note: This approach does not change the option for splits of quota share (QS) that will go to eligible groups.</u></p>
A-4	<u><i>Pacific Halibut Individual Bycatch Quota (IBQ) – non-retention</i></u>		<u>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. Area specific bycatch rates may be used for allocation but, if so, the halibut IBQ will be divided by area only as necessary to comply with catch sharing plans.</u>

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 QP = Quota Pounds (issued each year based on quota shares held)

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

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^a If a new management unit is established that is not a subset of an existing management unit, the Council will need to take action at that time to develop criteria for QS reapportionment.

^b The current process for changing the opening dates involves a regulatory amendment developed under the FMP through a framework process. Implementation of an IFQ program should not change this process

^c The Council authority to establish or modify rockfish conservation areas (RCAs) will not be changed by this alternative.

^d The allocation among trawl sectors may be determined as through the trawl rationalization EIS or 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. Allocate between 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%).

^e 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, while not intended, whiting targeted trips using whiting QP intended for whiting bycatch in the nonwhiting fishery might not create a problem. Restrictions might be imposed on the nonwhiting fishery as needed to address concerns ESA concerns.

^f 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.

^g **In the original TIQC recommendation (May 2007), a third option is to allocate bycatch species at the co-op. However, the IFO alternative does not include consideration of co-ops. In order to have an internally consistent option, the TIQC recommendation has been interpreted as described in the table.**

^h “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 whiting fishery.

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

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/QP allocations.

“**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.

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

^j 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.

^k 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.

^l Permit history from observer data

^m **Stacked permits:** On rare occasions two trawl permits have been assigned to the same vessel. During the time more than one permit is assigned to a single vessel . . . Options: A. Divide landing/delivery history equally among both permits. B. Assign all landing/delivery history to the first permit registered for use with the vessel. This issue will not affect the analysis. Therefore, until the issue is decided Option A will be used for the analysis.

ⁿ The extent of the prohibition (e.g. whether it include state fishery or fisheries in Alaska) and its duration are to be determined.

^o This implies that a vessel will be able to avoid a violation by the use of QP from a subsequent year to cover current year catch, only if the overage occurs toward the end of the year, such that subsequent year QP are available before the 30 day grace period has expired.

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

^q 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.

^r 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.

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

^t **Permit and Own/Control Limit Options:**

1) Shoreside Nonwhiting Sector

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

Own or Control Accumulation Limit Options:

All Groundfish: 1.5%, 2.1%, 3%, or 5%.

Individual Species:	Sablefish 1.7%.	Dover sole 1.95%.	Petrale sole 3.0%	English sole 7.0%	Sanddabs 27.6%
	Other flatfish 9.1%	Longspine 2.1%	Shortspine 2.0%	Widow 3.6%	Yellowtail 3.5%
	Canary 6.0%	Other Sebastes 6.6%			

Permit Accumulation Limit Options:

For each species: Double the own or control limit

2) Shoreside Whiting Sector

Own or Control Accumulation Limit Options:

5%, 10%, and 15%.

Permit Accumulation Limit Options:

7.5%, 10%, and 12%.

3) Mothership Whiting Sector

Own or Control Accumulation Limits

10%, 15%, and 25%.

50% rule for ownership affiliation.

Permit Accumulation Limit Options

20%, 30%, and 50%.

4) Catcher-Processor Sector

~~The catcher processor sector will provide a proposal for accumulation limits.~~

Own or Control Accumulation Limit Options:

50%, 55%, or 60%.

Permit Accumulation Limit Options:

65%, 70%, or 75%.

5) Whiting Sectors (Combined Shoreside/Mothership/Catcher-Processor)

The following are cross-sector caps for the entire whiting fishery.

Own or Control Accumulation Limit Options:

15%, 25%, 40%.

Permit Accumulation Limit Options:

25%, 40%, 50%.

^u **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.

^v **Data collection, status quo.**

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

- 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.

^w **Data collection:** Expanded **mandatory** submission of economic data:

- Mandatory submission of economic data for LE trawl industry.
- Voluntary submission of economic data for other sectors of the fishing industry.
- Include transaction value information in a centralized registry of ownership and leases[shaded is added text].
- Formal monitoring or 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 maintained in a confidential manner and may not be released to any party other than staffs of Federal and state agencies directly involved in the management of the fisheries under the Council's authority and their contractors.

A mandatory data collection program shall be developed and implemented as part of the groundfish trawl IFQ program and continued through the life of the program. Cost, revenue, ownership, and employment data will be collected on a periodic basis (based on scientific requirements) to provide the information necessary to study the impacts of the IFQ program. This data could also be used to analyze the economic and social impacts of future FMP amendments on industry, regions, and localities. This data collection effort is also required to evaluate achievement of goals and objectives associated with the IFQ program. Both statutory and regulatory language shall be developed to ensure the confidentiality of these data. Additional funding (as compared to status quo) will be needed to support the collection of these data.

Any mandatory data collection program shall include: A comprehensive discussion of the enforcement of such a program, including 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/lessees. 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 IFQ program.

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Whiting Sector Cooperative Alternative

This alternative considers another form of a dedicated access privilege – co-ops – for the whiting fishery. If this alternative is adopted, the Council still also could consider adopting the IFQ alternative for the non-whiting shoreside sector only, or maintain the non-whiting shoreside sector under status quo. Similarly, the Council could adopt co-ops for all or any combination of whiting sectors. There are provisions that will apply to the whiting fishery in general under this alternative, and then specific provisions for the mothership sector, the shoreside sector, and the catcher-processor sector. As described below, all qualified catcher vessels (delivering shoreside or to motherships) will have a choice whether to participate in a co-op or in the non-coop portion of the fishery. For catcher-processors (CP), no formal co-op fishery will be established; instead, a closed class will be created by limiting the number of CP permits, and a co-op may be formed on a voluntary basis among limited entry permit owners in the fishery. Rather than each permit being issued a privilege to harvest a proportion of the allowable catch (as with QS in the IFQ alternative), this alternative allocates a permit’s whiting catch history to the co-op to which the permit is assigned (or to the non-coop portion of the fishery).

Table 4. Overview of the co-op alternative.

Co-op Alternative	
B.1	<u>Whiting Sector Management Under Co-ops</u>
B-1.1	Whiting Management
B-1.2	Annual Rollovers
B-1.3	Bycatch Species Management
B-1.4	Bycatch Subdivision by Sector
B-1.5	At-sea Observers/Monitoring
B-1.6	Sector Allocations
B-2	<u>Co-ops for Catcher Vessels Delivering to Motherships (CV(MS))</u>
B-2.1	Catcher Vessel (MS) Endorsement and Catch History Calculation
B-2.2	Mothership (MS) Permits
B-2.3	Annual Registration
B-2.4	Co-op Formation
B-2.5	Co-op Allocation
B-2.6	Non-co-op Allocation
B-2.7	Movement between Motherships
B-2.8	Mutual Agreement Exception
B-2.9	Temporary Transfer of Allocation to CV(MS) and nonCV(MS) Endorsed Permits
B-2.10	CV(MS) Permit Combination to Achieve a Larger Size Endorsement
B-2.11	Accumulation Limits
B-2.12	MS Permit Ownership

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Co-op Alternative	
B-2.13	Mothership Permit Transfer
B-2.14	Mothership Withdrawal
B-3	<u>Co-ops for Catcher Vessels Delivering to Shoreside Processors</u>
B-2.1	Catcher Vessel (SS) Endorsement and Catch History Calculation
B-2.2	Shoreside Processor (SSP) Permits
B-2.3	Annual Registration
B-2.4	Co-op Formation and Structure
B-2.5	Co-op Allocation
B-2.6	Non-co-op Allocation
B-2.7	Movement between Motherships
B-2.8	Mutual Agreement Exception
B-2.9	Temporary Transfer of Allocation to CV(SS) and nonCV(SS) Endorsed Permits
B-2.10	CV(SS) Permit Combination to Achieve a Larger Size Endorsement
B-2.11	Accumulation Limits
B-2.12	SS Permit Transfer
B-2.13	Shoreside Processor Withdrawal
B-2.14	Permit Qualification for a Catcher Vessel Shoreside [CV(SS)] Endorsement
B-4	<u>Co-ops for Catcher-Processors</u>
B-4.1	Catcher-Processor (CP) Endorsement
B-4.2	Annual Registration
B-4.3	Co-op Formation
B-4.4	Co-op Allocation
B-4.5	CP Permit Combination to Achieve a Larger Size Endorsement

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Whiting Sector Management Under Co-ops

Summary

The existing allocation of whiting between the shoreside whiting, mothership, and CP sectors will remain under this alternative (42%, 24%, and 34%, respectively). Within each sector, this allowable catch will be assigned each year to co-ops or to the non-coop portion of the fishery. Co-ops will then be responsible for monitoring and enforcing the catch of the organization and of co-op members, and NMFS will monitor the catch of each sector and in the non-coop fishery, as well as the overall catch by all three sectors. NMFS will make the following closures if limits are reached: close a co-op fishery if co-ops have collectively reached their limit; close the non-coop fishery if it reaches its limit; and/or close the combined co-op and non-co-op fishery if that whiting sector reaches its limit.

Provisions also will address the catch of overfished species (widow, canary, and darkblotched rockfish) and salmon in the whiting fishery. For bycatch limits (hard caps) on overfished species, the Council is considering whether or not to make these sector-specific. If the latter is chosen, this will be done proportionately relative to the whiting allocation. NMFS will also close the whiting fishery, or particular sectors, if a bycatch limit were reached.

Given the high levels of monitoring already in place in the whiting fishery, only moderate changes are expected to be required to implement this alternative. For the shoreside whiting fishery, at-sea observers/monitoring will be increased to 100 percent to enforce catch accounting requirements. For the at-sea fishery, 100 percent coverage aboard mothership and catcher-processors will continue. For some coverage, it may be possible for cameras to be used in place of observers.

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.

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).

Whiting Sector Cooperative Alternative

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.

Bycatch Subdivision by Sector

Subdivision Option A: Do not subdivide bycatch species.

Subdivision Option B: Subdivide bycatch species allocation among each of the whiting sectors as specified in the section below on allocation.

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

- **Bycatch Management Option 1:** 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.
- **Bycatch Management Option 2:** Same as Option 1, including the potential for forming co-ops, except 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. 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.
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.

Whiting Sector Cooperative Alternative

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)

For Subdivision Option B (Bycatch Subdivision).

- **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.**

At-sea Observers/ Monitoring

- **Shoreside Whiting Fishery:** Increase to 100% to enforce catch accounting requirements.
- **At-sea Whiting Fishery:** 100% coverage aboard mothership and catcher-processors will continue.

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

Co-ops for Catcher Vessels Delivering to Motherships

The following is a description of the co-op alternative for catcher vessels delivering to motherships.

The mothership whiting fishery will be managed in two modes:

1. Co-op Fishery: Catcher vessels in co-op(s) delivering to motherships (CV(MS))
2. Non-co-op Fishery: Seasonal management (closure on attainment of the allocation) for those not participating in co-ops

Catcher vessels with a CV(MS) co-op endorsement will **annually** choose, **by a set date**, the mode in which they will fish during a fishing year and commit to that mode for the entire fishing year.

CV(MS) Endorsement. Permits with a qualifying history will be designated as CV(MS) permits through the addition of an endorsement to their limited entry groundfish permit.

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

Qualification Option A: 1998 through 2004

Qualification Option B: 1994 through 2003

Initial calculation to be used by NMFS to determine the distribution to co-op and non-co-op fishery pools. A CV(MS) permit calculated catch history will be based on

Allocation Option A: its best 6 out of 7 years from 1998 through 2004

Allocation Option B: its best 9 out of 11 years from 1994 through 2004

Allocation Option C: its best 5 out of 6 years from 1998 through 2003

Allocation Option D: its best 8 out of 10 years from 1994 through 2003

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.

Mothership (MS) Permits. The vessel 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. Only vessels for which such permits are held may receive at-sea deliveries from catcher vessels. A qualifying mothership is one which processed at least 1,000 mt of whiting in each of any two years from 1998 through 2004

MS permits will be transferable and there will be no size endorsements associated with the permit. A vessel may not harvest whiting and operate as a mothership in the same year. MS permits may only be used for processing by one vessel per year. **Exclusionary language will be added to indicate that a vessel that has left US fisheries will not be allowed to return.**

Annual Registration. Each year MS and CV(MS) permit holders planning to participate in the mothership sector must register with NMFS. At that time they must identify which co-op they will participate in or if they plan to participate in the non-co-op fishery so that NMFS can make appropriate distributions to the co-op and non-co-op fisheries.

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

Option 1 (Multiple Coops): **In the first year of the program, permit owners choosing to participate in a co-op must form those co-ops** ~~multiple co-ops must be formed~~ based on the mothership where the CV permit holders delivered the majority of their most recent years' catch. **A separate co-op must be formed for each mothership**

Whiting Co-ops for Vessels Delivering Whiting to Motherships

to which deliveries were made. There can be only one catcher vessel co-op for each mothership. Co-op agreements will be submitted to NMFS. In subsequent years, multiple coops are required to be formed based on the processor where CV permit holder delivered the majority of their most recent years' catch.

Option 2: Multiple coops are not required. Catcher vessels may organize a single coop or multiple coops of like-minded catcher vessels. Vessels within the coop(s) will have separate contracts with the processor to whom they are delivering. Permit owners choosing to participate in a coop must register annually with NMFS and express their intent to be a member of the coop at a date certain prior to the start of the fishery. In the first year of the program, permit holders are required to deliver their percentage of the coop allocation to the mothership where they delivered the majority of the most recent years' catch.

Coop agreements must stipulate that catch allocations to members of the coop be based on their catch history calculation distribution to the coop by NMFS ("The Golden Rule")

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

Co-op Allocation. Each year NMFS will determine the ~~distribution~~ 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, allocates an aggregate amount of harvest tonnage annually to the coop, based on the catch histories associated with the members of the coops.**

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.

Movement between Motherships.

Option A: Each year, CV(MS) permit owners will choose between fishing in the non-co-op fishery or delivering to the same mothership that they most recently delivered the majority of their whiting catch in the last calendar year in which they participated. However, if a CV(MS) permit participated 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 and may deliver to any mothership in a subsequent year. 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 co-op deliveries to the licensed mothership to which the permit made a majority of its whiting deliveries in the last calendar year in which they participated.

Option B: CV(MS) permit owners may move between motherships **on an annual basis without having to participate in the non-coop fishery in a previous year.** (If this option is selected, conforming changes will be made to all other sections of the mothership co-op alternative.)

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 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 vessel will still need to participate in the non-co-op fishery for one year in order to move from one mothership to another).

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Temporary Transfer of Allocation to CV(MS) and nonCV(MS) Endorsed Permits. ~~Owners of valid limited entry permits that are members of co-ops~~ **CV(MS) permit owners** are permitted to transfer co-op allocations amongst other coop members. Such inter- or intra-co-op transfers must deliver co-op shares to the mothership to which allocation is obligated unless released by mutual agreement. Also, a co-op allocation may be harvested by any catcher vessel holding a valid limited entry trawl permit (including one that does not have a CV(MS) endorsement). Whiting allocations are not permanently separable from a limited entry permit. Allocations may not be transferred from the mothership sector to another sector.

CV(MS) Permit Combination to Achieve a Larger Size Endorsement. In general, 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. **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(Shorside) [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.

Accumulation Limits.

MS Permit Ownership: No individual or entity owning a MS permit(s) may process more than **20%, 30% or 50%** of the total mothership sector whiting allocation.

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

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.

Mothership Withdrawal. If a mothership does not participate in the fishery and does not transfer its permit to another mothership or mutually agree to transfer delivery to another mothership, the CV(MS) permit holders obligated to that mothership may participate in the non-co-op fishery.

If a mothership does not qualify for an MS permit in the first year of the program, the vessels which delivered to that mothership in the previous year may deliver to the qualified mothership to which it last delivered its majority of catch or participate in the non-co-op fishery.

Co-ops for Catcher Vessels Delivering to Shoreside Processors

Management

The shoreside whiting fishery will be managed in two modes:

1. Co-op Fishery: Catcher vessels in co-ops delivering to shoreside processors [CV(SS)]
2. Non-co-op Fishery: Seasonal management (close on attainment of allocation) for those not participating in co-ops. Vessels in the non-co-op fishery will be prohibited from forming a separate co-op but may deliver to any processor. Quota attached to vessels in the non-co-op fishery will not be available to vessels in any co-op but will be pooled – i.e., will be available to any non-co-op vessel.
3. Incidental Harvest: Whiting harvested incidentally in the nonwhiting shoreside fishery may be processed by any shoreside processor.

Catcher vessels with a CV(SS) co-op endorsement will choose the mode in which they will fish during a fishing year and commit to that mode for the entire fishing year.

CV(SS) Endorsement

Permits with a qualifying history will be designated as CV(SS) permits through the addition of an endorsement to their limited entry groundfish 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

Qualification Option A: 1998 through 2004

Qualification Option B: 1998 through 2003

Qualification Option C: 1994 through 2004

Qualification Option D: 1994 through 2003

Qualification Option E: 2001 through 2003

Initial calculation to be used in determining NMFS distribution to co-op and non-co-op fishery pools. A CV(SS) permit calculated landings history will be based on

Allocation Option A: its best 6 out of 7 years from 1998 through 2004

Allocation Option B: its best 9 out of 11 years from 1994 through 2004

Allocation Option C: its best 5 out of 6 years from 1998 through 2003

Allocation Option D: its best 9 out of 10 years from 1994 through 2003

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.

Shoreside Processor (SSP) Permits.

An initial co-op qualified shoreside processor corporation is one that processed at least 1,000 mt of whiting in each of any two years from 1998 through 2004. Only these processor corporations are eligible to receive fish from whiting cooperatives in the first two years of the program. Thereafter, any processing corporation could be eligible to receive fish from vessels 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 two years of the program.

A shoreside processor is an operation, working on US soil, that takes landings of trawl-caught groundfish that has not been processed at-sea or previously processed shoreside; and that thereafter subjects those groundfish to shoreside processing. Entities that

Co-ops for Vessels Delivering Whiting Shoreside

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.

Annual Registration.

Each year SSP and CV(SS) permit holders planning to participate in the shoreside sector must register with NMFS. 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 so that NMFS can make appropriate distributions to co-op(s) and the non-co-op fishery.

Co-op Formation and Structure.

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. Two or more vessels may form a co-op.

Co-op agreements will be submitted to NMFS. Co-op agreements must distribute catch allocations to members based on the permit specific history calculation that NMFS used to distribute allocation to the co-op.

During the first two 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 **[DATE RANGE TO BE DETERMINED]** on a pro rata basis. Determination of the processor(s) to which a permit owner is obligated will take into account any successors in interest (see following paragraph). Transfers may take place within the co-op between permit holders to allow a permit holder to make deliveries exclusively to one processor so long as the total 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 period **[SAME AS PREVIOUS DATE RANGE]**. Thereafter, once a CV(SS) permit has participated in the non-co-op fishery for **[OPTION: 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.

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 two 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.

Co-ops for Vessels Delivering Whiting Shoreside

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.

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.

Mutual Agreement Exception.

By mutual agreement of the CV(SS) permit owner and shoreside processor to which the permit's catch is obligated, a CV(SS) vessel 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 vessels catch taken under that permit will continue to be obligated to its permanent processor (which is the transferor processor if the transfer is temporary or the transferee processor 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.

Temporary Transfer of Quota Shares to CV(SS) and non-CV(SS) Endorsed Permits.

Owners of valid limited entry permits that are members of co-ops are permitted to transfer co-op allocation amongst members of other co-ops or their own co-op. 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. Co-op shares may be harvested by any catcher vessel holding a valid trawl limited entry permit (including one that does not have a CV(SS) endorsement provided it has become a member of a co-op and has acquired the right to harvest co-op shares via lease or other contract with a CV(SS) co-op member.). Whiting co-op shares are not permanently separable from a trawl limited entry permit. Transfers of co-op shares from the Shoreside sector to other sectors in any form are prohibited.

CV(SS) Permit Combination to Achieve a Larger Size Endorsement

In general, 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. 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.

Co-ops for Vessels Delivering Whiting Shoreside

Accumulation Limits.

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

SSP Permit Transfer.

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 or participation in the non-co-op fishery. (Since SSP permits are only in effect for the first two years of the program, this section is also in effect only for the first two years of the program.)

Shoreside Processor Withdrawal.

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.

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 catcher-processor endorsement that will close the catcher-processor fishery to new entrants.

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 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 sometime from 1997 through ~~2006~~ **2004**. Only vessels with a CP limited entry permit will be allowed to process whiting at-sea. Limited entry permits with CP endorsements will continue to be transferable.

Annual Registration. No annual registrations or declarations are required.

Co-op Formation. 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.

Co-op Allocation. There will be no government directed subdivision of the catcher-processor sector quota among participants. The catcher-processor sector allocation will 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.

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.

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

Co-ops for Catcher-Processors

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.