

**GROUND FISH ADVISORY SUBPANEL REPORT ON TRAWL RATIONALIZATION
 TRAILING ACTIONS**

The Groundfish Advisory Subpanel (GAP) received a report from Mr. Jim Seger and Ms. Jamie Goen on trawl rationalization trailing actions and amendments. The GAP notes that due to recent developments, the agency and Council have less time than anticipated to analyze and implement these actions. With that in mind, the GAP wishes to emphasize that any actions prioritized by the Council should focus on ensuring that the trawl program overall is as effective and efficient as possible. Trailing actions affecting few participants, or non-trawl participants, should receive a lower priority.

To organize our recommendations, the GAP used the Council Action Template (Agenda Item F.8.d) below. Our prioritized recommendations can be found at the end of the document.

F.8.d – Council Action Template

| Agenda Item F.8.a, Att 1. (this attachment) | GAP COMMENTS |
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| Cost Recovery Rule | |
| 1. Cost Recovery (no action anticipated) | The GAP offers no comments on this item. |
| PIE Rule 2 | |
| 2. Quota Share/Quota Pound (QS/QP) Control Rules – Safe Harbors | The GAP offers no comments on this item. |
| A. Risk Pools (no action anticipated) | The GAP offers no comments on this item. |

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| <p>Lenders</p> | <p><i>Lending entities qualifying for an Exception:</i> The GAP recommends alternative 1 and notes this alternative was already endorsed by the GAP and Council at the November 2011 meeting. The GAP is not concerned about quota pounds being stranded as a result of default so does not believe alternative 3 is necessary.</p> <p><i>Scope of the Exception:</i> The GAP recommends alternative 3 and notes this alternative was endorsed by the GAP and Council in November 2011. The GAP recommends modifying the language of alternative 3 slightly to remove the conflict between items C & G in table 1 from Immediate Timeframe Council Priority Trawl Trailing Actions: Descriptions and Next Steps (Agenda Item F.8.a, Attachment 1, Table 1).</p> <p>The new language for alternative 3 would read “Same as alternative 2 but further limit the exception under paragraph C <i>and G</i> so that the lenders exception pertains only to control over the transfer of QS and IBQ...”</p> <p>Finally, the GAP notes that the relative priority of this safe harbor is dependent on the outcome of council action to freeze quota share transfers in 2013. Specifically, this issue is not as critical if permanent trading is prohibited next year.</p> |
| <p>3. Other Lender Issues</p> | <p>The GAP recommends postponing action on these issues at this time.</p> |
| <p>4. Develop a process to certify new observer providers (see NMFS Report 2)</p> | <p>The GAP believes this could benefit the fishery by providing additional flexibility in finding observers to cover a fishing trip. However, the GAP does not believe that this item is as important as several other items on this list.</p> |

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| <p>5. Allow a fixed gear permit and a trawl permit to be registered to the same vessel at the same time</p> | <p>The GAP supports alternative 2 as recommended by the TRREC in November 2011. However, the GAP adds the caveat that permit stacking should not be a means to authorize at-sea processing of trawl program sablefish. The regulations should be drafted to prevent that outcome. For more on this item see Council Action 2 Issue 1 below.</p> |
| <p>6. Change the opt-out requirement for QP deficits</p> | <p>The GAP strongly endorses the alternative authorizing vessels that have opted out of the fishery to avoid a violation to opt back in once they have cured that deficit. This creates flexibility for fishermen and does not pose a threat to the resource. This alternative was endorsed by the Council in November 2011. (The GAP notes that this alternative only applies to deficits that are less than the carryover allowance.)</p> |
| <p>7. Eliminate double filing of co-op reports</p> | <p>The GAP recommends doing away with this burdensome requirement. If it is a relatively easy fix it should go forward at this time, but it does not rise to the same level of priority as some of the other items in this list.</p> |

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| <p>Whiting Season Rule</p> | |
| <p>8. Whiting season opening date and southern allocation</p> | <p>If it is a relatively easy fix, the GAP recommends analyzing an April or May start. The GAP does not recommend analyzing a year round fishery at this time as that is likely to be a much more cumbersome analysis. The GAP also recommends doing away with the early opener in the south. The GAP notes that much of the information for analysis of an early start may already be available based on years when the fishery opened in April.</p> |

Council Action: 2. “Take action as necessary on the NMFS identified trailing actions.”

| Agenda Item F.8.b. NMFS Reports | GAP COMMENTS |
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| NMFS Items for PIE 2 | |
| 1. Sablefish at-sea processing exemption fix | The GAP does not endorse the concept of allowing a fixed gear vessel to process sablefish trawl quota by acquiring a trawl permit. The exemption provided was only intended to apply to fixed gear permits. As mentioned above, the GAP believes the process is already overloaded and any actions adopted by the council should focus on helping the trawl program overall. This item does not meet that bar. |
| 2. Fishery closure language | The GAP offers no comments on this item. |
| 3. First receiver site license changes | The GAP supports efficiencies to reduce the costs of this program. |
| 4. Catch monitor certification requirements | The GAP offers no comments on this item. |
| 5. QS permits and transfers | The GAP offers no comments on this item. |
| 6. Start renewal process 9/15 for LE permit, vessel account, and QS permits | The GAP offers no comments on this item. |
| 7. Observer provider certification | As noted above, the GAP believes this could benefit the fishery by providing additional flexibility in finding observers to cover a fishing trip. However, the GAP does not believe that this item is as important as several other items on this list. |
| 8. Sorting requirements | The GAP offers no comments on this item. |
| 9. Remove 12/15-31 ban on QP transfer | The GAP supports removing the ban on QP transfer at the end of the year. |
| 10. Trawl permit requirements for vessel accounts | The GAP supports reviewing the purpose and functioning of the vessel account system. |
| 11. Clarify processor obligation (could be to >1 MS permit) | The GAP offers no comments on this item. |
| 12. Observer program reg changes | The GAP offers no comments on this item. |
| 13. Change “permit holder” to “vessel owner” | The GAP offers no comments on this item. |
| 14. Process for changes vessel ownership | The GAP offers no comments on this item. |
| 15. Delete initial issuance regs | The GAP offers no comments on this item. |
| 16. Revise regs to reflect gear types in FMP | The GAP offers no comments on this item. |

| NMFS Items for Correction | GAP COMMENTS |
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| 1. Observer coverage required for at-sea processing (unless NMFS waiver) (no action anticipated) | The GAP offers no comments on this item. |
| 2. Observer/offload regs (no action anticipated) | The GAP offers no comments on this item. |
| 3. Coop permit IAD regs refer to regs for permit appeals process (no action anticipated) | The GAP offers no comments on this item. |
| 4. MS/CV permit renewal- processor. obligation to MS permit not MS vessel (no action anticipated) | The GAP offers no comments on this item. |
| 5. List proper form used to transfer an MS/CV end. (no action anticipated) | The GAP offers no comments on this item. |
| 6. Software requirements for e-fish tickets (no action anticipated) | The GAP offers no comments on this item. |

Council Action: “3. Provide guidance as needed on moving forward on gear rule, including placement of the chafing gear issue.”

| Agenda Item F.8.a. Att 4. Gear Rule | GAP COMMENTS |
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| 1. Consider allowing multiple gears onboard a vessel participating in the IFQ fishery | |
| A. Allowing multiple gears onboard a vessel on the same trip | The GAP recommends allowing multiple gears on board. This will create additional flexibility for fishermen, while saving time and fuel. Some gear is difficult to remove, and right now fishermen have to run back and forth when they want to change gear. |
| B. Allowing use of multiple gears on a single trip | This is also an important issue for the GAP. The GAP supports the proposed EC meeting to discuss how to move forward with this and other gear issues. |

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| <p>2. Chafing Gear</p> | <p>This is the GAP's highest priority as most boats in the whiting fishery are currently out of compliance.</p> <p>The GAP supports a short term fix, alternative 2, which will need to be followed by a longer term fix to be developed at the EC meeting described above.</p> |
| <p>3. Allow trawl gear modifications that increase efficiency and selectivity</p> | <p>This is another major GAP priority.</p> <p>We have already seen tremendous bycatch reduction through gear and behavior modifications. Facilitating fishermen's ability to access their full allotment of target stocks while avoiding sensitive stocks should be one of the highest priorities for this program, and removing archaic gear regulations that hinder innovation will help achieve that goal.</p> <p>The GAP recommends that this item be added to the agenda for the EC meeting described above.</p> |

Other issues:

10 Percent Carry Over – The GAP has serious concerns regarding the final outcome of the previously approved 10 percent carry over. A long-term fix is needed for this issue. While it is understood that a legal problem exists due to the potential to exceed the annual catch limit (ACL), the GAP points out that fishing plans, quota pound (QP) transfer and future quota share sales arrangements already exist based on assurances from National Marine Fisheries Service (NMFS) that this problem would be resolved. The industry needs certainty on this issue and feels strongly that the 10 percent carryover should be allowed for all species.

The GAP concerns are as follows:

1. Business plans have been made based on NOAA's prior approval of the 10 percent carryover.
 2. The proposed fix for 2012 only includes carry over for those species, that with a 10 percent carryover plus the projected annual landings, will fall below the ACL.
- There is likely to be no carryover for economic and resource critical species such as Pacific Whiting, Sablefish and Petrale, because the ACL is likely to be fully subscribed.

Sablefish discard mortality credit – The GAP notes that this is an important issue and recommends the flat rate approach. This year, due to QP being required for all catch, the market was flooded with small fish. This caused market disruption and also creates negative implications for the future of the fishery.

Reducing observer costs – This remains a major priority for the GAP. As the GAP noted in November 2011, observer costs, along with all of the other costs impacting the fleet (e.g., buyback loan, high diesel prices, cost recovery), have the potential to increase consolidation and limit profitability.

One promising way to reduce observer costs is with new technology, particularly electronic monitoring. Electronic monitoring is likely to not only reduce monitoring costs, but also increase flexibility in timing of fishing trips, reduce insurance requirements, free up deck and bunk space, and provide a safer fishing experience. The GAP is encouraged by recent signals from the agency that electronic monitoring is likely to begin moving forward this summer. We request that this remain a major priority and that other agency needs not impede the ability to move forward on this issue.

HIGHEST PRIORITIES

Recognizing that NMFS and the Council do not have the time to tackle all of the 36 items listed above, the GAP prioritized our most important issues below. These issues are listed in priority order and have a direct bearing on the success of the trawl program overall, or, in the case of chafing gear, are needed to put the fleet back in compliance with the law. The list below is not meant to suggest that many of the other items listed above are not also incredibly important. It may be that some of the items we supported above could also be moved forward without adding significantly to the workload or preventing any of the items listed here from being accomplished. In that case, the GAP would support moving forward on those items.

In order, here are the GAP's priorities:

- Chafing gear – Necessary to put the whiting fleet back in compliance with the law.
- 10 percent carryover – Critical for business planning, this is a program component that has already been approved and relied upon.
- Observer costs – Program costs are one of the limiting factors to the overall success of this program.
- Stacking permits – This creates efficiency and flexibility. The GAP once again notes that its support for this item should not be construed as support for as-sea processing of trawl sablefish. The regulations should be drafted accordingly.
- Non-whiting trawl gear modifications – This will foster continued gear innovation and access to target stocks.