Regulatory Impact Review/Environmental Assessment/

Final Regulatory Flexibility Analysis

for Proposed **Amendment 92** to the Fishery Management Plan for Groundfish of the Bering Sea and Aleutian Island Management Area and **Amendment 82** to the Fishery Management Plan for Groundfish of the Gulf of Alaska

Modifications to the Groundfish License Limitation Program for BSAI and GOA Trawl Catcher Vessel and Catcher Processor Licenses

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DEFINITIONS AND ASSUMPTIONS FOR THE BSAI/GOA TRAWL LLP AMENDMENT ANALYSIS

The following list provides definitions for a list of selected words or phrases used in the analysis:

- An **LLP license** is a permit issued under the License Limitation Program. It is held by a person, not by a vessel. A license may be held that is not assigned to a vessel, but before the license can be used in a fishery, the vessel upon which the license will be fished must be named. Once a license is assigned to a vessel of appropriate size to engage in directed fishing in accordance with the endorsements of the LLP, the license holder is authorized to deploy that vessel, and the license must be physically on board the vessel when it is engaged in activities authorized by the license.
- An **AFA LLP** is a permit initially issued by NMFS to qualified AFA catcher vessels and processor vessels. An AFA vessel must be named on a valid LLP permit authorizing that vessel to engage in trawling for pollock in the Bering Sea subarea. AFA LLPs can be transferred to another AFA vessel, however, may not be used on a non-AFA CV or a non-AFA CP (§679.4(k)(9)(iii)(3).
- **AFA catcher vessel (CV)** means a catcher vessel permitted to harvest Bering Sea pollock under (§679.4(1)(3).
- **AFA catcher/processor (CP)** means a catcher processor permitted to harvest Bering Sea pollock under (§679.4(1)(2).
- **AFA replacement vessel**–Under provisions of the American Fisheries Act, the owner of an AFA CV or CP may replace such a vessel with a replacement vessel. An example of this includes the replacement for AFA rights of the PACIFIC ALLIANCE to the MORNING STAR (618797), including its AFA license (see http://www.fakr.noaa.gov/ram/06afa_cv.htm).
- **Area Endorsements**–Each license carries one or more area endorsements authorizing entry into fisheries in those areas (e.g., Bering Sea, Aleutian Islands, Western Gulf, Central Gulf).
- **Gear Designation**- Each license carries a gear designation (e.g., trawl and/or non-trawl) authorizing its entry in fisheries with the designated gear.
- **Landing**–For purposes of this report, a trawl catcher vessel landing includes any groundfish landed during one calendar day. Catcher vessel harvests are based upon Alaska Department of Fish and Game (ADF&G) fish ticket files. A trawl catcher processor landing includes any groundfish landed during the same week interval, since catcher processor landings are based upon weekly processor's report (WPR) data and are only specific to a week ending date.
- **MLOA designation**–Each license carries a maximum length overall (LOA) designation, limiting the length of the vessel that may use the license.
- **Non-severability**–The endorsements and designations of a license are non-severable and only transfer with the license.
- **Non-Trawl**–A license was assigned a non-trawl gear designation only if non-trawl gear was used to harvest LLP species from the qualifying fishery during the period beginning June 17, 1995, through January 1, 1998 (§679.4(k)(3)(iv)(D)).
- **Operation-type designation**–Each license carries a designation for either catcher processor or catcher vessel operation. A catcher processor may choose to operate as a catcher vessel, delivering its catch to shore.
- **Qualified permit**–for purposes of this analysis, a qualified permit is one that meets the threshold criterion of either one landing or two landings for the respective qualification period, 2000–2005 or 2000–2006. If the Council selects Alternative 3, Component 1, Option 5, the qualification period includes 2007 harvest.
- **Trawl/non-trawl**–A license was assigned both a trawl and non-trawl gear designation if only both gear types were used to harvest LLP species from the qualifying vessel during the period beginning January 1, 1988 through June 17, 1995 (§679.4(k)(3)(iv)(B)).
- **Trawl**–A license was assigned a trawl gear designation only if trawl gear was used to harvest LLP species from the qualifying during the period beginning January 1, 1988, through June 17, 1995 (§679(k)(3)(iv)(C)).

Disclaimer on harvest data used in this report

The tables presented in this paper estimate the history associated with LLPs by assigning catch history of the originating vessel (i.e., the vessel that earned the licenses) together with the catch history of the vessels assigned the license at particular times. Depending on the circumstances, this method of approximation can overcount or undercount history associated with a license. As a consequence, the numbers of qualifying endorsements presented in the analysis are estimates. Approximately 25% of the 299 trawl licenses have been transferred one or more times, and NMFS does not have a complete record of the vessels assigned to these licenses. Catch history for transferred licenses was estimated based on the best available information at the time the analysis was initiated in 2006.

EXECUTIVE SUMMARY

This Regulatory Impact Review (RIR) was prepared to meet the requirements of Presidential Executive Order 12866 for an evaluation of the benefits and costs, and of the significance, of a proposed Federal regulatory action. The proposed action is Amendment 92 to the Fishery Management Plan for Groundfish of the Bering Sea/Aleutian Island Management Area (BSAI FMP) and Amendment 82 to the Fishery Management Plan for Groundfish of the Gulf of Alaska (GOA FMP). Analysts have also drafted an environmental assessment (EA) and final regulatory flexibility analysis (FRFA) to comply with the National Environmental Policy Act and the Regulatory Flexibility Act, respectively.

The proposed action would amend the BSAI and GOA FMPs and Federal regulations related to the License Limitation Program (LLP) and its application of area endorsements on LLPs held by trawl catcher vessels and trawl catcher processors. Overall, the action under consideration would remove area or subarea endorsements from latent LLP licenses on trawl catcher processors and trawl catcher vessels. Table E–1 and Table E–2 provide data on the current number of trawl CV and trawl CP licenses with BS, AI, CG, and WG endorsements, respectively.

An example of how to read the tables is as follows: there are 148 trawl CV licenses with a BS endorsement and 48 trawl CV licenses with an AI endorsement. Of those 148 licenses with a BS endorsement, 102 have only a BS endorsement and 46 have both BS and AI endorsements. Of those 48 licenses with an AI endorsement, 2 have only an AI endorsement and 46 have both BS and AI endorsements. Thus, the total number of licenses with a BS and/or AI endorsement is 150 (102 + 2 + 46).

Table E–1 Number of trawl CV LLPs endorsed for the BS, AI, CG, and WG

All Trawl CVs	235 licenses	All Trawl CVs	235 licenses
BS	148	BS only	102
AI	48	AI only	2
CG	176	BS and AI	46
WG	160	CG only	58
		WG only	42
		CG and WG	118

Source: NMFS Restricted Access Management LLP file (Jan 6, 2008)

Table E–2 Number of trawl CP LLPs endorsed for the BS, AI, CG, and WG

All Trawl CPs	64 licenses	All Trawl CPs	64 licenses
BS	62	BS only	9
AI	54	AI only	1
CG	27	BS and AI	53
WG	26	CG only	11
		WG only	10
		CG and WG	16

Source: NMFS Restricted Access Management LLP file (Jan 6, 2008)

The suite of alternatives, components, and options considered is provided in Section 2.4. Table E - 3 provides a general outline of the alternatives, components, and options considered by the Council.

Table E - 3 Summary of the alternatives, components, and options considered

COMPONENT	ALTERNATIVES and OPTIONS		
	ALTERNATIVE 1. No action.	**ALTERNATIVE 2.** Remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs, unless the license meets a minimum landing threshold in the overall management area (BSAI or GOA).	**ALTERNATIVE 3.** Remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs, unless the license meets a minimum landing threshold in the specified subarea.
Component 1: Landings thresholds	N/A	**Option 1.** One groundfish landing during 2000–2005. **Option 2.** Two groundfish landings during 2000–2005. **Option 3.** [One or two] groundfish landings during 2000–2006. Suboption: Apply Op. 3 only to BSAI endorsements **Option 4.** Exempt BSAI endorsements on trawl LLPs with MLOA <60' with trawl or non-trawl landings in the BSAI directed Pacific cod (P. cod) fishery of [one landing, two landings, or 200 mt in any one year 2000–2005]. **Option 5.** (Only applicable under Alternative 3). To retain both GOA area endorsements, the trawl CV LLP must meet the landings criteria selected under Alternative 3, Options 1, 2, or 3, for a specific subarea, plus have participation in either subarea in 2005, 2006, or 2007 of at least [20, 30, or 40] landings.	
Component 2: Stacked LLPs	N/A	Provision: Groundfish harvest history is credited to each LLP stacked on a single vessel at the time of the landing. Suboption: At the time of implementation, stacked LLPs will remain linked and cannot subsequently be separated.	
Component 3: Amendment 80 GOA exemption	N/A	**Option** to exempt LLPs originally issued to vessels qualified under BSAI Am. 80 and LLPs used for eligibility in Am. 80 from the GOA landing thresholds.	
Component 4: Adding new AI endorsements to trawl LLPs	N/A	**Option 1.** Award AI endorsements to non-AFA trawl CV <60' MLOA LLPs, if they have landings of at least [50 mt, 250 mt, or 500 mt] in the AI parallel P.cod fishery in 2000–2006. **Option 2.** Award AI endorsements to non-AFA trawl CV ≥60' MLOA LLPs if they have at least one landing in the AI parallel groundfish fishery or AI State water P. cod fishery in 2000–2006, and [500 mt or 1,000 mt] in the BSAI P. cod fishery in 2000–2006. **Option 3.** All AI endorsements issued under Component 4 shall be severable and transferrable. The AI endorsements can only be transferred to a non-AFA trawl CV LLP with an MLOA of <60' or ≥60', as applicable.	
Exemptions **[Note: these are provisions, not options.]**	N/A	• Exempt BSAI LLP endorsements originally issued to vessels qualified under the AFA and any non-AFA BSAI LLPs assigned to AFA vessels not having any other license. (Applies to CPs and CVs.) • Exempt CG subarea endorsements on CG rockfish pilot program qualified licenses. (Applies to CPs and CVs.) • Exempt BSAI LLP endorsements originally issued to vessels qualified under Am. 80 and BSAI LLPs used for eligibility in Am. 80.	

Note: This table provides a general summary outline of the components, alternatives, and options. See Section 2.4 for the exacting wording of the alternatives and options under consideration.

There are three primary alternatives considered in this analysis. **Alternative 1** (no action) would not make any changes to the current License Limitation Program. **Alternative 2** would remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the overall management area (BSAI and/or GOA). **Alternative 3** would remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the specified subarea. Thus, the only difference between Alternative 2 and Alternative 3 is the basis for applying the landing thresholds. Alternative 2 would remove subarea endorsements on latent trawl licenses by applying the threshold criteria at the management area level, i.e. BSAI and GOA. Alternative 3 would remove subarea endorsements on latent trawl licenses by applying the threshold criteria at the management subarea level, i.e., BS, AI, WG, and CG.

In effect, if the license at issue has only one area endorsement and it does not meet the landing threshold selected, the entire license is extinguished. If the license at issue has multiple area endorsements and it does not meet the landing threshold for a specific area, the license would be reissued with only the area endorsements for which it qualifies. The area endorsement for which the license does not qualify would be removed.

There are several exemptions to the action proposed under Alternatives 2 and 3. BSAI LLP endorsements originally issued to AFA vessels and any non-AFA BSAI LLP endorsements assigned to AFA vessels not having any other license are exempt. In addition, Central Gulf endorsements on Central Gulf rockfish pilot program LLPs are exempt. Finally, BSAI LLP endorsements originally issued to qualified Amendment 80 vessels and LLPs used for eligibility in Amendment 80 are exempt.

There are four components that outline the details of the action alternatives; the exact same components are applicable under Alternative 2 and Alternative 3. **Component 1** describes the minimum landing thresholds that trawl licenses would need to meet in order to retain their area or subarea endorsements. These thresholds are either one or two landings in the specified area, during the period 2000 through 2005 or 2000 through 2006. As noted in the respective tables for the various fleets, the number of licenses meeting the one landing and two landings thresholds are relatively similar. Component 1 includes an option to exempt BSAI endorsements on LLPs with an MLOA of <60' with trawl or non-trawl landings in the BSAI directed Pacific cod fishery, during the period 2000 through 2005.

Component 2 is a provision, in that the Council previously determined that groundfish harvest history will be credited to each LLP that is stacked on a single vessel at the time of the landing. This decision was essential to complete the analysis of impacts. A suboption to this provision would require that, at the time of implementation of the proposed rule, stacked licenses would remain linked and could not subsequently be utilized as separate licenses. There are several outstanding questions associated with this suboption.

Component 3 provides an option to exempt GOA LLP endorsements originally issued to vessels qualified under Amendment 80, and those used for eligibility in Amendment 80, from the GOA landing thresholds.

Component 4 proposes to create new AI endorsements on trawl LLPs that meet specified criteria. An option is proposed to award AI endorsements to non-AFA trawl catcher vessel LLPs with an MLOA of <60', if landing thresholds are met in the Aleutian Islands parallel Pacific cod fishery during the period 2000 through 2006. A second option would award AI endorsements to non-AFA trawl catcher vessel LLPs with an MLOA of ≥60', if they have one landing in the Aleutian Islands parallel Pacific cod fishery during 2000 through 2006 <u>or</u> in the Aleutian Islands State-water Pacific cod fishery, <u>and</u> meet landings

thresholds in the BSAI Pacific cod fishery in the period 2000 through 2006. A third option would allow the new AI endorsements, created under this component, to be severable from the overall license and transferable to any non-AFA trawl CV LLP with the appropriate length designation (<60' or ≥60').
Overall, Component 4 could potentially add an estimated 12 to 15 new AI endorsements, awarded to eligible non-AFA trawl CV LLPs. This is the possible range if Option 1 and Option 2 were both selected. Note that under Option 3, these AI endorsements would be severable and transferable, unlike any other endorsement in the current License Limitation Program. Currently, endorsements are not severable from the overall license. This option was proposed to create more opportunity for the endorsements to be used in the AI.

Thus, Component 1 and Component 4 are diametrically opposed management actions (i.e., extinguishing area endorsements under Component 1, while creating new AI endorsements under Component 4), which creates some incongruity in the supporting analysis. The Council's problem statement for the proposed action (see Section 2.1) provides the primary rationale for including Component 4. In effect, there is concern that there is a need to increase the number of valid non-AFA trawl LLPs in the Aleutian Islands management area, such that a resident fishing fleet can develop in Adak and participate in the Pacific cod, Pacific ocean perch, and Atka mackerel fisheries in the AI. Due to this identified need, the Council agreed to consider different criteria for trawl CV area endorsement eligibility in the AI. However, the action is not limited to proposing criteria that are less restrictive in the AI than those proposed for other areas; options are instead proposed to create new AI endorsements for the non-AFA trawl CV sector.

The primary action under consideration is the removal of trawl LLP area endorsements. Table E–4 is a summary table for the trawl CV sector; it shows the effect of applying the landings criteria, (Component 1, Options 1–3) proposed under Alternatives 2 and 3, to the trawl CV sector. This table accounts for the three exemptions described above that are provisions of this action. Table E–4 applies to the trawl CV sector and, therefore, excludes AFA licenses from the BSAI endorsement thresholds and CG rockfish pilot program licenses from the CG endorsement thresholds.

Table E–4 Number of trawl CV licenses that qualify under Alternatives 2 and 3, Component 1, Options 1–3, with exemptions applied

Alternative	Endorsement	Harvest Area[1]	Number of endorsements	Option 1 Option 2 2000-2005		Option 3 2000-2006	
				1 Landing	2 Landings	1 Landing	2 Landings
ALT 2	AI	AI or BS	6	1	1	1	1
ALT 3	AI	AI only	6	1	1	1	1
ALT 2	BS	AI or BS	47	14	13	15	14
ALT 3	BS	BS only	47	14	13	15	14
ALT 2	CG	CG or WG	130	78	72	80	72
ALT 3	CG	CG only	130	49	39	49	39
ALT 2	WG	CG or WG	160	96	86	98	86
ALT 3	WG	WG only	160	79	65	82	65

[1]Harvest area means the management area in which the landings must be made in order to keep the endorsement.
Source: ADF&G fishticket files merged to a January 6, 2008 RAM Division LLP file.
Note: This table excludes trawl CV licenses that are exempt under this action (CG rockfish licenses are excluded from the CG; AFA licenses, as well as 2 non-AFA licenses attached to AFA CVs, are excluded from the BSAI).

In sum, for the universe of trawl CV LLPs subject to Component 1:

- The number of AI endorsed licenses would be reduced from 6 to 1 under Alternative 2 or 3
- The number of BS endorsed licenses would be reduced from 47 to between 13 and 15 under Alternative 2 or 3

- The number of CG endorsed licenses would be reduced from 130 to between 72 and 80 under Alternative 2 or between 39 and 49 under Alternative 3
- The number of WG endorsed licenses would be reduced from 160 to between 86 and 98 under Alternative 2 or between 65 and 82 under Alternative 3

Under Alternative 3, there is a separate option (Option 5) that would allow trawl CV licenses to retain both their WG and CG endorsements, if they have a significant number of landings (20, 30, or 40 landings) in at least one of the Gulf areas in recent years (2005, 2006, or 2007). Option 5, thus, allows more licenses to qualify to retain their Gulf endorsements than Alternative 3 alone, but fewer to qualify than under Alternative 2.

Table E–5 shows the effect of applying the landings criteria under Alternative 3, Component 1, Option 5, to the trawl CV sector. This table shows the *additional* number of trawl CV licenses that would qualify to retain their Gulf endorsements, over and above those that qualify under Alternative 3, Options 1–3.

Table E–5 Number of additional trawl CV licenses with WG or CG endorsements that do not qualify under Alternative 3, Options 1, 2, or 3, but do qualify under Alternative 3, Option 5

Endorsement	Option under Alternative 3 & number of qualifying licenses		Additional licenses that qualify under Option 5 Landings in either 2005 or 2006 or 2007		
			20 landings	30 landings	40 landings
CG	Option 1	2000-2005, 1 landing (49 licenses)	10	2	0
CG	Option 2	2000-2005, 2 landings (39 licenses)	11	2	0
CG	Option 3	2000-2006, 1 landing (49 licenses)	10	2	0
CG		2000-2006, 2 landings (39 licenses)	11	2	0
WG	Option 1	2000-2005, 1 landing (79 licenses)	10	7	2
WG	Option 2	2000-2005, 2 landings (65 licenses)	12	9	3
WG	Option 3	2000-2006, 1 landing (82 licenses)	10	7	2
WG		2000-2006, 2 landings (65 licenses)	12	9	3

Source: ADF&G fishticket files merged to a January 6, 2008 RAM Division LLP file.
Note: This table excludes trawl CV licenses exempt under this action (CG rockfish licenses are excluded from the CG).

Table E–5 shows that Option 5 would qualify several additional CG and WG endorsed licenses. In sum:

- 2 to 11 additional CG endorsed trawl CV licenses qualify under Alternative 3, Option 5
- 2 to 12 additional WG endorsed trawl CV licenses qualify under Alternative 3, Option 5

Note that although the language of the option is somewhat complicated, the intent under Option 5 is that a license holder could still qualify to retain their CG and WG endorsements simply by meeting the one or two landings criteria under Alternative 3. However, for those license holders that only meet the one or two landings criteria under Alternative 3, for one Gulf subarea (e.g., CG), Option 5 allows them an opportunity to retain both their CG and WG endorsements, if they have 20, 30, or 40 landings in either Gulf area in 2005, 2006, or 2007. Thus, participants with recent landings in only one Gulf area may retain both their CG and WG endorsements by meeting the higher threshold proposed in Option 5. This option was proposed in part to allow active participants in the CG to keep their WG endorsements, as several of the Western Gulf TACs (e.g., pollock, flatfish, Pacific cod) have not been fully harvested in recent years.

Table E–6 is the summary table for the trawl CP sector. It takes into account all of the primary exemptions and, therefore, excludes AFA licenses from the BSAI endorsement thresholds; CG rockfish pilot program licenses from the CG endorsement thresholds; and Am. 80 licenses from the BSAI endorsement thresholds. Note that the Council determined that CP licenses are credited with their landings, whether they were operating as a CP or CV at the time of the landing; thus, this approach was applied throughout the data analysis.

Table E–6 Number of trawl CP licenses that qualify under Component 1, Options 1–3, with exemptions applied

Alternative	Endorsement	Harvest Area	Number of endorsements	Option 1 Option 2 2000-2005		Option 3 2000-2006	
				1 Landing	2 Landings	1 Landing	2 Landings
ALT 2	AI	AI or BS	8	4	4	4	4
ALT 3	AI	AI only	8	2	2	2	2
ALT 2	BS	AI or BS	7	3	3	3	3
ALT 3	BS	BS only	7	3	3	3	3
ALT 2	CG	CG or WG	10	5	5	5	5
ALT 3	CG	CG only	10	5	3	5	3
ALT 2	WG	CG or WG	26	21	20	21	20
ALT 3	WG	WG only	26	19	19	19	19

[1]Harvest area means the management area in which the landings must be made in order to keep the
Source: ADF&G fishticket files and WPR landings data merged to a January 6, 2008 RAM Division LLP file.
Note: This table excludes trawl CP licenses that are exempt under this action (AFA and Am. 80 licenses are excluded from the BSAI; CG rockfish licenses are excluded from the CG).

In sum, for the universe of trawl CP LLPs subject to Component 1:

- The number of AI endorsed licenses would be reduced from 8 to 4 under Alternative 2 or from 8 to 2 under Alternative 3
- The number of BS endorsed licenses would be reduced from 7 to 3 under Alternative 2 or 3
- The number of CG endorsed licenses would be reduced from 10 to 5 under Alternative 2 or to between 3 and 5 under Alternative 3
- The number of WG endorsed licenses would be reduced from 26 to either 20 or 21 under Alternative 2 or to 19 under Alternative 3

Analysis of the entire suite of action alternatives, components, and options is provided in Section 2.7.

Council Preferred Alternative

At its April 2008 meeting, the Council recommended Alternative 3 as its preferred alternative (see Table E - 7 below). The Council also selected specific options under each component of Alternative 3. Essentially, the Council recommends that the area (BS, AI, WG, and/or CG) endorsements on trawl LLPs be removed unless the license has two trawl groundfish landings during the period 2000 through 2006. The Council also recommended that for trawl CV LLPs with both CG and WG endorsements, one may retain both GOA area endorsements, if the license met the criteria under Alternative 3 (i.e., 2 trawl landings during 2000 through 2006) in one of the GOA management areas (e.g., WG or CG) and has at least 20 groundfish trawl landings in the same area in 2005, 2006, or 2007. Note that the landings thresholds under Alternative 3 include trawl landings in the parallel and federal groundfish fisheries. Catcher processor licenses are credited with their landings whether they were operating as a catcher processor or a catcher vessel at the time of landing.

Note that under both of the action alternatives, including the Council's preferred alternative, groundfish harvest history is credited to each LLP stacked on a single vessel at the time of the landing. However, the Council's final motion noted that in future actions, particularly those involving allocations, the Council may credit catch to a single license in cases in which multiple licenses are stacked on a vessel.

Finally, the Council also included Component 4 as part of its preferred alternative, which has the potential to create new AI endorsements on non-AFA trawl CV LLPs that meet specific criteria. The preferred alternative would award AI endorsements to non-AFA trawl CV <60' MLOA LLPs, if they harvested at least 500 mt of Pacific cod in the AI parallel Pacific cod fishery during 2000 through 2006. These endorsements would be severable from the overall license and could be transferred to another non-AFA trawl CV LLP with a trawl CV designation and an MLOA designation of <60'.

The preferred alternative would also award AI endorsements to non-AFA trawl CV ≥60' MLOA LLPs, if they have at least one landing in the AI parallel groundfish fishery or AI State-water Pacific cod fishery in 2000 through 2006, and harvested at least 1,000 mt of BSAI Pacific cod in 2000 through 2006. These AI endorsements are not severable from the overall license.

Table E - 7 Summary of the Council's preferred alternative in BSAI Amendment 92 and GOA Amendment 82

COMPONENT	ALTERNATIVES and OPTIONS
	ALTERNATIVE 3. Remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the specified subarea.
Component 1: Landings thresholds	**Option 3.** Two groundfish landings during 2000–2006. **Option 5.** (Only applicable under Alternative 3). To retain both GOA area endorsements, the trawl CV LLP must meet the landings criteria selected under Alternative 3, Option 3 (two landings), for a specific subarea, plus have participation in either subarea in 2005, 2006, or 2007 of at least 20 landings.
Component 2: Stacked LLPs	Provision: Groundfish harvest history is credited to each LLP stacked on a single vessel at the time of the landing.
Component 3: Amendment 80 GOA exemption	**No option selected.**
Component 4: Adding new AI endorsements to trawl LLPs	**Option 1.** Award AI endorsements to non-AFA trawl CV <60' MLOA LLPs if they have landings of at least 500 mt in the AI parallel Pacific cod fishery in 2000–2006. **Option 2.** Award AI endorsements to non-AFA trawl CV ≥60' MLOA LLPs if they have at least one landing in the AI parallel groundfish fishery or AI State water Pacific cod fishery in 2000–2006, and 1,000 mt in the BSAI Pacific cod fishery in 2000–2006. **Option 3.** AI endorsements issued under Component 4, Option 1 shall be severable and transferrable. The AI endorsements can only be transferred to a non-AFA trawl CV LLP with an MLOA of <60'.
Exemptions	• Exempt BSAI LLP endorsements originally issued to vessels qualified under the AFA and any non-AFA BSAI LLPs assigned to AFA vessels not having any other license. (Applies to CPs and CVs). • Exempt CG subarea endorsements on CG rockfish pilot program qualified licenses. (Applies to CPs and CVs). • Exempt BSAI LLP endorsements originally issued to vessels qualified under Am. 80 and BSAI LLPs used for eligibility in Am. 80.

Note: This table provides a general summary outline of the Council's preferred alternative. See Appendix 4 for the exact wording of the Council motion.

Table E - 8 and Table E - 9 show the number of endorsed trawl CV and trawl CP licenses estimated to remain eligible and estimated to be removed under the Council's preferred alternative, respectively. Note that because the Council's preferred alternative includes options under Component 4 that would create up to 12 new AI endorsements on non-AFA trawl CV licenses, the total number and percent of AI endorsed licenses remaining in the fisheries increases compared to the status quo.

Table E - 8 Number of endorsed trawl CV LLPs remaining in the groundfish fisheries, by area, under the preferred alternative[1]

Area	Current number of endorsements	Number of licenses removed	Number of exempt licenses	Number of qualifying licenses	Number of new AI endorsements created	**Total number and percent of endorsed licenses remaining under Council PA**	
AI	48	5	42	1	12	**55**	**115%**
BS	148	33	101	14	n/a	**115**	**78%**
CG	176	80	46	50	n/a	**96**	**55%**
WG	160	83	0	77	n/a	**77**	**48%**

[1]The Council's preferred alternative related to qualifying trawl CV licenses is Alternative 3, Option 3 (2 landings, 2000 – 2006) and Option 5 (20 landings). It also includes Component 4, Options 1 and 2, which is estimated to create 12 new AI endorsements on non-AFA trawl CV licenses.

Table E - 9 Number of endorsed trawl CP LLPs remaining in the groundfish fisheries, by area, under the preferred alternative[1]

Area	Current number of endorsements	Number of licenses removed	Number of exempt licenses	Number of qualifying licenses	**Total number and percent of endorsed licenses remaining under Council PA**	
AI	54	6	46	2	**48**	**89%**
BS	62	4	55	3	**58**	**94%**
CG	27	7	17	3	**20**	**74%**
WG	26	7	0	19	**19**	**73%**

[1]The Council's preferred alternative related to qualifying trawl CP licenses is Alternative 3, Option 3 (2 landings, 2000 – 2006).

Note that the Council reiterated that Alternative 3 applies to all trawl CV and CP LLPs in the areas specified, except for those identified in the following exemptions:

1. Exempt BSAI LLP endorsements originally issued to vessels qualified under the AFA and any non-AFA BSAI LLPs assigned to AFA vessels not having any other license. (Applies to CPs and CVs.)
2. Exempt CG subarea endorsements on CG rockfish pilot program qualified licenses. (Applies to CPs and CVs.)
3. Amendment 80 exemption from BSAI landings thresholds: Exempt BSAI LLP endorsements originally issued to vessels qualified under Am. 80 and BSAI LLPs used for eligibility in Am. 80.

These exemptions were provisions of the action, established primarily because the participants in these specific rationalization programs (AFA, Central GOA rockfish pilot program, and BSAI Amendment 80) have already met specified and more detailed thresholds for these specific management areas in order to participate in these programs. In effect, the AFA licenses and Amendment 80 licenses are only subject to the CG and WG endorsement criteria proposed in this action; the CG rockfish licenses are only subject to the BS, AI, and WG endorsement criteria proposed in this action.

1.0 INTRODUCTION

The groundfish fisheries in the Exclusive Economic Zone (EEZ) off Alaska are managed by the National Marine Fisheries Service (NMFS) under the authority of the Magnuson-Stevens Fishery Conservation and Management Act (MSA). Under the authority of the MSA, the North Pacific Fishery Management Council (Council) developed Fishery Management Plans for the groundfish fisheries of the Gulf of Alaska management area (GOA) and Bering Sea and Aleutian Islands management area (BSAI). The proposed action represents Amendment 92 to the Fishery Management Plan for Groundfish of the Bering Sea/Aleutian Island Management Area (BSAI FMP) and Amendment 82 to the Fishery Management Plan for Groundfish of the Gulf of Alaska (GOA FMP), as well as changes to Federal regulations.

This Regulatory Impact Review (RIR) evaluates the costs and benefits of proposed amendments that would make changes to the License Limitation Program (LLP) for trawl catcher vessels and trawl catcher processors that participate in the BSAI and GOA groundfish fisheries. The proposed amendments apply landings criteria to trawl groundfish licenses with area endorsements for the Bering Sea (BS), Aleutian Islands (AI), the Western Gulf of Alaska (WG), and Central Gulf of Alaska (CG). The primary intent of the amendment is to prevent latent groundfish trawl fishing capacity, or vessels using LLPs with the respective area endorsements that have not been utilized in recent years, from future re-entry into the fishery. In addition, these amendments apply landings criteria to qualify a limited number of non-AFA trawl CV licenses to earn a new AI endorsement on their license. This portion of the amendment is intended to increase the number of vessels fishing for groundfish in the Aleutian Islands, and thus facilitate economic development in the community of Adak through increased opportunities for a resident fishing fleet and shoreside processing.

Presidential Executive Order 12866, the National Environmental Policy Act (NEPA), and the Regulatory Flexibility Act (RFA) mandate that certain issues be examined before a final decision is made. The RIR and environmental assessment required under NEPA are contained in Chapters 2.0 and 3.0, respectively. Chapter 4.0 provides a Final Regulatory Flexibility Analysis as required under the RFA. Chapter 5.0 includes a description of how the proposed action is consistent with the Magnuson-Stevens Act. References, the list of preparers, and the list of persons consulted are provided in Chapters 6.0, 7.0, and 8.0, respectively.

2.0 REGULATORY IMPACT REVIEW

An RIR is required under Presidential Executive Order (E.O.) 12866 (58 FR 51735; October 4, 1993). The requirements for all regulatory actions specified in E.O. 12866 are summarized in the following statement from the order:

> *"In deciding whether and how to regulate, agencies should assess all costs and benefits of available regulatory alternatives, including the alternative of not regulating. Costs and benefits shall be understood to include both quantifiable measures (to the fullest extent that these can be usefully estimated) and qualitative measures of costs and benefits that are difficult to quantify, but nonetheless essential to consider. Further, in choosing among alternative regulatory approaches agencies should select those approaches that maximize net benefits (including potential economic, environmental, public health and safety, and other advantages; distributive impacts; and equity), unless a statute requires another regulatory approach."*

E.O. 12866 requires that the Office of Management and Budget review proposed regulatory programs that are considered to be "significant." A "significant regulatory action" is one that is likely to:

- Have an annual effect on the economy of $100 million or more or adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, and local or tribal governments or communities;
- Create a serious inconsistency or otherwise interfere with an action taken or planned by another agency;
- Materially alter the budgetary impact of entitlements, grants, user fees, or loan programs, or the rights and obligations of recipients thereof; or
- Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in this Executive Order.

2.1 Problem Statement

The sectors potentially affected by the proposed amendments include trawl CV and trawl CP groundfish LLP permit holders with BS, AI, WG, and CG[1] subarea endorsements. Alternatives under consideration would remove the area endorsements on these permits if the licenses did not meet specified harvest thresholds (landings criteria). If the trawl license at issue has only one area endorsement and it does not meet the landing threshold selected, the entire license is extinguished. If the license at issue has multiple area endorsements and it does not meet the landing threshold for a specific area, the license would be reissued with only the area endorsements for which it qualifies. The area endorsement for which the license does not qualify would be removed. This action only applies to trawl area endorsements and does not change non-trawl area endorsements. For example, if a single license has a trawl, non-trawl, and AI area endorsement and the license does not have sufficient trawl landings to retain the AI endorsement under this action, the license would retain the AI endorsement for use with its non-trawl designation only. In addition, there are options to create new AI endorsements for non-AFA trawl CV license holders meeting specified criteria.

The rationale for this action is concern over the impacts that potential future entry of latent effort would have on current LLP permit holders that participate in the groundfish fisheries. Latent effort is comprised of valid LLPs that have not been utilized in the trawl groundfish fisheries in recent years. Recency, as

[1]Note that under LLP area designations, the Central Gulf subarea includes West Yakutat.

defined by the alternatives, has been determined by the Council to be participation during the most recent 6-year or 7-year period from 2000 through 2005 or 2000 through 2006, respectively. The Council noted that LLP holders currently fishing the BSAI and GOA groundfish trawl fisheries have made significant investments, have long catch histories, and are economically dependent on the groundfish resources from these areas. This action is intended to provide protection for currently participating permit holders from those permit holders who could re-enter the fisheries in the future using a latent license.

As noted above, this action affects trawl LLP area designations (BS, AI, WG, CG), by applying threshold criteria at the overall management area (BSAI and GOA) or subarea (BS, AI, WG, CG) level in order to retain the endorsement. The species included for qualification under the amendment include all species of trawl harvested groundfish in the above areas. Invertebrates (squid, octopus, crab), prohibited species (salmon, crab, herring, halibut, and steelhead), other species (sculpins, skates, and sharks), and forage fish are not included. The list of groundfish species is provided in Appendix 1.

The Council adopted the following problem statement on June 11, 2006:

> Trawl catcher vessel eligibility is a conflicting problem among the Bering Sea, Gulf of Alaska, and Aleutian Islands. In the Bering Sea and Gulf of Alaska, there are too many latent licenses, and in the Aleutian Islands there are not enough licenses available for trawl catcher vessels.
>
> In the Bering Sea and Aleutian Island (BSAI), and the Gulf of Alaska (GOA), the trawl catcher vessel groundfish fisheries in the BSAI and trawl vessel groundfish fisheries in the GOA are fully utilized. In addition, the existence of latent licenses may exacerbate the disadvantages to GOA dependant CVs resulting from a lack of comprehensive rationalization in the GOA. Competition for these resources is likely to increase as a result of a number of factors, including Council actions to rationalize other fisheries, favorable current market prices, and a potential for TAC changes in future years. Trawl vessel owners who have made significant investments, have long catch histories, and are dependent upon BSAI and GOA groundfish resources need protection from others who have little or no recent history, and with the ability to increase their participation in the fisheries. This requires prompt action to promote stability in the trawl catcher vessel sector in the BSAI, and trawl vessel sector in the GOA, until comprehensive rationalization is completed.
>
> In the Aleutian Islands, previous Congressional and Council actions reflect a policy encouraging economic development of Adak. The opportunity for non-AFA CVs to build catch history in the AI was limited until markets developed in Adak. The analysis indicates that there are only six non-AFA CV trawl AI endorsed LLPs. The Congressional action to allocate AI pollock to the Aleut Corporation for the purpose of economic development of Adak requires that 50 percent of the AI pollock eventually be harvested by <60' vessels. The Council action under Amendment 80 (Am. 80), to allocate a portion of AI Pacific ocean perch and Atka mackerel to the limited access fleet, does not modify AFA CV sideboard restrictions, thus, participation is effectively limited to non-AFA vessels with AI CV trawl LLP endorsements. A mechanism is needed to help facilitate the development of a resident fishing fleet that can fish in both State and Federal waters. The Council will consider different criteria for the CV eligibility in the AI.

The main focus of the action is to reduce the future potential for an increase in trawl groundfish fishing effort from LLPs currently unused or underutilized in all areas. However, the last paragraph of the problem statement addresses the need to increase the number of valid non-AFA trawl LLPs in the Aleutian Islands management area, and is therefore different in its objective from the action proposed for other management areas included in the amendments.

This action addresses a number of other aspects of LLPs in the BSAI and GOA groundfish fisheries, including a provision for dealing with multiple (stacked) LLPs on a single vessel, and an option to exempt LLPs originally issued to vessels qualified under Amendment 80, and LLPs used for eligibility in Amendment 80, from the GOA landing thresholds.

In addition, there are three primary exemptions that are explicitly stated under the action alternatives:

- Exempt BSAI LLP endorsements originally issued to vessels qualified under the AFA, and any non-AFA BSAI LLPs assigned to AFA vessels not having any other license. (Applies to CPs and CVs).
- Exempt CG subarea endorsements on CG rockfish pilot program qualified licenses. (Applies to CPs and CVs.)
- Exempt BSAI LLP endorsements originally issued to vessels qualified under Am. 80 and BSAI LLPs used for eligibility in Am. 80.

The following general parameters may help in understanding the effects of the proposed action:

The amendment will….

- implement threshold criteria for trawl groundfish LLPs and extinguish area endorsements for those permits that have not been utilized during the years under consideration (2000 through 2005 or 2000 through 2006). Alternative 2 or Alternative 3 would limit participation in the trawl groundfish fisheries in the BSAI and GOA to current levels by preventing future re-entry of latent licenses.

- mean that future individual gross revenues from groundfish harvests in the respective management areas would not be diluted by entry of additional fishing effort as represented by latent LLPs. Those LLP holders with participation in the trawl groundfish fisheries (i.e., those meeting the selected threshold criteria) would be protected from possible future use of latent licenses and a reduction of their gross revenue share due to newly entered participants.

The amendment will not….

- result in production efficiencies to LLPs that meet the threshold criteria of the nature generally ascribed to a rationalization program. Following implementation of the amendment, each qualified LLP holder will still have an incentive to expand effective fishing effort and maximize their respective share of the gross revenues to be earned in the trawl groundfish fisheries.

- necessarily result in an "optimum" harvesting capacity in any of the sectors or areas, however that term may be interpreted. The Council selected two very modest threshold levels for application of the exclusion criterion: one landing or two landings over either six years (2000 through 2005) or seven years (2000 through 2006). The number of latent LLPs to be removed under any of these choices was not based on a predetermined "optimum" capacity for the trawl groundfish fleet. The action should be regarded as a modest step in the fisheries management continuum between the status quo and a fully rationalized trawl groundfish fishery. It is one step, rather than a comprehensive approach, to fully resolve long-term participation and resource access issues in the trawl groundfish fishery.

2.2 Background

2.2.1 History of the LLP Program

This section provides a brief summary on the history of the License Limitation Program, in order to provide the necessary context for the proposed action. The LLP limits access to the groundfish and crab

fisheries in the Bering Sea and Gulf of Alaska.[2] In the mid to late 1990s, the Council developed the LLP to address capacity concerns and take a first step toward rationalization of the groundfish fisheries under its management. Fishing under the program began in 2000. The LLP established criteria for the issuance of licenses to persons, based on fishing history of their vessels. This section also briefly summarizes the primary provisions applicable to trawl participants.

The LLP defined a general qualification period (GQP) and an endorsement qualification period (EQP), both of which must have been satisfied for a management subarea in order for a vessel owner to receive a license. Vessels that met requirements for more than one subarea endorsement were issued a single, non-severable LLP license with multiple area endorsements. GQP and EQP criteria differed across areas and subareas, and included a variety of exceptions meant to address specific circumstances in the different areas. Table 1 shows the primary GQP and EQP requirements applicable to trawl vessels in the various BSAI and GOA subareas. In general, the endorsements and EQP catch requirements applied to a single subarea. However, the Central Gulf endorsement and EQP catch requirements treated the Central Gulf and West Yakutat subareas as a single subarea. Therefore, catch history in either the Central Gulf or West Yakutat qualified a vessel for a Central Gulf endorsement, which qualified a vessel to participate in the Central Gulf and West Yakutat. EQP requirements differed across the different endorsement areas.[3]

Table 1 General LLP license issuance criteria

Management Area	***GQP requirement*** ***(Jan. 1, 1988–June 27, 1992)***	***Endorsement Area***	***Vessel length and operation***	***EQP requirement*** ***(Jan. 1, 1992–June 17, 1995)***
Bering Sea/ Aleutian Islands	One landing	Bering Sea	All vessels	One landing
		Aleutian Islands		One landing
Gulf of Alaska	One landing	Western Gulf	CVs ≥125' and CPs ≥60'	One landing in at least two calendar years
			CVs < 125' and CPs <60'	One landing
		Central Gulf (inc. Central Gulf and West Yakutat)	All vessels ≥60'	One landing in at least two calendar years
			All vessels <60'	One landing

In addition to the different area endorsements, LLP licenses also carry a designation for operation type (i.e., catcher processor or catcher vessel), gear (trawl or non-trawl), and vessel length (see text box below). LLP licenses were issued catcher processor designations if groundfish were processed on the vessel during the period from January 1, 1994 through June 17, 1995, or the last calendar year of the EQP. It is important to recognize that licenses of either operation type (i.e., catcher vessel or catcher

[2] Amendment 39 to the BSAI groundfish plan and Amendment 41 to the groundfish plan for the GOA established the LLP. The rules governing the LLP are contained in 50 CFR 679.4(k).

[3] Persons fishing only inside 3 nm (i.e., in state waters only) were eligible for an LLP license based on their State water participation. However, persons that never acquired a federal fisheries permit (FFP), which is required for participation in fisheries in Federal waters, were issued LLPs that are not transferable from the originating vessel.

processor) authorize participation as a catcher vessel; Therefore, removing inactive catcher vessel licenses does not affect the potential effort of holders of catcher processor licenses in the catcher vessel sector.[4]

Each license carries a gear designation (trawl or non-trawl) based on the gear used on the vessel during the period beginning January 1, 1988, through June 17, 1995. If a vessel used both trawl and non-trawl gear during this period, its license was designated for both gear types.

Trawl LLP License Endorsements and Designations
Area endorsements–Each license carries one or more subarea endorsements authorizing entry to fisheries in those subareas (BS, AI, CG, or WG).
Operation-type designations–Each license carries a designation for either catcher processor operation or catcher vessel operation. A catcher processor may choose to operate as a catcher vessel, delivering its catch to shore.
Gear designation–Each license carries a gear designation, trawl and/or non-trawl, authorizing its entry in fisheries for the designated gear.
MLOA designation–Each license carries a maximum LOA designation limiting the length of the vessel that can use the license.
Non-severability–The endorsements and designations of a license are non-severable and only transfer with the license.
AFA LLP licenses–Licenses derived from AFA vessel histories cannot be transferred to non-AFA vessels.

Lastly, each license carries an MLOA identifying the maximum vessel LOA for use of the license. For vessels 125 feet or greater in length on June 24, 1992, the MLOA is the vessel length. For vessels under 125 feet in length on that date, the MLOA is the lesser of 1.2 times the LOA or 125 feet. If a vessel was under reconstruction on June 24, 1995, the basis for determining the MLOA is the vessel's length on completion of the reconstruction. In addition, vessels under 60 feet on June 17, 1995 (or under construction on that date with a reconstructed LOA under 60 feet), cannot have an MLOA greater than 60 feet; vessels under 125 feet on June 17, 1995 (or under construction on that date with a reconstructed LOA under 125 feet), cannot have an MLOA greater than 125 feet; and vessels under construction on that date with a reconstructed LOA over 125 feet will have an MLOA equal to the vessel's reconstructed length.

Generally, a vessel participating in groundfish fisheries in federal waters in the BSAI or GOA is required to have an LLP license with the applicable area endorsement and designation for the gear (trawl or non-trawl) and operation type (catcher processor or catcher vessel) and MLOA.[5]

A number of past and pending actions have an effect on the environment for effort limitation in the BSAI and GOA groundfish fisheries. First and most important, the segmentation of fisheries by sector contributes to impacts of entry of latent effort. Sectors that receive exclusive allocations and have constraining limits on access are less likely to be affected by entry. The adverse impacts of entry of latent capacity are exacerbated for sectors with substantial latent capacity, if other sectors receive allocations that are not affected by the increase in effort. Two effects contribute to this impact. First, exclusive allocations leave less of the TAC available to the sectors not receiving those allocations, concentrating the impact of the entry of latent effort. Second, exclusive allocations (especially when accompanied by new

[4] This transition could occur one of two ways. First, a catcher processor license can be voluntarily (and irreversibly) converted to a catcher vessel license. In addition, a catcher processor may choose to deliver some portion of its catch to shore.
[5]There are a few exceptions to the requirement for an LLP license. Most pertinent to this action, a person fishing exclusively in State waters (i.e., inside 3 nm) is not required to have an LLP. Vessels of 26 feet or less LOA in the GOA and vessels of 32 feet or less LOA in the BSAI are not required to have an LLP license. In addition, vessels <60 feet LOA that are using jig gear (but no more than 5 jig machines, one line per machine, and 15 hooks per line) are exempt from the LLP requirements in the BSAI.

entry limits) reduce the number of fisheries available to latent effort, further contributing to the impact of entry of latent effort.

The actions under BSAI Amendment 80 (non-AFA trawl catcher processor sector allocation and cooperative program) and BSAI Amendment 85 (Pacific cod sector allocations) have the effect of limiting the dispersal of impacts of entry. Both of these actions could leave some sectors exposed to the effects of increases in trawl catcher vessel effort. Under Amendment 85, trawl catcher vessels receive an exclusive allocation of Pacific cod. Participants in the trawl catcher vessel Pacific cod fishery (both AFA vessels and non-AFA vessels) could be affected by any increase in trawl catcher vessel effort. Under Amendment 80, the exclusive allocation to the non-AFA catcher processors would leave a portion of the TAC of the five Amendment 80 species (i.e., yellowfin sole, rock sole, other flatfish, Atka mackerel, and Pacific ocean perch) available to all other sectors. These sectors (primarily, the AFA trawl catcher processors, AFA trawl catcher vessels, and non-AFA trawl catcher vessels) would be vulnerable to entry of latent catcher vessels. In a broader sense, as opportunities for entry are foreclosed, latent participants wishing to reenter have access to fewer fisheries. Therefore, those sectors and fisheries that remain accessible are especially vulnerable to impacts of entry.

The AFA also impacts the distribution of the effects of entry of holders of latent licenses in a few ways. To understand these impacts requires an understanding of the limits on AFA participation in fisheries (other than the BSAI pollock fisheries). Most AFA vessels are subject to sideboards in the BSAI non-pollock fisheries and GOA fisheries. The total catch of these vessels should be effectively limited by the sideboards. Some smaller AFA catcher vessels (i.e., less than 125 feet LOA) with limited BSAI pollock history (i.e., less than 1,700 mt during 1995 through 1997) are exempt from certain sideboards. Catcher vessels meeting the size and pollock catch criteria with at least 30 landings in the BSAI Pacific cod fishery during 1995 through 1997, are exempt from the sideboard in that fishery. Nine vessels have qualified for this exemption. In addition, vessels meeting the size and pollock catch criteria with more than 40 groundfish landings in the GOA during 1995 through 1997 are exempt from the GOA sideboards. Sixteen vessels have qualified for this exemption. Catch of these exempt vessels was not included in calculating the applicable sideboard limit.

To further protect non-AFA GOA groundfish participants, GOA sideboard exempt AFA vessels have agreed, through an inter-cooperative agreement, that the GOA exemption will only apply to vessels that do not lease any of their BSAI pollock allocation. This agreement is intended to prevent an exempt vessel from using leasing to increase its catch in the GOA, while receiving the benefit of its AFA pollock allocation. Lastly, LLP licenses derived from the history of an AFA vessel cannot be transferred to a non-AFA vessel. This prohibition prevents holders of AFA vessel LLPs from transferring an LLP to a non-AFA vessel, ensuring that there is no increase in effort in fisheries other than the BSAI pollock fishery.[6]

2.2.2 Background on the intent of the proposed action

This section provides additional information related to the intent of the proposed action and the reasons that prompted the initiation of this amendment package. Whether the LLPs excluded under the proposed

[6]The combination of sideboard limits, together with this transfer prohibition appears to prevent potential increase in effort by AFA vessels (beyond the level used to determine the AFA sideboards) that would necessitate the removal of latent AFA licenses from either BSAI or GOA fisheries. Some participants in fisheries other than the BSAI pollock fisheries contend that this action should remove any licenses (including AFA licenses) to protect current participants from any potential increase in effort from AFA vessels beyond their current effort level in the fisheries. Without eliminating inactive AFA licenses, it is possible for AFA licenses that are currently inactive to reenter the fisheries. While this increase in effort would be subject to the sideboard limitations, the reentry of effort by AFA vessels could result in increases in catch by AFA vessels when compared to the recent post-AFA implementation years.

amendments would enter the trawl groundfish fishery in the future in the absence of this action is uncertain. That entry would depend on the future market conditions, resource conditions, and regulatory environment, as well as the costs and opportunities specific to each individual LLP holder.

Trawl industry participants have related concerns with being one of the only fisheries remaining open to new effort, in the wake of effort limitation programs already in place in the BSAI and GOA. Within the GOA, concern over latent effort could be largely resolved by Gulf rationalization. However, due to the uncertainty of that action and the significant time necessary for such an action to complete the public process, the proposed amendment gained some support as a necessary action. The remainder of this section highlights three of the primary reasons this amendment was proposed.

2.2.2.1 Diminished Season Length

To arrive at the conclusion that there are too many permits in most CV and CP trawl fisheries (e.g., there are latent LLPs, some of which should be removed), the Council relied on data and testimony relating to diminished season lengths for most areas, and upon industry testimony that future increases in effort would cause economic dislocation and hardship for those currently participating in, and dependent upon the trawl groundfish fisheries. For example, Table 2 shows the declining trend in the number of days the BSAI trawl catcher vessel Pacific cod fishery has been open in recent years (2000–2006). The total number of days for this fishery steadily declined from 346 days in 2000, to 95 days in 2006. As another example of this concern, the Council has been asked to address trip limits for pollock in the GOA, due to concern over shortened seasons from increased effort by larger vessels.

Table 2 BSAI trawl CV Pacific cod fishery season lengths, 2000–2006

year	open	closed	reason for closure	# of days season open
2006	1/20/2006	3/8/2006	achieved TAC*	47
	4/1/2006	4/6/2006	achieved TAC	5
	7/19/2006	8/31/2006	halibut bycatch	43
			total for year	**95**
2005	1/20/2005	3/13/2005	achieved TAC	52
	3/29/2005	8/18/2005	halibut bycatch	142
			total for year	**194**
2004	1/20/2004	3/23/2004	achieved TAC	63
	4/1/2004	4/4/2004	achieved TAC	3
	4/10/2004	4/13/2004	achieved TAC	3
	6/10/2004	11/1/2004	REG**	144
			total for year	**213**
2003	1/20/2003	9/25/2003	halibut bycatch cap	248
			total for year	**248**
2002	1/20/2002	7/1/2002	Red king crab zone 1	162
	1/20/2002	10/29/2002	Halibut bycatch cap	282
			total for year	**282**
2001	1/20/2001	11/1/2001	bycatch cap exceeded	285
			total for year	**285**
2000	1/20/2000	12/31/2000	12/14/2000	closed by injunction *
	1/20/2000	12/31/2000	REG	346
			total for year	**346**

*TAC means closed by harvest of the allowable quota. **REG means closed by date in regulation.
Note: In 2000, the trawl P. cod fishery was closed to within critical habitat zones on 12/14 to protect Steller sea lions.
Source: NOAA Fisheries, RAM Division, at: http://www.fakr.noaa.gov/sustainablefisheries/catchstats.htm

2.2.2.2 Diminished alternative opportunities as an incentive for re-entry of latent LLPs

Part of the concern that prompted these amendments was the perception that a series of fishery management decisions by the Council over a number of years has gradually restricted alternative fishing opportunities. The concern is that those fisheries remaining open will attract new effort from LLPs assigned to vessels that have not recently participated in these fisheries.

The series of management measures that have generated this concern include

- the IFQ Program for the halibut and sablefish fisheries;
- implementation of the American Fisheries Act, which allocates the BSAI pollock fishery among specified trawl vessels;
- adoption of BSAI Amendment 67, which established an LLP endorsement requirement in the non-trawl BSAI Pacific cod fishery for vessels ≥60' LOA;
- the BSAI crab rationalization program;
- the Central GOA rockfish pilot program, initially approved for two years but recently extended under reauthorization of the Magnuson-Stevens Act; and
- adoption of BSAI Amendment 80, which allocates several BSAI non-pollock trawl groundfish species among trawl fishery sectors and facilitates the formation of harvesting cooperatives in the non-AFA trawl CP sector.

The concern is that this series of regulations could create an environment in which groundfish fishery participants gravitate towards any open venue, with the intent of preserving future opportunity, rather than specific interest in a particular fishery (i.e., "fishing for history"). The extent to which future re-entry of latent groundfish LLPs could be triggered by the above series of management actions is unknown; however, it is one of the primary concerns that spurred the development of this amendment package.

2.2.2.3 Insufficient number of non-AFA trawl CVs to participate in the AI groundfish fisheries

Component 4 under Alternatives 2 and 3 would have the opposite effect of the other parts of the proposed action. While Components 1 through 3 under Alternatives 2 and 3 would have the effect of removing area endorsements from recently inactive LLPs, Component 4 would create a limited number of new additional AI subarea endorsements on non-AFA trawl CV licenses.

The Council's rationale for considering the creation of new AI endorsements for the non-trawl CV sector is based upon the following three concepts:

(1) Under the status quo (Alternative 1), there are very few non-AFA trawl groundfish LLPs endorsed for the AI. There are only six in total, and only one of the six has been used in recent years.

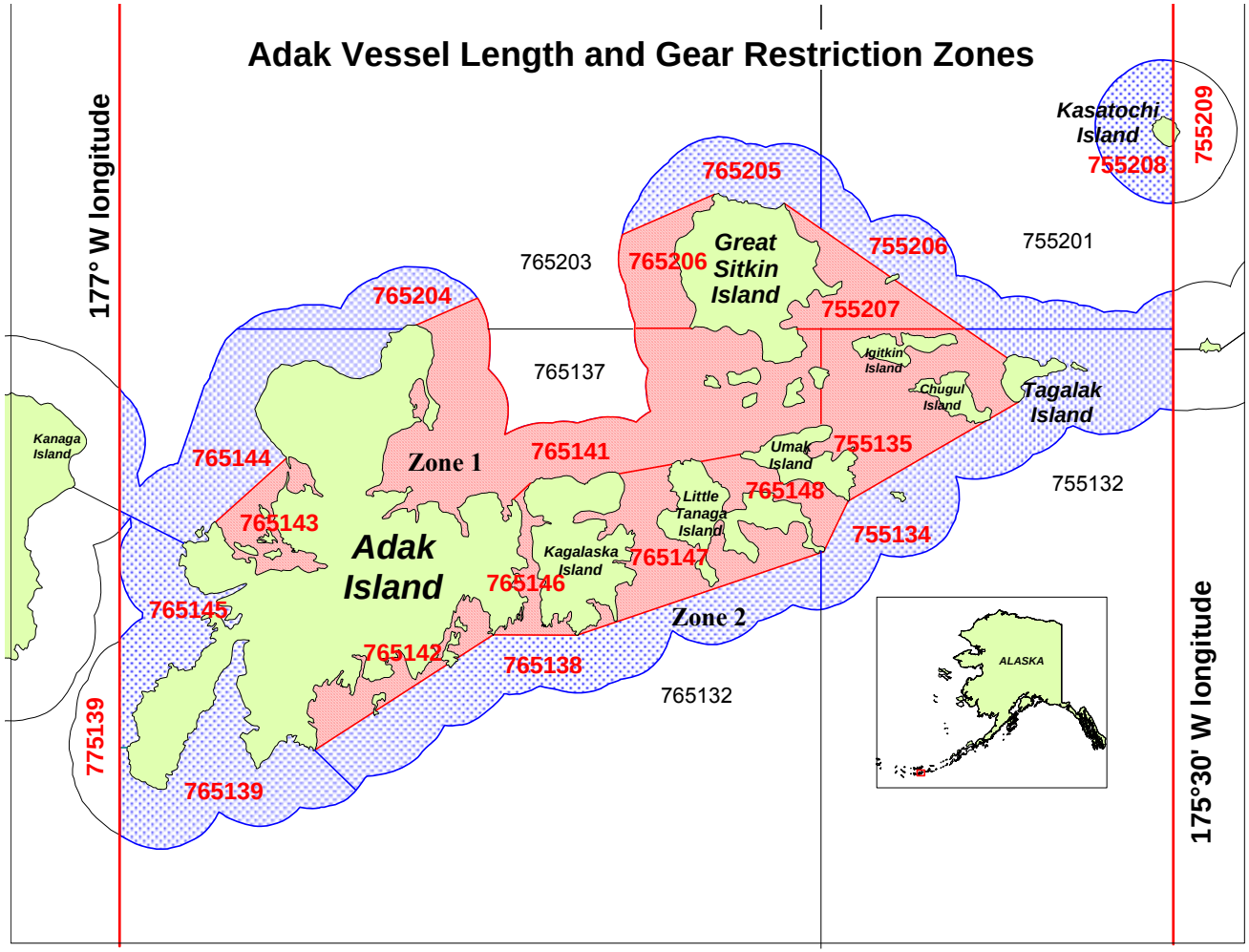
(2) The Council has heard testimony from representatives of Adak fisheries that their operations are currently constrained by only being able to operate in State waters, while Pacific cod and other groundfish concentrations are outside of the 3-mile limit during part of the year. Figure 1 shows the three mile boundary around Adak Island. In testimony to the Council, proponents of Component 4 have expressed concern that the current groundfish fleet operating out of Adak, can only operate in the parallel waters fishery or in the State waters fishery for Pacific cod. However, during the fishing season, the cod resource is concentrated outside of the State waters (3 mile) boundary in Sitkin Sound and Tanaga Sound. Supporters of this component would like to have additional non-AFA trawl CV LLPs endorsed for the AI, so that the resource can be harvested

both within and outside of State waters by a larger fleet, including those that have only participated in the parallel or State waters Pacific cod fishery.[7]

(3) The Council and the Alaska Board of Fisheries have, through recent actions, established regulations for non-AFA groundfish fisheries in the Aleutian Islands. The recent actions include: the pollock allocations established under BSAI Amendment 82, the State waters Pacific cod fishery established by the Alaska Board of Fisheries, and the allocations under BSAI Amendment 80 for up to 10 percent of the AI initial total allowable catch (ITAC) for CV trawl harvests of Pacific ocean perch and Atka mackerel. However, it has been suggested there may not be a sufficient number of LLPs endorsed for the AI under the status quo to effectively harvest these fisheries (see footnote below).

[7] Another alternative includes purchasing the five existing AI endorsed groundfish LLPs that have not currently been active in the AI. Analysts do not know whether an attempt to purchase these licenses has been made.

Figure 1 Adak vessel length and gear restriction zones and statistical reporting areas



Source: ADF&G.

2.2.3 Estimated revenues in the trawl groundfish fisheries

Table 3 and Table 4 show catch (mt) and gross revenues by trawl catcher vessels and trawl catcher processors, respectively, in the groundfish fisheries off Alaska during 2006. The catch data for trawl CVs are from ADF&G fishtickets, and the catch data for trawl CPs are from the NMFS catch accounting database and blend data. Gross revenues were calculated using ex-vessel prices from Table 18 of the 2007 Economic Stock Assessment Fishery Evaluation (SAFE) report.[8] Wholesale values were calculated using catcher processor product prices per ton from Table 27 of the Economic SAFE report. This is one of several ways to calculate revenues.

Appendix 2 provides similar tables showing the average annual catch and gross revenues by trawl CVs and CPs in the groundfish fisheries during the period 2000 through 2006, as well as the total catch and gross revenues by trawl CVs and CPs in the groundfish fisheries during 2000 through 2006.

Table 3 Retained catch (mt) and gross revenues by trawl catcher vessels in the groundfish fisheries off Alaska, 2006

Year	Area	Fishery	Vessels	Tons	Earnings
2006	AI	Flatfish	*	*	*
2006	AI	Pacific Cod	25	10,332	$7,880,860
2006	AI	Pollock	13	899	$253,680
2006	AI	Rockfish	*	*	*
2006	BS	Atka Mackerel	77	563	$133,938
2006	BS	Flatfish	92	5,043	$2,257,036
2006	BS	Other	88	533	$26,609
2006	BS	Pacific Cod	101	26,947	$20,555,054
2006	BS	Pollock	100	787,842	$222,320,322
2006	BS	Rockfish	73	443	$254,084
2006	BS	Sablefish	47	4	$9,588
2006	CG	Atka Mackerel	14	11	$2,571
2006	CG	Flatfish	47	20,670	$6,333,956
2006	CG	Other	40	920	$87,485
2006	CG	Pacific Cod	47	6,377	$5,187,438
2006	CG	Pollock	47	42,529	$12,657,434
2006	CG	Rockfish	47	7,169	$3,950,973
2006	CG	Sablefish	41	413	$1,863,379
2006	WG	Atka Mackerel	13	14	$3,404
2006	WG	Flatfish	35	408	$125,091
2006	WG	Other	32	6	$195
2006	WG	Pacific Cod	37	4,917	$3,999,594
2006	WG	Pollock	37	24,381	$7,256,407
2006	WG	Rockfish	32	26	$14,144
2006	WG	Sablefish	5	5	$22,594

Source: ADF&G fish tickets (catch data). Gross revenues calculated based on ex-vessel prices reported in the December 2007 Economic SAFE report.
*Withheld for confidentiality.

[8]See: http://www.afsc.noaa.gov/REFM/docs/2007/economic.pdf

Table 4 Retained catch (mt) and gross revenues by trawl catcher processors in the groundfish fisheries off Alaska, 2006

Year	Area	Fishery	Vessels	Tons	Wholesale revenues ($)
2006	AI	Atka Mackerel	12	56,828	32,392,040
2006	AI	Flatfish	15	756	757,945
2006	AI	Pacific Cod	15	10,131	16,139,113
2006	AI	Pollock	14	518	475,769
2006	AI	Rockfish	14	11,142	16,021,982
2006	AI	Sablefish	9	55	272,751
2006	BS	Atka Mackerel	23	1,453	828,243
2006	BS	Flatfish	37	135,834	136,105,785
2006	BS	Pacific Cod	39	25,830	41,147,561
2006	BS	Pollock	39	675,042	620,363,557
2006	BS	Rockfish	25	449	645,658
2006	BS	Sablefish	21	74	369,407
2006	CG	Atka Mackerel	5	137	100,372
2006	CG	Flatfish	12	7,082	8,725,336
2006	CG	Pacific Cod	11	877	1,257,647
2006	CG	Pollock	9	160	64,514
2006	CG	Rockfish	8	6,366	8,970,007
2006	CG	Sablefish	9	253	1,494,736
2006	WG	Atka Mackerel	6	329	240,712
2006	WG	Flatfish	11	1,335	1,644,493
2006	WG	Pacific Cod	11	218	312,685
2006	WG	Pollock	11	123	49,657
2006	WG	Rockfish	10	5,221	7,356,829
2006	WG	Sablefish	9	51	299,341

Source: NMFS Catch Accounting (catch data). Wholesale values calculated based on product values per ton reported in the December 2007 Economic SAFE report.

2.3 Related Documents and Actions

The documents listed below include detailed information on the License Limitation Program, the groundfish fisheries in the North Pacific, and the natural resources, economic and social activities, and communities affected by those fisheries:

- Groundfish Programmatic Supplemental Environmental Impact Statement (PSEIS) (NOAA 2004)
- Essential Fish Habitat Environmental Impact Statement (EIS) (NOAA 2005)
- The Harvest Specifications Environmental Impact Statement (EIS)(NOAA 2007)
- Analysis of Proposed License Limitation Amendment Package (EA/RIR/IRFA)(NPFMC 1999)

Section 2.2.2.2 presents information on some of the previous fisheries management regulations which set the conditions that have created concern for possible future re-entry of latent LLPs into the trawl groundfish fisheries in the BSAI and GOA. There are also some current actions being considered that will interact with the proposed amendments.

At the February 2007 Council meeting, staff presented a discussion paper outlining the potential cross effects that the proposed amendment will have with: (1) a proposed action to divide the Bering Sea/Aleutian Islands Pacific cod allocations into separate Bering Sea allocations and Aleutian Islands

allocations should the BSAI TAC be split into BS and AI TACs, and to combine the BS and AI endorsements into a single BSAI endorsement; and (2) a proposed action that would establish sector allocations for Gulf of Alaska Pacific cod and remove latent licenses from the Gulf of Alaska fisheries. These actions could result in regulatory overlap with this proposed amendment, but since they are currently in the development process, that situation has not yet been determined.

2.4 Alternatives Considered

This analysis evaluates three primary alternatives. Alternative 1 is the no action alternative and Alternatives 2 and 3 would require that a trawl LLP meet minimum trawl landings criteria (one or two trawl landings, during 2000 through 2005 or 2000 through 2006), in order to retain its subarea (BS, AI, WG, and/or CG) endorsements.

The only difference between Alternative 2 and Alternative 3 is how the landings thresholds are applied. Alternative 2 would remove subarea endorsements on latent licenses by applying the threshold criteria at the overall management area level (i.e., BSAI and GOA). Alternative 3 would remove subarea endorsements on latent licenses by applying the threshold criteria at the subarea level (i.e., BS, AI, WG, and CG). Thus, Alternative 2 is structured such that recent participation in the trawl groundfish fisheries in one subarea is adequate to retain an endorsement in the adjacent subarea (e.g., landing(s) in the BS would allow you to retain your AI endorsement). In contrast, Alternative 3 requires recent participation in the trawl groundfish fisheries in the specific subarea, in order to retain the endorsement for that subarea (e.g., only a landing(s) in the AI would allow you to retain your AI endorsement).

There are four components applicable to Alternatives 2 and 3 that define the respective actions. There are also options and suboptions for consideration under Alternatives 2 and 3. The components, options, and suboptions are the same under Alternatives 2 and 3, with one exception. Component 1, Option 5, is only applicable to Alternative 3. As structured, the Council selected an overall alternative, plus options under Components 1, 2, 3, and 4, to create a comprehensive preferred alternative. Component 2, in general, does not represent an option; it is a provision that provides direction on how to credit groundfish harvest history in the case that multiple LLPs are stacked on a single vessel. However, there is a suboption under Component 2 that would create a requirement that stacked licenses at the time of implementation must be linked together in perpetuity (i.e., they may not be de-linked, or separated, into individual licenses in the future).

Note that the Council's preferred alternative is Alternative 3. Section 2.8 of this RIR describes the rationale for and impacts of the Council's preferred alternative in detail, and Table 39 outlines the various components and options that comprise the Council's preferred alternative.

The following provides the complete suite of alternatives, components, and options considered in this amendment package, as revised by the Council at its February 2008 meeting. A summary table of the suite of alternatives is provided as Table 5.

Alternative 1. No action. All trawl LLPs currently issued with a BSAI and/or GOA area endorsement will continue to be valid for the BSAI and/or GOA trawl groundfish fisheries.

Alternative 2. Remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the overall management area (BSAI or GOA).

Alternative 3. Remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the specified subarea.

Alternatives 2 and 3 apply to all trawl CV and CP LLPs in the areas specified, <u>except</u> for those identified in the following exemptions:

AFA exemption from BSAI landings thresholds: Exempt BSAI LLP endorsements originally issued to vessels qualified under the AFA and any non-AFA BSAI LLPs assigned to AFA vessels not having any other license. (Applies to CPs and CVs).
Central Gulf Rockfish Pilot Program exemption from CG landings thresholds: Exempt CG subarea endorsements on CG rockfish pilot program qualified licenses. (Applies to CPs and CVs).
Amendment 80 exemption from BSAI landings thresholds: Exempt BSAI LLP endorsements originally issued to vessels qualified under Am. 80 and BSAI LLPs used for eligibility in Am. 80.

The following components are applicable to Alternative 2 and Alternative 3.

Component 1–Landings thresholds[9] in the specified area[10]

Option 1. At least one landing of groundfish during 2000 through 2005.
Option 2. At least two landings of groundfish during 2000 through 2005.
Option 3. At least [one or two] landings of groundfish during 2000 through 2006.
Suboption: Apply Option 3 only to BSAI endorsements.
Option 4. Exempt BSAI endorsements on trawl LLPs with MLOA of <60' that have trawl or non-trawl landings in the BSAI directed Pacific cod fishery[11] (in any one year 2000–2005) of:
Suboption 1: one landing
Suboption 2: two landings
Suboption 3: 200 mt
Option 5. (applicable only under Alternative 3)
In order to retain both GOA subarea endorsements, significant landings must have been made in one of the management areas (e.g., WG or CG). The trawl CV LLP must meet the landing criteria selected (Options 1, 2, or 3 above) for a specific subarea (e.g., WG), plus the license must have participation in either subarea (e.g., WG or CG) in 2005 or 2006 or 2007 of at least:
Suboption 1: 20 landings
Suboption 2: 30 landings
Suboption 3: 40 landings

Component 2–Mutiple LLPs stacked on a single vessel. Groundfish harvest history is credited to each LLP stacked on a single vessel at the time of landing.
Suboption: Stacked licenses will remain linked and cannot be severed back into separate licenses (effective at the time of implementation).

Component 3–Option: Exempt LLPs originally issued to vessels qualified under Amendment 80 and LLPs used for eligibility in Amendment 80 from the GOA landing thresholds.

Component 4–Adding new AI endorsements to trawl LLPs

[9]Note that the landings thresholds under both Alternative 2 and Alternative 3 include trawl landings in the parallel and Federal groundfish fisheries.
[10]Catcher processor licenses are credited with their landings, whether they were operating as a catcher processor or a catcher vessel at the time of landing.
[11]Option 4 is analyzed using retained Pacific cod harvest (discards are not included). Landing dates were used to determine whether the landing was counted as harvest in the directed fishery.

Option 1. Award AI endorsements to non-AFA trawl CV <60' MLOA licenses, if they meet the landing thresholds in the AI parallel P. cod fishery, during 2000 through 2006, of at least:
Suboption 1: 50 mt
Suboption 2: 250 mt
Suboption 3: 500 mt

Option 2. Award AI endorsements to non-AFA trawl CV ≥60' MLOA LLPs, if they have at least one landing in the AI parallel groundfish fishery or AI State water P. cod fishery, in 2000 through 2006, **and** meet the following threshold in the BSAI P. cod fishery in 2000 through 2006:
Suboption 1: 500 mt
Suboption 2: 1000 mt

Option 3. All Aleutian Islands endorsements issued under Component 4 shall be severable and transferable. The AI area trawl endorsements can only be transferred to a non-AFA trawl CV LLP with a trawl CV designation and an MLOA of <60' or ≥60', as applicable under Option 1 or 2.

Table 5 Summary of the alternatives, components, and options under consideration

COMPONENT	ALTERNATIVES and OPTIONS		
	ALTERNATIVE 1. No action.	**ALTERNATIVE 2.** Remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the overall management area (BSAI or GOA).	**ALTERNATIVE 3.** Remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the specified subarea.
Component 1: Landings thresholds	N/A	**Option 1.** One groundfish landing during 2000–2005. **Option 2.** Two groundfish landings during 2000–2005. **Option 3.** [One or two] groundfish landings during 2000–2006. Suboption: Apply Op. 3 only to BSAI endorsements **Option 4.** Exempt BSAI endorsements on trawl LLPs with MLOA <60' with trawl or non-trawl landings in the BSAI directed P.cod fishery of [one landing, two landings, or 200 mt, in any one year 2000–2005]. **Option 5.** (Only applicable under Alternative 3). To retain both GOA area endorsements, the trawl CV LLP must meet the landings criteria selected under Alternative 3, Options 1, 2, or 3, for a specific subarea, plus have participation in either subarea in 2005, 2006, or 2007 of at least [20, 30, or 40] landings.	
Component 2: Stacked LLPs	N/A	Provision: Groundfish harvest history is credited to each LLP stacked on a single vessel at the time of the landing. Suboption: At the time of implementation, stacked LLPs will remain linked and cannot be severed back into separate LLPs.	
Component 3: Amendment 80 GOA exemption	N/A	**Option** to exempt LLPs originally issued to vessels qualified under BSAI Am. 80 and LLPs used for eligibility in Am. 80 from the GOA landing thresholds.	
Component 4: Adding new AI endorsements to trawl LLPs	N/A	**Option 1.** Award AI endorsements to non-AFA trawl CV <60' MLOA LLPs if they have landings of at least [50 mt, 250 mt, or 500 mt] in the AI parallel P.cod fishery in 2000–2006. **Option 2.** Award AI endorsements to non-AFA trawl CV ≥60' MLOA LLPs if they have at least one landing in the AI parallel groundfish fishery or AI State water P.cod fishery in 2000–2006, and [500 mt or 1,000 mt] in the BSAI P.cod fishery in 2000–2006. **Option 3.** All AI endorsements issued under Component 4 shall be severable and transferrable. The AI endorsements can only be transferred to a non-AFA trawl CV LLP with an MLOA of <60' or ≥60', as applicable.	
Exemptions **[Note: these are provisions, not options.]**	N/A	• Exempt BSAI LLP endorsements originally issued to vessels qualified under the AFA and any non-AFA BSAI LLPs assigned to AFA vessels not having any other license. (Applies to CPs and CVs). • Exempt CG subarea endorsements on CG rockfish pilot program qualified licenses. (Applies to CPs and CVs). • Exempt BSAI LLP endorsements originally issued to vessels qualified under Am. 80 and BSAI LLPs used for eligibility in Am. 80.	

Note: This table provides a general summary outline of the components, alternatives, and options. See the preceding section for the exacting wording of the alternatives and options under consideration.

2.5 Expected Effects of the Alternatives

This section presents a brief discussion of aspects of the economic effects that might be expected to occur as a result of eliminating area endorsements on LLPs that have not been utilized in recent years. It also addresses the purported need for additional licenses in the Aleutian Islands that is the basis for proposed Component 4.

The impetus for the LLP recency action originated with existing participants in the trawl groundfish fishery, concerned over possible future entry of 'latent' capacity (i.e., those that have not participated in the fishery in recent years). These 'latent' LLPs remain valid, and holders are eligible to participate in the fishery as a result of being awarded an LLP when the program was initially implemented. The minimum landings criteria under consideration are similar to those in the initial LLP, the main difference being the years considered to qualify an existing LLP (i.e., 2000 through 2005 or 2000 through 2006).

In looking at potential economic benefits from reduced capacity, one typically anticipates benefits from increased efficiency (with respect to productive capability and reduced costs for vessels assigned to the respective LLPs), improved safety, potential for reduction in non-targeted species bycatch or prohibited species bycatch or impacts. In this instance, the action alternatives (Alternatives 2 and 3) will prevent a possible future re-entry of recently latent trawl license holders, but it will not result in any immediate exclusion (reduction) of effort. Therefore, the near-term and long-term effects on efficiency, as a result of the action, would be anticipated to be negligible. In the longer-term, the action may forestall the possible situation where re-entry of recently latent licenses could exacerbate gear conflicts, result in temporary localized depletion of target stocks, reduce average CPUE, and/or increase vessel operating costs, resulting in reduced efficiency of the harvesting sector (i.e., crowding externalities). However, since one can never know what (if any) proportion of the extinguished latent licenses might ever have re-entered the trawl groundfish fishery, these attributable impacts cannot be quantified.

In general terms, there is a continuum of management measures, working from a total open-access fishery towards full rationalization. In this process, the Council goes through a number of interim steps, typically beginning with implementation of an entry moratorium, assigning (revocable) limited entry licenses, and then in some cases moving to one or another form of a rationalized management regime. For BSAI and GOA trawl groundfish, the first two steps, a moratorium on new entry and assignment of LLPs, have been completed. The current action is essentially an 'update' of the assignment of LLPs, with the intent to remove area endorsements for those LLPs that have not recently participated in these fisheries.

2.6 Alternative 1 – No Action

Under Alternative 1, there would be no reduction in the number of valid LLPs in any of the trawl CV or trawl CP fisheries in the BSAI and GOA. The concern is that under the no action alternative, future re-entry of latent LLPs into the trawl groundfish fisheries could result in reduced trawl groundfish gross revenues, increased operating costs, or both, for permit holders that have consistently participated in recent years. Thus, there could be negative economic impacts imposed upon the current trawl CP and CV LLP participants in the BSAI and GOA under the no action alternative, all else being equal. However, the level of possible future entry is unknown and would depend on a number of factors, including future changes in fisheries management regulations, fluctuations in resource abundance, changes in market conditions and prices, and changes in operating costs for vessels assigned to LLPs. This analysis does not quantitatively estimate the potential economic impacts that would result from selection of the status quo. The number of current trawl CV and CP LLPs that would remain valid under Alternative 1 is discussed in the following sections.[12]

[12]This does not account for any interim licenses that are under appeal and may be revoked by final agency action due to not meeting the general qualification requirements for either the license as a whole, or a particular endorsement/designation. As of

2.6.1 Current number of trawl catcher vessel licenses

The current total number of trawl catcher vessel licenses with BS, AI, CG, or WG endorsements under the status quo is shown in the following table. An example of how to read the table is as follows: Table 6 shows that there are currently 48 trawl CV LLPs endorsed for the AI subarea, and 148 LLPs endorsed for the BS subarea, based on the current LLP file.[13] Forty-six LLPs have both a BS and AI endorsement. Therefore, there are only 2 LLPs with only an AI endorsement and 102 LLPs with only a BS endorsement. Thus, the number of trawl CV LLPs with a BS and/or AI endorsement is 150 (46 + 2 + 102). This is the total number of BSAI trawl CV LLPs that are addressed in the following sections.

Table 6 also shows the number of trawl catcher vessel LLPs with CG and/or WG area endorsements. There are currently 176 trawl CV LLPs endorsed for the CG subarea, and 160 LLPs endorsed for the WG subarea. One hundred eighteen LLPs have both a CG and WG endorsement. Therefore, there are 42 LLPs with only a WG endorsement and 58 LLPs with only a CG endorsement. Thus, the number of trawl CV LLPs with a WG and/or CG endorsement is 218 (118 + 42 + 58). This is the total number of Gulf trawl CV LLPs that are addressed in the following sections.

Table 6 Number of trawl CV LLPs endorsed for the BS, AI, CG, and WG

All Trawl CVs	235 licenses	All Trawl CVs	235 licenses
BS	148	BS only	102
AI	48	AI only	2
CG	176	BS and AI	46
WG	160	CG only	58
		WG only	42
		CG and WG	118

Source: NMFS Restricted Access Management LLP file (Jan 6, 2008)
Note: Of the 235 total trawl CV licenses, three are endorsed only for Southeast (SE), and thus excluded from the remainder of the table.

Table 7 shows the number of trawl CV LLPs with at least one groundfish landing in 2006, in the area corresponding to their area endorsement. Thus, Table 7 provides a recent picture (2006) of the number of trawl CV licenses that are participating in the trawl groundfish fisheries in the BS, AI, CG, and WG. One may use this table to compare with the number of licenses that qualify under Alternative 2 and Alternative 3 in Section 2.7, in order to understand how 2006 participation compares with the number of licenses that would remain in the trawl CV sector in the future, under the proposed actions.

Table 7 Number of trawl CV LLPs with at least one qualified groundfish landing in 2006 in the subarea corresponding to their subarea endorsement

Endorsement	Number of endorsements	Number of endorsed licenses with 1 landing in 2006
BS	148	96
AI	48	8
CG	176	50
WG	160	39

Source: NMFS Restricted Access Management LLP file (January 6, 2008)

July 8, 2008, there was only one trawl groundfish license that was listed as 'interim' in the NMFS Restricted Access Management database.

[13] File as of January 6, 2008. National Marine Fisheries Service, Alaska Region website at: http://www.fakr.noaa.gov/ram/llp.htm.

2.6.2 Current number of trawl catcher processor licenses

The current number of trawl catcher processor licenses with BS, AI, CG, or WG endorsements under the status quo is shown in Table 8. There are currently 62 trawl CP LLPs endorsed for the BS subarea, and 54 LLPs endorsed for the AI subarea, based on the current LLP file. Fifty-three LLPs have both a BS and AI endorsement. Therefore, there is only 1 LLP with only an AI endorsement and 9 LLPs with only a BS endorsement. Thus, the number of trawl CP LLPs with a BS and/or AI endorsement is 63 (53+1+9). This is the total number of BSAI trawl CP LLPs that are addressed in the following sections.

Table 8 also shows the number of trawl catcher processor LLPs with CG and/or WG area endorsements. There are currently 27 trawl CP LLPs endorsed for the CG subarea, and 26 LLPs endorsed for the WG subarea. Sixteen LLPs have both a CG and WG endorsement. Therefore, there are only 10 LLPs with only a WG endorsement and 11 LLPs with only a CG endorsement. Thus, the number of trawl CP LLPs with a WG and/or CG endorsement is 37 (16+10+11). This is the total number of Gulf trawl CP LLPs that are addressed in the following sections.

Table 8 Number of trawl CP LLPs endorsed for the BS, AI, CG, and WG

All Trawl CPs	64 licenses
BS	62
AI	54
CG	27
WG	26

All Trawl CPs	64 licenses
BS only	9
AI only	1
BS and AI	53
CG only	11
WG only	10
CG and WG	16

Source: NMFS Restricted Access Management LLP file (Jan 6, 2008)

Table 9 shows the number of trawl CP LLPs with at least one groundfish landing in 2006, in the area corresponding to their area endorsement. Thus, Table 9 provides a recent picture (2006) of the number of trawl CP licenses that are participating in the trawl groundfish fisheries in the BS, AI, CG, and WG. One may use this table to compare with the number of licenses that qualify under Alternative 2 and Alternative 3 in Section 2.7, in order to understand how 2006 participation compares with the number of licenses that would remain in the trawl CP sector in the future, under the proposed actions.

Table 9 Number of trawl CP LLPs with at least one qualified groundfish landing in 2006 in the subarea corresponding to their subarea endorsement

Endorsement	Number of endorsements	Number of endorsed licenses with 1 landing in 2006
BS	62	41
AI	54	15
CG	27	12
WG	26	15

Source: NMFS Restricted Access Management LLP file (January 6, 2008)

2.7 Alternatives 2 and 3 – Implementing landings criteria to retain trawl LLP area endorsements

The following sections evaluate each component under the action alternatives (Alternatives 2 and 3). All of the components are identical under Alternatives 2 and 3. The difference between Alternatives 2 and 3 is whether to apply the landings thresholds proposed in Component 1 at the overall management area level (BSAI and Gulf) or the subarea level (BS, AI, WG, and CG), respectively.

2.7.1 Primary exemptions under Alternatives 2 and 3

Note that there are three primary exemptions that apply to both Alternative 2 and Alternative 3. These were explicitly stated by the Council as provisions of this amendment and, thus, were not considered options under this package. The three exemptions are as follows:

> ***AFA exemption from BSAI landings thresholds:*** *Exempt BSAI LLP endorsements originally issued to vessels qualified under the AFA and any non-AFA BSAI LLPs assigned to AFA vessels not having any other license. (Applies to CPs and CVs).*
>
> ***Central Gulf Rockfish Pilot Program exemption from CG landings thresholds:*** *Exempt CG subarea endorsements on CG rockfish pilot program qualified licenses. (Applies to CPs and CVs).*
>
> ***Amendment 80 exemption from BSAI landings thresholds:*** *Exempt BSAI LLP endorsements originally issued to vessels qualified under Am. 80 and BSAI LLPs used for eligibility in Am. 80.*

These exemptions were established primarily because the participants in these specific rationalization programs (AFA, Central GOA rockfish pilot program, and BSAI Amendment 80) have already met specified and more detailed thresholds for these specific management areas to participate in these programs. Thus, AFA vessels, qualified to fish pollock in the BSAI, were determined to be exempt from any further thresholds that may apply to BSAI endorsements under this amendment package. Likewise, Central Gulf rockfish pilot program participants were determined to be exempt from any further thresholds that may apply to Central Gulf endorsements. This exemption was added in June 2007, and the rationale was that it was deemed unreasonable to implement a new pilot program and then extinguish the rights for the license holders to participate in the program. The exemption is intended to preserve the ability of license holders who qualify under the Central Gulf rockfish pilot program to participate in the fishery. Finally, Amendment 80 participants, qualified to fish flatfish and other non-pollock species in the BSAI, were determined to be exempt from any further thresholds that may apply to the BSAI.

Note that these exemptions are area endorsement specific; meaning, these licenses are not exempt from the landings thresholds in other areas or subareas. For example, AFA licenses are not exempt from the CG or WG endorsement landings thresholds. Likewise, the CG rockfish pilot program licenses are not exempt from the BSAI or WG endorsement landings thresholds. Finally, the Amendment 80 licenses are not exempt from the CG or WG endorsement landings thresholds. In the latter case, there is an option (Component 3) proposed to establish a GOA exemption for Amendment 80 licenses; that is discussed separately under Component 3 in Section 2.7.4.

The tables below show the current number of licenses endorsed for the specified management areas that are included under the exemptions. Table 10 shows the number of AFA CV and CP licenses. There are a total of 100 AFA CV licenses, plus two AFA vessels that do not hold AFA licenses. These licenses are endorsed for the BS, and the majority of those licenses hold at least one other area endorsement. There are also 27 AFA CP licenses, most of which are endorsed for the BSAI. Table 11 provides the same information for the Central Gulf rockfish pilot program qualified licenses. Table 12 provides the same information for LLPs issued to vessels qualified under Amendment 80 and LLPs used for eligibility in Amendment 80.

Table 10 Number of AFA CV and CP LLPs endorsed for the BS, AI, CG, and WG

AFA CVs	100 licenses + 2 vessels	AFA CPs	27 licenses
BS	101	BS	27
AI	42	AI	25
CG	61	CG	4
WG	79	WG	6

Source: NMFS Restricted Access Management LLP file (Jan 6, 2008)

Table 11 Number of CG Rockfish Pilot Program LLPs endorsed for the BS, AI, CG, and WG

Rockfish Pilot CVs	46 licenses	Rockfish Pilot CPs	17 licenses
BS	29	BS	16
AI	2	AI	13
CG	46	CG	17
WG	21	WG	11

Source: NMFS Restricted Access Management LLP file (Jan 6, 2008)

Table 12 Number of BSAI Amendment 80 LLPs endorsed for the BS, AI, CG, and WG

Am 80 CPs	28 licenses
BS	28
AI	21
CG	18
WG	19

Source: NMFS Restricted Access Management LLP file (Jan 6, 2008)

2.7.2 Component 1 – Landings thresholds

Component 1–Landings thresholds[14] in the specified area[15]

Option 1. At least one landing of groundfish during 2000–2005.
Option 2. At least two landings of groundfish during 2000–2005.
Option 3. At least [one or two] landings of groundfish during 2000–2006
Suboption: Apply Option 3 only to BSAI endorsements.
Option 4. Exempt BSAI endorsements on trawl LLPs with MLOA of <60' that have trawl or non-trawl landings in the BSAI directed Pacific cod fishery[16] (in any one year 2000–2005) of:
Suboption 1: one landing
Suboption 2: two landings
Suboption 3: 200 mt
Option 5. (applicable only under Alternative 3)
In order to retain both GOA subarea endorsements, significant landings must have been made in one of the management areas (e.g., WG or CG). The trawl CV LLP must meet the landing criteria selected (Options 1, 2, or 3 above) for a specific subarea (e.g., WG), plus

[14]Note that the landings thresholds under both Alternative 2 and Alternative 3 include landings in the parallel and Federal groundfish fisheries.
[15]Catcher processor licenses are credited with their landings whether they were operating as a catcher processor or a catcher vessel at the time of landing.
[16]Option 4 is analyzed using retained Pacific cod harvest (discards are not included). Landing dates were used to determine whether the landing was counted as harvest in the directed fishery.

the license must have participation in either subarea (e.g., WG or CG) in 2005 or 2006 or 2007 of at least:
Suboption 1: 20 landings
Suboption 2: 30 landings
Suboption 3: 40 landings

Component 1 consists of five options for applying landings thresholds to an LLP. Note that not all five options are mutually exclusive; Options 1, 2, 3, and 5 propose specific landings thresholds, and Option 4 is an exemption to the landings threshold. Thus, Option 4 is not mutually exclusive from the other options, and must be chosen in tandem with a specified threshold. The effects of the landings thresholds under Option 1, 2, 3, and 5 are provided in Section 2.7.2.1 below. The effect of the exemption under Option 4 is provided in Section 2.7.2.2.

Note that the landings thresholds under Component 1 apply to each specific area or subarea. Meaning, the landings must be made in the specific area or subarea in order to meet the qualifications to retain that area or subarea endorsement. In addition, catcher processor licenses are credited with their landings whether they were operating as a catcher processor or a catcher vessel at the time of landing. Recall also that this action only applies to trawl area endorsements and does not change non-trawl area endorsements. For example, if a single license has a trawl, non-trawl, and an area endorsement and the license does not have sufficient trawl landings to retain the area endorsement under this action, the license would retain the area endorsement for use with its non-trawl designation only.

2.7.2.1 Options 1–3 and Option 5

This section provides an overview of the number of licenses from both the trawl CV and trawl CP sectors that meet the proposed landings criteria under Component 1, Options 1–3 and 5 for the BSAI and GOA. Table 13 below provides the number of licenses in the trawl CV sector that meet the thresholds under Alternatives 2 and 3, Options 1–3. Option 1 is one groundfish landing during 2000–2005; Option 2 is two groundfish landings during the same time period. Option 3 is similarly structured–either one or two groundfish landings during 2000–2006. All three options are provided in Table 13 for the trawl CV sector.

Note that Table 13 does not account for the three exemptions discussed above in Section 2.7.1. As requested by the public and the Council, this table was provided to show the total number of trawl CV licenses and the number of license endorsements that would qualify under Alternatives 2 and 3, absent any exemptions. Table 15, further in this section, shows the impact of Alternatives 2 and 3, but accounts for all three exemptions.

By definition in the motion, Option 5 is only applicable under Alternative 3 for the trawl CV sector. Option 5 provides a way for a license to qualify to retain both the WG and CG area endorsements, if the license has a significant number of landings in one subarea. Option 5 qualifies fewer licenses than Alternative 2, but more licenses than Alternative 3. Thus, Option 5 results in a number of qualifying licenses within the scope of Table 13. The specific results of Option 5 are shown in Table 16, later in this section, which also accounts for all three exemptions.

Table 13 Number of trawl CV licenses that qualify under Component 1, Options 1–3

Alternative	Endorsement	Harvest Area[1]	Number of endorsements	Option 1	Option 2	Option 3	
				2000-2005		2000-2006	
				1 Landing	2 Landings	1 Landing	2 Landings
ALT 2	AI	AI or BS	48	42	42	42	42
ALT 3	AI	AI only	48	25	22	25	23
ALT 2	BS	AI or BS	148	111	110	112	111
ALT 3	BS	BS only	148	111	110	112	111
ALT 2	CG	CG or WG	176	119	113	121	113
ALT 3	CG	CG only	176	90	80	90	80
ALT 2	WG	CG or WG	160	96	86	98	86
ALT 3	WG	WG only	160	79	65	82	65

[1]Harvest area means the management area in which the landings must be made in order to keep the endorsement.
Source: ADF&G fishticket files merged to a January 6, 2008 RAM Division LLP file.
Note: This table includes all trawl CV licenses, including those that are exempt under this action.

Alternative 2 applies the landings thresholds at the management area level (BSAI and GOA), while Alternative 3 applies the landings thresholds at the subarea level (BS, AI, CG or WG). Thus, it is easier to qualify under Alternative 2, than Alternative 3. For example, Table 10 shows that there are 48 LLPs with AI endorsements. Under Alternative 2, the license must have one or two landings in either the AI or the BS in order to qualify to keep the AI endorsement. Forty-two of the 48 total licenses qualify to keep the AI endorsement under either time period. In contrast, under Alternative 3, the license must have one or two landings specifically in the AI, in order to keep the AI endorsement. Twenty-five licenses have one landing in the AI during both time periods under consideration. Only 22 licenses have two landings in 2000 through 2005; and 23 licenses have two landings in 2000 through 2006. In sum, under Alternative 2, 6 licenses would be removed from the AI. Under Alternative 3, a range of from 23 to 26 licenses would be removed from the AI, depending upon the option selected.

Note that the qualification period selected, whether 2000 through 2005 (Option 1 and 2), or 2000 through 2006 (Option 3), makes very little difference in the overall number of qualified licenses. If 2006 is included, one additional AI license qualifies under Alternative 3, Option 3 with two landings. Likewise, including 2006 qualifies one additional BS license under Alternative 2 and Alternative 3, whether one or two landings are required. In the CG, two additional licenses qualify under Alternative 2 with one landing; there is no difference if two landings are required, and there is no difference under Alternative 3. In the WG, two additional licenses qualify under Alternative 2 with one landing; and three additional licenses qualify under Alternative 3 with one landing.

In sum, regarding the decision points under Component 1, Options 1 through 3 for trawl CVs:

- Including 2006 (Option 3) does not significantly affect the number of qualified licenses in any area.
- The selection of either one or two landings does not significantly affect the number of qualified licenses in the BS or AI.
- In the AI, it is the selection of Alternative 2 or Alternative 3 that has the greatest effect on the number of qualified licenses.
- In the BS, there is very little difference in the number of qualified licenses under any alternative or option.
- In the Gulf, it is both the selection of Alternative 2 or Alternative 3, and the selection of either one or two landings, that have the greatest effect on the number of qualified licenses.

Table 14 provides the same information for the trawl CP sector with BSAI and GOA endorsements. Note that Table 14 includes CP landings made whether the vessel was operating in catcher processor mode or

catcher vessel mode. This assumption is utilized throughout this analysis. **Like Table 13, Table 14 does not account for the three exemptions discussed above, in Section 2.7.1.** As requested by the public and the Council, this table was provided to show the total number of trawl CP licenses and the number of license endorsements that would qualify under Alternatives 2 and 3, absent any exemptions. This table is provided for comparison purposes. Table 18, further in this section, shows the impact of Alternatives 2 and 3 on the trawl CP sector, but accounts for all three exemptions.

Table 14 Number of trawl CP licenses that qualify under Component 1, Options 1–3

Alternative	Endorsement	Harvest Area[1]	Number of endorsements	Option 1	Option 2	Option 3	
				2000-2005		2000-2006	
				1 Landing	2 Landings	1 Landing	2 Landings
ALT 2	AI	AI OR BS	54	47	47	47	47
ALT 3	AI	AI ONLY	54	20	17	20	17
ALT 2	BS	AI OR BS	62	52	52	52	52
ALT 3	BS	BS ONLY	62	43	43	43	43
ALT 2	CG	CG OR WG	27	18	17	18	17
ALT 3	CG	CG ONLY	27	16	14	16	14
ALT 2	WG	CG OR WG	26	21	20	21	20
ALT 3	WG	WG ONLY	26	19	19	19	19

[1]Harvest area means the management area in which the landings must be made in order to keep the endorsement.
Source: ADF&G fishticket files and WPR landings data merged to a January 6, 2008 RAM Division LLP file.
Note: This table includes all trawl CP licenses, including those that are exempt under this action. Landings are credited to a CP LLP whether the vessel was operating in CP or CV mode.

Note that the qualification period selected, whether 2000 through 2005 (Option 1 and 2) or 2000 through 2006 (Option 3), does not affect the number of qualified CP licenses under either alternative or landings threshold. Like the trawl CV sector, the primary difference is in the alternative selected.

In sum, regarding the decision points under Component 1, Options 1–3 for trawl CPs:

- Including 2006 (Option 3) does not affect the number of qualified licenses in any area.
- The selection of either one or two landings does not significantly affect the number of qualified licenses in any area. A maximum of 3 licenses are removed in any one area as a result of the landings criteria (Alternative 3 for the AI).
- In all areas, it is the selection of Alternative 2, versus Alternative 3, that has the greatest effect on the number of qualified licenses. The greatest difference is in the number of AI endorsed licenses.

While Table 13 and Table 14 are useful for showing the entire universe of trawl CV and trawl CP licenses and the impact of the proposed thresholds, they do not account for the three primary exemptions that the Council has determined are provisions of this action. The following two tables provide a similar format, but show the actual effect of Alternative 2 or Alternative 3, Component 1, Options 1–3, accounting for all three primary exemptions. Table 15 applies to the trawl CV sector and therefore excludes: AFA licenses from the BSAI endorsement thresholds; and CG rockfish pilot program licenses from the CG endorsement thresholds. Table 18 applies to the trawl CP sector and therefore excludes: AFA licenses from the BSAI endorsement thresholds; CG rockfish pilot program licenses from the CG endorsement thresholds; and Am. 80 licenses from the BSAI endorsement thresholds.

Table 15 Number of trawl CV licenses that qualify under Component 1, Options 1–3, with exemptions applied

Alternative	Endorsement	Harvest Area[1]	Number of endorsements	Option 1 Option 2 2000-2005		Option 3 2000-2006	
				1 Landing	2 Landings	1 Landing	2 Landings
ALT 2	AI	AI or BS	6	1	1	1	1
ALT 3	AI	AI only	6	1	1	1	1
ALT 2	BS	AI or BS	47	14	13	15	14
ALT 3	BS	BS only	47	14	13	15	14
ALT 2	CG	CG or WG	130	78	72	80	72
ALT 3	CG	CG only	130	49	39	49	39
ALT 2	WG	CG or WG	160	96	86	98	86
ALT 3	WG	WG only	160	79	65	82	65

[1]Harvest area means the management area in which the landings must be made in order to keep the endorsement.
Source: ADF&G fishticket files merged to a January 6, 2008 RAM Division LLP file.
Note: This table excludes trawl CV licenses that are exempt under this action (CG rockfish licenses are excluded from the CG; AFA licenses, as well as 2 non-AFA licenses attached to AFA CVs, are excluded from the BSAI).

Comparing Table 15 to Table 13 shows how the universe of trawl CV LLPs subject to the proposed action is reduced when the exemptions are applied. For example, when the exemptions are not applied (Table 13), the universe of BS endorsements on trawl CV licenses is 148; when the exemptions are applied (Table 15) the universe of BS endorsements on trawl CV licenses is 47. **In sum, the following numbers of trawl CV area endorsements are exempt from this action: 42 AI endorsements; 101 BS endorsements; 46 CG endorsements, and no WG endorsements.**

Table 15 shows that, overall, there is a relatively small difference in the number of qualified LLPs whether one or two landings are applied. In addition, Alternative 2 and Alternative 3 qualify the same number of licenses in the BS and AI. The biggest difference among the alternatives and options is in the CG and WG endorsements. In the case of the Gulf, there is a difference between one or two landings, and there is a notable difference between Alternative 2 and Alternative 3.

In sum, for the universe of trawl CV LLPs subject to Component 1, the results are as following:

- The number of AI endorsed licenses would be reduced from 6 to 1 under Alternative 2 or 3
- The number of BS endorsed licenses would be reduced from 47 to between 13 and 15 under Alternative 2 or 3
- The number of CG endorsed licenses would be reduced from 130 to between 72and 80 under Alternative 2; or between 39 and 49 under Alternative 3
- The number of WG endorsed licenses would be reduced from 160 to between 86 and 98 under Alternative 2; or between 65 and 82 under Alternative 3

Table 16 shows the effect of Alternative 3, Component 1, Option 5. By definition in the motion, Option 5 is only applicable under Alternative 3 for the WG and CG endorsements in the trawl CV sector. Option 5 provides a way for a trawl CV license to qualify to retain both its WG and CG area endorsements, if the license has a significant number of landings in either the WG or CG subarea in 2005, 2006, or 2007. Option 5 qualifies fewer licenses than Alternative 2, but more licenses than Alternative 3 without Option 5. Thus, Option 5 results in a number of qualifying licenses within the scope of Table 15. The specific results of Option 5 are shown in Table 16, which also accounts for all three exemptions.

Table 16 Number of additional trawl CV licenses with WG or CG endorsements that do not qualify under Alternative 3, Options 1, 2, or 3, but qualify under Alternative 3, Option 5, with exemptions applied

Endorsement	Option under Alternative 3 & number of qualifying licenses		Additional licenses that qualify under Option 5 Landings in either 2005 or 2006 or 2007		
			20 landings	30 landings	40 landings
CG	Option 1	2000-2005, 1 landing (49 licenses)	10	2	0
CG	Option 2	2000-2005, 2 landings (39 licenses)	11	2	0
CG	Option 3	2000-2006, 1 landing (49 licenses)	10	2	0
CG		2000-2006, 2 landings (39 licenses)	11	2	0
WG	Option 1	2000-2005, 1 landing (79 licenses)	10	7	2
WG	Option 2	2000-2005, 2 landings (65 licenses)	12	9	3
WG	Option 3	2000-2006, 1 landing (82 licenses)	10	7	2
WG		2000-2006, 2 landings (65 licenses)	12	9	3

Source: ADF&G fishticket files merged to a January 6, 2008 RAM Division LLP file.
Note: This table excludes trawl CV licenses exempt under this action (CG rockfish licenses are excluded from the CG).

Table 16 shows that selecting Option 5 under Alternative 3 would qualify several additional CG and WG endorsed licenses. Recall that Option 5 first requires selecting one of the options under Alternative 3 for general qualification (Option 1, 2, or 3), and then selecting a suboption for additional landings (20, 30, or 40 landings) in 2005, 2006, or 2007. Thus, Table 16 (top row) reads as follows: if Alternative 3, Option 1 is selected (1 landing in 2000–2005), the addition of Option 5 results in 10 additional CG endorsed licenses qualifying under Suboption 1 (20 landings); 2 additional CG endorsed licenses qualifying under Suboption 2 (30 landings); and no additional licenses qualifying under Suboption 3 (40 landings).

In order to understand the total number of qualifying licenses resulting from Option 5, one needs to add the number of qualifying licenses under Options 1 through 3 to the additional number that qualify under Option 5 (see Table 16). To extend the example proposed above, if Alternative 3, Option 1 is selected (1 landing in 2000–2005), then 49 CG endorsed licenses qualify. If Option 5 is also selected, then a total of 59 CG licenses qualify (49 + additional 10) under Suboption 1; 51 CG licenses qualify (49 + 2) under Suboption 2; and 49 CG licenses qualify (49 + 0) under Suboption 3.

Thus, under Alternative 3, Option 5:

- 2 to 11 additional CG endorsed trawl CV licenses qualify
- 2 to 12 additional WG endorsed trawl CV licenses qualify

The intent of Option 5 is to allow participants with a significant number of landings in one Gulf area to also retain their (latent) endorsements for the adjacent Gulf area, even if they did not meet the qualifications under Alternative 3, Options 1 through 3 for the adjacent Gulf area. Note that although the language of the option is somewhat complicated, the intent is that a license holder could still qualify to retain their CG and WG endorsements simply by meeting the one or two landings criteria under Alternative 3. However, for those license holders that only meet the one or two landings criteria under Alternative 3 for one Gulf subarea (e.g., CG), Option 5 allows them an opportunity to retain both their CG and WG endorsements if they have 20, 30, or 40 landings in the same Gulf area. Thus, participants with recent landings in only one Gulf area can retain both their CG and WG endorsements by meeting the higher threshold proposed in Option 5. This option was proposed, in part, to allow active participants in the CG to keep their WG endorsements, as several of the Western Gulf TACs (e.g., pollock, flatfish, Pacific cod) have not been fully harvested in recent years.

Finally, the following table provides a summary of the number of endorsements remaining in the trawl CV sector, under the proposed range of alternatives and options, accounting for both the licenses that are

exempted from, and qualify under, this action. Table 17 shows that there is the potential for a 10% reduction in the number of AI endorsements and a 22% to 23% reduction in the number of BS endorsements, depending upon the alternative and option selected under Component 1. In the Gulf, there is a larger range of potential reductions. There is the potential for a 28% to 52% reduction in the number of CG endorsements and a 39% to 59% reduction in the number of WG endorsements, depending upon the alternative and option selected. (See the footnote to Table 17, which notes that this table does not include the application of Component 1, Option 4, the effects of which are discussed in Section 2.7.2.2).

Table 17 Number of endorsed trawl CV LLPs remaining in the groundfish fisheries, by area, under Component 1, Options 1–3 & 5

Area	Current number of endorsements	Number of exempt licenses[1]	Number of qualifying licenses	**Total number and percent of endorsed licenses remaining under the proposed action**	
AI	48	42	1	43	90%
BS	148	101	13 to 15	114 to 116	77%–78%
CG	176	46	39 to 80	85 to 126	48%–72%
WG	160	0	65 to 98	65 to 98	41%–61%

[1]If Component 1, Option 4 is selected, a maximum of 9 additional <60' licenses could be exempt from the BS endorsements, thus increasing the number of BS exempted licenses to a maximum of 110, and increasing the total number of licenses remaining to 123 or 125.

The next set of tables applies to the trawl CP sector. Comparing Table 18 and Table 14 shows how the universe of trawl CP LLPs, subject to the proposed action, is reduced when the exemptions are applied. For example, when the exemptions are not applied (Table 14), the universe of AI endorsements on trawl CP licenses is 54; when the exemptions are applied (Table 18) the universe of AI endorsements on trawl CP licenses is 8. **In sum, the following numbers of trawl CP area endorsements are exempt from this action: 46 AI endorsements; 55 BS endorsements; 17 CG endorsements, and zero WG endorsements.**

Table 18 Number of trawl CP licenses that qualify under Component 1, Options 1–3, with exemptions applied

Alternative	Endorsement	Harvest Area	Number of endorsements	Option 1 Option 2 2000-2005		Option 3 2000-2006	
				1 Landing	2 Landings	1 Landing	2 Landings
ALT 2	AI	AI or BS	8	4	4	4	4
ALT 3	AI	AI only	8	2	2	2	2
ALT 2	BS	AI or BS	7	3	3	3	3
ALT 3	BS	BS only	7	3	3	3	3
ALT 2	CG	CG or WG	10	5	5	5	5
ALT 3	CG	CG only	10	5	3	5	3
ALT 2	WG	CG or WG	26	21	20	21	20
ALT 3	WG	WG only	26	19	19	19	19

[1]Harvest area means the management area in which the landings must be made in order to keep the endorsement.
Source: ADF&G fishticket files and WPR landings data merged to a January 6, 2008 RAM Division LLP file.
Note: This table excludes trawl CP licenses that are exempt under this action (AFA and Am. 80 licenses are excluded from the BSAI; CG rockfish licenses are excluded from the CG).

Table 18 shows that there is a *de minimus* difference in the number of qualified LLPs whether one or two landings are applied. In addition, there is also little difference between Alternative 2 and Alternative 3. Alternative 2 qualifies an additional 2 licenses in the AI, compared to Alternative 3. There is no difference in the number of BS qualifying licenses between Alternative 2 and Alternative 3. In the CG,

two fewer LLPs qualify under Alternative 3 (2 landings), than under Alternative 2. In the WG, compared to Alternative 2, two fewer LLPs qualify under Alternative 3 with one landing, and one fewer qualifies under Alternative 3 with two landings.

In sum, for the universe of trawl CP LLPs subject to Component 1, the results are as following:

- The number of AI endorsed licenses would be reduced from 8, to 4 under Alternative 2; or from 8, to 2 under Alternative 3
- The number of BS endorsed licenses would be reduced from 7, to 3 under Alternative 2 or Alternative 3
- The number of CG endorsed licenses would be reduced from 10, to 5 under Alternative 2; or between 3 and 5 under Alternative 3
- The number of WG endorsed licenses would be reduced from 26, to either 20or 21 under Alternative 2; or to 19 under Alternative 3

Finally, the following table provides a summary of the number of endorsements remaining in the trawl CP sector under the proposed range of alternatives and options in Component 1, accounting for both the licenses exempted from this action and the licenses that qualify under this action. Table 19 shows that the estimated maximum reduction in the number of AI endorsements is 11%; the estimated maximum for the BS is 6%. In the Gulf, there is the potential for up to a 26% reduction in the number of CG endorsements and up to a 27% reduction in the number of WG endorsements, depending upon the alternative and option selected.

Table 19 Number of endorsed trawl CP LLPs remaining in the groundfish fisheries, by area, under Component 1

Area	Current number of endorsements	Number of exempt licenses	Number of qualifying licenses	**Total number and percent of endorsed licenses remaining under the proposed action**	
AI	54	46	2 to 4	48 to 50	89%–93%
BS	62	55	3	58	94%
CG	27	17	3 to 5	20 to 22	74%–81%
WG	26	0	19 to 21	19 to 21	73%–81%

2.7.2.2 Option 4

Option 4 under Component 1 would exempt BSAI endorsements from the BSAI landings thresholds on trawl LLPs with an MLOA of <60' and trawl and non-trawl designations, if the LLP had associated trawl <u>or non-trawl</u> landings in the BSAI directed Pacific cod fishery in any one year 2000 through 2005.[17] The landings requirements for BSAI Pacific cod are: Suboption 1–one landing; Suboption 2–two landings; and Suboption 3– 200 mt. This option would, thus, allow some trawl licenses that may not qualify under Component 1, Options 1 through 3 and 5, to qualify using their <u>non-trawl</u> landings of BSAI Pacific cod.

There are several assumptions associated with this option. While the language under Option 4 does not explicitly state that both trawl and non-trawl *designations* are necessary on the license, that is how the option has been discussed, interpreted, and analyzed to date. In addition, the language in the motion does not specify whether Option 4 applies only to trawl CVs, and not CPs. (Note, however, that there are several CP licenses on MLOA <60' vessels, but all of these licenses only have non-trawl designations; thus, the option below would not apply to these licenses.) Finally, it is assumed that licenses that meet the BSAI Pacific cod threshold selected under Option 4 would be exempt from both the BS and AI

[17]Option 4 is analyzed using retained Pacific cod harvest (discards are not included). Landing dates were used to determine whether the landing was counted as harvest in the directed fishery.

endorsement criteria. Prior to final action, the Council was asked to clarify whether any of these interpretations are incorrect, but no further clarifications were made.

Table 20 Number of trawl licenses that qualify under Component 1, Option 4

Total number <60' BS licenses with trawl and non-trawl designations:		15
Number of licenses that qualify for exemption under Option 4 (trawl or non-trawl landings in the BSAI directed P.cod fishery in 2000–05):	Suboption 1. one landing	9
	Suboption 2. two landings	8
	Suboption 3. 200 mt	Conf.

Table 20 shows the total number of licenses at issue, and the estimated number of licenses that qualify for the exemption proposed under Option 4. Fifteen trawl CV licenses have both trawl and non-trawl designations, an MLOA of <60', and a BS endorsement. Nine of these licenses have at least one directed Pacific cod landing in the BSAI between 2000 and 2005, inclusive; eight licenses have two or more directed Pacific cod landings over the same period. The number of these licenses that have 200 metric tons of directed Pacific cod catch in the BSAI in any one year in the designated time period cannot be disclosed under confidentiality rules. No licenses with an MLOA of less than 60 feet, have an Aleutian Islands area endorsement and both trawl and non-trawl designations. Thus, up to 9 trawl CV licenses meet the proposed criteria under Option 4, and could be exempt from the BS endorsement thresholds.

2.7.2.3 Impacts of Component 1 on specific sectors

AFA Trawl CV and CP sectors–Gulf endorsements

Given the provision to exempt the AFA CP and CV sectors from the BS and AI endorsement thresholds, the proposed action would only apply to an AFA license's CG and/or WG endorsements. The exemption applies to BSAI LLP license endorsements originally issued to vessels qualified under the AFA, and any non-AFA LLPs assigned to AFA vessels not having any other license from qualification in the BSAI. Although the AFA licenses are captured in Table 15 and Table 18 for the Gulf, during a previous review of the analysis, a table was requested which breaks out the number of AFA licenses which would qualify under the CG and WG endorsement thresholds. This table is provided below.

Table 21 Number of AFA CV and CP licenses that qualify under the Gulf endorsement thresholds

Alternative	Endorsement	Harvest Area[1]	Number of endorsements	Option 1 2000-2005	Option 2 2000-2005	Option 3 2000-2006	Option 3 2000-2006
				1 Landing	2 Landings	1 Landing	2 Landings
TRAWL CV							
ALT 2	CG	CG or WG	61	37	31	39	31
ALT 3	CG	CG only	61	30	28	30	28
ALT 2	WG	CG or WG	79	35	26	37	26
ALT 3	WG	WG only	79	24	13	27	13
TRAWL CP							
ALT 2	CG	CG or WG	4	2	1	2	1
ALT 3	CG	CG only	4	0	0	0	0
ALT 2	WG	CG or WG	6	2	1	2	1
ALT 3	WG	WG only	6	0	0	0	0

[1]Harvest area means the management area in which the landings must be made in order to keep the endorsement.
Source: ADF&G fishticket files and WPR landings data merged to a January 6, 2008 RAM Division LLP file.
Note: Several AFA trawl CVs hold trawl CP licenses. The CP part of the table includes licenses with a CP designation, and the CV part includes licenses with a CV designation. Thus, all trawl CP licenses are accounted for in the 'trawl CP' part of the table, whether they are used on vessels operating as trawl CPs or trawl CVs.

Table 21 shows that in the AFA trawl CV sector, the Gulf endorsement thresholds would remove between 22 and 30 CG endorsements under Alternative 2, and between 31and 33 CG endorsements under Alternative 3. For the WG endorsements, from 42 to 53 endorsements would be removed under Alternative 2, and between 52 and 66 endorsements would be removed under Alternative 3. Including 2006 in the qualification period (Option 3), qualifies a few more AFA trawl CV Gulf endorsements, up to a maximum of 3 in the WG.

There are relatively few Gulf endorsements in the AFA trawl CP sector: 4 for the CG and 6 for the WG. Table 21 shows that of the 4 CG endorsements in the AFA trawl CP sector, 2 to 3 would be removed under Alternative 2, and all four would be removed under Alternative 3. Of the 6 WG endorsements in the AFA trawl CP sector, 4 to 5 would be removed under Alternative 2, and all 6 would be removed under Alternative 3. Including 2006 in the qualification period (Option 3) does not make any difference in the number of qualified LLP endorsements.

One concern raised by the Council is the potential effect of this action on the ability of AFA pollock cooperative participants to fish sideboard amounts in the GOA fisheries. Gulf sideboards limit the annual harvest by AFA vessels in the GOA groundfish fisheries, based upon the retained catches of groundfish recorded by AFA vessels in the GOA during 1995 through 1997. The sideboard provisions were established under the AFA regulations to protect non-AFA vessels participating in other groundfish fisheries from adverse impacts that could occur following rationalization of the Bering Sea pollock fishery. To implement the annual sideboard limit, NOAA Fisheries sets an aggregate catcher vessel sideboard limit for each groundfish species. This aggregate amount, and an associated PSC bycatch limit, is made available to all AFA catcher vessels. The sideboard limits are divided and distributed among the respective cooperatives through the inter-cooperative agreement. [18]

Note that sixteen AFA catcher vessels are exempt from the GOA groundfish sideboards, due to their participation in the GOA groundfish fisheries during the time period in which the sideboards were calculated.[19] AFA CVs, less than 125' LOA, that harvested less than 5,100 mt of BSAI pollock and had 40 or more GOA groundfish landings from 1995 through 1997, were determined to be exempt from the

[18] John Gruver, United Catcher Boats Association. "2006 American Fisheries Act Catcher Vessel Interco-op Annual Report to the North Pacific Fishery Management Council, February 2007".
[19]NMFS RAM website, February 21, 2008: http://www.fakr.noaa.gov/ram/daily/afa_cv.htm

GOA groundfish sideboards.[20] Table 21 shows that the maximum number of AFA CV licenses that qualify to retain their CG or WG endorsement under any alternative and option is 39 and 27, respectively (under Alternative 2, Option 3, 1 landing). Of the 39 qualifying AFA CVs with CG endorsed licenses, 15 are exempt from the GOA groundfish sideboards and 24 are subject to the sideboards. Of the 37 qualifying AFA CVs with WG endorsed licenses, 10 are exempt from the GOA groundfish sideboards and 27 are subject to the sideboards. Fifteen of the 16 vessels that are exempt from the GOA groundfish sideboards are estimated to qualify to retain their Gulf endorsements under the proposed action.

Generally, AFA catcher vessels have not fully harvested their sideboards for most species in recent years. Table 22 below shows the relative proportion of the AFA GOA pollock quota harvested for the 2003 through 2007 seasons.

Table 22 GOA Pollock Sideboard Amounts and Harvests, 2002–2007

year	area	quota (mt)	proportion harvested
2003	610	10,262	31.1%
	620	2,809	75.9%
	630	2,519	30.1%
2004	610	14,015	33.6%
	620	3,779	52.6%
	630	3,432	22.6%
2005	610	18,568	26.2%
	620	4,908	41.4%
	630	4,564	34.5%
2006	610	17,674	25.1%
	620	4,350	68.7%
	630	4,498	13.4%
2007	610	15,288	13.8%
	620	2,981	94.4%
	630	3,620	19.9%

Source: NMFS, Gulf of Alaska Seasonal Sideboard Catch Reports, 2003-2007.

Representatives of AFA fishermen have testified before the Council several times during the development of this proposed amendment, suggesting the following reasons for the low GOA pollock sideboard harvests:

- Implementation of the Steller sea lion protection measures, which reduced the areas available for fishing in the GOA and also implemented the 300,000 pound trip limit for pollock trawl harvests in the GOA.
- Exclusive registration for directed pollock fishing in Area 610 and the western side of Area 620, restricting fishing to either the BSAI or GOA until a subsequent season or the following year.[21]

To take advantage of efficiencies (e.g., operating cost savings), some AFA LLP holders have not entered their vessels into sideboarded fisheries. By allowing other cooperative partners to fish the sideboard amounts attributed to their catch history, these LLP holders may not meet the threshold criteria within an endorsement area, particularly for the recent qualification period. If this action eliminates a latent LLP endorsement that does not have recent history of participation in a sideboarded fishery, that AFA vessel would be unable to fish its contribution to the sideboard limit in the future. However, other cooperative

[20]Refer to 50 CFR 679.64(b)(2)(ii).
[21]Regulations are at 50 CFR 679.23(i). Note that catcher vessels less than 125 ft (38.1 m) LOA are exempt from this restriction when fishing east of 157° 00' W long (i.e., the eastern side of Area 620, Area 630 and the eastern GOA).

partners with the appropriate LLP endorsements could continue to fish the sideboard amounts, similar to the status quo.

Industry representatives testifying before the Council have voiced concern that any AFA vessel that loses a Gulf area endorsement could lose the value from the sideboard amount attributable to the vessel. Under the status quo, some AFA vessels that have the ability to fish under a sideboard have chosen to allow other cooperative members to fish their contributions to the sideboard limit. If such a vessel loses the ability to fish its own sideboard amount, its bargaining power within the cooperative would be diminished. Recognizing that the sideboard amounts are fleet limits which are distributed and managed through the inter-cooperative agreement, it is not possible to determine the impact to a specific LLP holder as a result of this action. The ultimate impact to the affected LLP holder would be determined within the business arrangements of the AFA pollock fleet. Nonetheless, the relative economic positions of the two parties to such an arrangement would be altered by the loss of the endorsement. The AFA LLP holder whose endorsement is removed will be placed at a substantial disadvantage in negotiating terms of harvest of sideboard amounts, with an operator holding the necessary endorsements. This represents an economic loss to the former party.

At the October 2007 Council meeting, the Council requested information on the trawl vessels that have been harvesting GOA pollock since the implementation of the AFA in October 1998. This information is presented in Table 23 below. The table shows the total trawl pollock harvest in the GOA, from 1999 through 2006 (column 2), as well as the trawl pollock harvest by all non-AFA vessels (column 3) and trawl pollock harvests by non-AFA vessels <60' LOA. Overall, from 1999 through 2006, about 62% of the total GOA trawl pollock harvest has been harvested by non-AFA trawl vessels. About 21% of the total GOA trawl pollock catch has been taken by non-AFA trawl vessels <60' LOA.

Table 23 GOA Trawl Pollock Harvest: 1999–2006

year	all trawl pollock in GOA	all non-AFA trawl pollock	all non-AFA trawl pollock harvested by vessels less than 60 ft LOA
1999	199,288,767	101,434,274	26,491,389
2000	157,291,711	83,819,458	24,701,755
2001	157,685,714	109,402,562	46,975,243
2002	112,546,044	64,063,348	23,286,785
2003	108,288,961	67,071,787	23,029,927
2004	137,056,438	91,621,314	33,710,962
2005	174,023,299	123,350,611	47,304,639
2006	151,558,386	97,178,843	30,074,188
total	1,197,739,320	737,942,197	255,574,888

Source: NPFMC data files based upon ADF&G fish ticket files, October 2007.

Central Gulf Rockfish Pilot Program sector–BS, AI, and WG endorsements

Given the provision to exempt the Central Gulf rockfish pilot program CV and CP LLPs from the CG endorsement thresholds, the proposed action will only apply to Central Gulf rockfish participants' BS, AI, and WG endorsements. Although the CG rockfish vessels are captured in Table 15 and Table 18, during a previous review of the analysis, a table was requested which breaks out the CG rockfish sector and shows the number of licenses which would qualify under the BS, AI, and WG endorsement thresholds. This table is provided below.

Table 24 Number of Central Gulf rockfish pilot program licenses that qualify under the BSAI and WG endorsement thresholds

Alternative	Endorsement	Harvest Area	Number of endorsements	Option 1 2000-2005	Option 2 2000-2005	Option 3 2000-2006	
				1 Landing	2 Landings	1 Landing	2 Landings
Trawl CV							
ALT 2	AI	AI or BS	2	1	1	1	1
ALT 3	AI	AI only	2	1	1	1	1
ALT 2	BS	AI or BS	29	26	26	26	26
ALT 3	BS	BS only	29	26	26	26	26
ALT 2	WG	CG or WG	21	18	18	18	18
ALT 3	WG	WG only	21	11	6	12	6
Trawl CP							
ALT 2	AI	AI or BS	13	11	11	11	11
ALT 3	AI	AI only	13	7	7	7	7
ALT 2	BS	AI or BS	16	13	13	13	13
ALT 3	BS	BS only	16	13	13	13	13
ALT 2	WG	CG or WG	11	9	9	9	9
ALT 3	WG	WG only	11	9	9	9	9

[1]Harvest area means the management area in which the landings must be made in order to keep the endorsement.
Source: ADF&G fishticket files and WPR landings data merged to a January 6, 2008 RAM Division LLP file.

There are 46 CG rockfish trawl CV licenses and 17 trawl CP licenses at issue (refer back to Table 11). Table 24 shows that only two trawl CV LLPs associated with the CG rockfish pilot program have AI endorsements, 29 have BS endorsements, and 21 have WG endorsements. Of those licenses, one is estimated to qualify to retain its AI endorsement, and 26 are estimated to qualify to retain their BS endorsements, under either Alternative 2 or Alternative 3. Of the 21 WG endorsed licenses, 18 would qualify under Alternative 2, and from 6to 12 would qualify under Alternative 3. Thus, the largest potential reduction in the number of endorsements is in the WG, under Alternative 3 (Option 2 or 3, two landings).

There are fewer trawl CP LLPs associated with the Central Gulf rockfish pilot program subject to this action, but a greater percentage of the total licenses have multiple endorsements. Table 24 shows that 13 trawl CP LLPs have AI endorsements, 16 have BS endorsements, and 11 have WG endorsements. Of those licenses, 7 and 11 are estimated to qualify to retain their AI endorsement under Alternative 2 and Alternative 3, respectively. Of the 16 LLPs with BS endorsements, 13 would retain their BS endorsements under either alternative/option. Of the 11 LLPs with WG endorsements, 9 would retain their WG endorsements under either alternative/option. Thus, the largest potential reduction in this sector is in the AI endorsements under Alternative 3.

Amendment 80 Trawl CP sector–CG and WG endorsements

Given the provision to exempt the Amendment 80 CP LLPs from the BS and AI endorsement thresholds, the proposed action could only apply to the Amendment 80 sector's CG and WG endorsements. However, there is a specific component (Component 3) which provides an option to also exempt the Amendment 80 LLPs from the CG and WG endorsements. See Section 2.7.4 (Component 3) for data and details on the effects of Component 1, Options 1 through 3 on the Amendment 80 sector, as well as the effects of the option to exempt the Amendment 80 sector from the Gulf endorsement criteria.

Non-AFA & Non-Amendment 80 Trawl CP sector–BSAI and Gulf endorsements

Prior to the October 2006 meeting, the proposed amendment did not address the operation of CPs in the BSAI. Under the current provisions to exempt particular sectors, both licenses originally issued to and assigned to AFA CPs, and licenses assigned to eligible Amendment 80 CPs, are exempt from the BSAI endorsement thresholds. Thus, the only CP sector that is subject to the BSAI endorsement thresholds under Component 1 is the 'non-AFA and non-Amendment 80' sector. There are 9 total non-AFA/non-Amendment 80 CP licenses. The licenses attributed to this sector have limited catcher processor opportunities in the BSAI; they could be used in the non-pollock and non-Amendment 80 fisheries, for example, arrowtooth flounder, northern rockfish, Alaska plaice, etc, or they could be placed on AFA vessels or Amendment 80 vessels. However, once a license is assigned to an Amendment 80 vessel, it is restricted to use on vessels in that program in perpetuity. Due to the limited opportunities for participation as a non-AFA/non-Amendment 80 catcher processor in the BSAI, license holders may choose to use these licenses on vessels operating as catcher vessels. In addition, those with GOA endorsements may be used on CPs in the GOA.

Table 25 identifies the number of endorsed licenses attributed to the 'non-AFA and non-Amendment 80' CP sector and shows the number of trawl CP licenses that meet the proposed landings thresholds for the respective areas. There are 9 total non-AFA/non-Amendment 80 CP licenses. In sum, of the 8 CP licenses with AI endorsements, 4 and 2 are estimated to qualify to retain their AI endorsements under Alternative 2 and Alternative 3, respectively. Of the 7 CP licenses with BS endorsements, 3 would qualify to retain their BS endorsement under Alternative 2 or Alternative 3. Of the 5 CP licenses in this sector with CG endorsements, only 1 would qualify under either alternative. Finally, there is only one CP license in this sector with a WG endorsement; this license qualifies under either alternative.

Table 25 Number of non-AFA and non-Amendment 80 CP LLPs that qualify under Component 1, Options 1–3

Alternative	Endorsement	Harvest Area[1]	Number of endorsements	Option 1 2000-2005	Option 2 2000-2005	Option 3 2000-2006	
				1 Landing	2 Landings	1 Landing	2 Landings
ALT 2	AI	AI or BS	8	4	4	4	4
ALT 3	AI	AI only	8	2	2	2	2
ALT 2	BS	AI or BS	7	3	3	3	3
ALT 3	BS	BS only	7	3	3	3	3
ALT 2	CG	CG or WG	5	1	1	1	1
ALT 3	CG	CG only	5	1	1	1	1
ALT 2	WG	CG or WG	1	1	1	1	1
ALT 3	WG	WG only	1	1	1	1	1

[1]Harvest area means the management area in which the landings must be made in order to keep the endorsement.
Source: ADF&G fishticket files and WPR landings data merged to a January 6, 2008 RAM Division LLP file.

Non-AFA Trawl CV sector–BSAI and Gulf endorsements

The number of non-AFA trawl CV licenses that meet the proposed thresholds under Component 1, Options 1 through 3 in Alternative 2 and 3 are provided below in Table 26. As noted generally, the number of qualifying Gulf LLPs is greater under Alternative 2 than Alternative 3. There is no difference in the number of qualifying LLPs in the BSAI between the two alternatives. Other findings for this sector are noted below.

Table 26 Number of non-AFA trawl CV LLPs that qualify under Component 1, Options 1–3

Alternative	Endorsement	Harvest Area[1]	Number of endorsements	Option 1 Option 2 2000-2005		Option 3 2000-2006	
				1 Landing	2 Landings	1 Landing	2 Landings
ALT 2	AI	AI or BS	6	1	1	1	1
ALT 3	AI	AI only	6	1	1	1	1
ALT 2	BS	AI or BS	47	14	13	15	14
ALT 3	BS	BS only	47	14	13	15	14
ALT 2	CG	CG or WG	115	82	82	82	82
ALT 3	CG	CG only	115	60	52	60	52
ALT 2	WG	CG or WG	81	61	60	61	60
ALT 3	WG	WG only	81	55	52	55	52

[1]Harvest area means the management area in which the landings must be made in order to keep the endorsement.
Source: ADF&G fishticket files merged to a January 6, 2008 RAM Division LLP file.

Alternative 2 would remove 5 AI endorsements and from 32 to 34 BS endorsements from LLPs held by this sector. Alternative 2 would also remove 33 CG endorsements and either 20 or 21 WG endorsements from LLPs held by this sector. There is little difference between Options 1 through 3 under Alternative 2. Generally, Option 2 results in the lowest number of qualifying licenses.

Like Alternative 2, Alternative 3 would remove 5 AI endorsements and between 32 and 34 BS endorsements from LLPs held by this sector. Alternative 3 would also remove from 55 to 63 CG endorsements and from 26 to 29 WG endorsements from LLPs held by this sector. There is little difference between Options 1 through 3 under Alternative 3 for the BS and AI. Generally, Option 2 or Option 3 results in the lowest number of qualifying licenses in the CG and WG.

Including 2006 in the qualifying years (Option 3) effectively qualifies one additional license in the BS under both Alternative 2 and Alternative 3.

2.7.3 Component 2 – Multiple LLPs stacked on a single vessel

Earlier formulations of the alternatives, components, and options for the proposed amendment included a choice for the method of determining how to address 'stacked' licenses, (i.e., more than one license assigned to a single vessel). At the June 2006 Council meeting, the Council inquired about the characteristics of the multiple LLPs assigned to a single vessel. The staff discussion paper pointed out that license stacking can occur for several reasons, most often to increase the number of areas that a vessel can fish, by adding area endorsements. The paper also suggested a few different possible approaches to crediting catch to stacked licenses. Based on the staff discussion paper, public testimony, consideration of the AP motion, and its own deliberations, the Council adopted a provision that would credit catch to both licenses, if they were stacked on a single vessel at the time the landing was made.

The rationale for the Council's approach is that both licenses are being used, albeit on a single vessel. While this method double counts the history, double counting is not as relevant in this action, since allocations are not at issue, only "activity". A Council decision to credit harvest under this action to two licenses would not bind the Council to "double count" the catch history in any future allocation action, should that occur. Alternative approaches that would apportion catch history among multiple licenses are problematic, given the Council's apparent purpose in this action (i.e., removing licenses that have not been actively employed in the fisheries in the recent past and present). Specifically, apportioning catch history between two stacked licenses would require developing detailed rules governing that apportionment, which would substantially and unnecessarily complicate implementation and could open

the resulting "catch apportionment" decision to challenge. Given that the Council would retain the discretion to determine how catch history might be apportioned in a future allocation, complicating this action by developing rules for apportioning catch history was determined not to be necessary to achieving the action's objectives.

The Council ultimately provided direction on this issue under a provision, added as Component 2. Component 2 states that groundfish harvest history is credited to each LLP that was stacked on a single vessel at the time of the landing. Thus, all licenses assigned to a single vessel will receive credit for active participation for each landing in the implementation of this amendment, as long as the license was assigned to the vessel at the time of the landing. Staff interprets this provision as crediting each LLP license stacked at the time of a landing with that history for purposes of this action only. If potential double counting of harvest history is of concern, that issue could be clarified by adding a statement that this action should not be interpreted by the public as being determinative for the crediting of catch history in the future.

At its February 2008 meeting, the Council added a suboption to this provision, which states:

> *Suboption: Stacked licenses will remain linked and cannot be severed back into separate licenses (effective at the time of implementation).*

This suboption would require that, at the time of implementation of the rulemaking for this amendment, any qualifying licenses that are stacked on a single vessel must remain linked and could not be separated in the future. The intent of this option is to prevent stacked licenses that have both received history from landings on the same vessel, from being used separately in the groundfish fisheries in the future. As stated previously, double counting history is not entirely relevant in this case, as this action does not establish allocations. However, the suboption would prevent additional potential effort in the fishery, by not allowing stacked licenses that qualify to retain their endorsements to be separated and used on two different vessels in the future.

Under the suboption, it is assumed that on the effective date of the action, any stacked licenses would be identified by NMFS and designated as non-transferable, unless transferred together. Note that because licenses are currently transferable, staff cannot predict the number of licenses that may be stacked at the time of implementation, nor can staff quantify the number of licenses that were stacked at a given point in the past. Thus, staff is limited to providing the number of stacked licenses at the point at which this analysis is being written, which may provide the general scope of licenses at issue.

Currently, there are 19 vessels carrying 38 stacked trawl licenses; thus, two trawl licenses are stacked on each vessel.[22] These 38 licenses are trawl licenses that are stacked with another trawl (CP or CV) license; this does not include trawl licenses stacked only with non-trawl licenses, but does include licenses with both trawl and non-trawl designations. Several of the 38 licenses are AFA or Central Gulf rockfish pilot program licenses; thus, several are exempt from various area endorsement thresholds under the exemption provisions of this action. In addition, some of the 38 licenses were likely transferred after the time of the qualifying landings (2000–2005 or 2000–2006). Thus, there are several instances in which one license qualifies to retain its area endorsement under this action, but the second license it is stacked with may not.

There are a number of questions associated with this suboption that are not currently addressed. Note that these questions would have had to be addressed had the Council selected this suboption as part of its preferred alternative. However, the Council did not include this suboption as part of its preferred alternative; thus, these details were not addressed at final action. The primary questions are listed below, in order to show the level of analysis that was developed to-date:

[22]NMFS Restricted Access Management Division LLP file, January 6, 2008.

- To what universe of licenses does the suboption apply? Staff currently assumes that the suboption would only apply to trawl licenses, stacked with other trawl licenses, as they are the only licenses subject to the overall action. For example, if a trawl license is stacked with a non-trawl license on a single vessel, are these two licenses linked together in perpetuity under this suboption? The analysis currently assumes that they are not. Also, it is assumed that a qualifying trawl license that is stacked with another qualifying trawl/non-trawl license would result in a single linked license. It is not clear whether the resulting license would be qualified for non-trawl use in all endorsement areas on the new license or only those areas identified on the original trawl/non-trawl license. It is also not clear whether a qualifying trawl license that is stacked with a non-qualifying trawl/non-trawl license would result in a new single trawl/non-trawl license.

- Does the suboption apply to trawl licenses that are 'exempt' from this action? The existence of 'exempt' and 'non-exempt' endorsements subject to the qualifying criteria creates a very complicated analysis. It may not be possible to exclude 'exempted' licenses from this provision, because licenses are only exempt with regard to specific area endorsements. Thus, many licenses are exempt from the action for the purpose of some of their area endorsements, but not exempt for others.

- How to address ownership issues? Currently, for example, two LLPs can be held by two different persons, and a third person can own the vessel named on those two LLPs. Thus, stacked LLPs may not be connected in any way, except through the vessel designation. Many licenses owners have engaged in temporary partnerships of this sort in order to use their licenses in the most efficient way possible. If the intent of the suboption is to link the LLPs in perpetuity, NMFS RAM Division will need more direction as to how to implement this provision and determine appropriate ownership of the resulting license.

Note that the number of stacked trawl licenses would likely change prior to the implementation of this amendment. Because NMFS must provide notice prior to rulemaking, the proposed and final rules will have a description of this provision, and the final rule will list the effective date of implementation. A license holder that perceives any negative impact from this suboption will have sufficient incentive and opportunity to transfer one or more of their stacked licenses, prior to the effective date of implementation, or simply not designate a vessel for a particular license. These licenses could then be stacked back on a single vessel post-implementation and be in compliance with the rule, while avoiding the consequences of the suboption. Thus, the suboption under Component 2 is unlikely to have its intended effect.

In addition, it is likely that multiple LLPs are sought and held for their utility in gaining area endorsements or gear endorsements, necessary for the vessel to operate in a combination of fisheries, depending on micro-economic and individual operational considerations, as intended under its business plan. This is necessary, because endorsements are not severable under the existing LLP. Thus, if one wants the flexibility to expand vessel operations into a new area, for which their current license is not endorsed, one must purchase a whole new license with the appropriate area endorsement and designate the same vessel on that new license (i.e., stack two licenses). An evaluation of the 38 trawl licenses that are currently stacked shows that most stacked licenses do not mirror each other's endorsements. Most licenses are differentiated by a trawl or non-trawl endorsement and/or one or more area endorsements. It is the construct of the current LLP, in that endorsements are not severable, that necessitates stacking.

There does not appear to be an incentive to purchase an additional LLP and designate a vessel for its use, solely for speculative purposes, at this time. The proposed action does not use catch history for any purpose other than qualifying a license to retain its area endorsement. If a future action proposed using catch history for allocation purposes and/or a limited access privilege, the alternatives and options under that specific program would dictate how catch history is credited to stacked licenses. Nothing in this

action prevents the Council from treating stacked licenses differently in a future program, especially one in which catch history translates into an allocation or an exclusive harvest privilege. As stated previously, that issue could be clarified by adding a statement that, for example, "This action should not be interpreted by the public as being determinative for the crediting of catch history in the future."

2.7.4 Component 3 – Option to exempt Am. 80 licenses from the CG and WG thresholds

The general exemptions discussed in Section 2.7.1 include an exemption for BSAI LLP endorsements originally issued to catcher processors qualified under BSAI Amendment 80, and BSAI LLPs used for eligibility in Amendment 80. Component 3, however, provides an option to also exempt Amendment 80 licenses from the CG and WG thresholds proposed in this amendment. Exempting other licenses assigned to the Amendment 80-qualified vessels would not result in preserving latent licenses that could be transferred to other vessels, since licenses assigned to Amendment 80 vessels are restricted to use on vessels in that program.

NOAA Fisheries recently completed its determination of the qualifying vessels under Amendment 80. The license tied to the Amendment 80 quota, as well as all other LLPs assigned to the qualifying vessel at the time of Amendment 80 program implementation, will be restricted from being used by a non-Amendment 80 vessel. Many of the elements of Amendment 80 were effective on October 15, 2007; the remaining portions of the final rule were effective January 2008.[23]

The qualification period for the Amendment 80 program was based on harvests from 1997 through 2002; a total of 28 vessels are qualified for the Amendment 80 program. The 28 licenses originally assigned to the Amendment 80 vessels are listed in the final rule.[24] Table 27 shows the number of LLPs assigned to Amendment 80 vessels that would meet the thresholds proposed under Component 1 to retain their CG and/or WG endorsements. In effect, Table 27 shows the impact on all Amendment 80 licenses of not exempting them from the Gulf endorsement criteria (i.e., not selecting Component 3). Thus, Table 27 includes Amendment 80 licenses that would already be exempt from the CG criteria, due to their participation in the rockfish pilot program (13 licenses).

There are 18 CG endorsements and 19 WG endorsements at issue. Most Amendment 80 licenses would qualify to retain their CG and/or WG endorsements if they were not exempted from this action, although fewer licenses qualify under the two landing threshold. In sum, without Component 3, three CG endorsements and one WG endorsement would be removed under Alternative 2. Three or five CG endorsements and one WG endorsement would be removed under Alternative 3.

[23]The final rule is published at 72 FR 52668 (September 14, 2007).
[24] Unpublished computer file, personal communication from Glenn Merrill, NOAA Fisheries, Sustainable Fisheries Division, March 14th, 2007).

Table 27 Number of Am. 80 licenses that qualify under Component 1, Options 1–3 for a CG and/or WG endorsement

Alternative	Endorsement	Harvest Area	Number of endorsements	Option 1 Option 2 2000-2005		Option 3 2000-2006	
				1 Landing	2 Landings	1 Landing	2 Landings
ALT 2	CG	CG or WG	18	15	15	15	15
ALT 3	CG	CG only	18	15	13	15	13
ALT 2	WG	CG or WG	19	18	18	18	18
ALT 3	WG	WG only	19	18	18	18	18

[1]Harvest area means the management area in which the landings must be made in order to keep the endorsement.
Source: WPR landings data merged to a January 6, 2008 RAM Division LLP file.

While all Amendment 80 LLPs would be exempt from the Gulf endorsement thresholds under the current structure of Component 3, there is a subset of Amendment 80 vessels that are of particular interest. Eleven Amendment 80 vessels met specific criteria and qualified to participate in the directed Gulf flatfish fisheries under Amendment 80.[25] Gulf endorsements are necessary for these 11 vessels to fish flatfish under Amendment 80 in the respective Gulf areas.

At the June 2007 meeting, public testimony spurred the question of whether any of these 11 vessels would not meet the threshold criteria under Component 1, and would thus lose their Gulf LLP endorsements. Table 28 shows the number of endorsements assigned to the eleven Amendment 80 vessels that qualify to fish flatfish in the Gulf under Amendment 80 that meet the endorsement thresholds under consideration. The BSAI is included in this table for a complete picture, although the Gulf endorsements are the ones at issue. Of the 11 Amendment 80 vessels and licenses qualified to fish flatfish in the Gulf, eight have a CG endorsement and 7 have a WG endorsement. (Five licenses have endorsements in both areas.) Table 28 shows that no CG or WG endorsements assigned to these vessels would be affected by this action; all licenses qualify to retain their CG and WG endorsements.

Table 28 Number of LLPs assigned to the Amendment 80 vessels eligible to participate in the directed Gulf flatfish fisheries that meet the endorsement thresholds under Component 1, Options 1–3

Alternative	Endorsement	Harvest Area[1]	Number of endorsements	Option 1 Option 2 2000-2005		Option 3 2000-2006	
				1 Landing	2 Landings	1 Landing	2 Landings
ALT 2	AI	AI or BS	7	7	7	7	7
ALT 3	AI	AI only	7	5	5	5	5
ALT 2	BS	AI or BS	11	11	11	11	11
ALT 3	BS	BS only	11	11	11	11	11
ALT 2	CG	CG or WG	8	8	8	8	8
ALT 3	CG	CG only	8	8	8	8	8
ALT 2	WG	CG or WG	7	7	7	7	7
ALT 3	WG	WG only	7	7	7	7	7

[1]Harvest area means the management area in which the landings must be made in order to keep the
Source: ADF&G fishticket files and WPR landings data merged to a January 6, 2008 RAM Division LLP file.

[25]The qualifying criteria were based on 10 weeks of participation in a Gulf flatfish fishery during 1998–2004 (the same qualifying years for the BSAI allocations under Amendment 80).

Table 29 shows the combined effect of Component 1 and Component 3 on the number of trawl CP licenses that would qualify under the thresholds proposed in Component 1, Options 1 through 3. **Thus, Table 29 applies all three of the general exemptions discussed in Section 2.7.1, plus the option under Component 3, which exempts Am. 80 licenses from the CG and WG endorsement thresholds.** In effect, this table excludes: AFA and Am. 80 licenses from the BSAI endorsement criteria; Am. 80 and CG rockfish pilot program licenses from the CG endorsement criteria; and Am. 80 licenses from the WG endorsement criteria.

Table 29 Number of trawl CP licenses that qualify under Component 1, Options 1–3 with all exemptions applied, plus Component 3

Alternative	Endorsement	Harvest Area[1]	Number of endorsements	Option 1	Option 2	Option 3	
				2000-2005		2000-2006	
				1 Landing	2 Landings	1 Landing	2 Landings
ALT 2	AI	AI or BS	8	4	4	4	4
ALT 3	AI	AI only	8	2	2	2	2
ALT 2	BS	AI or BS	7	3	3	3	3
ALT 3	BS	BS only	7	3	3	3	3
ALT 2	CG	CG or WG	5	1	1	1	1
ALT 3	CG	CG only	5	1	1	1	1
ALT 2	WG	CG or WG	7	1	1	1	1
ALT 3	WG	WG only	7	1	1	1	1

[1]Harvest area means the management area in which the landings must be made in order to keep the endorsement.
Source: ADF&G fishticket files and WPR landings data merged to a January 6, 2008 RAM Division LLP file.
Note: Landings are credited to a CP LLP whether the vessel was operating in CP or CV mode.
Note: This table accounts for all three general exemptions plus the exemption under Component 3 (to exempt Am. 80 licenses in the CG and WG).

Accounting for all of the primary exemptions, plus the exemption in Component 3, the universe of licenses at issue becomes relatively small. Eight licenses are endorsed for the AI. Four licenses would qualify to retain their AI endorsement under Alternative 2, and 2 licenses would retain their AI endorsement under Alternative 3. Seven licenses are endorsed for the BS, and three of those would qualify to retain their BS endorsement under any alternative or option. Recall that Component 3 only affects the number of qualified licenses in the CG and WG. Accounting for all of the primary exemptions and Component 3, there are only 5 licenses and 7 licenses endorsed for the CG and WG, respectively. (The universe of trawl CP licenses endorsed for the Central Gulf is reduced to only the 5 licenses that are not in either the Amendment 80 program or the Central Gulf rockfish pilot program.) Of those, only one would retain its CG endorsement and one would retain its WG endorsement, under any combination of alternatives and options.

Table 30 shows the resulting number of endorsed trawl CP licenses remaining in the groundfish fisheries, if one accounts for all of the exempted CP licenses and Component 3. Note that only the CG and WG numbers change as a result of Component 3 (compare to Table 19).

Table 30 Number of endorsed trawl CP LLPs remaining in the groundfish fisheries, by area, under Component 1 and Component 3

Area	Current number of endorsements	Number of exempt licenses[1]	Number of qualifying licenses	Total number and percent of endorsed licenses remaining under the range of alternatives and options	
AI	54	46	2 to 4	48 to 50	89% to 93%
BS	62	55	3	58	94%
CG	27	22	1	23	85%
WG	26	19	1	20	77%

[1]This column includes the generally exempt licenses, plus the Amendment 80 licenses exempt from the CG and WG thresholds under Component 3.

The option under Component 3 raised some concerns relative to the proposed exemption. Since the Amendment 80 allocations are in the BSAI, one could contend that the Amendment 80 sector should be subject to the same threshold in the Gulf of Alaska that applies to all other trawl license holders, in order to restrict future participation by license holders that have not fished recently. One of the broad goals of Amendment 80 was to limit the ability of non-AFA trawl CPs to expand their harvesting capacity into other fisheries not managed under a LAPP. In contrast, Component 3 proposes to exempt Amendment 80 licenses from the Gulf thresholds, which is different from the primary exemptions that are provisions in this action. While Amendment 80 provides for sideboards in the Gulf of Alaska, it does not include Gulf allocations to the Amendment 80 fleet. The primary exemptions to the action under consideration in this amendment were intended to exempt licenses from endorsement thresholds that were necessary to participate in the area of their specific rationalization program (e.g., AFA exempt from BSAI thresholds; CG rockfish exempt from CG thresholds; BSAI Am. 80 exempt from BSAI thresholds).

Another issue that has been raised is whether the proposed action, absent Component 3, would prevent qualified Amendment 80 LLPs from harvesting the Gulf sideboards attributed to their catch histories.[26] Sideboards are limits on the amount of fish to be harvested by a particular sector; they do not represent an allocation. (Note that there are no BSAI sideboards for any species for Amendment 80 vessels.) Amendment 80 was intended to allow members of the head and gut trawl CP sector to more nearly optimize when and where they fish. The intended results include increased operational efficiency for vessels in the program, by allowing them to alter their historic fishing patterns and operate under a cooperative structure. The flexibility introduced with Amendment 80, and the ability to operate under a cooperative system, could provide these vessels a competitive advantage over participants in other fisheries, particularly GOA fisheries that are currently not operating under a rationalization system.

Similar to other rationalization programs, the Council recognized the need to protect non-Amendment 80 participants' current share of non-Amendment 80 fisheries by establishing sideboards in the Gulf of Alaska. The Gulf sideboard limits were based upon the harvest of species not allocated by the main portion of Amendment 80 (Component 1), during the same qualification years used to determine the head and gut trawl CP sector's allocation of the target species.

The sideboard issues for the Amendment 80 program are similar to the AFA sector described previously. If an Amendment 80-qualified vessel were to lose its WG or CG endorsement under the proposed action, the sideboard limits attributed to its catch history during the qualifying years would still exist and could be utilized by the Amendment 80 fleet, although not by that individual vessel. The actual effect of this situation is indeterminate, and would depend upon the private business agreements within the respective cooperative of the specific vessel affected. (An exception to this situation could occur if the affected LLP

[26]See the discussion paper prepared for the April 2007 Council meeting (Agenda C-2(a)) for more detail on sideboard issues for the AFA, rockfish pilot program and BSAI Amendment 80 programs.

owner chose not to join a cooperative.) However, note that the majority of Amendment 80 licenses qualify under the proposed Gulf thresholds: a maximum of 3 to 5 CG endorsements would be removed, and one WG endorsement would be removed.

2.7.5 Component 4 – Adding new AI endorsements to trawl LLPs

Component 4 would add new AI endorsements to existing trawl LLPs under three different proposed options. Options 1 and 2 would create a limited number of new AI endorsements to be used on non-AFA trawl CV licenses <60' and ≥60', respectively. Option 3 would make those AI endorsements severable and transferable, thus creating an entirely new type of endorsement in the LLP Program (endorsements are not currently severable from the overall license). These options are not mutually exclusive; any or all of the options could be selected under Component 4, with the exception of Option 3. Option 3 can only be selected in tandem with Option 1 and/or Option 2. The options under Component 4 are as follows:

Option 1. Award AI endorsements to non-AFA trawl CV <60' MLOA licenses if they meet the landing thresholds in the AI parallel P. cod fishery during 2000–2006 of at least:
Suboption 1: 50 mt
Suboption 2: 250 mt
Suboption 3: 500 mt

Option 2. Award AI endorsements to non-AFA trawl CV ≥60' MLOA LLPs if they have at least one landing in the AI parallel groundfish fishery or AI State water P. cod fishery in 2000–2006 ***and*** *meet the following threshold in the BSAI P. cod fishery in 2000 –2006:*
Suboption 1: 500 mt
Suboption 2: 1000 mt

Option 3. All AI endorsements issued under Component 4 shall be severable and transferable. The AI area trawl endorsements can only be transferred to a non-AFA trawl CV LLP with a trawl CV designation and an MLOA of <60' or ≥60', as applicable under Option 1 or 2.

Under Component 4, all estimates in the current analysis (and all previous analyses) consider only the addition of new AI endorsements on existing LLPs; no new LLPs would be created. The Council was made aware of this interpretation during initial and final review of the analysis at the February and April 2008 Council meetings, respectively, and no conflicting interpretations or guidance were provided.

In the problem statement, the Council notes that there are believed to be too few non-AFA trawl CV licenses, under the present situation, to allow the fishing activities at Adak to develop successfully. There are currently only 6 non-AFA trawl CV licenses endorsed for the AI, and five of those six licenses have not fished in the AI recently (since 2000) and are thus estimated to lose their AI endorsements under the proposed action in Component 1. While there are also 42 AFA trawl CV licenses endorsed for the AI, proponents of Component 4 have asserted that AFA licenses do not support the economic needs of Adak. The problem statement outlines this concern.

Fisheries operations at Adak include the AI State waters fishery for Pacific cod, as well as the AI pollock fishery in the EEZ, now fully allocated to the Aleut Corporation under the Magnuson-Stevens Act, as amended by the Consolidated Appropriations Act of 2004. In addition, AI Pacific ocean perch and AI Atka mackerel allocations were recently established under Amendment 80 for the trawl limited access fleet (i.e., non-Amendment 80 vessels). These allocations were first established in 2008, and will increase annually for several years.

One of the concerns in the problem statement refers to the need for a mechanism to facilitate development of a resident fishing fleet in Adak that can fish in both State and Federal waters. This is because a suite of fishery opportunities (e.g., Pacific cod, pollock, Pacific ocean perch, Atka mackerel) is purported necessary to make it economically viable for a small boat resident fleet to develop in Adak. Because the AFA CV sector will continue to be limited by its sideboards in the AI Pacific ocean perch and Atka mackerel fisheries, participation is effectively limited to vessels with non-AFA trawl CV licenses. In addition, while the AI pollock allocation allocated to the Aleut Corporation is not limited to non-AFA vessels, statute mandates that half of that allocation must be harvested by <60' vessels, and the AFA vessels are all greater than 60'. Finally, proponents of this action note that while the State water cod fishery is available, participants need the ability to fish outside of 3 miles in the Federal BSAI Pacific cod fishery when the cod move offshore. Overall, ensuring there are a sufficient number of non-AFA trawl CV licenses available to participate in this suite of fisheries may help facilitate the development of a resident fishing fleet in Adak, as well as shoreside processing opportunities.

Component 4 only addresses non-AFA trawl catcher vessel licenses for groundfish in the Aleutian Islands. Currently, there are six non-AFA trawl licenses endorsed for the AI, but only one of the six has been fished recently and is therefore estimated to qualify to retain its AI endorsement under the proposed alternatives. To qualify for the new AI endorsements, non-AFA trawl CV licenses must have a history of participation in either the trawl groundfish fishery in the parallel fishery (within the State 3 mile limit) or in the 2006 State waters Pacific cod fishery. The qualifying licenses have a history of trawl fishing in the area, and absent the amendment, could continue to operate as they have in the past, inside 3 miles. By contrast, under the proposed action, the newly endorsed licenses for non-AFA trawl CV vessels would be able to fish in Federal AI waters (3 miles to 200 miles) for groundfish.

The licensees would be able to fish any groundfish species in the Aleutians to which they had access. Given the limited areas for pollock trawling in the Aleutians, due to Steller sea lion restrictions, and the fact that an LLP is not necessary for vessels <60' to fish the Aleut Corporation's AI pollock allocation, there is no new opportunity for pollock fishing as a result of this component. The most likely use for the new AI endorsements to be allocated under Component 4 would be to fish Atka mackerel, Pacific ocean perch, and Pacific cod out of Adak. Vessels would continue to be eligible to fish in State waters, as well as be eligible to cross over into Federal waters when the main abundance areas for the resource are outside of State waters.

2.7.5.1 Option 1

Option 1 would create new AI endorsements on non-AFA trawl CV <60' MLOA licenses, if they met landing thresholds in the AI parallel Pacific cod fishery during 2000 through 2006 of at least: Suboption 1) 50 mt; Suboption 2) 250 mt; or Suboption 3) 500 mt. The license that earned this AI endorsement would be reissued with the new AI endorsement, and this endorsement would not be severable from the overall license under Option 1 alone.

Table 31, below, shows the number of LLPs (non-AFA trawl CV <60' MLOA) that qualify under Component 4, Option 1, Suboptions 1 through 3, and do not currently hold an AI endorsement. In sum, Suboption 1 would create 10 new AI endorsements; Suboption 2 would create 8 new AI endorsements, and Suboption 3 would create 8 new AI endorsements. (Recall that there are currently 6 non-AFA trawl LLPs with AI endorsements, only one of which is estimated to retain its AI endorsement as a result of the proposed action in Component 1.) Of these licenses estimated to qualify for new AI endorsements, 4 of those that meet the highest threshold under Suboption 3 already hold BS endorsements. Thus, at the higher thresholds, this action would allow four <60' participants currently eligible to fish in the Federal (non-pollock) groundfish fisheries in the Bering Sea to shift participation to the Aleutian Islands, if desired. At the lower thresholds, it would allow current <60' participants in State waters to cross over into Federal waters in the AI, if desired.

Table 31 Number of LLPs (non-AFA trawl CV <60' MLOA) that qualify under Component 4, Option 1, Suboptions 1–3

Option 1: AI parallel Pcod landings in 2000–2006	Number of LLPs that qualify for a new AI endorsement
Suboption 1: ≥50 mt	10
Suboption 2: ≥250 mt	8
Suboption 3: ≥500 mt	8

Source: ADF&G fishticket files merged to a January 6, 2008 RAM Division LLP file.

The overall intent of creating new AI endorsements under Option 1 (and Option 2) is related to the Council's problem statement regarding Adak. Component 1 would result in reducing the number of AI endorsed CV licenses subject to this action from 6 to 1 under either Alternative 2 or 3. Thus, the result of Component 1 is that only one non-AFA trawl CV license will be endorsed for the AI, along with the remaining 42 AFA trawl CV licenses endorsed for the AI that are exempt from this action. Component 4 proposes to treat the AI differently from other areas, based on the economic development needs of Adak and the need to facilitate a resident fishing fleet (see the problem statement in Section 2.1).

2.7.5.2 Option 2

Option 2 has a similar intent to Option 1; the main difference is that Option 2 would create new AI endorsements on non-AFA trawl CV **≥60'** MLOA licenses. The landings thresholds are also different–the license must have at least one landing in the AI parallel groundfish fishery <u>or</u> AI State water Pacific cod fishery in 2000 through 2006 <u>and</u> at least 500 mt (Suboption 1) or 1,000 mt (Suboption 2) in the BSAI Pacific cod fishery in 2000 through 2006. Like Option 1, the license that earned the AI endorsement under Option 2 would be reissued with the new AI endorsement, and this endorsement would not be severable from the overall license under Option 2 alone.

Table 32 below shows the number of LLPs (non-AFA trawl CV ≥60' MLOA) estimated to qualify under Component 4, Option 2, Suboptions 1 and 2, and which do not currently hold an AI endorsement. In sum, Suboption 1 would create 5 new AI endorsements, and Suboption 2 would create 4 new AI endorsements. All five of these licenses already hold BS endorsements; thus, this action would allow current ≥60' participants eligible to fish in the Federal groundfish fisheries in the Bering Sea to shift participation to the Aleutian Islands, if desired. If Option 1 and Option 2 were selected in conjunction with one another, under Component 4, a range of between 12 to 15 new AI endorsements could be awarded to eligible non-AFA trawl CV LLPs.

Table 32 Number of LLPs (non-AFA trawl CV ≥60' MLOA) that qualify under Component 4, Option 2, Suboptions 1 and 2

Option 2: One landing in the AI parallel groundfish fishery <u>or</u> AI State water P. cod fishery in 2000–2006 <u>and</u> landings in the BSAI P. cod fishery in 2000 –2006 of:	Number of LLPs that qualify for a new AI endorsement
Suboption 1: ≥500 mt	5
Suboption 2: ≥1,000 mt	4

Source: ADF&G fishticket files merged to a January 6, 2008 RAM Division LLP file.

2.7.5.3 Option 3

At the February 2008 meeting, the Council added Option 3 under Component 4, which replaced a previous option that would have exempted a limited number of vessels/licenses, selected annually by the

Aleut Corporation, from the requirement to hold an AI endorsement to participate in the AI groundfish fishery. The new Option 3 is as follows:

> *Option 3. All Aleutian Islands endorsements issued under Component 4 shall be severable and transferable. The AI area trawl endorsements can only be transferred to a non-AFA trawl CV LLP with a trawl CV designation and an MLOA of <60' or ≥60', as applicable under Option 1 or 2.*

Option 3 addresses the characteristics of the AI endorsements created under Options 1 and 2; thus, Option 3 is not a stand-alone option. Absent Option 3, the AI endorsements under Option 1 and 2 would be treated like any other endorsement in the current License Limitation Program. Namely, endorsements of any type are not currently severable from the overall license. Option 3 would change the program such that the 12 to 15 new AI endorsements, issued under Options 1 and 2, would be severable and transferable from the overall license. In effect, Option 3 would create a new type of area endorsement. **However, staff interprets the option to mean that these new AI endorsements must always be attached to an LLP and could not be held without it's being part of an LLP.** The Council clarified that this interpretation is correct, prior to recommending its preferred alternative.

As stated previously, the overall intent of Component 4 is related to the Council's problem statement regarding Adak. It states that previous Congressional and Council actions reflect a policy encouraging economic development for Adak, and the opportunity for non-AFA catcher vessels to build catch history in the Aleutian Islands was limited, until market potential developed in Adak.

Adak was an operations and supply location for the U.S. military in the 1940s, and was turned into a Naval Air Station after World War II. The Aleut Corporation, the Alaska Native Regional Corporation representing shareholders from the Aleutians, recently acquired Adak's facilities in a land transfer agreement with the U.S. government. Since the closure of the naval facilities in 1997, there has been an effort by the Aleut Corporation to transform the city into a fishing center for the area.[27] Currently, Adak Fisheries LLC, operates a processing plant in Adak, which processes crab, groundfish, halibut, and sablefish. The Aleut Enterprise Corporation (AEC) is a wholly owned subsidiary of the Aleut Corporation for the purpose of economic activities in Adak, including fisheries operations. The AEC owns much of the property in Adak, including the port facilities and buildings and infrastructure used for seafood processing. AEC leases these facilities to Adak Fisheries LLC.[28]

The specific intent of Option 3 is to allow the 12 to 15 new AI endorsements, created under Options 1 and 2, to be severable and transferable, in order to mitigate the potential for the endorsements to be 'locked up' on licenses that do not intend to fish in the AI in the future. Option 3 would allow the license holder that earned the AI endorsement to transfer (sell or lease) that endorsement without transferring its entire license, thus increasing the possibility for increased effort in the AI.

Absent any additional qualifiers, there are 91 non-AFA trawl CV licenses that would be eligible to hold one of the new AI endorsements (including the licenses that earned the endorsements under Options 1 and 2).[29] The motion notes that the AI area trawl endorsements can only be transferred to a non-AFA trawl CV LLP with a trawl CV designation and an MLOA of <60' or ≥60', as applicable under Option 1 or 2. Thus, the 8 to 10 AI endorsements created under Option 1, could only be used on a license with an MLOA designation of <60'. There are 48 non-AFA trawl CV licenses with an MLOA designation of <60' that could hold these new AI endorsements. Likewise, the 4 to 5 AI endorsements created under Option 2

[27] *Community Profiles for North Pacific Fisheries–Alaska*, NOAA, NMFS, AFSC. December 2005.
[28] Personal communication. Dave Fraser, representative of Adak Fisheries, October 2007.
[29] These 91 licenses would retain at least one area endorsement under this action; thus, none of them would be completely extinguished under Component 1.

could only be used on a license with an MLOA designation of ≥60'. There are 43 such licenses with an MLOA designation of ≥60'. These data clearly overestimate the number of license holders that would want to hold the endorsement and fish in the AI. However, the analysis is limited to providing data on the theoretical universe of eligible licenses, and cannot speculate as to how many license holders would be interested in fishing in the AI in the future.

All 91 of the licenses eligible to hold the new AI endorsements currently have at least one Gulf endorsement, and 86 licenses would qualify to retain their WG and/or CG endorsements under the least restrictive alternative and option (Alternative 2, Option 3, one landing). The universe of 91 non-AFA trawl CV licenses eligible to hold the new AI endorsements also includes 56 licenses (32 with an MLOA of <60' and 24 with an MLOA of ≥60') that currently only have GOA endorsements. Thus, these licenses have not been eligible to fish in the BSAI since the inception of the LLP. The 35 remaining licenses currently have at least one BS or AI endorsement, and 15 licenses would qualify to retain their BS and/or AI endorsements under the least restrictive alternative and option (Alternative 2, Option 3, one landing). Note that part of the impetus for Component 4 is that only one non-AFA trawl CV license is estimated to retain its existing AI endorsement under Component 1.

Note also that, while the universe of potential license holders that could hold the new AI endorsements is limited to non-AFA trawl CV licenses, it is possible for non-AFA licenses to be used on AFA vessels. Thus, this action could result in the new AI endorsements being used on AFA vessels, if those vessels are designated on the appropriate non-AFA license. Because all of the AFA vessels are ≥60', potential use of the new AI endorsements would be limited to the 4 to 5 endorsements earned on licenses with an MLOA of ≥60'.

One of the primary reasons for Option 3 is to prevent the AI endorsement from being held on the license that earned it, should the license holder have no intent to fish in the AI. Allowing the endorsement to be severable and transferable provides incentive for the license holder that earned the endorsement to transfer it to a license (and vessel) that will use it. Thus, Option 3 would potentially create a new asset for 12 to 15 license holders that have no recent history in Federal waters of the AI, the value of which is unknown in current market conditions. At the April 2008 Council meeting, additional clarification was requested to understand the frequency with which the AI endorsement could be transferred. Currently, an LLP can be transferred voluntarily only once per year (note that designating a vessel on an LLP is counted as a transfer). The Council was made aware that, absent additional guidance, the implementing regulations would require that these new AI endorsements would be subject to this same transfer restriction.

There is clearly the potential for increased effort in the AI groundfish fisheries under Options 1 and 2, as per the intent. Option 3 increases that potential effort in a couple of different ways. As stated previously, making the endorsements severable and transferable greatly increases the potential that they will be used in the AI. A maximum of 15 licenses could earn AI endorsements under Option 1 and 2, depending on the thresholds selected. As an example, nine of those 15 licenses currently hold BS endorsements and can therefore fish off the BSAI Pacific cod trawl CV allocation in the Bering Sea. If these licenses are also given an AI endorsement that is severable from the overall license, they could potentially lease or sell the endorsement to a license holder (previously without a BS or AI endorsement) that could also fish off the BSAI Pacific cod trawl CV allocation in the Aleutian Islands.

A similar scenario exists for those <60' license holders whose historical participation has been in the parallel and State waters cod fisheries. The <60' licenses that earn an AI endorsement could choose to shift some of their AI parallel waters participation to Federal waters in the AI; they could fish in Federal waters in the AI and continue to fish the State cod fishery upon closure of the Federal trawl CV cod

fishery; or they could continue to limit their participation to the parallel and/or State waters cod fisheries and transfer the AI endorsement to another license holder that wishes to fish in Federal waters in the AI.

In addition, while Option 3 ties the AI endorsement to a general vessel length class of <60' or ≥60', it creates an opportunity for the endorsement to be used on a larger vessel, or vessel with increased catching capacity, than the vessel with which it was earned. Under the current LLP program, each license carries a maximum length overall designation, limiting the length of the vessel on which the license can be used.[30] Under Option 3, however, the AI endorsement could be earned on a license with one MLOA and transferred to another license with a larger (or smaller) MLOA designation.

For example, a license that earns the AI endorsement under Option 2 may have an MLOA designation of 90'; however, the AI endorsement may be transferred to any of the remaining non-AFA trawl CV licenses with an MLOA designation of ≥60'. This means that the AI endorsement could be transferred to a license being used on a 124' vessel. While vessel length cannot be used as a proxy for catch per unit of effort, it is often the case that larger vessels have increased catching capacity compared to smaller vessels. The 5 licenses that are estimated to earn an AI endorsement under Option 2 have existing MLOA designations that range from 90' to 114'. The 38 licenses that would be eligible to receive the endorsement by transfer have MLOA designations that range from 72' to 124'.

2.7.5.4 Summary of Component 4, Options 1–3

Overall, Options 1 and 2 under consideration in Component 4 would potentially add an estimated range of between 12 and 15 new AI endorsements, awarded to eligible non-AFA trawl CV LLPs. This is the possible range if Option 1 and Option 2 are both selected under the preferred alternative.

Recall that there are 48 trawl CV licenses endorsed for the AI. Forty-two of those AI endorsements are on AFA CV licenses, thus there are only 6 non-AFA trawl CV licenses endorsed for the AI. Note that the proposed action exempts the AFA sector from the AI (and BS) endorsement thresholds. Given this exemption, this action is limited to the universe of 6 AI endorsed licenses in the non-AFA trawl CV sector. Component 1 would result in reducing the number of AI endorsed licenses subject to this action from 6 to 1 under either Alternative 2 or 3. Thus, the result of Component 1 is that only one non-AFA trawl CV license will be endorsed for the AI, along with the remaining 42 AFA trawl CV licenses that are endorsed for the AI.

The action under Component 1 considers removing area endorsements (BS, AI, WG, and CG) from latent trawl licenses. Component 4 proposes to treat the AI differently from other areas, based on the economic development need of Adak and the need to facilitate a resident fishing fleet (see the problem statement in Section 2.1). **In particular, Component 1 considers removing 5 AI endorsements on non-AFA trawl CV licenses, while the action under Component 4 considers adding an estimated range of 12 to 15 AI endorsements on non-AFA trawl CV licenses.** In effect, 5 licenses which had history to qualify[31] for an AI endorsement in the original LLP will lose their AI endorsements, and up to 15 licenses with more recent history in the AI (parallel fishery or State waters) would receive new AI endorsements.

Several concerns have been noted relevant to the proposed action to add new AI endorsements within the non-AFA trawl CV sector. These endorsements would potentially allow the eligible vessels to fish groundfish (e.g., Pacific cod, pollock, Atka mackerel, Pacific ocean perch, etc.) in the AI, as the endorsement is not species specific. Each of these example fisheries is discussed separately below.

[30]The LLP regulations required that for vessels <125' in length on June 24, 1992, the MLOA is the lesser of 1.2 times the LOA or 125'. Vessels under 60' on June 17, 1995, cannot have an MLOA greater than 60'.
[31]The original AI endorsement qualification criterion was one landing from Jan. 1, 1992 through June 17, 1995.

The Aleut Corporation currently receives an allocation of AI pollock, under PL 108-199, and the corporation can invite participation in the AI pollock fishery by vessels <60' without the requirement of an LLP. Under Component 4, Option 1, 8 to 10 non-AFA <60' licenses would meet the threshold criteria to receive an AI endorsement. However, they would still require an invitation from the Aleut Corporation to participate in the AI pollock fishery. Therefore, with regard to pollock, the proposed amendment represents no change from the status quo for non-AFA trawl CV vessels <60'.

There are also 4 to 5 non-AFA trawl CV ≥60' licenses that would qualify for an AI endorsement under Component 4, Option 2. Under the status quo, these vessels are participating in the parallel waters fishery in the AI for Pacific cod and/or the State waters Pacific cod fishery and meet a requirement to have fished Pacific cod in the BSAI with a threshold of either 500 mt or 1,000 mt. They currently have no history of pollock harvests in the AI. Since participation in the AI pollock fishery is restricted by PL 108-199 to vessels <60' or vessels having an AFA trawl license, the 4 to 5 newly endorsed ≥60' non-AFA trawl CVs would still not be eligible to fish for AI pollock. Thus, the proposed amendment represents no change from the status quo with regard to pollock for these vessels.

The newly endorsed non-AFA trawl CV licenses could also be used to fish the trawl limited access fleet allocations for AI Pacific ocean perch and AI Atka mackerel that were recently established under Amendment 80 (see Table 33). This may erode the catch shares and revenues of operations currently fishing these resources. However, the percentage allocations of these species are slated to increase each year. In Areas 541 and 542 for Atka mackerel, the trawl limited access allocation starts at 2 percent of the TAC, increasing 2 percent each year up to the maximum of 10 percent. For Pacific ocean perch, the allocation in Areas 541 and 542 begins at five percent of the TAC for the first year, increasing to the maximum amount of 10 percent in the second year. In Area 543, the Pacific ocean perch allocation is fixed at 2 percent.

Note that the AFA sectors will continue to be subject to the sideboards limiting their participation in the AI Pacific ocean perch and AI Atka mackerel fisheries (Table 34), thus, the new trawl limited access allocations of these species could be harvested in large part by the non-AFA trawl CV sector.

Given the areas closed to trawling in the AI, and the relatively small size of the vessels licensed (most are less than 60 feet), it is uncertain how much POP or Atka mackerel may be harvested in the future. Table 35 and Table 36 show the trawl harvest of Atka mackerel and Pacific ocean perch, respectively, in recent years.

Table 33 Trawl Limited Access AFA CV, CP, and Non-AFA CV Allocations under Amendment 80

Species	Year	Area 541 (eastern AI)		Area 542 (central AI)		Area 543 (western AI)	
		% allocation	allocation in mt	% allocation	allocation in mt	% allocation	allocation in mt
Atka mackerel	year 1	2%	319	2%	434	0	0
	year 2	4%	637	4%	868	0	0
	year 3	6%	956	6%	1301	0	0
	year 4	8%	1275	8%	1735	0	0
	year 5	10%	1593	10%	2169	0	0
POP	year 1	5%	214	5%	222	2%	136
	year 2	10%	428	10%	445	2%	136

Source: 2008 and 2009 harvest specifications, NMFS.

Table 34 Trawl limited access AFA CV, CP, and non-AFA CV Atka mackerel and Pacific ocean perch allocations under Amendment 80 and AFA sideboards, 2008 - 2009

Species	Year	Area 541 (eastern AI)			Area 542 (central AI)			Area 543 (western AI)		
		trawl limited access allocation	AFA CV sideboard	AFA CP sideboard	trawl limited access allocation	AFA CV sideboard	AFA CP sideboard	trawl limited access allocation	AFA CV sideboard	AFA CP sideboard
Atka mackerel	year 1 (2008)	2%	0.32%	0%	2%	0.01%	11.5%	0	0%	20%
	year 2 (2009)	4%	0.32%	0%	4%	0.01%	11.5%	0	0%	20%
POP	year 1 (2008)	5%	0.77%	2%	5%	0.25%	0.1%	2%	0%	0.4%
	year 2 (2009)	10%	0.77%	2%	10%	0.25%	0.1%	2%	0%	0.4%

Note: Allocations and sideboards are percentages of the 2008 and 2009 ITACs. The ITAC excludes the CDQ allocation, incidental catch allowances, and the Atka mackerel jig allocation in the EAI/BS.

As requested by the Council at its February 2008 meeting, Table 35 shows the total trawl CP and CV catch of Atka mackerel in the Aleutian Islands, from 2003 through 2007. Note that the Eastern AI quota for Atka mackerel is also used to cover catch of Atka mackerel in the Bering Sea, the harvest of which is included in this table. In recent years, the Bering Sea Atka mackerel harvest has primarily been incidental catch of about 3,000 mt to 4,000 mt per year. Thus, the great majority of the harvest shown in Table 35 is attributed to the Aleutian Islands. While it is important to note that the TAC was not allocated specifically to the trawl sector during these years, almost all of the Atka mackerel harvest is taken with trawl gear, and the last column of the table shows that 93% to 99% of the total allocation was harvested each year.

Table 35 Total trawl catch of Atka mackerel (mt) in the Aleutian Islands and Bering Sea[1]

Year	CP				CV		Percent of total quota harvested[2]
	Am 80 (mt)	Am 80 (vessel count)	Non-Am 80 (mt)	Non-Am 80 (vessel count)	mt	vessel count	
2003	51,804	20	228	17	1,787	116	98%
2004	54,406	22	50	17	1,433	111	96%
2005	56,572	21	27	17	784	104	99%
2006	56,115	22	12	17	986	100	99%
2007	52,632	22	64	17	1,317	105	93%

Source: NMFS catch accounting database, 2003–2007. CDQ catch is not included.
[1]The harvest areas included are the Eastern AI/BS, Central AI, and Western AI allocations. Harvest from the BS is primarily incidental catch (recently, 3, 000 to 4,000 mt per year).
[2]There is not a specific trawl sector allocation for Atka mackerel, thus, other gear types could have contributed to the percentages represented in this column. However, the jig harvest/allocation is not included.

In addition, Table 35 shows that the vast majority of the Atka mackerel harvest in the BSAI was taken by the Amendment 80 sector during this time period (96%–99% annually). Very little relative harvest was taken by the non-Amendment 80 trawl catcher processors (<1%), and slightly more (about 1%–3% annually) was taken by the trawl CV sector. It is the non-Amendment 80 sector (CP and CV) that is eligible to harvest the trawl limited access allocations outlined above in Table 33. One can compare the non-Amendment 80 sector's recent harvest levels in Table 35 with the new allocations established for this sector in Table 33. Component 4 would create 12 to 15 new AI endorsements for use on non-AFA trawl catcher vessels that could then be used to prosecute this fishery.

Table 36 shows the total trawl CP and CV catch of Pacific ocean perch in the Aleutian Islands and Bering Sea, from 2003 through 2007. The last two columns show that the majority of the total trawl catch is harvested in the Aleutian Islands compared to the Bering Sea, about 91% to 95% annually during this time period, and that the AI allocations of Pacific ocean perch have been fully utilized in recent years. While not provided in the table due to confidentiality concerns associated with the non-Amendment 80 CP sector, the vast majority of the AI Pacific ocean perch trawl catch has been harvested by Amendment 80 catcher processors. The annual harvest of AI Pacific ocean perch harvested by catcher vessels has

ranged from less than 1%, to a high of 4% during this time period, with annual participation from 13 to 35 unique vessels.

Table 36 Total trawl catch (mt) of Pacific ocean perch in the Bering Sea and Aleutian Islands

Year	Pacific Ocean perch						% of total trawl catch attributed to AI	Percent of AI quota harvested[1]
	Aleutian Islands (mt)			Bering Sea (mt)				
	CP	CV	Total AI	CP	CV	Total BS		
2003	12,755	5	12,760	765	364	1,128	92%	109%
2004	10,475	18	10,492	340	386	726	94%	101%
2005	8,929	14	8,942	386	487	873	91%	86%
2006	11,022	31	11,053	390	614	1,005	92%	106%
2007	15,694	647	16,341	640	210	851	95%	100%

Source: NMFS catch accounting database, 2003–2007. CDQ catch is not included.
[1]Note that there is not a specific trawl sector allocation for POP, thus, this column could include harvest by other gear types.

One of the primary concerns is related to the prosecution of the Federal BSAI Pacific cod fishery. Since this fishery is managed on a BSAI-wide basis, harvest by any new participants in the fishery that are newly endorsed for the AI will accrue toward the trawl CV sector allocation of the BSAI-wide TAC. Thus, even though Component 1 considers removing 32 to 34 BS endorsements and 5 AI endorsements from latent licenses in the trawl CV sector, limiting use of these licenses in the BSAI Pacific cod fishery in the future, Component 4 considers adding 12 to 15 new AI endorsements to potentially active vessels who have a greater likelihood of participating in this fishery in the AI in the near-term. It is not possible to speculate as to the exact level of effort that would be realized in the future by adding new AI endorsements, but current trawl CV participants in the BSAI Pacific cod fishery would realize a decreased share and loss of revenue, if new endorsements were added and used in the BSAI Pacific cod fishery, all else equal.

Table 37 Total trawl catch (mt) of Pacific cod in the Bering Sea and Aleutian Islands

Year	Pacific Cod						% of total trawl catch attributed to AI	Percent of BSAI trawl quota harvested
	Aleutian Islands (mt)			Bering Sea (mt)				
	CP	CV	Total AI	CP	CV	Total BS		
2003	13,900	17,315	31,215	19,664	27,466	47,130	40%	101%
2004	11,980	13,517	25,497	29,355	27,581	56,935	31%	100%
2005	11,281	8,007	19,288	24,168	27,741	51,909	27%	100%
2006	9,618	6,990	16,607	25,705	26,660	52,365	24%	99%
2007	12,102	13,360	25,462	26,224	18,537	44,761	36%	99%

Source: NMFS catch accounting database, 2003–2007. CDQ catch is not included.

Table 37 shows the total trawl CP and CV catch of Pacific cod in the Aleutian Islands and Bering Sea, from 2003 through 2007. The last two columns show that the percentage of total trawl catch that is harvested in the Aleutian Islands ranges from 24% to 40% during this time period, and that the trawl allocations of BSAI Pacific cod are currently fully utilized. The annual harvest of AI Pacific cod harvested by catcher vessels has ranged from 33% to 46% during this time period, with annual participation by from 14 to 35 unique vessels.

Thus, of all three primary species that may be targeted by non-AFA trawl CVs receiving new AI endorsements under Component 4, Pacific cod is the species that has received the most participation by trawl catcher vessels, relative to trawl catcher processors in recent years. However, anecdotal evidence suggests that there is some interest in the new trawl limited access allocations of Atka mackerel and Pacific ocean perch, as well. In addition, non-AFA trawl CP licenses can be used on trawl CVs, and interest in doing so may increase as opportunities for (non-Amendment 80/non-AFA) CP licenses become further limited.

Finally, under Option 3, the 12 to 15 AI endorsements that would be created under Options 1 and 2 would be severable and transferable from the overall license on which they were earned, thus creating a new type of area endorsement. Absent any additional qualifiers, there are currently 91 non-AFA trawl CV licenses that would be eligible to hold one of the new AI endorsements (including the licenses that earned the endorsement under Options 1 and 2). The 8 to 10 AI endorsements created under Option 1 could be transferred among 48 potential <60' licenses, and the 4 to 5 AI endorsements created under Option 2 could be transferred among 43 potential ≥60' licenses. Note that, while the new AI endorsements are limited to use on non-AFA trawl CV licenses, non-AFA trawl CV licenses may be used on AFA vessels.

In sum, Options 1 and 2 may result in increased effort in the AI groundfish fisheries, as per the intent. Option 3 increases that potential effort by making the endorsements severable and transferable. In addition, while Option 3 ties the AI endorsement to a license with a general vessel length class of <60' or ≥60', it creates an opportunity for the endorsement to be used on a larger vessel, or vessel with increased catching capacity, than the vessel with which it was earned.

Component 1 and Component 4 are diametrically opposed management actions (i.e., extinguishing area endorsements under Component 1, while creating new AI endorsements under Component 4), which creates some incongruity in the supporting analysis. The Council's problem statement for the proposed action provides the primary rationale for including Component 4. In effect, there is concern that there is a need to increase the number of valid non-AFA trawl LLPs in the Aleutian Islands management area, such that a resident fishing fleet can develop in Adak and participate in the Pacific cod, pollock, Pacific ocean perch, and Atka mackerel fisheries in the AI. Due to this identified need, the Council agreed to consider different criteria for trawl CV area endorsement eligibility in the AI. Overall, however, there is no guarantee that these AI endorsements would be used to fish groundfish in the AI, or be used by vessels that would choose to "homeport", or deliver to a shoreside processing plant, in Adak. The creation of the endorsements, and their potential severability and transferability, however, may provide an opportunity to facilitate economic development in Adak, compared to the status quo.

2.7.6 Summary

Alternative 1 would have no effect on the number of endorsed licenses for the BS, AI, WG, and CG; thus, Alternative 1 retains the possibility that some or all of the licenses identified as latent could become active in the future. Future re-entry of latent LLPs into the trawl groundfish fisheries could result in reduced trawl groundfish gross revenues, increased operating costs, or both, for permit holders that have consistently participated in recent years. Thus, there could be negative economic impacts imposed upon the current trawl CP and CV LLP participants in the BSAI and GOA under the no action alternative, all else being equal. However, the level of possible future entry is unknown and would depend on a number of factors, including future changes in fisheries management regulations, fluctuations in resource abundance, changes in market conditions and prices, and changes in operating costs for vessels assigned to LLPs.

Alternative 2 or 3 would remove area endorsements on latent trawl CV and CP licenses in the BSAI and GOA. Those LLP holders with participation in the trawl groundfish fisheries, (i.e., those meeting the selected threshold criteria), would be protected from possible future use of latent licenses, and thus a potential reduction of their gross revenue share due to this participation. In addition, the value of the remaining (qualifying) trawl licenses could increase as a result of this action.

Alternative 2 would remove subarea endorsements on latent licenses by applying the threshold criteria (one or two landings) at the management area level (i.e., BSAI and GOA). Alternative 3 would remove subarea endorsements on latent licenses by applying the threshold criteria (one or two landings) at the management subarea level, i.e., BS, AI, WG, and CG. The qualification years under consideration in

Alternatives 2 and 3 are 2000 through 2005 or 2000 through 2006. Option 5 under Alternative 3 would allow trawl CV licenses to retain both their CG and WG endorsements, if they met a much higher threshold (20, 30, or 40 landings), even if in only one of those areas in 2005, 2006, or 2007.

In general, the number of latent licenses that meet the minimum thresholds necessary to retain their endorsements would be greater under Alternative 2, than Alternative 3. This is because it is easier to meet an area-wide criterion than a subarea criterion. The options (number of landings and qualification years) have much less of an impact on the number of qualifying licenses than the overall alternative selected. Thus, the number of latent licenses removed is the primary decision factor in this amendment. A secondary factor is related to the basis for the approach under Alternative 2 or 3. Alternative 2 is structured such that participation in the trawl groundfish fisheries in one subarea is adequate to retain an endorsement in the adjacent subarea (e.g., landing(s) in the BS would allow you to retain your AI endorsement). In contrast, Alternative 3 (with the exception of Option 5) requires participation in the trawl groundfish fisheries in the specific subarea, in order to retain the endorsement for that subarea (e.g., only a landing(s) in the AI would allow you to retain your AI endorsement). Option 5, under Alternative 3, would allow a license holder with landings in only one Gulf area, albeit significantly higher landings, to retain both of its Gulf area endorsements.

Overall, the number of trawl CV and CP licenses that would remain endorsed for the AI, BS, WG, and CG groundfish fisheries, either by being exempt from the action, or qualifying under Component 1, varies among areas. Table 38 provides this summary.

Finally, Component 1 and Component 4, under Alternative 2 and 3, are diametrically opposed management actions (i.e., extinguishing 5 AI area endorsements under Component 1, while creating 12 to 15 new AI endorsements under Component 4). The Council's problem statement for the proposed action provides the primary rationale for including Component 4. In effect, there is concern that there is a need to increase the number of valid non-AFA trawl LLPs in the Aleutian Islands management area, such that a resident fishing fleet may potentially develop in Adak and participate in the Pacific cod, pollock, Pacific ocean perch, and Atka mackerel fisheries in the AI.

If the new AI endorsements under Component 4 were made severable and transferable from the overall license, the market should move these endorsements to participating operations in the AI. However, this may not result in non-AFA licenses using those AI endorsements, as they could be transferred to AFA licenses as well. With "freed capacity" under the AFA cooperatives, this may prove to be the most efficient source of needed capacity to prosecute new fishing opportunity in the AI. Note, however, that this argument only applies to the 4 to 5 AI endorsements potentially earned on ≥60' licenses. It does not apply to the 8 to 10 AI endorsements potentially earned on <60' licenses, as these endorsements could only be transferred to other licenses with an MLOA of <60'. AFA licenses, all of which have ≥60' MLOA designations, would not be eligible to hold these AI endorsements. In addition, AFA vessels are limited by the existing harvest sideboards on the AI Pacific ocean perch and Atka mackerel fisheries, thus, new operations intending to fish the new trawl limited access allocation for these fisheries (established under BSAI Amendment 80) must primarily be non-AFA trawl catcher vessels.

One of the primary concerns relative to Component 4 is the potential impact on current participants in the Federal BSAI Pacific cod fishery. Of the four primary fisheries discussed in the context of fishing opportunity in the AI, the BSAI Pacific cod fishery is the one that is already fully prosecuted. Because this fishery is managed on a BSAI-wide basis, and does not have an AI-specific TAC, harvest by any new participants in the fishery that are newly endorsed for the AI will accrue toward the trawl CV sector allocation of the BSAI Pacific cod TAC. Thus, there are distributional impacts of the proposed action. While it is not possible to speculate as to the exact level of Pacific cod effort that would be realized in the

future by adding new AI endorsements, current trawl CV participants could realize a decreased share and reduced revenues as a result.

Note, however, that in the ≥60' trawl CV sector, the 4 to 5 licenses estimated to earn a new AI endorsement already have BS endorsements and are long-term participants in the Federal BSAI Pacific cod fishery (with harvest in the Bering Sea). In the <60' trawl CV sector, 4 of the 8 to 10 licenses estimated to earn a new AI endorsement already have BS endorsements and all have landings in the AI parallel Pacific cod fishery (which accrue to the Federal trawl CV BSAI Pacific cod allocation). Thus, because it is a BSAI-wide TAC, there may be distributional impacts between current cod participants in the trawl CV sector. If, under Component 4, Option 3, the AI endorsements are made severable and transferable from the overall license on which they were earned, there may be distributional impacts between the current trawl CV Pacific cod sector and license holders that have not previously participated in the BSAI Pacific cod fishery but receive the AI endorsements through transfer.

These distributional impacts also apply to the processing sector, as increased participation in the AI Pacific cod fishery and potential shoreside processing opportunities for Adak would likely result in reduced processing opportunities for other coastal communities that receive deliveries of Pacific cod from the trawl CV sector.

Table 38 Number of endorsed trawl CV and CP LLPs remaining in the groundfish fisheries, by area, under Component 1

Area	Current number of endorsements	Number of exempt licenses[1]	Number of qualifying licenses	**Total number and percent of endorsed licenses remaining under the proposed action**	
TRAWL CV					
AI	48	42	1**	43	90%
BS	148	101	13 to 15	114 to 116	77%–78%
CG	176	46	39 to 80	85 to 126	48%–72%
WG	160	0	65 to 98	65 to 98	41%–61%
TRAWL CP					
AI	54	46	2 to 4	48 to 50	89%–93%
BS	62	55	3	58	94%
CG	27	17	3 to 5	20 to 22	74%–81%
WG	26	0	19 to 21	19 to 21	73%–81%

[1]If Component 1, Option 4 is selected, a maximum of 9 additional <60' trawl CV licenses could be exempt from the BS endorsements, thus increasing the maximum number of BS exempted licenses to 110, and increasing the total number of licenses remaining to a maximum of 125.
**Note that if Component 4 is selected, a maximum of 15 additional non-AFA trawl CV licenses could be endorsed for the AI, thus increasing the maximum number of AI endorsed licenses to 58 (121% compared to the status quo).

2.8 Council Preferred Alternative

This section summarizes the Council's preferred alternative, as selected at its April 2008 meeting. The Council motion is provided as Appendix 4.

The Council recommended Alternative 3 as its preferred alternative, with Option 3 (two landings) and Option 5 (20 landings) selected under Component 1. Essentially, the Council recommends that the area (BS, AI, WG, and/or CG) endorsements on trawl LLPs be removed unless the license has two trawl groundfish landings during 2000 through 2006. The Council also recommended that for trawl CV LLPs with both CG and WG endorsements, one will retain both GOA area endorsements, if the license met the criteria under Alternative 3 (i.e., 2 landings during 2000 through 2006) in <u>one</u> of the GOA management areas (e.g. WG or CG) <u>and</u> has at least 20 groundfish landings in that same area in 2005 or 2006 or 2007. Thus, a trawl CV license with both a CG and WG endorsement will retain both endorsements if they have

two trawl groundfish landings during 2000 through 2006 in each area (Option 3). But if they only have recent landings in one of those GOA areas, they will also still retain both GOA area endorsements if they meet the two-pronged approach under Option 5: 1) two landings during 2000 through 2006 in one of the GOA management areas (e.g. WG or CG) and 2) at least 20 groundfish landings in that same area in 2005 or 2006 or 2007.

Note that the landings thresholds under Alternative 3 include landings in the parallel and Federal groundfish fisheries. Catcher processor licenses are credited with their landings, whether they were operating as a catcher processor or a catcher vessel at the time of landing.

Note that the Council slightly modified the language of Option 5, as suggested by the analyst, in order to accurately reflect the intent (see Appendix 4). As it was intended, a license holder could still qualify to keep their WG and CG endorsements, simply by meeting the two landings criterion in each area, under Alternative 3. Option 5 was proposed as an additional way to qualify to keep both GOA endorsements. Option 5 was intended for the license holder that only has landings (albeit many, in recent years) in one Gulf area, as a way to retain both Gulf area endorsements. The language of Option 5 was revised to ensure the correct interpretation.

Under Component 2, the Council recommends that groundfish harvest history be credited to each LLP stacked on a single vessel at the time of the landing. However, the Council's final motion noted that in future actions, particularly those involving allocations, the Council may credit catch to a single license, in cases in which multiple licenses are stacked on a vessel. Note that the Council did not choose the suboption under Component 2 as part of its preferred alternative.

The Council did not choose the option under Component 3 as part of its preferred alternative.

Finally, the Council also included Component 4, Options 1 through 3, as part of its preferred alternative, which would create an estimated 12 new AI endorsements on non-AFA trawl CV LLPs that meet the specified criteria. The preferred alternative would award AI endorsements to non-AFA trawl CV <60' MLOA LLPs, if they had at least 500 mt in the AI parallel Pacific cod fishery during 2000 through 2006 (Option 1). These endorsements would be severable from the overall license and could be transferred to another non-AFA trawl CV LLP with a trawl CV designation and an MLOA designation of <60' (Option 3).

The preferred alternative would also award AI endorsements to non-AFA trawl CV ≥60' MLOA LLPs, if they have at least one landing in the AI parallel groundfish fishery or AI State water Pacific cod fishery in 2000 through 2006, and harvested at least 1,000 mt in the BSAI Pacific cod fishery in 2000 through 2006 (Option 2). The AI endorsements earned on non-AFA trawl CV **≥60'** MLOA LLPs are not severable from the overall license. Table 39, below, provides a summary of the Council's preferred alternative.

Table 39 Summary of the Council's preferred alternative in BSAI Am. 92/GOA Am. 82

COMPONENT	ALTERNATIVES and OPTIONS
	ALTERNATIVE 3. Remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs, unless the license meets a minimum landing threshold in the specified subarea.
Component 1: Landings thresholds	**Option 3.** Two groundfish landings during 2000–2006. **Option 5.** (Only applicable under Alternative 3). To retain both GOA area endorsements, the trawl CV LLP must meet the landings criteria selected under Alternative 3, Option 3 (two landings), for a specific subarea, plus have participation in either subarea in 2005, 2006, or 2007 of at least 20 landings.
Component 2: Stacked LLPs	Provision: Groundfish harvest history is credited to each LLP stacked on a single vessel at the time of the landing.
Component 3: Amendment 80 GOA exemption	**No option selected.**
Component 4: Adding new AI endorsements to trawl LLPs	**Option 1.** Award AI endorsements to non-AFA trawl CV <60' MLOA LLPs, if they have landings of at least 500 mt in the AI parallel Pacific cod fishery in 2000–2006. **Option 2.** Award AI endorsements to non-AFA trawl CV ≥60' MLOA LLPs, if they have at least one landing in the AI parallel groundfish fishery; or AI State water Pacific cod fishery in 2000–2006, **and** 1,000 mt in the BSAI Pacific cod fishery in 2000–2006. **Option 3.** AI endorsements issued under Component 4, Option 1 shall be severable and transferrable. The AI endorsements can only be transferred to a non-AFA trawl CV LLP with an MLOA of <60'.
Exemptions	• Exempt BSAI LLP endorsements originally issued to vessels qualified under the AFA and any non-AFA BSAI LLPs assigned to AFA vessels not having any other license. (Applies to CPs and CVs). • Exempt CG subarea endorsements on CG rockfish pilot program qualified licenses. (Applies to CPs and CVs). • Exempt BSAI LLP endorsements originally issued to vessels qualified under Am. 80 and BSAI LLPs used for eligibility in Am. 80.

Note: This table provides a general summary outline of the Council's preferred alternative. See Appendix 4 for the exact wording of the Council motion.

2.8.1 Proposed changes to the BSAI and GOA FMPs

The proposed action is Amendment 92 to the FMP for Groundfish of the Bering Sea and Aleutian Islands Management Area and Amendment 82 to the FMP for Groundfish of the Gulf of Alaska Management Area. The proposed FMP amendment language to implement the Council's preferred alternative is attached as Appendix 5 to this analysis. In brief, this action would require changing language in the following sections of each FMP:

Page number	Description of BSAI FMP Section
19	Section 3.3.1 License Limitation Program
20	Section 3.3.1.1 Elements of the License Limitation Program
A-13	Appendix A, A.1 Amendments to the FMP
Page number	**Description of GOA FMP Section**

20	Section 3.3.1 License Limitation Program
21	Section 3.3.1.1 Elements of the License Limitation Program
A-11	Appendix A, A.1 Amendments to the FMP

2.8.2 Rationale for and effects of the preferred alternative

The Council selected **Alternative 3, Component 1, Option 3,** which removes a substantial number of latent licenses from the groundfish fisheries in the BS, AI, CG, and WG, and thus prevents these licenses from being active in the future and potentially reducing gross revenues for current participants. Recognizing that this action may not represent a practical change from the status quo in the short-term, it may have a long-term effect, if any of the non-qualifying licenses would, absent this action, have been used in the future. The Council noted that this action represents a modest step between the status quo and a rationalized trawl fishery. Note that the 'race for fish' continues in the Gulf trawl groundfish fisheries; this action will simply further reduce the universe of potential participants.

The Council reiterated that the proposed action applies to all trawl CV and CP LLPs in the areas specified, except for those identified in the following exemptions:

1. Exempt BSAI LLP endorsements originally issued to vessels qualified under the AFA and any non-AFA BSAI LLPs assigned to AFA vessels not having any other license. (Applies to CPs and CVs).
2. Exempt CG subarea endorsements on CG rockfish pilot program qualified licenses. (Applies to CPs and CVs).
3. Amendment 80 exemption from BSAI landings thresholds: Exempt BSAI LLP endorsements originally issued to vessels qualified under Am. 80 and BSAI LLPs used for eligibility in Am. 80.

These exemptions were established primarily because the participants in these rationalization programs (AFA, Central GOA rockfish pilot program, and BSAI Amendment 80) have already met specified and more detailed thresholds for these specific management areas, in order to participate in these cited programs. In effect, the AFA licenses and Amendment 80 licenses are only subject to the CG and WG endorsement criteria proposed in this action; the CG rockfish licenses are only subject to the BS, AI, and WG endorsement criteria proposed in this action. Thus, the number of 'qualified' licenses estimated to result from the preferred alternative does not include those licenses that are exempt from this action.

Alternative 3, Component 1, Option 3, which requires two landings in a seven-year period (2000 – 2006), is a relatively modest qualification threshold, even as one of the most restrictive options under consideration. By selecting Alternative 3, the Council supported the approach that the license holder must have met the landings threshold in the specific area, in order to retain that area endorsement.

For **trawl CV** licenses, Option 3 qualifies an estimated 1 license in the AI; 14 licenses in the BS; 39 licenses in the CG; and 65 licenses in the WG (see Table 40). Note that several licenses are also exempt from the trawl CV endorsement criteria, as discussed above. There are 42 exempt AI endorsed licenses and 101 exempt BS endorsed licenses; these are exempt because they are AFA CV licenses. In addition, there are 46 exempt CG endorsed licenses; these are included under the CG rockfish pilot program exemption.

Note that due in part to public testimony from representatives of many of the currently participating GOA trawl CV fleet, **the Council also selected Option 5, in conjunction with Option 3. Option 5 only applies to trawl CV licenses currently with both WG and CG endorsements.** It was noted that several license holders that used to fish both GOA areas have not had the same opportunities, since the Steller sea

lion mitigation measures were in effect, and as a result, many have limited their participation to the Central Gulf since 2000. In addition, some of the Western Gulf TACs, such as pollock, Pacific cod, and several flatfish species, have not been fully prosecuted in recent years. Thus, the Council determined that less restrictive criteria are warranted for these areas, in order to qualify license holders that are significant and recent Gulf participants.

Option 5 would allow license holders that met the criterion under Option 3 for only one GOA area, to retain both GOA endorsements, if they had significant participation (20 landings) in that same GOA area in at least one of the most recent years (2005, 2006, or 2007). Combined with Alternative 3, Option 3, Option 5 is estimated to result in 11 additional qualified CG endorsed trawl CV licenses, for a total of 50 qualified CG trawl CV licenses. None of the 11 additional qualified CG licenses are AFA licenses. It is also estimated to result in 12 additional qualified WG endorsed trawl CV licenses, for a total of 77 qualified WG trawl CV licenses (see Table 40). Four of the 12 additional qualified WG licenses are AFA licenses; eight are non-AFA licenses.

Table 40 Number of endorsed trawl CV LLPs remaining in the groundfish fisheries, by area, under the preferred alternative[1]

Area	Current number of endorsements	Number of licenses removed	Number of exempt licenses	Number of qualifying licenses	Number of new AI endorsements created	**Total number and percent of endorsed licenses remaining under Council PA**	
AI	48	5	42	1	12	**55**	**115%**
BS	148	33	101	14	n/a	**115**	**78%**
CG	176	80	46	50	n/a	**96**	**55%**
WG	160	83	0	77	n/a	**77**	**48%**

[1]The Council's preferred alternative related to qualifying trawl CV licenses is Alternative 3, Option 3 (2 landings, 2000 – 2006) and Option 5 (20 landings). It also includes Component 4, Options 1 and 2, which is estimated to create 12 new AI endorsements on non-AFA trawl CV licenses.

Table 40 shows the number and percent of endorsed trawl CV licenses that will remain in the groundfish fisheries under the Council's preferred alternative. This includes both exempt licenses and licenses that meet the criteria to retain their endorsement, under the proposed action. Under the proposed action, 78% of the BS endorsed trawl CV licenses are estimated to remain (22% would be removed); 55% of the CG endorsed trawl CV licenses would remain (45% would be removed); and 48% of the WG endorsed trawl CV licenses would remain (52% would be removed). Because Component 1 is estimated to remove 5 AI endorsed licenses, but Component 4 proposes to create 12 new AI endorsements on existing groundfish licenses, the total number of AI endorsed licenses resulting from this action increases from 48 to 55. This represents a 15% increase, compared to the status quo. Component 4 is discussed in more detail further in this section.

For **trawl CP** licenses, Option 3 qualifies an estimated 2 licenses in the AI; 3 licenses in the BS; 3 licenses in the CG; and 19 licenses in the WG (see Table 41). Note that the vast majority of the trawl CP licenses are exempt from this action, due to their participation in the AFA, Amendment 80, and CG rockfish pilot program. Specifically, 46 licenses are exempt from the AI criteria; 25 of those are AFA trawl CP licenses and 21 are Amendment 80 licenses. Likewise, 55 licenses are exempt from the BS criteria; 27 of those are AFA trawl CP licenses and 28 are Amendment 80 licenses. Finally, 17 licenses are exempt from the CG criteria, due to their participation in the CG rockfish pilot program.

Table 41 Number of endorsed trawl CP LLPs remaining in the groundfish fisheries, by area, under the preferred alternative[1]

Area	Current number of endorsements	Number of licenses removed	Number of exempt licenses	Number of qualifying licenses	**Total number and percent of endorsed licenses remaining under Council PA**

AI	54	6	46	2	**48**	**89%**
BS	62	4	55	3	**58**	**94%**
CG	27	7	17	3	**20**	**74%**
WG	26	7	0	19	**19**	**73%**

[1]The Council's preferred alternative related to qualifying trawl CP licenses is Alternative 3, Option 3 (2 landings, 2000 – 2006).

In sum, relatively few trawl CP licenses are subject to the proposed action, with the exception of the WG. Under the Council's preferred alternative, 89% of the AI endorsed trawl CP licenses are estimated to remain (11% would be removed); 94% of the BS endorsed trawl CP licenses would remain (6% would be removed); 74% of the CG endorsed trawl CP licenses would remain (26% would be removed); and 73% of the WG endorsed trawl CP licenses would remain (27% would be removed).

Component 2 was included to provide direction on how to credit landings to licenses when the same vessel was designated on more than one license at the time of the landing (i.e., 'stacked' licenses). The Council made this determination early in the development of the analysis, in order for analysts to be able to determine the number of qualifying licenses. The Council recognized that this approach to stacked licenses may or may not be suitable for future amendments, particularly those in which the qualifying landings are used to develop allocations to an individual or sector. While the Council noted that using a specific approach does not bind it to using that approach in future amendments, it wanted to make that clear to the public. Thus, the Council included the following statement in its final motion: "In future actions, particularly those involving allocations, the Council may credit catch to a single license in cases in which multiple licenses are stacked on a vessel."

The Council did not select the suboption under Component 2, which proposed to link stacked licenses in perpetuity at the time of implementation of this rule. The Council received oral and written public testimony opposing this suboption, primarily due to its potential effect on existing business relationships. It was noted in testimony and in the analysis that many license owners have engaged in temporary partnerships in order to maximize use of their licenses. For example, currently two licenses can be owned by two different persons, and a third person can own the vessel named on those licenses. The Council determined that requiring stacked licenses to be linked in perpetuity unnecessarily complicates ownership issues.

In addition, the Council recognized that while the analysis reports that 19 vessels were carrying 38 stacked trawl licenses (two licenses per vessel) at the time the analysis was developed, the number of stacked licenses can change over time as licenses are transferred. Because NMFS must provide notice prior to rulemaking, if the suboption had been selected, the proposed rule would necessarily include a description of the suboption, and the final rule would list the effective date of implementation. Thus, a license holder that perceives any negative effect from this suboption would likely transfer one or more of their stacked licenses prior to the implementation date, or simply not designate a vessel for a particular license. These licenses could then be stacked back on a single vessel post-implementation and be in compliance with the rule, while avoiding the consequences of the suboption. Thus, the Council determined that the suboption would be unlikely to have its intended effect, and would likely only affect those license holders who were not aware of the proposed rulemaking.

As noted previously, the Council did not select the option under **Component 3** as part of its preferred alternative. This component would have exempted BSAI Amendment 80 trawl CP licenses from the WG and CG criteria. Combined with the provision to exempt these licenses from the BS and AI criteria, licenses originally issued to Amendment 80 qualified catcher processors and licenses used for eligibility in Amendment 80 would have been exempted from the entire action. (Note that exempting other licenses assigned to the Amendment 80-qualified vessels would not result in preserving latent licenses that could be transferred to other vessels, since licenses assigned to Amendment 80 vessels are restricted to use on

vessels in that program.) For reasons outlined in Section 2.7.4, the Council determined not to exempt Amendment 80 licenses from the Gulf criteria.

In brief, there are 18 CG endorsements and 19 WG endorsements at issue in the Amendment 80 trawl CP sector. Under the Council's preferred alternative (i.e., absent Component 3) most Amendment 80 licenses are estimated to qualify to retain their CG and/or WG endorsements. In sum, without Component 3, three CG endorsements and one WG endorsement are estimated to be removed from Amendment 80 licenses under Alternative 3. (This is two fewer for the CG than is shown in Table 27, due to the fact that 13 of the Am. 80 licenses are exempt from the CG thresholds due to their participation in the CG rockfish pilot program.) The Council was also aware that the 11 Amendment 80 licenses and vessels qualified to fish in the directed GOA flatfish fisheries under Amendment 80 are estimated to qualify to retain their Gulf endorsements under the proposed action; thus, none of the vessels that met the specific criteria to participate in the GOA flatfish fisheries would be affected.

Note also that this action does not affect the GOA sideboards established for the Amendment 80 sector. One of the broad goals of Amendment 80 was to limit the ability of non-AFA trawl CPs to expand their harvesting capacity into other fisheries not managed under a rationalization program. Thus, similar to other rationalization programs, the Council recognized the need to protect non-Amendment 80 participants' current share of non-Amendment 80 fisheries by establishing sideboards in the Gulf of Alaska. While Amendment 80 provides for sideboards in the Gulf of Alaska, it does not include Gulf allocations to the Amendment 80 fleet. The primary exemptions to the proposed action were intended to exempt licenses from endorsement thresholds that were necessary to participate in the area of their specific rationalization program (e.g., AFA exempt from BSAI thresholds; CG rockfish exempt from CG thresholds; BSAI Am. 80 exempt from BSAI thresholds). Because the Amendment 80 allocations are limited to the BSAI, the proposed action only exempts this sector from the BS and AI criteria. The Council's preferred alternative thus requires that the Amendment 80 sector be subject to the same threshold in the Gulf of Alaska that applies to all other trawl license holders, in order to restrict future participation by license holders that have not been fished recently.

Both the AFA sector and the Amendment 80 sector are subject to the GOA thresholds under the proposed action, and will continue to be subject to their respective GOA sideboards. For example, for an Amendment 80 vessel that loses its WG or CG endorsement under the proposed action, the sideboard limits attributed to its catch history during the qualifying years would still exist and could be utilized by the Amendment 80 fleet, just not by that individual vessel.

Finally, **Component 4** would create an estimated 8 new AI endorsements on existing non-AFA trawl CV <60' MLOA licenses and 4 new AI endorsements on existing non-AFA trawl CV ≥60' MLOA licenses, for a total of 12 new AI endorsements. The Council included Component 4 as part of its preferred alternative, in order to provide the potential for increased effort in the AI groundfish fisheries, particularly to facilitate shoreside processing opportunities in Adak. The Council recognized that under the action proposed in Component 1, only 1 of the 6 non-AFA trawl CV licenses was estimated to meet the criteria to retain its AI endorsement. At the same time, the problem statement notes that a mechanism is needed to help facilitate economic development of a resident fishing fleet that can fish in both Federal and State waters in the Aleutians.

Having a suite of potential fisheries in which to participate was recognized in public testimony and Council deliberations as a key factor in developing a viable shoreside fleet in the Aleutians. Public testimony highlighted the part of the problem statement that notes that under Amendment 80, the Council created new Pacific ocean perch and Atka mackerel allocations to the trawl limited access (non-Amendment 80) fleet, and the percentage allocations are designated to step-up each year. In addition, many vessels that already fish AI Pacific cod in State waters may benefit from being able to cross over

into Federal waters when the cod move farther offshore. Awarding new AI endorsements to existing LLPs was one way to reduce the costs for vessels to extend their participation to these Federal fisheries, as it negates the need to purchase an entirely new AI endorsed license, of which there are few. The Council attempted to balance the distributional effects: the potential benefit to the community of Adak and participants that were previously limited to State waters in the Aleutians were weighed against the potential negative effect on existing participants in Federal waters (e.g., new Pacific cod fishing effort in the Federal AI will come off the BSAI Pacific cod TAC, resulting in reduced shares of the TAC and associated ex-vessel revenues for existing participants). Given the problem statement and the limited number (12) of licenses that are estimated to qualify for a new AI endorsement, the Council included Component 4 as part of its preferred alternative.

The qualification years under Component 4 are 2000 through 2006, which mirror the years used to define recent participation under Component 1, and the Council chose the highest participation thresholds considered for both the <60' and ≥60' licenses (i.e., ≥500 mt and ≥1,000 mt, respectively). The Council also addressed the rationale for using different criteria for the <60' and ≥60' licenses. The criteria for the <60' licenses include AI parallel Pacific cod landings, while the criteria for the ≥60' licenses include AI parallel groundfish fishery *or AI State water Pacific cod fishery* and landings in the BSAI (Federal) Pacific cod fishery. The use of State waters participation for the ≥60' fleet was due to the need to develop criteria that would capture the most recent participants, recognizing that there are a very small number of non-AFA trawl vessels of that size designation that have participated in the AI. While the qualification criteria for the <60' licenses are more restrictive (i.e., limited to landings in the parallel (Federal) cod fishery and not including landings in the State-managed AI cod fishery), the Council was informed prior to final action that only one additional license would be estimated to qualify (at the 50 mt threshold) had State cod fishery participation also been included as criteria for the <60' licenses. No additional <60' licenses would have qualified at the 250 mt or 500 mt thresholds, the latter of which is the Council's preferred alternative. Thus, inclusion of State waters AI cod fishery participation for the <60' non-AFA trawl CV sector would not affect the number of qualifying licenses under the proposed action.

In addition, the Council recommended that the (estimated 8) new AI endorsements earned on licenses with a <60' MLOA designation should be severable and transferable from the overall license. No other endorsement in the existing License Limitation Program is allowed to be sold separately from the overall license, thus, the proposed action would create a new type of endorsement. However, the Council clarified that these AI endorsements must be attached to an LLP in order to be used.

The rationale for this decision is provided in the discussion in Section 2.7.5.3. In sum, the Council wanted to ensure that these endorsements would be enduring and utilized in the AI. During Council deliberations, it was noted that the <60' fleet is more reliant on multi-species operations, so access to a suite of fisheries is necessary to balance the costs of transporting to and fishing in the AI. However, if a license owner that has earned one of these AI endorsements decides he or she no longer wishes to fish in the AI, there would be increased incentive to sell the AI endorsement, as it would not require selling the entire license. The intent was to avoid a situation in which AI endorsements would be 'stuck' on licenses that are not, or no longer, being used in the AI.

The Council determined that the severability provision was not necessary for the licenses with MLOA designations of ≥60'. Some concern already existed with creating a new type of severable and transferable endorsement, as it allows, as intended in this case, for increased effort in an area. It also creates a new potential asset for a license holder that may have no intention of fishing Federal waters in the AI. However, the decision not to allow severable and transferable AI endorsements for ≥60' licenses stemmed primarily from public testimony, in that at least three of the four ≥60' license holders that believed they would qualify to earn an AI endorsement currently fish in State waters in the AI and Federal waters in the BS, and intend to move their operations to Adak and use the endorsement themselves. With

this understanding, the Council did not deem it necessary to make the AI endorsements severable and transferable.

Overall, Component 1 is estimated to eliminate 5 AI endorsements that have not been used in the AI in several years (i.e., latent licenses), while Component 4 proposes to create 12 new AI endorsements on licenses that have recently been used in the AI in parallel or State waters fisheries, and thus are more likely to be used in Federal waters of the AI in the future. The net effect is that the estimated number of AI endorsed trawl CV licenses increases from 48 to 55, which represents a 15% increase relative to the status quo (refer to Table 40). This action is consistent with the Council's problem statement.

2.8.3 Effects of the preferred alternative on specific sectors

Section 2.7.2.3 describes the impact of both Alternative 2 and Alternative 3 on the various trawl sectors: AFA CV and CP; Central Gulf rockfish pilot program CV and CP; Amendment 80 CP; non-AFA/non-Amendment 80 CP; and the non-AFA trawl CV sector. This section summarizes the impacts of the preferred alternative (Alternative 3). Note that there is some overlap among these sectors that affects the number of licenses subject to the proposed action for various area endorsements; this overlap is noted by sector, where possible. Because of the overlap among sectors, the number of area endorsements removed is not strictly additive across sectors. Refer to the previous section (Table 40 and Table 41), or the summary at the end of this section, for the total number of area endorsements removed in the trawl CV and CP sectors.

AFA Sector

Given the exemptions, the 102 CV licenses and 27 CP licenses in the AFA sector are only subject to the CG and WG endorsement criteria, thus, all AFA licenses will retain their existing BS and AI endorsements. However, there is some overlap between the AFA and Central Gulf rockfish pilot program sectors that affects the number of AFA licenses subject to the CG criteria. There are 61 AFA CV licenses with CG endorsements. Twenty-two of those also participate in the CG rockfish pilot program and are thus exempt from the CG criteria, leaving a total of 39 CG endorsed AFA CV licenses that are subject to the proposed action. Accounting for this exemption, under the preferred alternative, 30 of the 39 CG endorsements are estimated to be removed by this action. In addition, the AFA CV sector is estimated to lose 62 of its 79 existing WG endorsements.[32]

The AFA CP sector has relatively few GOA endorsements. Of the 4 existing licenses with a CG endorsement, two are also in the CG rockfish pilot program and, thus, exempt from the CG criteria. The remaining two licenses are estimated to lose their CG endorsements under the preferred alternative. None of the 6 AFA CP licenses with a WG endorsement appear to meet the criteria under the preferred alternative to retain those area endorsements.

As mentioned previously, one concern raised was the effect of this action on the ability of AFA pollock cooperative members to fish sideboard amounts in the GOA fisheries. The licenses that are not estimated to qualify to retain their GOA area endorsements did not have at least two landings in a recent, seven-year period (2000 – 2006) in the specific area; thus, they have not been used to fish the sideboards in the recent past. However, other cooperative partners with the appropriate LLP endorsements could continue to fish the sideboard amounts, similar to the status quo. However, if such a vessel loses the ability to fish its own sideboard amount, its bargaining power within the cooperative may be diminished.

[32]Absent Component 1, Option 5, 66 WG endorsed AFA CV licenses were estimated to lose their WG endorsements. This estimate is reduced to 62 due to Option 5 being included in the preferred alternative (i.e., four WG endorsed AFA licenses only qualify to retain their WG endorsements due to Option 5).

Central Gulf Rockfish Pilot Program Sector

Given the primary exemptions, the 46 trawl CV and 17 trawl CP licenses participating in the Central Gulf rockfish pilot program are subject only to the BS, AI, and WG endorsement criteria. However, there is some overlap between the Amendment 80, AFA, and Central Gulf rockfish pilot program sectors. Note that the only 2 trawl CV licenses in the rockfish pilot program with AI endorsements are also AFA licenses and, thus, exempt from the AI endorsement criteria due to the AFA exemption. Thus, the AI endorsed rockfish pilot program licenses are not affected. In addition, 21 of the 29 trawl CV licenses in the rockfish pilot program with BS endorsements are also AFA licenses and, thus, exempt from the BS endorsement criteria due to the AFA exemption. Of the 8 trawl CV licenses endorsed for the BS in the rockfish pilot program that are subject to the proposed action, two are estimated to lose their BS endorsements. Four of the 21 trawl CV licenses in the rockfish pilot program with WG endorsements are estimated to lose those endorsements.[33] In sum for the trawl CV licenses in the rockfish pilot program: no licenses would lose their AI endorsements; 2 would lose their BS endorsement; and 4 would lose their WG endorsement.

Of the 17 total CP licenses participating in the rockfish pilot program, only 1 has an AI endorsement and only 1 has a BS endorsement that are not also AFA or Amendment 80 licenses and, thus, subject to the AFA exemption for BS and AI endorsements. Neither of these two licenses qualifies to retain their AI and BS endorsements under the preferred alternative. Of the 11 trawl CP licenses in the rockfish pilot program that have a WG endorsement, only two are estimated to lose that endorsement. In sum, for the trawl CP licenses in the rockfish pilot program: one would lose its AI endorsement; one would lose its BS endorsement; and two would lose their WG endorsement.

Amendment 80 Sector

Given the exemptions, the 28 trawl CP licenses in the Amendment 80 program are only subject to the CG and WG endorsement criteria, thus, all Amendment 80 licenses will retain their existing BS and AI endorsements. Because 13 of the Amendment 80 licenses also participate in the Central Gulf rockfish pilot program, these licenses are also exempt from the CG endorsement thresholds. The effect of the preferred alternative on Amendment 80 licenses is summarized in the discussion of Component 3 in Section 2.8.1 above.

Non-AFA/Non-Amendment 80 Trawl CP Sector

There are only 9 total non-AFA/non-Amendment 80 trawl CP licenses, with various area endorsements. Of these, 8 currently have an AI endorsement, of which 6 appear not to qualify to retain their AI endorsement under the preferred alternative. Seven licenses in this sector currently have a BS endorsement, and 4 appear not to qualify to retain their BS endorsement.

Five of the licenses in this sector currently have CG endorsements, and two of those licenses are qualified in the CG rockfish pilot program, thus, they are exempt from the CG criteria. Of the three remaining licenses subject to the CG criteria, two are estimated to lose their CG endorsements. The only WG endorsed license in this sector appears to qualify to retain its WG endorsement.

[33] Absent Option 5, fifteen WG endorsed trawl CV licenses in the rockfish pilot program were estimated to lose their WG endorsements. This estimate is reduced to four, due to Option 5 being included in the preferred alternative (i.e., eleven WG endorsed licenses in the rockfish pilot program only qualify to retain their WG endorsements due to Option 5).

Non-AFA Trawl CV Sector

In the non-AFA trawl CV sector, 6 licenses currently have an AI endorsement, but only 1 appears to qualify to retain its AI endorsement under the preferred alternative. However, Component 4 is estimated to add 12 new AI endorsements to licenses in this sector that have recent participation in the AI (State waters and parallel fisheries). Given that 5 licenses are estimated to lose their existing AI endorsements due to lack of recent participation in the AI (in Federal waters), the net gain in AI endorsements to this sector is 7.

Of the 47 licenses in this sector that currently have a BS endorsement, 33 appear not to qualify to retain their BS endorsement. Also in the non-AFA trawl CV sector, 115 licenses have CG endorsements, but 24 of those licenses are qualified in the CG rockfish pilot program. Thus, these 24 licenses are exempt from the CG criteria under this action. Accounting for this exemption, under the preferred alternative, 50 of the 91 CG endorsements are estimated to be removed by this action.[34] Of the 81 licenses in this sector with WG endorsements, 21 are estimated to lose their WG endorsement.[35] In sum, for the non-AFA trawl CV licenses: there is a net gain of 7 new AI endorsements; 33 would lose their BS endorsement; 50 would lose their CG endorsement; and 4 would lose their WG endorsement.

Summary

The overall effect of the action is to reduce the number of latent trawl CV and trawl CP licenses endorsed for the BS, AI, CG, and/or WG, with the exception of the expansion of trawl CV licenses endorsed for the AI. A comparison of the number of endorsed trawl CV and CP licenses resulting from the alternatives under consideration is shown in Table 42 and Table 43, respectively.

Table 42 Comparison of number of endorsed trawl CV LLPs, by area, resulting from the alternatives under consideration and the Council's preferred alternative[1]

Area	Current number of endorsed licenses (Alt. 1)	Number and % of endorsed licenses remaining under Alt. 2 and Alt. 3		**Number and % of endorsed licenses remaining under Council PA (Alt 3)**	
AI	48	43 to 58	90% - 121%	**55**	**115%**
BS	148	114 to 116	77% - 78%	**115**	**78%**
CG	176	85 to 126	48% - 72%	**96**	**55%**
WG	160	65 to 98	41% - 61%	**77**	**48%**

[1]The Council's preferred alternative related to qualifying trawl CV licenses is Alternative 3, Option 3 (2 landings, 2000 – 2006) and Option 5 (20 landings). It also includes Component 4, Options 1 and 2, which is estimated to create 12 new AI endorsements on non-AFA trawl CV licenses.

Table 43 Comparison of number of endorsed trawl CP LLPs, by area, resulting from the alternatives under consideration and the Council's preferred alternative[1]

Area	Current number of endorsed licenses (Alt. 1)	Number and % of endorsed licenses remaining under Alt. 2 and Alt. 3		**Number and % of endorsed licenses remaining under Council PA (Alt 3)**	
AI	54	48 to 50	89% - 93%	**48**	**89%**
BS	62	58	94%	**58**	**94%**

[34]Absent Option 5, 61 CG endorsed non-AFA trawl CV licenses were estimated to lose their CG endorsements. This estimate is reduced to 50 due to Option 5 being included in the preferred alternative (i.e., eleven CG endorsed non-AFA trawl CV licenses only qualify to retain their CG endorsements due to Option 5).

[35]Absent Option 5, 29 WG endorsed non-AFA trawl CV licenses were estimated to lose their WG endorsements. This estimate is reduced to 21 due to Option 5 being included in the preferred alternative (i.e., eight WG endorsed non-AFA trawl CV licenses only qualify to retain their WG endorsements due to Option 5).

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CG	27	20 to 22	74% - 81%	**20**	**74%**
WG	26	19 to 21	73% - 81%	**19**	**73%**

[1]The Council's preferred alternative related to qualifying trawl CP licenses is Alternative 3, Option 3 (2 landings, 2000 – 2006).

Table 44, below, compares the number of endorsed licenses, by area, resulting from the Council's preferred alternative, to the number of trawl CV and CP licenses that participated (i.e., had at least one landing) in the groundfish fisheries in 2006. Thus, the table demonstrates that, while the Council's preferred alternative substantially reduces the number of outstanding eligible groundfish licenses in several areas, the number of eligible licenses remaining, under the proposed action, continues to far exceed the number of licenses actually participating in the subject fisheries, in the most recent year considered (2006).

For example, the preferred alternative qualifies almost 7 times the number of AI trawl CV licenses that had at least one landing in the 2006 trawl groundfish fisheries in the AI. In the BS trawl CV licenses, there are about 20% more licenses remaining under the preferred alternative than participated in 2006. The number of CG and WG endorsed trawl CV licenses under the preferred alternative is about double the number that participated in 2006.

In the trawl CP sector, the preferred alternative qualifies more than 3 times the number of AI endorsed licenses that had at least one landing in the 2006 trawl groundfish fisheries in the AI. In the BS trawl CP licenses, there are about 40% more licenses remaining under the preferred alternative than participated in 2006. There are about 67% and 27% more CG and WG endorsed trawl CP licenses, respectively, under the preferred alternative, than participated in 2006.

Table 44 Number of endorsed trawl licenses under Council preferred alternative compared to the number participating in 2006

Area	Current number of endorsed licenses (Alt. 1)	Number of endorsed licenses remaining under the Council PA (Alt. 3)	Number of trawl licenses with ≥1 groundfish landing in 2006 in the area corresponding to the area endorsement
	Trawl CV		
AI	48	55	8
BS	148	115	96
CG	176	96	50
WG	160	77	39
	Trawl CP		
AI	54	48	15
BS	62	58	41
CG	27	20	12
WG	26	19	15

The effect of the preferred alternative on net benefits to the Nation is included in Section 2.9 below under the discussion of Alternative 3. In sum, the preferred alternative would remove area endorsements on latent licenses, thus preventing future entry of these licenses into the fisheries and removing the potential for a large influx of effort. Preventing this possible entry could have minor efficiency benefits, as discussed in the following section, in the event these participants would have entered at a future time. Thus, the proposed action has primarily distributional effects on the universe of existing participants. Any effects on the net benefits to the Nation are considered minor.

2.9 Net Benefits to the Nation

Overall, this action is likely to have a limited effect on net benefits realized by the Nation, *ceteris paribus*. In large part, the action affects distributional equities among various persons eligible to enter a vessel into the trawl groundfish fisheries under the LLP, as that program is presently constructed and managed.

Comparison of status quo (Alternative 1) with Alternatives 2 and 3, Components 1 - 3 (removing LLP area endorsements in the BSAI and GOA)

A few contrasting factors should be considered in assessing the net benefits arising from the action. Under the status quo (Alternative 1), all existing licenses (and qualifying endorsements) would be retained. Under that alternative, it is possible that some of the endorsements that would be extinguished under the action alternatives would enter the fisheries, at some future time, increasing effort in the fisheries. This entry could contribute to losses of production efficiency. The entry might result in costs rising slightly, if participants perceive a need to increase rates of effort to maintain their historical share of the overall catch from the fisheries. The increase in effort could contribute to more aggressive fishing practices (e.g., plugging nets, less care for catch brought on board) and processing practices, both of which contribute to lower quality and less value added production. The extent of these possible effects is very difficult to predict, and depends on several factors, including stock sizes and markets. Absent significant positive structural changes in economic or operational incentives, it is not apparent that any of this latent effort will enter the fisheries. At present, the reverse appears to be the case (e.g., fuel cost increases). In any case, the influx of effort from these latent licenses under the status quo is likely to be quite small, with little overall effect on production efficiency, product volume and quality, supply availability, or consumer prices.

Under the proposed action alternatives that remove license endorsements (Alternatives 2 and 3, Components 1 - 3), future entry of these licenses into the fisheries would be precluded, removing this

source of potential influx of effort. Preventing this possible entry could have minor efficiency benefits, in the event these participants would have entered at a future time, *ceteris paribus*.

Minor changes in consumer surplus could accompany any change in production outputs. Specifically, changes in product outputs and quality could have effects on consumers. The difference in consumer surplus across the alternatives is likely to be quite small.. In addition, the change in U.S. consumer surplus is likely to be diluted, since much of the production from these fisheries is exported for overseas secondary processing and consumption. Therefore, only a portion of any consumer surplus change, resulting from Alternative 2 or 3, is unlikely to accrue to U.S. consumers.

Implementation of Alternative 2 or 3 will require several administrative tasks by NOAA Fisheries. These include, processing and adjudicating the qualifying and non-qualifying licenses under the program, and removing those licenses or license endorsements that do not qualify. The license limitation file administered and maintained by NOAA Fisheries will need to be updated to reflect the valid licenses. Also, it will be necessary for NOAA Fisheries to make changes within the data programs to administer and record license information, in order to create the newly required capability to separately record and monitor area endorsement and gear endorsements. These costs would not exist for Alternative 1, and are assumed to be identical for Alternatives 2 and 3.

Comparison of status quo with Alternatives 2 and 3, Component 4 (adding LLP license endorsements in the AI)

The increase in endorsements in the AI that are proposed under Component 4 in Alternatives 2 and 3, could increase the number of vessels prosecuting groundfish fisheries in the AI. A few effects could arise, including a loss of efficiency resulting from increased competition in limited entry fisheries. The effect of any additional effort is likely to be a loss in production efficiency arising from intensifying the race for fish. Both higher costs and declines in quality and product value could arise. The extent of this effect will depend on several factors, including stock conditions and markets (both for inputs and outputs). To the extent that increased effort adversely affects the quality of outputs, it is possible that some decline in consumer surplus could arise under Component 4. This decline is likely to be incurred primarily outside of the U.S., effectively resulting in a very minor change in U.S. consumer surpluses.

The addition of AI endorsements on LLPs under Component 4 will introduce new administrative costs for NOAA Fisheries Sustainable Fisheries Division, RAM Division, and, potentially, the Office of Law Enforcement. Since relatively few participants are estimated to qualify for new endorsements under Options 1 and 2, it is likely that administrative costs related to these applications will be minor. However, if these AI endorsements are severable and transferable from the overall license (Option 3), there will be agency costs associated with identifying and tracking the movement of these endorsements, separately from the general License Limitation Program.

The main economic benefit to be obtained from the proposed amendment is prevention of <u>potential</u> future entry of significant latent trawl LLPs in the groundfish fisheries, which has primarily distributional effects on the universe of existing participants. Any effects on the net benefits to the Nation are expected to be minor.

3.0 ENVIRONMENTAL ASSESSMENT

The purpose of this section is to analyze the environmental impacts of the proposed Federal action to establish new threshold criteria for area endorsements (BS, AI, CG, and WG) on trawl catcher vessel and catcher processor limited license permits (LLPs). An environmental assessment (EA) is intended, in a concise manner, to provide sufficient evidence of whether or not the environmental impacts of the action is significant (40 CFR 1508.9).

Three of the four required components of an environmental assessment are included below. These include brief discussions of: the purpose and need for the proposal (Section 3.1), the alternatives under consideration (Section 3.2), and the environmental impacts of the proposed action and alternatives (Section 3.3). The fourth requirement, a list of agencies and persons consulted, is provided in Section 6.0.

3.1 Purpose and Need

The Council has identified the following problem statement for the proposed action. Further background information and detail on the intent of the proposed action is provided in Section 2.2.

Problem Statement

Trawl catcher vessel eligibility is a conflicting problem among the Bering Sea, Gulf of Alaska and Aleutian Islands. In the Bering Sea and Gulf of Alaska, there are too many latent licenses and in the Aleutian Islands there are not enough licenses available for trawl catcher vessels.

In the Bering Sea and GOA, the trawl catcher vessel groundfish fisheries in the BSAI and trawl vessel groundfish fisheries in the GOA are fully utilized. In addition, the existence of latent licenses may exacerbate the disadvantages to GOA dependant CVs resulting from a lack of comprehensive rationalization in the GOA. Competition for these resources is likely to increase as a result of a number of factors, including Council actions to rationalize other fisheries, favorable current market prices and a potential for TAC changes in future years. Trawl vessel owners who have made significant investments, have long catch histories, and are dependent upon BSAI and GOA groundfish resources need protection from others who have little or no recent history and with the ability to increase their participation in the fisheries. This requires prompt action to promote stability in the trawl catcher vessel sector in the BSAI and trawl vessel sector in the GOA until comprehensive rationalization is completed.

In the Aleutian Islands, previous Congressional and Council actions reflect a policy encouraging economic development of Adak. The opportunity for non-AFA CVs to build catch history in the AI was limited until markets developed in Adak. The analysis indicates that there are only six non-AFA CV trawl AI endorsed LLPs. The Congressional action to allocate AI pollock to the Aleut Corporation for the purpose of economic development of Adak requires that 50% of the AI pollock eventually be harvested by <60' vessels. The Council action under Am. 80 to allocate a portion of AI POP and Atka mackerel to the limited access fleet does not modify AFA CV sideboard restrictions, thus participation is effectively limited to non-AFA vessels with AI CV trawl LLP endorsements. A mechanism is needed to help facilitate the development of a resident fishing fleet that can fish in both state and federal waters. The Council will consider different criteria for the CV eligibility in the AI.

3.2 Description of Alternatives

Three primary alternatives have been identified for analysis. Alternative 1 is the no action alternative. Alternative 2 would remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the overall management area (BSAI or GOA). Alternative 3 (Council preferred alternative) would remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the specified subarea. A detailed description of these alternatives is in Section 2.4 of this document. A summary table outlining the three alternatives, components, and options considered is provided below (Table 45). The combination of options under Alternative 3 that comprise the Council's preferred alternative is noted in Table 45.

Table 45 Summary of the alternatives, components, and options considered

COMPONENT	ALTERNATIVES and OPTIONS		
	ALTERNATIVE 1. No action.	**ALTERNATIVE 2.** Remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the overall management area (BSAI or GOA).	**ALTERNATIVE 3. (Council PA)*** Remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the specified subarea.
Component 1: Landings thresholds	N/A	**Option 1.** One groundfish landing during 2000–2005. **Option 2.** Two groundfish landings during 2000–2005. ***Option 3.** [One or *two] groundfish landings during 2000–2006. Suboption: Apply Op. 3 only to BSAI endorsements **Option 4.** Exempt BSAI endorsements on trawl LLPs with MLOA <60' with trawl or non-trawl landings in the BSAI directed P.cod fishery of [one landing, two landings, or 200 mt, in any one year 2000–2005]. ***Option 5.** (Only applicable under Alternative 3). To retain both GOA area endorsements, the trawl CV LLP must meet the landings criteria selected under Alternative 3, Options 1, 2, or 3, for a specific subarea, plus have participation in either subarea in 2005, 2006, or 2007 of at least [20, 30, or 40] landings.	
Component 2: Stacked LLPs	N/A	Provision: Groundfish harvest history is credited to each LLP stacked on a single vessel at the time of the landing. Suboption: At the time of implementation, stacked LLPs will remain linked and cannot be severed back into separate LLPs.	
Component 3: Amendment 80 GOA exemption	N/A	**Option** to exempt LLPs originally issued to vessels qualified under BSAI Am. 80 and LLPs used for eligibility in Am. 80 from the GOA landing thresholds.	
Component 4: Adding new AI endorsements to trawl LLPs	N/A	***Option 1.** Award AI endorsements to non-AFA trawl CV <60' MLOA LLPs if they have landings of at least [50 mt, 250 mt, or 500 mt] in the AI parallel P.cod fishery in 2000–2006. ***Option 2.** Award AI endorsements to non-AFA trawl CV ≥60' MLOA LLPs if they have at least one landing in the AI parallel groundfish fishery or AI State water P.cod fishery in 2000–2006, and [500 mt or 1,000 mt] in the BSAI P.cod fishery in 2000–2006. ***Option 3.** ~~All~~ **Only <60'** AI endorsements under Component 4 shall be severable and transferrable. The AI endorsements can only be transferred to a non-AFA trawl CV LLP with an MLOA of <60' or ≥60', as applicable.	
Exemptions **[Note: these are provisions, not options.]**	N/A	• Exempt BSAI LLP endorsements originally issued to vessels qualified under the AFA and any non-AFA BSAI LLPs assigned to AFA vessels not having any other license. (Applies to CPs and CVs). • Exempt CG subarea endorsements on CG rockfish pilot program qualified licenses. (Applies to CPs and CVs). • Exempt BSAI LLP endorsements originally issued to vessels qualified under Am. 80 and BSAI LLPs used for eligibility in Am. 80.	

Note: This table provides a general summary outline of the components, alternatives, and options. See Section 2.4 for the exacting wording of the alternatives and options under consideration.
*The options selected under the Council's preferred alternative (Alternative 3) are underlined.

3.3 Probable Environmental Impacts

This section estimates the effect of the alternatives on the biological, physical, and human environment. The alternatives establish threshold criteria for using BSAI and GOA trawl LLPs.

The physical and biological effects of the alternatives on the environment and animal species are discussed together in Section 3.3.1. Economic and socioeconomic effects of the alternatives are primarily analyzed in the RIR in Section 2.5, but are summarized in Section 3.3.2. Cumulative effects are addressed in Section 3.3.3.

3.3.1 Physical and Biological Impacts

Alternative 1

Alternative 1 represents the status quo, with no changes made to the management of LLPs. Status quo groundfish fishing is annually evaluated in the environmental assessment that supports decision-making on annual harvest specifications for the BSAI and GOA groundfish fisheries (NMFS 2006). The EA evaluates all physical and biological resources affected by the groundfish fisheries, and describes the impact of the fisheries. A "beneficial" or "adverse" impact leaves the resource in better or worse, respectively, condition than it would be in an unfished condition. "Significant" impacts are those adverse or beneficial impacts that meet specified criteria for each resource component, but generally are those impacts that affect the species population outside the range of natural variability, and which may affect the sustainability of the species or species group.

The analysis of Alternative 2 in NMFS (2006), which describes status quo fishing, is incorporated by reference. The EA finds that under status quo groundfish fishery management there is a low probability of overfishing target species, or generating significant adverse impacts to fish species generally (target, non-specified, forage, or prohibited species). Direct and indirect effects on marine mammals and seabirds have been identified as adverse but not significant, and effects on essential fish habitat are minimal and temporary. Effects on ecosystem relationships are also analyzed as adverse but not significant.

Alternatives 2 and 3: Components 1–3

The net effect of Alternative 2 and Alternative 3 (Council preferred alternative), Components 1–3, is to maintain fishing activity at status quo levels. The alternatives propose landing thresholds that would remove endorsements on trawl LLPs that have not been used in recent years. Recent years are defined as either 2000–2005 or 2000–2006. The criteria contain various options, but generally require a valid LLP to have either one or two groundfish landings within the specified management area (Alternative 2) or the specified management subarea (Alternative 3, Council preferred alternative). The criteria would apply to trawl catcher vessel and catcher processor LLPs in the BSAI and the GOA, with three primary exceptions. These exceptions are outlined at the bottom of Table 45 and discussed in Section 2.7.1.

Section 2.7 describes the number of latent LLPs that would be removed under Alternatives 2 and 3, and Section 2.8 (specifically, Table 40 and Table 41) summarizes the number of latent LLPs that would be removed under the specific combination of options selected under Alternative 3 as the Council's preferred alternative. In terms of effects on the physical and biological environment, however, the effect is the same as Alternative 1. These licenses are not currently being used to prosecute groundfish fishing in the BSAI and GOA. The status quo level of fishing has been analyzed in NMFS (2006) and determined to have no significant adverse impacts on fish species, marine mammals, seabirds, habitat, or ecosystem relationships. Under Components 1–3 of the action alternatives, the status quo level of fishing activity

would continue. As a result, there are no significant adverse impacts expected under Alternative 2 or 3, Components 1–3, which includes the Council's preferred alternative.

Alternatives 2 and 3: Component 4

Component 4 of the action alternatives applies exclusively to the Aleutian Islands subarea LLP endorsements. In effect, this component proposed to increase the number of LLPs with valid AI endorsements, by an estimated 12 to 15 licenses (8 to 10 new AI endorsements on licenses with <60' MLOA and 4 to 5 new AI endorsements on licenses with ≥60' MLOA).

There are currently 6 non-AFA trawl CV LLPs with an AI endorsement; the Council's preferred alternative under Alternative 3, Component 1 would reduce this to 1. The Council's preferred alternative under Component 4 would add the minimum number of new AI endorsements to existing non-AFA trawl CV LLPs: 8 AI endorsements on licenses with <60' MLOA and 4 AI endorsements on licenses with ≥60' MLOA, for a total of 12. The net effect of these two components is a gain of 7 new AI endorsements. However, the 5 licenses estimated to lose their AI endorsements under Component 1 have not been fishing in the AI in the last several years (2000 – 2006), while the 12 license holders who would qualify for new AI endorsements have been fishing recently in State waters either in the State or parallel fisheries in the Aleutian Islands. Therefore, the amendment could result in a shift of their fishing effort from State to Federal waters for at least a portion of their fishing effort, compared with the status quo.

Effects on target species from this potential increase in the number of LLPs qualified to fish outside 3 miles should not be significant. The TAC is determined annually based on the carrying capacity of target species, and effective monitoring and enforcement are in place to ensure that TACs are not exceeded. Therefore, regardless of the potential increase in fishing capacity, the total allowable catch of target species will not increase under this component.

Most fish species targeted in the AI have an AI subarea quota, and so there could be no localized increase in catch accruing to the AI subarea. Pacific cod is the exception, as it currently has a BSAI-wide TAC. Pacific cod is currently managed as one stock within the BSAI, thus, additional effort in the AI subarea would not adversely affect the stock overall. However, there is continued interest in recent scientific information that may suggest genetic differences between the AI and other sampled Pacific cod populations (Kodiak Island, Unimak Pass).[36] Additionally, evidence of differences in exploitation rates in the BS and AI, as well as research suggesting different population trajectories in the two areas,[37] may influence consideration of managing the Pacific cod fishery in the AI separately from that in the BS.

The proposed action should not affect the decision to establish a split of the Pacific cod TAC between the BS and AI. However, should it be determined in the future that the BS and AI Pacific cod are distinct stocks, absent a TAC split, this action could increase the cod harvest accruing to the AI (by creating new AI endorsements) beyond that supported by the exploitable biomass. Note that the 2007 stock assessment estimate of AI exploitable biomass is based on the assumption that it should reflect the ratio of AI survey biomass to EBS survey biomass (0.16). While it varies annually, in 2007, an estimated 20% of the BSAI Pacific cod harvest was taken in the AI. However, while this effect is possible, it is not possible to speculate as to how many of the 12 LLPs that would gain an AI endorsement under this component of the Council's preferred alternative would actually fish in the AI. Option 3 under Component 4, which makes the new AI endorsements severable and transferable from the overall license, increases the probability that the AI endorsements will be used. This option also creates the opportunity for the AI endorsement to be used on a license for a larger vessel, and/or a vessel with a greater (or lesser) harvest capacity, than the vessel on which the endorsement was earned. The Council's preferred alternative would make only the estimated 8 new AI endorsements on licenses with a <60' MLOA designation severable and transferable

[36]Cunningham et al. (in preparation). *Genetic survey of Pacific cod*, 2007.

[37]Gaichas, S., and Aydin, K. *BSAI Pacific cod: information supporting a regional management split into EBS and AI Pacific cod*, 2007.

from the overall license (refer to Section 2.8.1 for details). As noted previously, however, Pacific cod is currently managed as one stock within the BSAI, thus, additional effort in the AI subarea would not be expected to adversely affect the stock overall.

Changes in interactions with other fish species, marine mammals, seabirds, habitat, and ecosystem relations are tied to changes in target fishery effort. As described above, only the Pacific cod trawl target fishery may experience an overall increase in fishing effort due to an increase in qualified LLPs. Limits regulate the catch of forage and prohibited species in Federal waters, so any increase in their catch will not achieve a significantly adverse threshold.

The LLP holders who are newly qualified to fish in Federal AI waters are by definition those who are already fishing in State waters, so any movement of their fishing activities further offshore could potentially benefit marine mammals. Vessels <60' that choose to fish in Federal waters in the AI as a result of receiving an AI endorsement, instead of in the State waters AI parallel fishery, could represent a shift in activity offshore. Vessels ≥60' must have previously fished in the AI parallel groundfish fishery or the AI State water Pacific cod fishery, and the Federal BSAI Pacific cod fishery. So these vessels could also represent a shift in activity offshore and/or a potential increase in overall activity in the AI, as they may choose to fish in Federal waters in the AI instead of the AI parallel fishery or the BS. Note that the seasons for the AI State water Pacific cod fishery are different from the Federal or parallel cod fisheries.[38]

Vessels would still have to comply with existing Federal regulations protecting Steller sea lion rookeries and haulouts.[39] Current Steller sea lion protection measures close most of the AI region out to 20 nautical miles offshore from rookeries and haulouts for pollock trawling, effectively limiting pollock fishing opportunities, particularly for small vessels. Pacific cod Steller sea lion closed areas in the AI region are less restrictive. A recent survey of adult and juvenile Steller sea lions showed a 20% decline in the non-pup Steller sea lion counts in the eastern portion of the Aleutian Island Steller sea lion census area between 2004 and 2007.[40] However, while the proposed action could increase cod fishing effort in the AI region, effort would still be restricted to areas outside the Pacific cod Steller sea lion protection areas.

Since Component 4 could be considered a change in the action upon which the last ESA Section 7 consultation was based, NOAA Fisheries, Protected Resources Division may have some concerns and should be consulted. In this case, the change in potential cod fishing effort may be included in the ongoing FMP-level consultation and could be addressed in that process. This consultation is scheduled to be completed and a draft Biological Opinion issued later in 2009. Council staff has discussed the potential effects of Component 4 with NOAA staff from the Protected Resources Division, and based on these initial discussions, Component 4 may be considered to have a minimal impact on Steller sea lion protection measures.

The Council and NOAA Fisheries have also recently closed much of the AI subarea to fishing to mitigate any potential adverse effects to essential fish habitat,[41] and vessels would continue to be subject to those closure areas. Given the limited increase that may result in fishing activity as a result of Component 4, and the measures currently in place to protect the physical and biological environment, the potential effect of the component on an ecosystem scale is very limited. As a result, no significant adverse impacts to marine mammals, seabirds, habitat, or ecosystem relations are anticipated.

[38]See 5 AAC 28.647. The Aleutian Islands state waters A season opens four days after the initial BSAI parallel season for the catcher vessel trawl fishery is closed. All parallel seasons are closed during the state waters season.
[39]See http://www.fakr.noaa.gov/sustainablefisheries/2003hrvstspecssl.htm for regulations and maps.
[40]Memo from Fritz, L., et al, NOAA, to The Record, *Survey of Adult and Juvenile Steller Sea Lions, June–July 2007*.
[41]See http://www.fakr.noaa.gov/habitat/efh.htm for further details.

3.3.2 Economic and Socioeconomic Impacts

The economic and socioeconomic impacts of the proposed amendment are addressed in the Regulatory Impact Review, Section 2.0 of this report. Alternative 2 and Alternative 3 (Council preferred alternative) have very similar general effects, only the number of trawl LLP area endorsements that would be removed from participation in the trawl groundfish fisheries changes with each alternative.

3.3.3 Cumulative Impacts

Analysis of the potential cumulative effects of a proposed action and its alternatives is a requirement of NEPA. Cumulative effects are those combined effects on the quality of the human environment that result from the incremental impact of the proposed action when added to other past, present, and reasonably foreseeable future actions, regardless of what Federal or non-Federal agency or person undertakes such other actions (40 CFR 1508.7, 1508.25(a), and 1508.25(c)). Cumulative impacts can result from individually minor, but collectively significant, actions taking place over a period of time. The concept behind cumulative effects analysis is to capture the total effects of many actions over time that would be missed by only evaluating each action individually. At the same time, the CEQ guidelines recognize that it is not practical to analyze the cumulative effects of an action on the universe but to focus on those effects that are truly meaningful.

The 2004 Final Alaska Groundfish Fisheries Programmatic Supplemental Environmental Impact Statement (Groundfish PSEIS; NOAA 2004) assesses the potential direct and indirect effects of groundfish FMP policy alternatives in combination with other factors that affect physical, biological and socioeconomic resource components of the BSAI and GOA environment. To the extent practicable, this analysis incorporates by reference the cumulative effects analysis of the Groundfish PSEIS, including the persistent effects of past actions and the effects of reasonable foreseeable future actions.

Beyond the cumulative impacts analysis documented in the Groundfish PSEIS, no additional past, present, or reasonably foreseeable cumulative negative impacts on the biological and physical environment (including fish stocks, essential fish habitat, ESA-listed species, marine mammals, seabirds, or marine ecosystems), fishing communities, fishing safety, or consumers have been identified that would accrue from the proposed action. Cumulatively significant negative impacts on these resources are not anticipated as a result of the proposed action because no negative direct or indirect effects on the resources have been identified.

While there are no expected cumulative adverse impacts on the biological and physical environment, fishing communities, fishing safety, or consumers, there may be economic effects on the groundfish trawl fishery sectors as a result of the proposed action in combination with other actions. As discussed below, participants in the groundfish trawl fishery sectors have experienced several regulatory changes in the past several years that have affected their economic performance. Moreover, a number of reasonably foreseeable future actions are expected to affect the socioeconomic condition of these sectors.

3.3.3.1 Past and Present Actions

The cumulative impacts from past management actions are one of the driving forces for support of the proposed amendment. Other fisheries in the region have been subject to increasingly restrictive management measures, with exclusive fishing privileges being the basis for most actions. As one of the remaining fisheries in the region to be open under a limited access regime, the result is that current trawl groundfish license holders in the BSAI and GOA are concerned with the potential for increased future effort. Some of the management actions that have contributed to the existing conditions are listed below:

- the IFQ Program for the halibut and sablefish fisheries;

- implementation of the American Fisheries Act, which allocates the BSAI pollock fishery among specified trawl vessels;
- adoption of BSAI Amendment 67, which established an LLP endorsement requirement in the non-trawl BSAI Pacific cod fishery for vessels ≥60' LOA;
- the BSAI crab rationalization program;
- the Central GOA rockfish pilot program, initially approved for two years but recently extended under reauthorization of the Magnuson-Stevens Act; and
- adoption of BSAI Amendment 80, which allocates several BSAI non-pollock trawl groundfish species among trawl fishery sectors and facilitates the formation of harvesting cooperatives in the non-AFA trawl CP sector.

3.3.3.2 Reasonably Foreseeable Future Actions

Analyses are being developed to consider a similar regulatory amendment that would apply to non-trawl license endorsements in the Gulf of Alaska. This amendment package was recommended by the Council in April 2009. Proposed regulations for that amendment package have not been published, but are scheduled for publication later in 2009. The Council previously began the process to evaluate a comprehensive rationalization program for Gulf of Alaska groundfish, but that program has been delayed and is not on the Council's near-term agenda. Neither issue would affect the implementation of the proposed amendment.

3.3.3.3 Summary of Cumulative Effects

As noted above, the cumulative effects of past management decisions are the primary reason for the proposed amendment. The proposed amendment, in itself, is not expected to adversely affect the fisheries sectors (harvesting or processing), market conditions, or communities.

4.0 FINAL REGULATORY FLEXIBILITY ANALYSIS

4.1 Introduction

This Final Regulatory Flexibility Analysis (FRFA) addresses the statutory requirements of the Regulatory Flexibility Act (RFA) of 1980, as amended by the Small Business Regulatory Enforcement Fairness Act (SBREFA) of 1996 (5 U.S.C. 601-612).

The RFA, first enacted in 1980, was designed to place the burden on the government to review all regulations to ensure that, while accomplishing their intended purposes, they do not unduly inhibit the ability of small entities to compete. The RFA recognizes that the size of a business, unit of government, or nonprofit organization frequently has a bearing on its ability to comply with a Federal regulation. Major goals of the RFA are: (1) to increase agency awareness and understanding of the impact of their regulations on small business, (2) to require that agencies communicate and explain their findings to the public, and (3) to encourage agencies to use flexibility and to provide regulatory relief to small entities.

The RFA emphasizes predicting significant adverse economic impacts on small entities as a group distinct from other entities, and on the consideration of alternatives that may minimize adverse economic impacts, while still achieving the stated objective of the action. When an agency publishes a proposed rule, it must either 'certify' that the action will not have a significant adverse economic impact on a substantial number of small entities, and support that certification with the 'factual basis' upon which the decision is based; or it must prepare and make available for public review an Initial Regulatory Flexibility Analysis (IRFA). When an agency publishes a final rule, it must prepare a Final Regulatory Flexibility Analysis (FRFA).

In determining the scope, or 'universe', of the entities to be considered in an IRFA or FRFA, NMFS generally includes only those entities that can reasonably be expected to be directly regulated by the proposed action. If the effects of the rule fall primarily on a distinct segment, or portion thereof, of the industry (e.g., user group, gear type, geographic area), that segment would be considered the universe for the purpose of this analysis.

Data on cost structure, affiliation, and operational procedures and strategies in the fishing sectors subject to the proposed regulatory action are insufficient, at present, to permit preparation of a 'factual basis' upon which to certify that the preferred alternative does not have the potential to result in a 'significant adverse economic impact on a substantial number of small entities," as defined under the RFA. Because based upon all available information, it is not possible to 'certify' this outcome, should the proposed action be adopted by the Secretary, a formal FRFA, focusing on the complete range of available alternatives (including the Councils' preferred alternative), has been prepared and is included in this package for Secretarial review.

4.2 FRFA requirements

Under 5 U.S.C., Section 604(a), when an agency promulgates a final rule under section 553 of this title, after being required by that section or any other law to publish a general notice of proposed rulemaking, or promulgates a final interpretative rule involving the internal revenue laws of the United States as described in section 603(a), the agency shall prepare a final regulatory flexibility analysis. Each final regulatory flexibility analysis shall contain--

(1) a succinct statement of the need for, and objectives of, the rule;

(2) a summary of the significant issues raised by the public comments in response to the initial regulatory flexibility analysis, a summary of the assessment of the agency of such issues, and a statement of any changes made in the proposed rule as a result of such comments;

(3) a description of and an estimate of the number of small entities to which the rule will apply or an explanation of why no such estimate is available;

(4) a description of the projected reporting, recordkeeping and other compliance requirements of the rule, including an estimate of the classes of small entities which will be subject to the requirement and the type of professional skills necessary for preparation of the report or record; and

(5) a description of the steps the agency has taken to minimize the significant economic impact on small entities consistent with the stated objectives of applicable statutes, including a statement of the factual, policy, and legal reasons for selecting the alternative adopted in the final rule and why each one of the other significant alternatives to the rule considered by the agency which affect the impact on small entities was rejected.

4.3 Definition of a small entity

The RFA recognizes and defines three kinds of small entities: (1) small businesses, (2) small non-profit organizations, and (3) small government jurisdictions.

Small businesses. Section 601(3) of the RFA defines a 'small business' as having the same meaning as 'small business concern', which is defined under Section 3 of the Small Business Act. 'Small business' or 'small business concern' includes any firm that is independently owned and operated and not dominant in its field of operation. The SBA has further defined a "small business concern" as one "organized for profit, with a place of business located in the United States, and which operates primarily within the United States or which makes a significant contribution to the U.S. economy through payment of taxes or use of American products, materials or labor…A small business concern may be in the legal form of an individual proprietorship, partnership, limited liability company, corporation, joint venture, association, trust or cooperative, except that where the firm is a joint venture there can be no more than 49 percent participation by foreign business entities in the joint venture."

The SBA has established size criteria for all major industry sectors in the United States, including fish harvesting and fish processing businesses. Effective January 5, 2006, a business involved in fish harvesting is a small business if it is independently owned and operated, not dominant in its field of operation (including its affiliates), and if it has combined annual gross receipts not in excess of $4.0 million for all its affiliated operations worldwide.[42] A seafood processor is a small business if it is independently owned and operated, not dominant in its field of operation, and employs 500 or fewer persons on a full-time, part-time, temporary, or other basis, at all its affiliated operations worldwide. A business involved in both the harvesting and processing of seafood products is a small business if it meets the $4.0 million criterion for fish harvesting operations. Finally, a wholesale business servicing the fishing industry is a small business if it employs 100 or fewer persons on a full-time, part-time, temporary, or other basis, at all its affiliated operations worldwide.

[42]Effective January 6, 2006, SBA updated the Gross Annual Receipts thresholds for determining "small entity" status under the RFA. This is a periodic action to account for the impact of economic inflation. The revised threshold for "commercial fishing" operations (which, at present, has been determined by NMFS HQ to include catcher-processors, as well as catcher vessels) changed from $3.5 million to $4.0 million in annual gross receipts, from all its economic activities and affiliated operations, worldwide.

The SBA has established "principles of affiliation" to determine whether a business concern is "independently owned and operated." In general, business concerns are affiliates of each other when one concern controls or has the power to control the other, or a third party controls or has the power to control both. The SBA considers factors such as ownership, management, previous relationships with or ties to another concern, and contractual relationships, in determining whether affiliation exists. Individuals or firms that have identical or substantially identical business or economic interests, such as family members, persons with common investments, or firms that are economically dependent through contractual or other relationships, are treated as one party with such interests aggregated when measuring the size of the concern in question. The SBA counts the receipts or employees of the concern whose size is at issue and those of all its domestic and foreign affiliates, regardless of whether the affiliates are organized for profit, in determining the concern's size. However, business concerns owned and controlled by Indian Tribes, Alaska Regional or Village Corporations organized pursuant to the Alaska Native Claims Settlement Act (43 U.S.C. 1601), Native Hawaiian Organizations, or Community Development Corporations authorized by 42 U.S.C. 9805 are not considered affiliates of such entities, or with other concerns owned by these entities solely because of their common ownership.

Affiliation may be based on stock ownership when: (1) a person is an affiliate of a concern if the person owns or controls, or has the power to control 50 percent or more of its voting stock, or a block of stock which affords control because it is large compared to other outstanding blocks of stock, or (2) if two or more persons each owns, controls or has the power to control less than 50 percent of the voting stock of a concern, with minority holdings that are equal or approximately equal in size, but the aggregate of these minority holdings is large as compared with any other stock holding, each such person is presumed to be an affiliate of the concern.

Affiliation may be based on common management or joint venture arrangements. Affiliation arises where one or more officers, directors, or general partners, controls the board of directors and/or the management of another concern. Parties to a joint venture also may be affiliates. A contractor and subcontractor are treated as joint venturers if the ostensible subcontractor will perform primary and vital requirements of a contract or if the prime contractor is unusually reliant upon the ostensible subcontractor. All requirements of the contract are considered in reviewing such relationship, including contract management, technical responsibilities, and the percentage of subcontracted work.

Small organizations. The RFA defines "small organizations" as any not-for-profit enterprise that is independently owned and operated, and is not dominant in its field.

Small governmental jurisdictions. The RFA defines "small governmental jurisdictions" as governments of cities, counties, towns, townships, villages, school districts, or special districts with populations of fewer than 50,000.

4.4 Reason for considering the action

The Council adopted the following problem statement on June 11, 2006:

> *Trawl catcher vessel eligibility is a conflicting problem among the Bering Sea, Gulf of Alaska and Aleutian Islands. In the Bering Sea and Gulf of Alaska, there are too many latent licenses and in the Aleutian Islands there are not enough licenses available for trawl catcher vessels.*
>
> *In the Bering Sea and GOA, the trawl catcher vessel groundfish fisheries in the BSAI and trawl vessel groundfish fisheries in the GOA are fully utilized. In addition, the existence of latent licenses may exacerbate the disadvantages to GOA dependant CVs resulting from a lack of comprehensive rationalization in the GOA. Competition for these resources is likely to increase as a result of a number of factors, including Council actions to rationalize other fisheries, favorable current market prices and a potential for TAC changes in future years. Trawl vessel owners who have made significant investments,*

have long catch histories, and are dependent upon BSAI and GOA groundfish resources need protection from others who have little or no recent history and with the ability to increase their participation in the fisheries. This requires prompt action to promote stability in the trawl catcher vessel sector in the BSAI and trawl vessel sector in the GOA until comprehensive rationalization is completed.

In the Aleutian Islands, previous Congressional and Council actions reflect a policy encouraging economic development of Adak. The opportunity for non-AFA CVs to build catch history in the AI was limited until markets developed in Adak. The analysis indicates that there are only six non-AFA CV trawl AI endorsed LLPs. The Congressional action to allocate AI pollock to the Aleut Corporation for the purpose of economic development of Adak requires that 50% of the AI pollock eventually be harvested by <60' vessels. The Council action under Am. 80 to allocate a portion of AI POP and Atka mackerel to the limited access fleet does not modify AFA CV sideboard restrictions, thus participation is effectively limited to non-AFA vessels with AI CV trawl LLP endorsements. A mechanism is needed to help facilitate the development of a resident fishing fleet that can fish in both state and federal waters. The Council will consider different criteria for the CV Eligibility in the AI.

4.5 Objectives of the action and its legal basis

Under the authority of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act), the Secretary of Commerce and in the Alaska region, the North Pacific Fishery Management Council, have the responsibility to prepare fishery management plans and associated regulations for the marine resources found to require conservation and management. NMFS is charged with carrying out the Federal mandates of the Department of Commerce with regard to marine fish, including the publication of Federal regulations. The Alaska Regional Office of NMFS, and Alaska Fisheries Science Center, research, draft, and support the management actions recommended by the Council.

The trawl groundfish fisheries in the BSAI and GOA are managed under two fishery management plans: the Bering Sea and Aleutian Islands Groundfish Fishery Management Plan and the Gulf of Alaska Groundfish Fishery Management Plan. The action is a Federal regulatory amendment; the fisheries that would be affected occur within the EEZ waters administered under the two plans. The action would modify thresholds for area endorsements under the License Limitation Program for trawl catcher vessels and trawl catcher processors in the GOA and BSAI. The intent is to eliminate latent licenses from the trawl catcher vessel and trawl catcher processor groundfish fisheries in the GOA and BSAI (with specified exemptions), to provide economic and structural stability to these fully subscribed 'managed open-access' groundfish fisheries.

4.6 Public comment

The proposed rule for this action was published on December 30, 2008 (73 FR 79773). An Initial Regulatory Flexibility Analysis (IRFA) was prepared for this action, and summarized in the classifications section of the preamble. The public comment period ended on February 13, 2009. NMFS received three public submissions on the proposed rule. None of these commented on the FRFA.

4.7 Description of the Alternatives Considered

The analysis considered three significant alternatives: the no action alternative (Alternative 1), and two action alternatives (Alternative 2 and Alternative 3). Alternative 1 would not modify the existing area endorsements on trawl CV and CP LLPs. Alternative 2 would remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs, unless the license meets a minimum landing threshold in the overall management area (BSAI or GOA). Alternative 3 would remove the subarea (BS, AI, CG or WG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the specified subarea (BS, AI, CG or WG). Alternative 3 is the Council's preferred alternative. Option 5, under

Alternative 3, is also part of the Council's preferred alternative. Option 5 would allow a trawl CV license to retain both its CG and WG endorsements, even if it had recent landings in only one of the two GOA areas, as long as the number of such landings was significant (i.e., the Council set this threshold at twenty groundfish trawl landings in a given qualifying year – see the RIR for greater detail).

There are four components under each of the two action alternatives. There are also several options and suboptions under each of the action alternatives. The range of alternatives, components, and options considered under this amendment package is provided in Section 2.4. A description of the Council's preferred alternative is provided in Section 2.8 and outlined in Table 39.

4.8 Number and description of directed regulated small entities

Information concerning ownership of vessels and processors, which would be used to estimate the number of small entities that are directly regulated by this action, is somewhat limited, as is typically the case for NPFMC analyses. To estimate the number of small versus large entities, earnings from all Alaskan fisheries for 2006 were matched with the licenses that participated in the BSAI or GOA groundfish for that year.

Of the trawl CV licenses with AI, BS, CG, or WG endorsements, 102 are AFA licenses. These are categorized as large entities for the purpose of the RFA under the principles of affiliation, due to their being part of the AFA pollock harvest cooperatives. Of the remaining 130 trawl CV licenses that are not AFA licenses, 96 had groundfish landings in 2006, and all are identified as small entities for the purposes of the RFA. This likely overstates the true number of small entities, because ownership of multiple vessels, co-ownership and "shares" ownership among vessels, and other economic and operational affiliations are commonplace in commercial fisheries off Alaska.

Of the trawl CP licenses with AI, BS, CG, or WG endorsements, 27 are AFA licenses, and thus categorized as large entities, due to their AFA cooperative affiliation. Of the remaining 37 non-AFA trawl CP licenses, 33 had groundfish landings in 2006. These 33 licenses are estimated to be owned by 28 entities, and 24 of those had gross earnings from all fisheries in Alaska over $4 million, categorizing them as large entities. The remaining 4 are identified as small entities for the purposes of the RFA. Thus, this analysis estimates a total of 100 (96 + 4) small entities will be directly regulated by the action.

It is possible that other licenses are linked by company affiliation, which may then qualify them as large entities, but complete information is not available to tie vessel earnings together by license ownership status.

4.9 Recordkeeping and reporting requirements

Recordkeeping and reporting requirements are not expected to change as a result of the action. The action under consideration requires no additional reporting, recordkeeping, or other compliance requirements different from the status quo.

However, implementation of either of the action alternatives, including the Council's preferred alternative (Alternative 3), would require NOAA Fisheries to implement a program to revise the system for tracking LLP area endorsements. The existing tracking system does not differentiate between gear and area endorsements, if an LLP has both a trawl and non-trawl gear designation. It would be necessary to change the tracking system to allow differentiation by area and gear, so as to allow implementation of Alternative 2 or Alternative 3. This is because the action only applies to area endorsement on trawl licenses, but a single license may also have a non-trawl endorsement with an area endorsement not affected by this action.

In addition, NOAA Fisheries will have to identify and track a new type of AI endorsement, under Component 4. Component 4 proposes to extinguish 5 existing AI endorsements, and add an estimated 12 new AI endorsements, which meet specific harvest thresholds in the AI State and parallel fisheries, to existing non-AFA trawl CV LLPs. An estimated 8 of those new endorsements will be issued to LLPs with an MLOA designation of <60', and 4 of those endorsements will be issued to LLPs with an MLOA designation of ≥60'. The 8 endorsements issued to <60' LLPs are severable and transferable from the qualifying license, under the Council's preferred alternative (Component 4, Option 3). Thus, while the AI endorsements would be subject to the same annual transfer limit as entire licenses, NOAA Fisheries will be required to track transfers of these endorsements differently from other licenses.

4.10 Description of significant alternatives to the action

A FRFA requires a description of the steps the agency has taken to minimize the significant economic impact on small entities consistent with the stated objectives of applicable statutes, including a statement of the factual, policy, and legal reasons for selecting the alternative adopted in the final rule and why each one of the other significant alternatives to the rule considered by the agency which affect the impact on small entities was rejected.

The Council identified three alternatives to this amendment. Alternative 1 is the status quo, which would result in no change to the existing area endorsements for trawl groundfish LLPs for the BSAI or GOA. Alternative 2 and Alternative 3 (Council preferred alternative) would result in the application of landings criteria (the range includes one or two landings during 2000 through 2005 or 2000 through 2006) in order to retain the area endorsement (BS, AI, CG, and/or WG) on a license. Under either action alternative, including the preferred alternative, the area endorsements on licenses not meeting the threshold would be extinguished. In effect, if the license at issue has only one area endorsement and it does not meet the landing threshold selected, the entire license is extinguished. If the license at issue has multiple area endorsements and it does not meet the landing threshold for a specific area, the license would be reissued with only the area endorsements for which it qualifies. The area endorsement for which the license does not qualify would be removed. Note that this action does not affect a license's non-trawl area endorsements.

The primary intent of the amendment is to prevent future economic dislocation among license holders who have a demonstrated history of recent participation in the trawl groundfish fisheries in the BSAI and GOA. As shown earlier, a significant number of the directly regulated entities under this action are considered 'small' as defined under the RFA. Within the universe of small entities that are the subject of this FRFA, impacts may accrue differently (i.e., some small entities would be negatively affected and others positively affected.) Thus, the action represents tradeoffs in terms of impacts on small entities. However, the Council deliberately sought to provide options for the smallest of the small entities under this amendment through Component 4, Options 1 and 3.

Component 4, Option 1, awards an estimated 8 new AI endorsements to non-AFA trawl catcher vessel <60' licenses that meet a specified threshold (≥500 mt) in the AI parallel Pacific cod fishery in 2000 - 2006. Component 4, Option 3 allows those new AI endorsements to be severable and transferable from the license on which they were earned, thus allowing new participation by <60' non-AFA trawl catcher vessels. It is reasonable to assume that the proportion of licenses assigned to vessels <60' would be at the lower end of the range of small entities.

Overall, however, it is unlikely that Alternatives 2 and 3 would result in extinguishing the licenses of vessels with a high degree of economic dependence upon the trawl groundfish fisheries, as one would have to have had little to no participation in the fisheries since 2000, in order to forfeit an area endorsement under this action. In addition, previous draft analyses have shown that the action does not

have a disproportionate effect on <60' trawl vessels.[43] Based upon the best available scientific data and information, and consideration of the objectives of this action, one may draw the following conclusion. It appears that there are no alternatives to the action which have the potential to accomplish the stated objectives of the Magnuson-Stevens Act and any other applicable statutes and that have the potential to minimize any significant adverse economic impact of the proposed rule on directly regulated small entities.

[43]See preliminary draft *Groundfish License Limitation Analysis for BSAI and GOA Trawl CVs and CPs*, dated February 2007 and presented at the February 2007 Council meeting.

5.0 CONSISTENCY WITH APPLICABLE LAW AND POLICY

This section examines the consistency of the LLP trawl recency alternatives, including the Council's preferred alternative (Alternative 3) with the National Standards and Fishery Impact Statement requirements in the Magnuson-Stevens Act and Executive Order 12866.

5.1 National Standards

Below are the ten National Standards as contained in the Magnuson-Stevens Act, and a brief discussion of the consistency of the proposed alternatives with each of those National Standards, as applicable.

National Standard 1
Conservation and management measures shall prevent overfishing while achieving, on a continuing basis, the optimum yield from each fishery.

None of the alternatives considered in this action would affect overfishing of groundfish in the BSAI or GOA. The alternatives would also not affect, on a continuing basis, the ability to achieve the optimum yield from each groundfish fishery.

National Standard 2
Conservation and management measures shall be based upon the best scientific information available.

The analysis for this amendment is based upon the most recent and best scientific information available. It was necessary for the Council staff to develop a series of new databases to complete the analyses contained herein.

National Standard 3
To the extent practicable, an individual stock of fish shall be managed as a unit throughout its range, and interrelated stocks of fish shall be managed as a unit or in close coordination.

The proposed action is consistent with the management of individual stocks as a unit or interrelated stocks as a unit or in close coordination.

National Standard 4
Conservation and management measures shall not discriminate between residents of different states. If it becomes necessary to allocate or assign fishing privileges among various U.S. fishermen, such allocation shall be (A) fair and equitable to all such fishermen, (B) reasonably calculated to promote conservation, and (C) carried out in such a manner that no particular individual, corporation, or other entity acquires an excessive share of such privileges.

The proposed alternatives treat all license holders the same. Alternatives 2 and 3 would affect only those license holders who have not demonstrated a minimal level of use (one or two landings) over a six or seven year period. In particular, the Council's preferred alternative requires two landings over a seven year period: 2000 – 2006. The proposed alternatives would be implemented without discrimination among participants and are intended to promote conservation of the groundfish resources in the BSAI and GOA.

National Standard 5
Conservation and management measures shall, where practicable, consider efficiency in the utilization of fishery resources, except that no such measure shall have economic allocation as its sole purpose.

This action will potentially improve efficiency in utilization of the trawl groundfish resource in the BSAI and the GOA by preventing future increased crowding in the fishery through re-entry of license holders who have not participated in the fishery in recent years.

National Standard 6
Conservation and management measures shall take into account and allow for variations among, and contingencies in, fisheries, fishery resources, and catches.

None of the proposed alternatives are expected to affect the availability of and variability in the groundfish resources in the BSAI and GOA in future years. The harvest would be managed to and limited by the TACs for each species, regardless of the proposed action considered in this amendment.

National Standard 7
Conservation and management measures shall, where practicable, minimize costs and avoid unnecessary duplication.

This action does not duplicate any other management action.

National Standard 8
Conservation and management measures shall, consistent with the conservation requirements of this Act (including the prevention of overfishing and rebuilding of overfished stocks), take into account the importance of fishery resources to fishing communities in order to (A) provide for the sustained participation of such communities, and (B) to the extent practicable, minimize adverse economic impacts on such communities.

This action is not expected to have adverse impacts on communities or affect community sustainability, primarily because it is unlikely that either Alternative 2 or Alternative 3 (Council preferred alternative) would result in extinguishing the licenses of vessels with a high degree of economic dependence upon the trawl groundfish fisheries. The criteria used to qualify to retain an area endorsement under the Council's preferred alternative are two landings over a recent seven-year period (2000 – 2006). One would have to have had little to no participation in the fisheries since 2000 in order to lose an area endorsement under the proposed action. Because the participation threshold is so low, it is assumed that the potential impact on communities due to the removal of an area endorsement would be correspondingly low. However, one may contend that the value of the remaining (qualifying) trawl licenses could increase as a result of this action, thus making it more difficult for individuals and communities to purchase a trawl license.

National Standard 9
Conservation and management measures shall, to the extent practicable, (A) minimize bycatch, and (B) to the extent bycatch cannot be avoided, minimize the mortality of such bycatch.

Through preventing future crowding by latent license holders in the trawl groundfish fisheries in the BSAI and GOA, this proposed amendment could help to minimize bycatch by preventing the potential for further condensing of the respective fisheries.

National Standard 10
Conservation and management measures shall, to the extent practicable, promote the safety of human life at sea.

The alternatives proposed should have no effect on safety at sea, except to the extent that they would prevent an increase in effort above levels of recent years, in the respective trawl groundfish fisheries.

5.2 Section 303(a)(9) – Fisheries Impact Statement

Section 303(a)(9) of the Magnuson-Stevens Act requires that any management measure submitted by the Council take into account potential impacts on the participants in the fisheries, as well as participants in adjacent fisheries. The impacts on participants in the trawl groundfish fisheries in the BSAI and GOA have been discussed in previous sections of this document (see Section 2.0). The proposed action is not anticipated to have effects on participants in other fisheries.

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APPENDIX 1. LIST OF GROUNDFISH SPECIES INCLUDED IN THE PROPOSED ACTION

The groundfish species that may be harvested under the current LLP include all species of trawl groundfish harvested in the Aleutians Islands, Bering Sea, Western Gulf of Alaska and Central Gulf of Alaska, specifically:

arrowtooth flounder–*Atheresthes stomias*
Atka mackerel–*Pleurogrammus monopterygius*
sablefish–*Anoplopoma fimbria*
deep water flatfish–includes dover sole (*Microstomus pacificus*), Greenland turbot (*Reinhardtius hippoglossoides*) and deep-sea sole (*Embassichthys bathybius*)
demersal rockfish–an assemblage of rockfishes including canary rockfish (*Sebastes pinniger*), China rockfish (*Sebastes nebulosus*), copper rockfish (*Sebastes caurinus*), quillback rockfish (*Sebastes malinger*), rosethorn rockfish (*Sebastes helvomaculatus*), tiger rockfish (*Sebastes nigrocinctus*) and yelloweye rockfish (*Sebastes ruberrimus*).
flathead sole–*Hippoglossoides elassodon*
northern rockfish–*Sebastes polyspinus*
other flatfish–miscellaneous flatfish not included in the deep water and shallow water assemblage
other rockfish–miscellaneous rockfish species not identified individually or aggregated as an assemblage
Pacific cod–*Gadus macrocephalus*
Pacific ocean perch–*Sebastes alutus*
pelagic shelf rockfish–a mixed assemblage comprised of dusky rockfish (*Sebastes cilatus*), yellowtail rockfish (*Sebastes flavidus*) and widow rockfish (*Sebastes entomelas*)
rex sole–*Errex zachirus*
northern rock sole–*Lepidopsetta polyxystra n. sp.*
shallow water flatfish–an assemblage that includes northern rock sole (*Lepidopsetta polyxystra*), southern rock sole (*Pleuronectes bilineata*), yellowfin sole (*Peuronectes asper*), starry flounder (*Platichthys stellatus*), butter sole (*Pleuronectes isolepis*), English sole (*Pleuronectes vetulus*), Alaska plaice (*Pleuronectes quadrituberculatus*) and sand sole (*Psettichthys melanosticus*)
shortraker rockfish–S*ebastes borealis*
rougheye rockfish–*Sebastes. Aleutianus*
other slope rockfish–miscelleanous species assemblage including sharpchin rockfish, redstripe rockfish, harlequin rockfish, silvergrey rockfish, redbanded rockfish, and a number of minor species not identified individually (not including shortraker and rougheye rockfish)
thornyhead rockfish–*Sebastes alaskanus*
turbot walleye pollock– *Theragra chalcogramma*
yellowfin sole–*Limanda aspera*

Invertebrates (squid, octopus, crab), prohibited species (salmon, herring, halibut and steelhead), other species (sculpins, skates and sharks) and forage fish are not included and should not be affected by this amendment.

APPENDIX 2. CATCH AND GROSS REVENUES BY TRAWL CVS AND CPS IN THE GROUNDFISH FISHERIES OFF ALASKA, 2000-2006

Table A-1. Average annual catch (mt) and gross revenues by trawl catcher vessels in the groundfish fisheries off Alaska, 2000–2006

Area	Fishery	Tons	Revenues
AI	Atka Mackerel	<1	$68
AI	Flatfish	11	$3,418
AI	Other	<1	$7
AI	Pacific Cod	11,608	$6,453,425
AI	Pollock	183	$50,358
AI	Rockfish	5	$2,651
AI	Sablefish	5	$11,593
BS	Atka Mackerel	356	$89,823
BS	Flatfish	2,412	$889,021
BS	Other	299	$20,210
BS	Pacific Cod	26,041	$14,737,622
BS	Pollock	762,905	$194,264,854
BS	Rockfish	223	$95,371
BS	Sablefish	9	$17,671
CG	Atka Mackerel	6	$1,877
CG	Flatfish	12,237	$3,486,772
CG	Other	1,167	$185,644
CG	Pacific Cod	11,393	$6,971,270
CG	Pollock	39,717	$10,478,601
CG	Rockfish	8,276	$2,962,098
CG	Sablefish	492	$1,915,238
WG	Atka Mackerel	3	$808
WG	Flatfish	250	$71,696
WG	Other	5	$328
WG	Pacific Cod	4,966	$3,218,550
WG	Pollock	23,377	$6,174,962
WG	Rockfish	10	$3,865
WG	Sablefish	1	$6,212

Source: ADF&G fish tickets (catch data). Gross revenues calculated based on ex-vessel prices reported in the December 2007 Economic SAFE report.
*Withheld for confidentiality.

Table A-2. Total catch (mt) and gross revenues by trawl catcher vessels in the groundfish fisheries off Alaska, 2000–2006

Year	Area	Vessels	Tons	Revenues
2000	AI	39	9,835	$6,302,813
2001	AI	25	7,335	$3,797,757
2002	AI	28	15,141	$6,438,839
2003	AI	34	17,284	$10,177,865
2004	AI	22	13,772	$6,643,188
2005	AI	17	8,039	$4,081,273
2006	AI	25	11,259	$8,150,865
2000	BS	111	649,029	$180,683,941
2001	BS	112	771,659	$189,710,963
2002	BS	112	820,952	$214,538,947
2003	BS	113	833,151	$205,853,605
2004	BS	109	825,888	$200,483,487
2005	BS	103	823,656	$233,974,429
2006	BS	101	821,375	$245,556,631
2000	CG	63	80,685	$30,928,493
2001	CG	76	73,435	$26,414,418
2002	CG	74	62,911	$20,036,464
2003	CG	60	66,839	$23,819,789
2004	CG	56	72,636	$23,539,578
2005	CG	52	78,408	$27,186,651
2006	CG	48	78,087	$30,083,236
2000	WG	60	32,752	$14,450,560
2001	WG	56	36,663	$12,057,509
2002	WG	50	22,532	$6,743,148
2003	WG	41	18,050	$4,355,296
2004	WG	35	24,971	$6,171,719
2005	WG	37	35,554	$11,134,471
2006	WG	38	29,757	$11,421,427

Source: ADF&G fish tickets (catch data). Gross revenues calculated based on ex-vessel prices reported in the December 2007 Economic SAFE report.
*Withheld for confidentiality.

Table A-3. Average annual catch (mt) and wholesale value of products produced by trawl catcher processors in the groundfish fisheries off Alaska, 2000–2006

Area	Fishery	Tons	Wholesale value
AI	Atka Mackerel	48,067	$29,522,962
AI	Flatfish	726	$548,166
AI	Pacific Cod	11,093	$13,445,895
AI	Pollock	693	$566,273
AI	Rockfish	9,950	$8,443,175
AI	Sablefish	47	$227,000
BS	Atka Mackerel	942	$559,002
BS	Flatfish	110,832	$86,533,936
BS	Pacific Cod	23,687	$29,039,526
BS	Pollock	617,161	$489,686,703
BS	Rockfish	469	$386,821
BS	Sablefish	200	$986,577
CG	Atka Mackerel	111	$71,825
CG	Flatfish	5,854	$5,841,082
CG	Pacific Cod	1,150	$1,378,607
CG	Pollock	141	$52,546
CG	Rockfish	5,977	$5,253,904
CG	Sablefish	362	$1,734,191
WG	Atka Mackerel	212	$122,041
WG	Flatfish	3,426	$3,300,370
WG	Pacific Cod	437	$524,871
WG	Pollock	155	$56,909
WG	Rockfish	2,922	$2,888,669
WG	Sablefish	92	$443,613

Source: NMFS Catch Accounting (catch data). Wholesale values calculated based on product values per ton reported in the December 2007 Economic SAFE report.

Table A-4. Total catch (mt) and wholesale value of products produced by trawl catcher processors in the groundfish fisheries off Alaska, 2000–2006

Year	Area	Vessels	Tons	Wholesale value
2000	AI	14	64,097	$38,420,993
2001	AI	13	75,263	$58,441,325
2002	AI	13	60,753	$44,028,153
2003	AI	14	65,983	$46,232,577
2004	AI	15	69,869	$51,353,088
2005	AI	15	78,639	$64,738,558
2006	AI	15	79,430	$66,059,600
2000	BS	38	633,885	$456,321,831
2001	BS	38	735,868	$485,996,617
2002	BS	39	787,320	$553,492,434
2003	BS	39	653,035	$482,338,422
2004	BS	40	802,119	$668,608,794
2005	BS	39	822,131	$804,129,638
2006	BS	39	838,682	$799,460,211
2000	CG	10	14,889	$16,428,070
2001	CG	11	12,943	$9,256,526
2002	CG	9	15,097	$12,942,253
2003	CG	15	16,318	$14,537,528
2004	CG	11	8,082	$9,093,603
2005	CG	12	12,847	$17,382,679
2006	CG	12	14,876	$20,612,611
2000	WG	15	7,337	$8,059,867
2001	WG	14	6,067	$5,196,878
2002	WG	14	8,333	$6,394,754
2003	WG	16	9,373	$7,622,039
2004	WG	15	6,554	$6,927,051
2005	WG	13	5,777	$7,250,999
2006	WG	11	7,277	$9,903,717

Source: NMFS Catch Accounting (catch data). Wholesale values calculated based on product values per ton reported in the December 2007 Economic SAFE report.

APPENDIX 3. MARKET INFORMATION ON ALASKA POLLOCK AND PACIFIC COD PRODUCTS

Market information on Alaska pollock products

From "An Overview of Alaska Pollock Markets", by Gunnar Knapp, January 24th 2006 in a presentation at the Marine Science Symposium.

- Alaska pollock accounts for more than one-third of the total U.S. fisheries landings, and about 7 percent of total U.S. fisheries ex-vessel value.
- Alaskan pollock harvests have been at high levels in recent years, increased significantly from 1995-2000, although the TACs for 2007 and 2008 reflect a slight decrease from recent years.
- Harvests of Russian pollock are declining.
- Share of product by volume (2004)–surimi 39%, fillets 33 %, roe 5%.
- Proportion of harvest processed into fillets has been increasing since 2000.
- The highest proportion of fillet production has been skinless/boneless fillets.
- Most of the increase in fillet production has been exported (approximately 2/3 in 2004)–while the volume going into the domestic market has remained relatively constant.
- The volume of pollock surimi has been relatively constant in recent years. The increase in production due to harvests and yields has been offset by a shift from surimi to fillets.
- Most pollock surimi is exported to Japan and South Korea.

Market information on Pacific cod products

From "Selected Market Information for Pacific Cod" by Gunnar Knapp, January 12th, 2006, an unpublished report prepared for the North Pacific Fishery Management Council.

- The proportion of frozen (headed & gutted) Pacific cod was steadily increasing from 1995 through 2004. The overall amount of Pacific cod exported has also increased.
- Data presented in this report show a convergence between headed & gutted production in the U.S. with total exports of frozen cod (currently over 90 percent). This suggests that most headed & gutted Pacific cod is being exported.
- Since 2001, there has been a declining trend in exports of Pacific cod fillets as a share of total U.S. production. The production of Pacific cod fillets have been declining in the U.S. since 1997 and the proportion of the fillet production exported has recently decreased.
- China has received an increasing share of U.S. exports of frozen cod since 1999, but Japan still accounts for the largest proportion of U.S. exports of cod.
- The cod imports to the U.S. from China have increased very dramatically since 1998.
- The amount of frozen cod fillets imported by the U.S. has increased steadily since 1998.

Summary

Market information for groundfish species other than pollock and Pacific cod is not readily available. However, pollock and Pacific cod account for a substantial proportion (74.9% in 2005)[44] of the total value of the groundfish harvest from the BSAI and GOA.

A review of the above market information also shows:

1. Most surimi is exported.
2. An increasing amount of Alaska's production of frozen pollock fillets is exported.
3. Over 70 percent of Alaska's production of Pacific cod goes into a headed & gutted product (2004).
4. About 90 percent (2004) of U.S. export of Pacific cod is headed & gutted production.

[44] See "Stock Assessment and Fishery Evaluation Report for the Groundfish Fisheries of the Gulf Of Alaska and Bering Sea/Aleutian Islands Area: Economic Status of the Groundfish Fisheries off Alaska, 2005" at http://www.afsc.noaa.gov/refm/docs/2006/economic.pdf

APPENDIX 4. COUNCIL FINAL MOTION ON BSAI AMENDMENT 92/GOA AMENDMENT 82 (4/7/08)

Alternative 3. Remove the subarea (BS, AI, WG, and/or CG) endorsements on trawl LLPs unless the license meets a minimum landing threshold in the specified subarea (see Component 1).

Component 1 (Landings thresholds in the specified area)[45]:

Option 3. Two groundfish landings during 2000 – 2006

Option 5. (Applicable to trawl CV LLPs with CG and WG endorsements). One can also retain both GOA subarea endorsements if significant landings have been made in one of the management areas (e.g. WG or CG). The trawl CV LLP must meet the landing criteria selected (Alternative 3, Option 3 above) for a specific subarea (e.g., WG), plus the license must have participation in the same subarea (e.g. WG) in 2005 or 2006 or 2007 of at least:
Suboption 1: 20 landings

Component 2 (Stacked LLPs)
Groundfish harvest history is credited to each LLP stacked on a single vessel at the time of the landing. In future actions, particularly those involving allocations, the Council may credit catch to a single license in cases in which multiple licenses are stacked on a vessel.

Component 4 (Adding new AI endorsements to trawl LLPs)
Option 1. Award AI endorsements to non-AFA trawl CV <60' MLOA LLPs if they meet landing thresholds in the AI parallel Pacific cod fishery during 2000 – 2006 of at least:
Suboption 3: 500 mt

Option 2. Award AI endorsements to non-AFA trawl CV ≥60' MLOA LLPs if they have at least one landing in the AI parallel groundfish fishery or AI State water Pacific cod fishery in 2000–2006, and meet the following threshold in the BSAI Pacific cod fishery in 2000 – 2006:
Suboption 2: 1,000 mt
These endorsements are not severable.

Option 3. Aleutian Islands endorsements issued under Component 4, Option 1, shall be severable and transferable. The AI area trawl endorsements can only be transferred to a non-AFA trawl CV LLP with a trawl CV designation and an MLOA designation of <60'.

Alternative 3 applies to all trawl CV and CP LLPs in the areas specified except for those identified in the following exemptions:

AFA exemption from BSAI landings thresholds: Exempt BSAI LLP endorsements originally issued to vessels qualified under the AFA and any non-AFA BSAI LLPs assigned to AFA vessels not having any other license. (Applies to CPs and CVs).
Central Gulf Rockfish Pilot Program exemption from CG landings thresholds: Exempt CG subarea endorsements on CG rockfish pilot program qualified licenses. (Applies to CPs and CVs).
Amendment 80 exemption from BSAI landings thresholds: Exempt BSAI LLP endorsements originally issued to vessels qualified under Am. 80 and BSAI LLPs used for eligibility in Am. 80.

[45]Note that the landings thresholds under Alternative 3 include landings in the parallel and Federal groundfish fisheries. Catcher processor licenses are credited with their landings whether they were operating as a catcher processor or a catcher vessel at the time of landing.

APPENDIX 5 PROPOSED FMP AMENDMENT LANGUAGE FOR BSAI AMENDMENT 92 AND GOA AMENDMENT 82

Proposed BSAI FMP Amendment 92: Deletions are stricken and additions are in bold.

p. 19, Section 3.3.1, License Limitation Program

A Federal groundfish license is required for catcher vessels (including catcher/processors) participating in all BSAI groundfish fisheries, other than fixed gear sablefish. However, the following vessel categories are exempt from the license program requirements:

a. vessels fishing in State of Alaska waters (0-3 miles offshore);

b. vessels less than 32 ft LOA; or

c. jig gear vessels less than 60 ft LOA using a maximum of 5 jig machines, one line per machine, and a maximum of 15 hooks per line.

Any vessel that meets the LLP qualification requirements will be issued a license, regardless of whether they are exempt from the program or not.

p. 20, Section 3.3.1.1, Elements of the License Limitation Program

1. Nature of Licenses. General licenses will be issued for the entire BSAI management area based on historical landings defined in Federal regulations. Vessels that qualify for both a BSAI and a Gulf of Alaska general license will be issued both as a non-severable package.

2. **Area endorsements.** Area endorsements for the Bering Sea and/or Aleutian Islands subareas will be issued along with the general license**, with one exception**. **Non-AFA trawl catcher vessels (i.e., trawl catcher vessels that are not eligible to harvest pollock under Section 208 of Title II, Division C of P.L. 105-277) can earn an Aleutian Islands endorsement on their general license after the implementation of the original License Limitation Program. These Aleutian Islands endorsements were not initially issued to any general license under the original program; these licenses earned Aleutian Islands endorsements after the implementation of the License Limitation Program by meeting the following qualification history. For non-AFA trawl catcher vessel licenses with a vessel length class designation of less than 60 ft LOA: at least 500 mt in the AI parallel Pacific cod fishery during 2000 – 2006. For non-AFA trawl catcher vessel licenses with a vessel length class designation of greater than or equal to 60 ft LOA: at least one landing in the AI parallel groundfish fishery or AI State – managed Pacific cod fishery during 2000 – 2006 and at least 1,000 mt in the Federal waters BSAI Pacific cod fishery during 2000 – 2006.** General licenses and endorsements will remain a non-severable package**, with the exception of the Aleutian Islands endorsements earned on non-AFA trawl catcher vessel licenses with a vessel length class designation of less than 60 ft LOA discussed above (see #8**).

3. **Revocation of area endorsements on trawl licenses. A secondary qualification period is established for trawl groundfish licenses based on historical trawl landings defined in Federal regulations. Bering Sea, Aleutian Islands, Central GOA including West Yakutat, and Western GOA subarea endorsements will be removed from general groundfish licenses with trawl catcher vessel or trawl catcher processor designations unless the license meets the landings requirements in regulation. Trawl licenses with more than one area endorsement that qualify to retain at least one area endorsement will be reissued with the area endorsement(s) for which they qualify. Licenses with both a trawl and non-trawl designation that lose an area endorsement as a result of the trawl qualification criteria will be reissued with the appropriate non-trawl area endorsement(s). Trawl licenses that do not qualify to retain any of their area endorsements will be revoked in entirety.**

~~2.~~**4.** **Initial** License Recipients. Licenses will be issued to owners (as of June 17, 1995) of qualified vessels. The owners as of this date must be "persons eligible to document a fishing vessel" under Chapter 121, Title 46, U.S.C. In cases where the vessel was sold on or before June 17, 1995, and the disposition of the vessel's fishing history for license qualification was not mentioned in the contract, the license qualification history would go with the vessel. If the transfer occurred after June 17, 1995, the license qualification history would stay with the seller of the vessel unless the contract specified otherwise.

~~3.~~**5.** License Designations. Licenses and endorsements will be designated as Catcher Vessel or Catcher Processor and with one of three vessel length classes (less than 60 ft LOA, greater than or equal to 60 ft but less than 125 ft LOA, or greater than 125 ft LOA). Vessels less than 60 ft LOA with a catcher vessel designation may process up to 1 mt (round weight) of fish per day.

General licenses will also contain a gear designation (trawl gear, non-trawl gear, or both) based on landings activity in any area through June 17, 1995. Vessels that used both trawl and non-trawl gear during the original qualification period would receive both gear designations, while vessels that used only trawl gear or only non-trawl gear during the original qualification period (general or endorsement period) would receive one or the other. For vessels that used only one gear type (trawl or non-trawl) in the original qualification period, and then used the other gear type between June 18, 1995 and February 7, 1998, the license recipient may choose one or the other gear designation, but will not receive both. For vessels that used only one gear type (trawl or non-trawl) in the original qualification period, but made a significant financial investment towards conversion to the other gear type or deployment of such gear on or before February 7, 1998, and made landings on that vessel with the new gear type by December 31, 1998, the license recipient may choose which gear designation to receive, but not both. A significant financial commitment is defined as a minimum purchase of $100,000 worth of equipment specific to trawling or having acquired groundline, hooks or pots, and hauling equipment for the purpose of prosecuting the non-trawl fisheries on or by February 7, 1998.

~~4.~~**6.** Who May Purchase Licenses. Licenses may be transferred only to "persons" defined as those "eligible to document a fishing vessel" under Chapter 121, Title 46, U.S.C. Licenses may not be leased.

~~5.~~**7.** Vessel/License Linkages. Licenses may be transferred without a vessel, i.e., licenses may be applied to vessels other than the one to which the license was initially issued. However, the new vessel is still subject to the license designations, vessel upgrade provisions, "20 percent upgrade rule" (defined in provision seven), and the no leasing provision. Licenses may be applied to vessels shorter than the maximum LOA allowed by the license regardless of the vessel's length designation. Vessels may also use catcher processor licenses on catcher vessels. However, the reverse is not allowed.

Notwithstanding the above, licenses earned on vessels that did not hold a Federal fisheries permit prior to October 9, 1998, may be transferred only if the vessel originally assigned the license is transferred along with the license, unless a fishing history transfer occurred prior to February 7, 1998, in which case the vessel does not have to accompany the license earned from that fishing history; however, any future transfer of that license would have to include that vessel.

A license that was originally assigned to, or designates, a non-AFA trawl catcher/processor may only be used on a non-AFA trawl catcher/processor.

~~6.~~**8.** Separability of General Licenses and Endorsements. General licenses may be issued for the BSAI groundfish, Gulf of Alaska groundfish, and Bering Sea and Aleutian Islands crab fisheries. Those general licenses initially issued to a person based on a particular vessel's catch history are not separable and shall remain as a single "package". General licenses transferred after initial allocation shall remain separate "packages" in the form they were initially issued, and will not be combined with other general groundfish or crab licenses the person may own. Area endorsements are not separable from the general license they are initially issued under, and shall remain as a single "package", which includes the assigned catcher vessel or catcher processor and length

designations**, with one exception**. **The only area endorsements that are separable from the general license are the Aleutian Islands area endorsements earned on non-AFA trawl catcher vessel licenses with a vessel length class designation of less than 60 ft LOA after the implementation of the original License Limitation Program (see #2). The separable Aleutian Islands endorsements may only be transferred to a non-AFA trawl catcher vessel license with a vessel length class designation of less than 60 ft LOA. All other area endorsements and designations remain as a single "package" on the general license.**

~~7.~~**9.** Vessel Replacements and Upgrades. Vessels may be replaced or upgraded within the bounds of the vessel length designations and the "20 percent rule". This rule was originally defined for the vessel moratorium program. The maximum LOA with respect to a vessel means the greatest LOA of that vessel or its replacement that may qualify it to conduct directed fishing for groundfish covered under the license program, except as provided at § 679.4(d). The maximum LOA of a vessel with license qualification will be determined by the Regional Administrator as follows:

d. For a vessel with license qualification that is less than 125 ft LOA, the maximum LOA will be equal to 1.2 times the vessel's original qualifying length or 125 ft, whichever is less; and

e. For a vessel with license qualification that is equal to or greater that 125 ft, the maximum LOA will be equal to the vessel's original qualifying length.

If a vessel upgrades under the "20 percent rule" to a length which falls into a larger license length designation after June 17, 1995, then the vessel owner would be initially allocated a license and endorsement(s) based on the vessels June 17, 1995, length. Those licenses and endorsements could not be used on the qualifying vessel, and the owner would be required to obtain a license for that vessel's designation before it could be fished.

~~8.~~**10.** License Ownership Caps. No more than 10 general groundfish licenses may be purchased or controlled by a "person", with grandfather rights to those persons who exceed this limit in the initial allocation. Persons with grandfather rights from the initial allocation must be under the 10 general license cap before they will be allowed to purchase any additional licenses. A "person" is defined as those eligible to document a fishing vessel under Chapter 121, Title 46, U.S.C. For corporations, the cap would apply to the corporation and not to share holders within the corporation.

~~9.~~**11.** Vessel License Use Caps. There is no limit on the number of licenses (or endorsements) that may be used on a vessel.

~~10.~~**12.** Changing Vessel Designations. If a vessel qualifies as a catcher processor, it may select a one time (permanent) conversion to a catcher vessel designation.

~~11.~~**13.** Implement a Skipper Reporting System. NMFS will implement a skipper reporting system that requires groundfish license holders to report skipper names, addresses, and service records.

~~12.~~**14.** Vessels Targeting Non-groundfish Species. Vessels targeting non-groundfish species that are allowed to land incidentally taken groundfish species without a Federal permit before implementation of the groundfish license program, will be allowed to continue to land bycatch amounts of groundfish without having a valid groundfish license. Additionally, vessels targeting sablefish and halibut under the IFQ program will continue to be allowed to retain bycatch amounts of groundfish species.

~~13.~~**15.** CDQ Vessel Exemption. Vessels less than 125 ft LOA obtained under an approved CDQ plan to participate in both CDQ and non-CDQ fisheries will be allowed to continue to fish both fisheries without a license, provided such vessel was under construction or operating in an existing community development plan as of October 9, 1998. If the vessel is sold outside the CDQ plan, the vessel will no longer be exempt from the rules of the license program.

~~14.~~**16.** Lost Vessels. Vessels that qualified for the moratorium and were lost, damaged, or otherwise out of the fishery due to factors beyond the control of the owner and which were replaced or

otherwise reentered the fishery in accordance with the moratorium rules, and which made a landing any time between the time the vessel left the fishery and June 17, 1995, will be qualified for a general license and endorsement for that area.

~~15.~~**17.** Licenses Represent a Use Privilege. The Council may alter or rescind this program without compensation to license holders; further, licenses may be suspended or revoked for (serious and/or multiple) violations of fisheries regulations.

p. A-13, Appendix A, A.1 Amendments to the FMP

Amendment 92 implemented _____, revised Amendment 60:

1. **Revoked Bering Sea and Aleutian Islands area endorsements on trawl groundfish licenses unless the license met historical trawl groundfish landings criteria.**

2. **Created a limited number of new AI endorsements on non-AFA trawl catcher vessel licenses; new AI endorsements earned on licenses with a <60' MLOA are severable and transferable from the overall license.**

Proposed GOA FMP Amendment 82: Deletions are stricken and additions are in bold.

p. 20, Section 3.3.1 License Limitation Program

Beginning on January 1, 2002, a Federal groundfish license is required for harvesting vessels (including harvester/processors) participating in all directed GOA groundfish fisheries, other than fixed gear sablefish throughout the GOA and demersal shelf rockfish in the Southeast Outside area (east of 140° W. longitude). Vessels fishing in State of Alaska waters (0-3 miles offshore) will be exempt, as will vessels less than 26 ft LOA. Vessels exempted from the GOA groundfish license program, will be limited to the use of legal fixed gear in the Southeast Outside area.

p. 21, Section 3.3.1.1 Elements of the License Limitation Program

1. Nature of Licenses. General licenses will be issued for the entire GOA area based on historical landings **defined in Federal regulations**. Vessels that qualify for both a BSAI and GOA general licenses will be issued both as a non-severable package. ~~Area endorsements will be issued along with the general license for the Southeast Outside, Central GOA including West Yakutat, and/or Western GOA areas. General licenses and endorsements will remain a non-severable package.~~

2. **Area Endorsements. Area endorsements will be issued along with the general license for the Southeast Outside, Central GOA including West Yakutat, and/or Western GOA areas. General licenses and endorsements will remain a non-severable package.**

3. **Revocation of Area Endorsements on Trawl Licenses. A secondary qualification period is established for trawl groundfish licenses based on historical trawl landings defined in Federal regulations. Central GOA including West Yakutat, Western GOA, Bering Sea, and Aleutian Islands subarea endorsements will be removed from general groundfish licenses with trawl catcher vessel or trawl catcher processor designations unless the license meets the landings requirements in regulation. Trawl licenses with more than one area endorsement that qualify to retain at least one area endorsement will be reissued with the area endorsement(s) for which they qualify. Licenses with both a trawl and non-trawl designation that lose an area endorsement as a result of the trawl qualification criteria will be reissued with the appropriate non-trawl area endorsement(s). Trawl licenses that do not qualify to retain any of their area endorsements will be revoked in entirety.**

~~2.~~**4.** **Initial** License Recipients. Licenses will be issued to owners (as of June 17, 1995) of qualified vessels. The owners as of this date must be "persons eligible to document a fishing vessel" under Chapter 121, Title 46, U.S.C. In cases where the vessel was sold on or before June 17, 1995, and the disposition of the vessel's fishing history for license qualification was not mentioned in the contract, the license qualification history would go with the vessel. If the transfer occurred after June 17, 1995, the license qualification history would stay with the seller of the vessel unless the contract specified otherwise.

~~3.~~**5.** License Designations. Licenses and endorsements will be designated as Catcher Vessel or Catcher Processor and with one of three vessel length classes (less than 60 ft, greater than or equal to 60 ft but less than 125 ft, or greater than or equal to 125 ft LOA). Vessels less than 60 ft LOA with a catcher vessel designation may process up to 1 mt (round weight) of fish per day. Southeast Outside endorsements will be designated for use by legal fixed gear only.

General licenses will also contain a gear designation (trawl gear, non-trawl gear, or both) based on landings activity in any area through June 17, 1995. Vessels that used both trawl and non-trawl gear during the original qualification period would receive both gear designations, while vessels that used only trawl gear or only non-trawl gear during the original qualification period (general or endorsement period) would receive one or the other. For vessels that used only one gear type

(trawl/non-trawl) in the original qualification period, and then used the other gear type between June 18, 1995 and February 7, 1998, the license recipient may choose one or the other gear designation, but will not receive both. For vessels that used only one gear type (trawl/non-trawl) in the original qualification period, but made a significant financial investment towards conversion to the other gear type or deployment of such gear on or before February 7, 1998, and made landings on that vessel with the new gear type by December 31, 1998, the license recipient may choose which gear designation to receive, but not both. A significant financial commitment is defined as a minimum purchase of $100,000 worth of equipment specific to trawling or having acquired groundline, hooks or pots, and hauling equipment for the purpose of prosecuting the non-trawl fisheries on or by February 7, 1998.

~~4.~~**6.** Who May Purchase Licenses. Licenses may be transferred only to "persons" defined as those "eligible to document a fishing vessel" under Chapter 121, Title 46, U.S.C. Licenses may not be leased.

~~5.~~**7.** Vessel/License Linkages. Licenses may be transferred without a vessel, i.e., licenses may be applied to vessels other than the one to which the license was initially issued. However, the new vessel is still subject to the license designations, vessel upgrade provisions, "20 percent upgrade rule" (defined in provision seven), and the no leasing provision. Licenses may be applied to vessels shorter than the maximum LOA allowed by the license regardless of the vessel's length designation. Vessels may also use catcher processor licenses on catcher vessels. However, the reverse is not allowed.

Notwithstanding the above, licenses earned on vessels that did not hold a Federal fisheries permit prior to October 9, 1998, may be transferred only if the vessel originally assigned the license is transferred along with the license, unless a fishing history transfer occurred prior to February 7, 1998, in which case the vessel does not have to accompany the license earned from that fishing history; however, any future transfer of that license would have to include that vessel.

~~6.~~**8.** Separability of General Licenses and Endorsements. General licenses may be issued for the BSAI groundfish, GOA groundfish, and BSAI crab fisheries. Those general licenses initially issued to a person based on a particular vessel's catch history are not separable and shall remain as a single "package". General licenses transferred after initial allocation shall remain separate "packages" in the form they were initially issued, and will not be combined with other general groundfish or crab licenses the person may own. **Except for some AI endorsements, a**~~A~~rea endorsements are not separable from the general license they are initially issued under, and shall remain as a single "package", which includes the assigned catcher vessel/catcher processor and length designations**. (Details on the exception are provided in Section 3.3.1.1 of the BSAI FMP).**

~~7.~~**9.** Vessel Replacements and Upgrades. Vessels may be replaced or upgraded within the bounds of the vessel length designations and the "20 percent rule". This rule was originally defined for the vessel moratorium program. The maximum LOA with respect to a vessel means the greatest LOA of that vessel or its replacement that may qualify it to conduct directed fishing for groundfish covered under the license program, except as provided at § 676.4(d). The maximum LOA of a vessel with license qualification will be determined by the Regional Administrator as follows:

a. For a vessel with license qualification that is less than 125 ft LOA, the maximum LOA will be equal to 1.2 times the vessel's original qualifying length or 125 ft, whichever is less; and

b. For a vessel with license qualification that is equal to or greater that 125 ft, the maximum LOA will be equal to the vessel's original qualifying length.

If a vessel upgrades under the "20 percent rule" to a length which falls into a larger license length designation after June 17, 1995, then the vessel owner would be initially allocated a license and endorsement(s) based on the vessels June 17, 1995 length. Those licenses and endorsements could not be used on the qualifying vessel, and the owner would be required to obtain a license for that vessel's designation before it could be fished.

~~8.~~**10.** License Ownership Caps. No more than 10 general groundfish licenses may be purchased or controlled by a "person", with grandfather rights to those persons who exceed this limit in the initial allocation. Persons with grandfather rights from the initial allocation must be under the 10 general license cap before they will be allowed to purchase any additional licenses. A "person" is defined as those eligible to document a fishing vessel under Chapter 121, Title 46, U.S.C. For corporations, the cap would apply to the corporation and not to share holders within the corporation.

~~9.~~**11.** Vessel License Use Caps. There is no limit on the number of licenses (or endorsements) that may be used on a vessel.

~~10.~~**12.** Changing Vessel Designations. If a vessel qualifies as a catcher processor, it may select a one time (permanent) conversion to a catcher vessel designation.

~~11.~~**13.** Implement a Skipper Reporting System. NMFS will implement a skipper reporting system that requires groundfish license holders to report skipper names, addresses, and service records.

~~12.~~**14.** Vessels Targeting Non-groundfish Species. Vessels targeting non-groundfish species that are allowed to land incidentally taken groundfish species without a Federal permit before implementation of the groundfish license program, will be allowed to continue to land bycatch amounts of groundfish without having a valid groundfish license. Additionally, vessels targeting sablefish and halibut under the individual fishing quota (IFQ) program will continue to be allowed to retain bycatch amounts of groundfish species.

~~13.~~**15.** Community Development Quota Vessel Exemption. Vessels less than 125 ft LOA obtained under an approved community development quota (CDQ) plan to participate in both CDQ and non-CDQ fisheries will be allowed to continue to fish in the GOA groundfish fisheries without a license, provided such vessel was under construction or operating in an existing community development plan as of October 9, 1998. If the vessel is sold outside the CDQ plan, the vessel will no longer be exempt from the rules of the license program.

~~14.~~**16.** Lost Vessels. Vessels that qualified for the moratorium and were lost, damaged, or otherwise out of the fishery due to factors beyond the control of the owner and which were replaced or otherwise reentered the fishery in accordance with the moratorium rules, and which made a landing any time between the time the vessel left the fishery and June 17, 1995, will be qualified for a general license and endorsement for that area.

~~15.~~**17.** Licenses Represent a Use Privilege. The Council may alter or rescind this program without compensation to license holders; further, licenses may be suspended or revoked for (serious and/or multiple) violations of fisheries regulations.

p. A-11, Appendix A, A.1 Amendments to the FMP

Amendment 82 implemented _____, revised Amendment 58:
Revoked Western GOA and Central GOA area endorsements on trawl groundfish licenses unless the license met historical trawl groundfish landings criteria.

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