



# FACT SHEET: TRAWL CATCH SHARES

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After five years of deliberations, dozens of public meetings in all three West Coast states and significant stakeholder input, in November 2008, the Council voted to fundamentally reform the management system for the groundfish trawl fishery by initially approving a catch share plan, also known as trawl rationalization. After working out further details, the program was finalized at the June 2009 Council meeting implemented in January 2011. The program continues to be adjusted through trailing actions.

The catch share program involved two closely related actions:

- creating the catch share system itself (Amendment 20 to the Groundfish Fishery Management Plan, or FMP) .
- determining the proportion of the available catch that would be allocated to the trawl fishery for most, but not all quota species( Amendment 21 to the Groundfish FMP).

The catch share program provided a somewhat different management regime for each of the three main trawl sectors:

- individual fishing quotas (IFQs) for vessels delivering to shorebased processors,
- catcher vessel co-ops for the at-sea mothership, and
- a fleet co-op for the catcher-processors.

During its deliberations, the Council noted that the fishery management system was “economically unsustainable due to the number of participating vessels (excess capacity), a regulatory approach that constrains efficiency, and the status of certain groundfish stocks...” (Final Environmental Impact Statement, June 2010, p. 53).

Before the program was put in place, trip limits forced wasteful regulatory discards for vessels delivering nonwhiting shoreside (dumping fish overboard, mostly dead), and seasonal management in the shoreside and at-sea mothership whiting fisheries was resulting in increasingly shortened seasons that did not provide an opportunity to optimize the timing and rate of harvest. The catcher-processor sector had formed its own private co-operative agreement, but the

agreement would have been subject to potential breaches if it had not been included in the catch share program.

The program is one of the most transformative strategies in fishery management history. The groundfish trawl catch share plan includes innovative measures intended to balance the needs of the fishery with those of communities, new fishery entrants, and small boat fishermen. The goals of the program are to improve individual accountability, reduce bycatch, and improve economic efficiency, among others. Collaboration among fishermen, the Pacific States Marine Fisheries Commission, the Pacific Fishery Management Council, West Coast states, nongovernmental organizations, and NOAA Fisheries contributed to the program’s successful development.

## BACKGROUND: THE GROUND FISH FISHERY

The commercial groundfish fishery is comprised of four commercial sectors – limited entry trawl (including vessels delivering shoreside and at-sea), sablefish endorsed limited entry fixed gear, non-sablefish-endorsed limited entry fixed gear, and open access. The fishery is described in detail in our groundfish fact sheet. It is the most valuable fishery on the West Coast, although the Dungeness crab fishery generates more revenue in some years. Just prior to the implementation of the catch share program, there were roughly 170 trawl permits, 160 sablefish endorsed permits, and 65 non-endorsed permits. There were as many as 700 or 800 open access participants, although only 200 or 300 were “substantially engaged” in any given year. The trawl fishery accounts for over 90% of the total weight of the fishery.

The trawl groundfish fishery is generally a mixed stock fishery, which means that it is difficult to target any single species without also catching some other species, including overfished stocks. Bottom trawl gear is the least selective, and midwater trawl gear targeting whiting is the most selective (over 98% whiting).

Responding to the rebuilding requirements of the Magnuson Stevens Act, the Council closed large areas to fishing and reduced trip limits (the amount of fish allowed to be landed

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in a given two-month period), which resulted in economic hardship for the fleet. In 2000, the fishery was declared a Federal disaster, and in 2003 a Federal buyout removed almost half of the capacity of the trawl fleet. Because the trawl fleet delivering shoreside lands such a large amount of fish throughout the year, its health is critical to maintaining fishing infrastructure (ice machines, hoists, processing capacity) needed by many other fisheries, including other groundfish sectors, salmon, crab, shrimp and others.

## HOW THE PROGRAM WORKS

For the first year of the catch share program, initial “shares” of shoreside individual fishing quotas (IFQs) and mothership catch history were made to each qualified catcher-vessel trawl limited-entry permit based on an initial allocation formula. Additionally, 20 percent of the shorebased sector’s whiting quota was allocated to qualified shorebased processors. These shares may now be transferred among participants and to new entrants, including crew members, communities, processors, or any other entity eligible to own a US fishing vessel. For the catcher-processor sector, the initial allocation was made to the sector as a whole. Shares may not be transferred between the shorebased, mothership, and catcher-processor sectors.

Each year, the Council sets a total allowable catch (TAC) for each species or species group in the groundfish plan based on scientific stock assessments. For species covered under the program, the trawl portion of allowable catch is then divided among the current owners of the shares (or for catcher-processors, allocated to the sector as a whole). Since fishermen know exactly how much fish they are allowed to take each year before the season begins, they can plan for the season and enter into more secure marketing and processing arrangements. Fishermen also have the flexibility to time landings to the best market conditions. Under catch shares, fishermen have more freedom to streamline their businesses and are held individually accountable for every fish brought on board their vessels.

Evidence also shows that catch shares overcome the “tragedy of the commons” by providing a clear economic rationale for conserving resources. In much the same way shareholders in a company want the business to excel so their shares gain value, fishermen in catch share systems need the fishery to remain sustainable.

One of the primary goals of the catch share plan is to improve

economic efficiency, and this necessitates some fleet consolidation. However, the Council also recognized that excess consolidation could be problematic for communities and crew. Therefore, for each species in the shorebased IFQ program, the Council placed limits on the amount of quota shares an individual can control and the amount of quota pounds a vessel can fish. For the mothership sector, limits were placed on the amount of catch history any entity might own and the amount a vessel may catch. A limit was also placed on the amount any single mothership processor can process. No limits were provided for the catcher-processor sector since allocations for that sector went to the entire sector.

In an adaptive management program, ten percent of the shoreside nonwhiting quota shares were set aside into a public trust pool to allow adaptive response as the impacts of the program become apparent. These quota shares may be used to address objectives related to community and processor stability, conservation, new entry, and unintended or unforeseen consequences. For example, one concern was that some ports and communities could be disadvantaged by the allocation itself or by quota transfers after the allocation. If it was determined that some ports were vulnerable to losing landings, the adaptive management program quota shares could be used to provide incentives to fishermen to continue to land in those ports.

### *Shorebased IFQs*

The shorebased IFQ program covers the 29 different groundfish species and species groups that are harvested by trawlers delivering shoreside, including both whiting and nonwhiting. Additionally, individual bycatch quota is required for Pacific halibut. The catch shares allocated for each species for the long-term are called quota shares, and the pounds issued to quota share owners each year are called quota pounds. The vessels owners are responsible for acquiring quota pounds to cover their harvest. If their harvest exceeds their quota pound holdings, they may not continue to fish until they have acquired quota pounds to cover their deficit.

Quota pounds for overfished species are likely to be more expensive than for other species, because the total allowable catch for those species is low, and therefore the amount of quota in circulation will be low. This creates a major incentive for fishermen to avoid known hotspots for overfished species

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and to develop innovative gear that will keep those species out of the nets. The fishermen best able to avoid the overfished species will fare best economically, as they will be able to continue to land the rest of their portfolio of quota without being shut down. They can also sell or lease their quota of overfished species to other fishermen.

## *Mothership Co-ops*

The mothership co-op program covers whiting and the four species for which there is a mothership sector allocation (widow rockfish, canary rockfish, darkblotched rockfish, and Pacific Ocean perch). Other groundfish species are not caught in consequential amounts by the mothership sector. Trawl limited entry permits in the mothership fishery were allocated whiting quota as “catch history” rather than quota shares. While quota shares are divisible and can be owned by someone who does not own a trawl limited entry permit, mothership catch history can not be divided and can only be transferred as a unit from one permit to another.

In the shorebased IFQ program, each vessel is responsible to the government for its own compliance. In the mothership program, a permit owner joins a catcher-vessel co-op, its catch history is assigned to the co-op, and an annual allocation is made to the co-op based on the catch history of its members (the four species other than whiting are allocated in proportion to the whiting allocations). The individual vessels are responsible to the co-op for staying within limits designated by the co-op and the co-op is responsible to the government for its compliance with the co-op allocation. Permit owners who do not join a co-op have their history assigned to an open fishery in which their vessels compete for the available harvest. Thus far, all vessels have chosen to participate in co-ops. As part of the program, mothership processors were also issued mothership limited entry permits.

## *Catcher-Processor Co-ops*

When the license limitation program was created in 1994, catcher processors bought permits from smaller vessels and combined them into larger permits to accommodate the catcher-processors. Ten such permits were created through this process. Around 1997, these permits joined together in their own co-op and rationalized the harvest of the catcher-processor whiting allocation. Until Amendment 15, there was always a possibility that new entrants could accumulate permits and enter the catcher-processor sector with a new

vessel, potentially disrupting the co-op’s management. Amendment 15 limited the entry of new catcher-processor vessels, but that amendment sunsetted with the implementation of the trawl catch share program.

The catch share program protected the catcher-processor co-op by continuing the limitation on new entrants to the catcher-processor sector. Each year, the participants in that sector join together to form a single co-op and the sector’s entire allocation of whiting and species with sector caps, such as widow rockfish, canary rockfish, darkblotched rockfish, and Pacific Ocean perch, is managed by that co-op. If at some time in the future the sector fails to form a single co-op, the system will revert to an IFQ program and quota shares will be allocated equally among all catcher-processor permits.

## **ONGOING PROGRAM DEVELOPMENT—TRAWL TRAILING ACTIONS**

When the program was put in place, many old trawl regulations remained that might no longer be needed now that each vessel had individualized performance incentives (for example, to avoid overfished species and small unmarketable fish). On that basis, the Council is evaluating regulations that might be eliminated and is taking up those issues under trawl trailing actions. A special trailing action page on the Council website provides a current listing of the issues under consideration and actions taken to date.

## **EFFECTS**

Initial data show that the catch share program may have substantially reduced bycatch. However, it appears that many available species are being under-harvested, likely due to concerns about catching overfished species. There are also concerns about the economic viability of smaller bottom trawl vessels. The effects of the program are being analyzed in detail as part of the first program review (see <http://tinyurl.com/ybg7eq6v>).

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