

SCOPING TRAWL SECTOR QUOTA POUND TRADING

There is a desire in the industry for a more flexible catch share management system, whereby annually issued quota may be transferred between the trawl sectors. Since some target species are caught with non-target species and these non-target quota pounds (QP) species may be limited in supply within a sector (i.e., choke species), there is a desire to transfer unused quota from one trawl sector to another in order to continue fishing. One example of this need occurred in October 2014, whereby the Council took [emergency action](#) to transfer unused quota of darkblotched rockfish from the Catcher Processor (CP) sector to the Mothership (MS) sector.

Background

Existing Policy

The current system may present a number of challenges that will have to be overcome in designing a program to allow two-way quota transfers between sectors. The first of these is the different methods by which annually issued quota is distributed in each sector. At the beginning of the trawl catch share program, shorebased quota shares (QS) were issued to every trawl limited entry catcher vessel permit based on a variety of criteria including catch history, meeting bycatch needs, and equal allocation. QPs for delivery shoreside are annually provided to the current owners of that QS according to the QS percentage they hold. Under the current catch share system, QPs can only be transferred between QS account holders and catcher vessel accounts. These QP cannot be used in the at-sea sectors (CP and MS).

In contrast, for the MS sector, annually issued quota does not go to individuals but rather to co-ops in proportion to the amount of catch history associated with the permits that have. The practice in the MS sector has been to form only one catcher vessel co-op for the entire sector, though it is permissible to form multiple co-ops. The CP sector reflects yet another approach to allocating the annually issued quota. For this sector, there is no allocation or catch history assignments that are associated with individual permits, but rather all CP permits join a single co-op and the entire allocation is given to the CP co-op. If the CP sector were ever to fail in the formation of a single co-op CP sector, QS would be allocated equally among all CP permits and the catch share system for that sector would revert to an IFQ system like that established for the shorebased sector.

In the shorebased IFQ program, individual quota holders are able to buy and sell quota among themselves and would be able to sell quota into another sector (depending on the provisions of the intersector transfer alternative). However, unless fundamental changes are made to the at-sea co-op programs, those operating in the shoreside fishery would only have one buyer/seller to deal with in each of the at-sea sectors (i.e. the only buyers/sellers of quota would be the MS co-op and the CP co-op).

A second difference to be considered is the species that are managed under the trawl rationalization program. In the Shorebased IFQ sector 31 species/species complexes are managed with individual quota (Table 1); however, in the MS and CP sector, only four QP

species (canary rockfish, darkblotched rockfish, Pacific ocean perch, and widow rockfish) are formally allocated to MS and CP cooperatives (based on the QS for each coop participant) and are shared among members of the cooperative within that sector. At this meeting the Council is considering managing at-sea sector catch of darkblotched rockfish and Pacific Ocean perch with a set-aside rather than a bycatch limit. This may reduce the potentially tradeable bycatch species to canary rockfish and widow rockfish.

Current Deliberations

In September 2014 and in June 2016 the industry supported two potential actions to address the transfer of QP between sectors. Below are the original omnibus requests and descriptions from [September 2014](#):

65. Trawl IFQ & MS – Allow Between Sector Transfer of Rockfish QP from IFQ to MS

This measure would allow participants in the MS sector access to quota pounds (QP) in their shorebased IFQ accounts for four rockfish species (canary, darkblotched, widow and POP). The total QP that could be transferred to the MS sector would be limited to the total associated with the QS amount allocated equally to permits from the buyback that also received a MS catcher vessel endorsement. Transfers would only be allowed if the amount of the abovementioned rockfish species were prohibiting attainment of the Pacific whiting allocation.

71. Trawl – Allow Between Sector Transfers of Unneeded Overfished Species

This measure would be specific to the within trawl use of choke species and is not intended to include discussion or promote changes to any of the existing allocations. The goal of this suggestion is to begin the conversation about how choke species can be better utilized and/or shared within the trawl sectors to ensure attainments of optimum yield for all target species. Item 65 of this list is a narrower version of this policy issue.

In June 2016, based on the Groundfish Advisory Subpanel recommendation ([Agenda Item G.6.a Supplemental GAP Report](#)) the Council combined these items into a single item and prioritized the action for public scoping at the September 2016 meeting. At the June meeting, Council staff retitled the item based on the GAPs suggestion to be: “Allow Between Trawl Sector Trading of Quota Pounds” however an additional clause was added that the action include “all quota species except whiting” and provided this info to the Council under [Agenda Item F.6a Supplemental Attachment 6](#). The exception for whiting was added so that the distinction between trawl sectors remained intact.

Purpose and Need and Strawman Alternatives for Discussion

In this document Council staff provide a draft purpose and need statement, some solutions to the problem, and some considerations for public scoping of the issues.

Potential Purpose and Need Statement for the Action

The need for the proposed action is to allow individual fishermen and co-ops to acquire additional quota for some species to continue fishing for target species.

The purpose of the proposed action is to increase the attainment of target species by allowing the transfer of excess quota across sectors in order to better achieve optimum yield.

Potential Solutions

Figure 1 is a schematic to show the transfer of fish between sectors for each option described below.

Option 1. Allow transfer of allocations between quota pound holders across LE trawl sectors

This option would allow shorebased QP holders to transfer their non-whiting quota pounds to any MS or CP co-op and allow MS and CP co-ops to transfer their non-whiting quota in the form of QP to accounts in the shorebased IFQ system.

Pro: Transfers could be done quickly through private transactions. This would allow the fish to be purchased and be made almost immediately available for use in another sector.

Issues: MS and CP have allocations for only four species; therefore, the number of species that may be transferred from shorebased to the at-sea sectors and vice versa is limited to only these species; may need to convert canary rockfish, darkblotched rockfish, Pacific Ocean perch, and widow rockfish to quota pounds so it can be transferred; some choke species that are needed in Shorebased sector cannot be transferred from at-sea whiting sectors (e.g., sablefish is not an allocated species in the MS & CP and cannot be transferred). Would between sector transfer caps be needed (i.e., percentage of quota that can be transferred) and if so how might they be structured?

Option 2. Move quota at a higher level via Council action and rebalance score card in-season

This option would provide the Council the ability to move species allocations to another sector in-season based on current fishery data trends, sector needs, and willingness for sectors to allow excess to be transferred. Transfers between the MS and CP sector could be conducted in a similar manner as was done in October, 2014. Transfers to the shorebased sector from the MS or CP sector could be done but transfers from the shorebased sector to the MS or CP sectors could not be done because QPs cannot be taken out of individual accounts. Table 3 provides an example of a scorecard and allocations for overfished species to illustrate which overfished species could be transferred and from which fishery sector. Other fish that are allocated (not shown in Table 3) would be tracked in season on a similar scorecard.

Pro: Allows transfer of four species of fish to meet changing needs in the trawl sectors.

Issues: Lacks ability to transfer from shorebased sector to MS or CP; current data trends may not hold or catch rates may not continue as expected; less expedient than Option 1; may need triggers that indicate clear need and industry willingness to rebalance; timing of Council

action (June or September, November too late); transfer caps may be needed (i.e., percentage of quota that can be transferred).

Considerations for Options

Option 1

If transfers were allowed between the trawl sectors on an individual level, the transferrable quota would be limited to a select few species (i.e., canary rockfish, darkblotched rockfish, widow rockfish, and Pacific Ocean perch). Only these four species may be transferred from the MS and CP sectors to the Shorebased sector (or vice versa) because no other species have been allocated for individual QS distribution in the MS and CP sectors. Table 2 provides recent attainment information for the three trawl sectors and can illustrate which sector could have benefited from a transfer of quota and which sector could have supplied it. For example, in 2011 the MS sector needed darkblotched to continue harvesting their whiting allocation and the shorebased sector could have supplied it. In addition, benefits can also occur because an increase in available bycatch can reduce the at-sea fleet's need to move to avoid fish.

In order to transfer quota, the cooperative would need to develop a mechanism for members to agree that a portion of the co-op's pooled allocation(s) could be sold to individuals in the shorebased sector or transferred to the other at-sea sector. If the at-sea sector would like to provide it to the shorebased sector then NMFS would need to convert the allocation to quota pounds and allow transfer of it through the current accounting system.

The Shorebased sector has additional "choke" species that are not available for transfer from the at-sea sectors (such as sablefish); therefore, the action may be limited in its effectiveness for the shorebased sector. In addition, at the September 2016, the Council may create set-asides for darkblotched rockfish and Pacific ocean perch. If this occurs, then only canary and widow rockfish would be available for transfer between trawl sectors.

If a transfer cap is added to accounts, NMFS can limit transfers using the current system; however, to be effective and efficient, transfer limits need be clear (e.g., 5% of a species) and apply equally to all accounts and co-ops.

Option 2

Council action would be needed to rebalance the score card during the fishing season and catch rates may not hold or remain consistent beyond the decision date for approval of a transfer. This can negatively affect a sector that may suddenly need the fish that were transferred. The Council process would likely need to take place during the September meeting since catch trends may not be as evident in June and November would likely be too late in the fishing season for transfers to be useable.

The Council may need to develop triggers that would signal a definite need or desire to transfer quota from one sector to another and develop an appropriate mechanism to split unused quota if two sectors would like to utilize it. In addition, transfer caps may be needed to prevent transferring too much quota, and ensure that a sector has enough quota to continue fishing after a transfer from that sector has been made. Some considerations for approval of a transfer may be whether a delay in apportioning the quota would render the change ineffective or would the apportionment be too minimal to be effective?

Similar to Option 1, the number of species that could be transferred would be limited and the Shorebased sector has additional “choke” species that are not available for transfer from the at-sea sectors.

Figure 1. Fish flow schematic for each option.

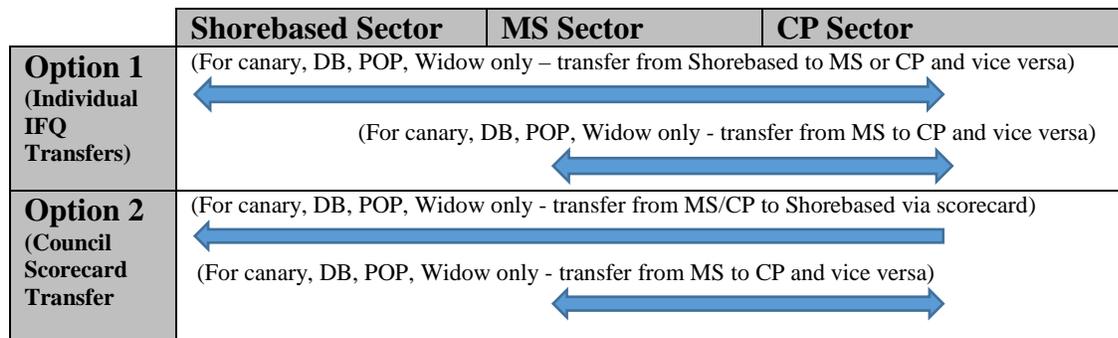


Table 1. Species managed under the catch share program.

Note: bolded species are those that could be transferred between trawl sectors.

Canary rockfish	Minor Slope Rockfish, S. of 40°10 N. lat.
Darkblotched rockfish	Pacific Cod, Coastwide
Arrowtooth Flounder	Pacific Halibut, N. of 40°10 N. lat. (bycatch only)
Bocaccio, S. of 40°10 N. lat.	Pacific Ocean perch, N. of 40°10 N. lat.
Chilipepper, S. of 40°10 N. lat.	Pacific Whiting
Cowcod, S. of 40°10 N. lat.	Petrale Sole, Coastwide
Dover Sole, Coastwide	Sablefish, N. of 36° N. lat.
English Sole, Coastwide	Sablefish, S. of 36° N. lat.
Lingcod, N. of 40°10 N. lat. 15	Shortspine Thornyhead, N. of 34°27 N. lat.
Lingcod, S. of 40°10 N. lat.	Shortspine Thornyhead, S. of 34°27 N. lat.
Longnose Skate, Coastwide	Splitnose Rockfish, S. of 40°10 N. lat.
Longspine Thornyhead, N. of 34°27 N. lat.	Starry Flounder, Coastwide
Minor Shelf Rockfish, N. of 40°10 N. lat.	Widow rockfish
Minor Shelf Rockfish, S. of 40°10 N. lat.	Yelloweye, Coastwide
Minor Slope Rockfish, N. of 40°10 N. lat.	Yellowtail, N. of 40°10 N. lat.

Table 2. West coast groundfish trawl sector allocations and impacts (in mt) since implementation of Amendment 21 (highlighted cells indicate attainment rates $\geq 90\%$).

Stocks	Shoreside IFQ			Catcher-Processors				Motherships			
	Alloc.	Catch	% Attain.	Initial Alloc.	Final Alloc. a/	Catch	% Attain.	Initial Alloc.	Final Alloc. a/	Catch	% Attain.
2011											
Pacific Whiting	92,817.8	91,185.8	98.2%	75,138.0	NA	71,522.4	95.2%	53,039.0	NA	50,049.8	94.4%
Canary Rockfish	25.9	3.7	14.3%	4.8	8.1	0.5	5.6%	3.4	0.1	0.1	78.6%
Darkblotched Rockfish	250.8	90.9	36.2%	8.5	12.8	10.3	80.4%	6.0	1.7	1.7	100.0%
Pacific Ocean Perch	119.6	46.7	39.0%	10.2	16.7	6.5	39.0%	7.2	0.7	0.7	94.6%
Widow Rockfish	342.7	137.6	40.2%	86.7	135.0	24.1	17.8%	61.2	12.9	12.8	99.6%
Yellowtail Rockfish b/	3,094.2	738.6	23.9%	NA	NA	14.6	NA	NA	NA	66.7	NA
2012											
Pacific Whiting	68,661.9	65,661.5	95.6%	55,584.0	NA	55,694.6	100.2%	39,235.0	NA	38,215.5	97.4%
Canary Rockfish	25.9	7.2	27.6%	4.8	NA	0.3	5.6%	3.4	NA	0.2	4.4%
Darkblotched Rockfish	248.9	85.7	34.4%	8.5	NA	1.4	16.9%	6.0	NA	1.3	21.0%
Pacific Ocean Perch	119.5	48.6	40.7%	10.2	NA	3.2	31.0%	7.2	NA	1.4	19.0%
Widow Rockfish	342.7	152.6	44.5%	86.7	NA	42.0	48.4%	61.2	NA	37.3	61.0%
Yellowtail Rockfish b/	3,107.4	963.3	31.0%	NA	NA	32.0	NA	NA	NA	11.0	NA
2013											
Pacific Whiting	98,296.9	97,621.3	99.3%	79,573.0	NA	78,041.0	98.1%	56,170.0	NA	52,522.3	93.5%
Canary Rockfish	39.9	10.2	25.6%	7.4	NA	0.2	2.4%	5.2	NA	0.5	9.2%
Darkblotched Rockfish	266.7	116.0	43.5%	8.6	NA	2.1	24.2%	6.1	NA	4.2	69.6%
Pacific Ocean Perch	109.4	50.0	45.7%	10.2	NA	4.3	41.9%	7.2	NA	1.1	15.8%
Widow Rockfish	994.0	411.6	41.4%	170.0	NA	15.7	9.3%	120.0	NA	15.5	13.0%
Yellowtail Rockfish b/	2,935.8	719.3	24.5%	NA	NA	78.5	NA	NA	NA	190.9	NA
2014											
Pacific Whiting	127,835.0	98,714.0	77.2%	103,486.0	NA	103,266.3	99.8%	73,049.0	NA	62,038.3	84.9%
Canary Rockfish	41.1	10.5	25.5%	7.6	NA	0.3	3.7%	5.4	NA	0.4	6.5%
Darkblotched Rockfish c/	278.4	97.8	35.1%	9.0	6.0	3.4	56.8%	6.3	9.3	7.2	77.5%
Pacific Ocean Perch	112.3	41.0	36.5%	10.2	NA	0.3	3.1%	7.2	NA	3.6	50.0%
Widow Rockfish	994.0	654.3	65.8%	170.0	NA	16.6	9.7%	120.0	NA	39.6	33.0%
Yellowtail Rockfish b/	2,939.3	1,163.3	39.6%	NA	NA	0.0	NA	NA	NA	41.9	NA

Stocks	Shoreside IFQ			Catcher-Processors				Motherships			
	Alloc.	Catch	% Attain.	Initial Alloc.	Final Alloc. a/	Catch	% Attain.	Initial Alloc.	Final Alloc. a/	Catch	% Attain.
2015											
Pacific Whiting	124,607.3	58,383.7	46.9%	100,873.0	NA	68,483.9	67.9%	71,204.0	NA	27,660.4	38.8%
Canary Rockfish	47.3	44.8	94.8%	8.0	NA	0.1	0.9%	5.7	NA	0.1	2.5%
Darkblotched Rockfish	285.5	122.4	42.9%	9.2	NA	5.6	60.4%	6.5	NA	2.4	36.6%
Pacific Ocean Perch	118.5	49.9	42.1%	10.2	NA	7.0	68.2%	7.2	NA	1.7	24.2%
Widow Rockfish	1,306.2	814.6	62.4%	170.0	NA	17.4	10.3%	120.0	NA	17.2	14.3%
Yellowtail Rockfish b/	4,592.8	1,449.9	31.6%	NA	NA	0.5	NA	NA	NA	86.3	NA

a/ In some years allocations were reapportioned inseason after an at-sea sector declared they were done fishing for the year. There has been reapportionment of unused tribal Pacific whiting yield to all trawl sectors in some years. The final annual Pacific whiting sector allocations are depicted in the initial allocation column for at-sea sectors (and in the Allocation column for the shorebased IFQ sector).

b/ Yellowtail rockfish is managed as a set-aside species for the at-sea whiting trawl sectors (i.e., Catcher-Processors and Motherships) with an annual set-aside amount of 300 mt for both sectors combined.

c/ The original allocation of darkblotched to the Mothership sector (6.3 mt) was increased to 9.3 mt with a transfer of yield from the Catcher-Processors sector by automatic action on October 17, 2014.

Table 3. Example of a scorecard for overfished species only, 2015.

Fishery	Bocaccio b/		Canary		Cowcod b/		Dkbl		Petrale		POP		Yelloweye	
	Allocation a/	Projected Impacts	Allocation a/	Projected Impacts	Allocation a/ g/	Projected Impacts g/	Allocation a/	Projected Impacts						
Date: 15 Sept 2015														
Off the Top Deductions	8.3	8.3	15.2	17.9	2.0	2.0	20.8	26.1	236.6	236.6	15.0	15.0	5.8	4.2
EFPC/	3.0	3.0	1.0	1.0	0.02	0.02	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Research d/	4.6	4.6	4.5	7.2	2.0	2.0	2.1	7.4	14.2	14.2	5.2	5.2	3.3	1.7
Incidental OA e/	0.7	0.7	2.0	2.0	--	--	18.4	18.4	2.4	2.4	0.6	0.6	0.2	0.2
Tribal f/			7.7	7.7			0.2	0.2	220.0	220.0	9.2	9.2	2.3	2.3
Bottom Trawl			0.8	0.8			0.2	0.2	45.4	70.0	3.7	3.7		0.0
Troll			0.5	0.5			0.0							0.0
Fixed gear			0.3	0.3			0.0						2.3	2.3
mid-water			3.6	3.6			0.0							0.0
whiting			4.3	4.9				0.3			7.2	11.1		
Trawl Allocations	81.9	81.9	56.9	56.9	1.4	1.4	301.3	301.3	2,544.4	2,544.4	135.9	135.9	1.0	1.0
-SB Trawl	81.9	81.9	43.3	43.3	1.4	1.4	285.6	285.6	2,539.4	2,539.4	118.5	118.5	1.0	1.0
-At-Sea Trawl			13.7	13.7			15.7	15.7	5.0	5.0	17.4	17.4	0.0	--
a) At-sea whiting MS			5.7	5.7			6.5	6.5			7.2	7.2		
b) At-sea whiting CP			8.0	8.0			9.2	9.2			10.2	10.2		
Non-Trawl Allocation	258.8	117.7	49.9	36.7	2.6	1.2	15.9	5.7	35.0		7.2	0.3	11.2	11.1
Non-Nearshore	79.1		3.8					5.5				0.3	0.6	0.6
LE FG				0.9						0.3				
OA FG				0.2						0.1		0.0		
Directed OA: Nearshore	1.0	0.5	6.7	7.7				0.2		0.0			1.7	1.8
Recreational Groundfish														
WA			3.4	2.8				--		--		--	2.9	2.8
OR			11.7	11.7				--		--		--	2.6	3.0
CA	178.8	117.2	24.3	13.4		1.2		--		--		--	3.4	2.9
TOTAL	349.0	207.9	122.0	111.5	4.0	2.6	338.0	333.1	2,816.0	2,781.0	158.1	151.2	18.0	16.3
2015 Harvest Specification	349	349	122	122	4.0	4.0	338	338	2,816	2,816	158	158	18	18
Difference	0.0	141.09	0.0	10.5	0.0	1.4	0.0	4.9	0.0	35.0	-0.1	6.8	0.0	1.7
Percent of ACL	100.0%	59.6%	100.0%	91.4%	100.0%	65.0%	100.0%	98.6%	100.0%	98.8%	100.1%	95.7%	100.0%	90.7%
Key			= not applicable											
		--	= trace, less than 0.1 mt											
			= Fixed Values											
			= off the top deductions											

a/ Formal allocations are represented in the black shaded cells and are specified in regulation in Tables 1b and 1e. The other values in the allocation columns are 1) off the top deductions, 2) set asides from the trawl allocation (at-sea petrale only)
 3) ad-hoc allocations recommended in the 2013-14 EIS process, 4) HG for the recreational fisheries for canary and YE.