

GROUND FISH MANAGEMENT TEAM REPORT ON TRAWL CATCH SHARES REVIEW RANGE OF ALTERNATIVE FOR FOLLOW-ON ACTIONS

The Groundfish Management Team (GMT) reviewed the documents in the briefing book, was briefed by Dr. Jim Seger (Council staff), and offer the following for consideration.

Research and Data Needs

The GMT recommends adding an ownership information data collection to the catcher-processor permit annual renewal application, equivalent to that currently collected for shoreside participants. This information will be critical if the Council elects to evaluate entity ownership of catcher-processor permits, discussed in Item 6 below.

The GMT also recommends the Council include consideration of the Research and Data Needs chapter as part of the November 2017 agenda item, with items identified as priorities through that review added to omnibus in 2018 for further development.

Guidance on Initial Priorities for Trawl Catch Share Follow-on Actions

The GMT reviewed the list of potential follow-on actions and offers the following comments on the Community Advisory Body (CAB) report ([Agenda Item E.7.a. CAB Report 1](#)). Items are presented in the same order and numbered in the same format as Table 8 of [Agenda Item E.7., Attachment 4](#).

1. Meeting the At-Sea Whiting Fishery Bycatch Needs

a. Set Aside Management

The GMT sees making widow and canary rockfish set asides as potentially the most expedient option to address bycatch needs for the at-sea whiting fishery. Therefore, **the GMT recommends the proposed alternatives under this item for preliminary analysis.**

b. Increasing the Amounts Available for Harvest

The GMT agrees with the CAB and **recommends the Council consider evaluating changes to current policies that may be overly conservative in the upcoming biennial harvest specifications and management measures process.** For example, whether research set asides should continue to be based on the recent ten year high, or if another level may be more appropriate. **The GMT recommends consideration of changes only in those areas that would not require a Groundfish Fishery Management Plan (FMP) amendment for the upcoming biennial process.**

c. Between Sector Quota Pound Trading

The GMT concurs with the CAB observation that this issue may be complex and require a substantial amount of regulatory work. The Council may wish to focus on other options that are likely to move through the system more expeditiously. **The GMT recommends further consideration of this approach through the 2018 omnibus prioritization.**

d. Changing Within Trawl and Trawl/Non-trawl Allocations

The GMT concurs with the CAB and recommends convening the Groundfish Allocation Committee to discuss any changes to trawl/non-trawl allocations.

e. Carryover of At-sea Set Asides

The Council should consider at-sea set aside carryover when developing the preliminary range of new management measures under Agenda Item E.9 later in this meeting. **The GMT recommends the Council scope the idea of at-sea sector carryover as a sub-alternative under the carryover provision discussed at this meeting under Agenda Item E.5, and consider this proposal under the carryover item when prioritizing management measures under Agenda item E.9 later at this meeting.**

2. Trawl Sablefish Area Management

The GMT recommends including Alternative 2 in the 2019-2020 groundfish harvest specifications and management measure process. The GMT notes that this proposal's analysis should, as routine, examine localized impacts. **The GMT recommends consideration of potential measures to mitigate negative impacts if such analysis demonstrates a need.**

The GMT recommends removing Alternative 3 from consideration, and addressing concerns about gear switching through a subcommittee devoted to that topic, discussed further in Item 5 below.

3. Revising Shoreside IFQ Accumulation Limits to Increase Attainment

With regard to the non-whiting aggregate control rule, the five-year review report provided some examination of the effect on an entity basis. It indicated that there are three entities that are within 90 percent of the aggregate control cap. While it is uncertain how this might change if the aggregate control limit were removed in favor of the de facto species-specific limits, increasing the limit is likely to result in further consolidation of share ownership, as marginal participants may opt to divest holdings to the few larger operatives with holdings currently near existing limits.

[Agenda Item E.7 Attachment 4](#) informs a “one vessel, one owner” view of the fishery; however, the GMT notes that with regard to the aggregate limit, the appropriate level for analysis would be at the quota share holder entity level. For example, a five percent aggregate limit would permit as few as 20 entities to own all non-whiting quota shares.

There was a recommendation in the CAB report that the current limits be further assessed and analyzed using the Herfindahl-Hirschman Index (HHI) and a microeconomic welfare distribution analysis. An application of the HHI index to assess market power was performed for a Northeast multispecies fishery by economic consulting firm Compass Lexicon (CL) while under contract with the Northeast Fishery Management Council. The purpose of the analysis was to determine whether excessive shares and market power existed in the fishery, and the report recommend an ownership cap limit that would prevent exercise of market power in the future. The CL study underwent a Center for Independent Experts (CIE) review to assess the scientific viability of the findings, and the results of the review are summarized in a NOAA Technical Memo [US Dept Commer, Northeast Fish Sci Cent Ref Doc. 16-12](#). The review specifically noted numerous

deficiencies in the analysis that was performed. One of the reviewers summarized the results of the analysis as follows.

“The CL conclusion and ownership cap recommendation has several weaknesses. Overall, the methods used by CL to obtain their results do not meet standards for research in the social sciences.”

The GMT would like to caution that replication of such a study for the IFQ program may not result in an analysis of market power that is scientifically defensible.

4. Meeting Shoreside IFQ Sector Harvest Complex Needs

a. Enhance fleet’s ability to use quota within the trawl allocations

(1) Post-season trading

The GMT encourages the Council to include an end date for any type of post-season trading. Without a proposed end date, there could be a delay in finalizing data for the previous year, and subsequently issuing carryover.

(2) Increase Carryover

Currently, carryover is only issued for species where the $ACL < ABC$, up to ten percent in the shorebased IFQ program. Under Agenda Item E.5. at this meeting, the Council considered carryover at the stock level and recommended that it be considered with all other management measures under Agenda Item E.9 at this meeting. The issuance of carryover in the IFQ program would affect the amount of carryover available at the species level, and leads the GMT to question how carryover would be calculated. Therefore, **the GMT recommends the Council consider this proposal under the carryover item when prioritizing management measures under Agenda item E.9 later at this meeting.**

(3) Increase Quota Issued

If the Council wishes to continue considering this idea, the GMT recommends that more information be made available, including an assessment of the legality of this approach, in November.

(4) Change Management Tools for Some Species

The GMT recommends forwarding both the alternative and the sub option for preliminary analysis.

b. Vessels with Deficits in Excess of Vessel QP Limits (Including Lightning Strike Situations)

(1) Relief from QP Limits

The GMT recommends forwarding this alternative for preliminary analysis.

(2) Area Restriction Alternative

The GMT does not recommend forwarding this alternative due to its large analytical and implementation burden.

5. Gear Switching

The GMT notes the strong stakeholder interest in this topic and lack of concurrence in previous advisory panel reports. If the Council wishes to develop new alternatives for gear switching in the IFQ program, **the GMT recommends it convene a subcommittee, or workgroup, on this topic, separate from a potential modifications package developed around CAB consensus positions.** The GMT requests to have official representation on that body to provide advice and analytical support. The Council may also wish to consider including representation from non-IFQ participants impacted by the gear switching provision.

6. Catcher-Processor Sector Accumulation Limits on Permit Ownership and Harvesting/Processing

During the June 2017 discussion relative to the five-year review, it was noted that unlike motherships and IFQ vessels, no processing or ownership limits were established for the ten CP permits. If the CP co-op were to fail, regulations would convert the sector to an IFQ fishery with holdings pro rata to permit ownership. In its motion in June 2017, the Council identified a potential limit of four CP permits and 45 percent of the allocation ([June 2017 Decision Summary Document](#)). At this time, three companies own the ten permits, with one owning five. That company processes 49.4 percent of the allocation, per annual co-op reports. While there was analysis considered on limits in the development of Amendment 20, the Council may wish to consider establishing limits in the future.

In addition to the data collection requested under “Research and Data Needs” above, **the GMT recommends that if the Council take further action on this alternative that it move forward with other candidate actions through the 2018 omnibus prioritization exercise.** The GMT notes that consideration of the potential for equity issues in the sector in the future may not rise to the priority level of other proposals included in this agenda item.

7. AMP Pass-Thru

The GMT concurs with the CAB and recommends that the Council continue to pass through AMP until an alternative use of the AMP quota pounds is implemented.

Workload

Generally, acknowledging constraints on staff time, **the GMT recommends the Council prioritize straightforward issues most likely to move quickly through analysis and implementation.** Narrowing down the list of potential actions will provide workload relief to analysts, and allow for more targeted feedback to refine alternatives for November.

Given the current schedule for a final preferred alternative on follow-on actions in April 2018, the bulk of the analytical work on a Follow-on Action Package will need to occur over the winter of 2017-2018. This overlaps with the GMT’s work on the 2019-2020 biennial harvest specifications and management measures. During our preliminary discussions for the 2019-2020 harvest specifications, the GMT recognized that some items (Table 1) may be includable as new management measures as part of that process. **The GMT recommends moving these items forward (Table 1) for initial consideration for inclusion with the 2019-2020 Harvest Specifications.**

Of the items not included for consideration as new management measures for the 2019-2020 biennium, the GMT recommends the Council select a limited subset (2-3) of the current proposals for inclusion in an independent follow-on package on the current proposed timeline (Table 1).

Table 1: GMT preferred processes for potential Five-Year Review follow-on actions:

<i>Topic</i>	<i>Attachment 1 Process</i>	<i>GMT Preferred process</i>
<i>1. Meeting the At-Sea Whiting Fishery Bycatch Needs</i>		
a. Set-aside management—making it permanent for all species.	Council policy statement or action for darkblotched and POP, FMP amendment for widow and canary.	Follow-on Action Package
b. Increasing amounts available for harvest	Biennial specifications (Spex)[1]	Biennial Process
c. Between sector quota pound trading	Follow-on Action Package[2]	Move to omnibus
d. Changing within trawl and trawl/non-trawl FMP allocations	Follow-on Action Package	Convene GAC
e. Carryover of at-sea set-asides	General policy: Sept Council Agenda Item E.5 Flexibility in Annual Catch Limit Management Response – Scoping. Specific implementation: Biennial process or follow-on package.	Carry-over package (timing tbd)
<i>2. Trawl Sablefish Area Management</i>		
Eliminate 36 line for trawl	Spex or Follow-on-Action Package (depending on complexity of alternatives)	Move Alternative 2 to biennial process
<i>3. Revising Shoreside IFQ Accumulation Limits (Control and Vessel Limits)</i>		
a. Aggregate nonwhiting control limits	Follow-on Action Package	Follow-on Action Package
b. Individual species limits	Follow-on Action Package or Biennial Process (for some species)	Biennial Process
c. Daily QP limit	Follow-on Action Package or Biennial Process	Biennial Process
d. Weightings used to calculate aggregate limit	Follow-on Action Package	Follow-on Action Package
<i>4. Meeting Shoreside IFQ Sector Harvest Complex Needs by Addressing Constraining Species</i>		
a. Enhance fleet’s ability to use quota within the trawl allocation		
(1) Post season trading	Follow-on Action Package	Follow-on Action Package

<i>Topic</i>	<i>Attachment 1 Process</i>	<i>GMT Preferred process</i>
(2) Increase carryover	Follow-on Action Package or Biennial Process (depending on alternatives)	Carry-over package (timing tbd)
(3) Increase quota issued	Follow-on Action Package	Follow-on Action Package
(4) Raise annual vessel QP limits	Follow-on Action Package	Follow-on Action Package
(5) Set-aside management for some species	Follow-on Action Package	Follow-on Action Package
b. Vessels with deficits in excess of vessel QP limits (including lightning strike situations)		
(1) Relief from QP limits for lightning strikes	Follow-on Action Package or Biennial Process	Follow-on Action Package
(2) Area restrictions for lightning strikes	Follow-on Action Package	Remove from further consideration
5. Gear Switching	Biennial specifications	
a. Establish a control date	Announce in Federal Register	Convene subcommittee
b. Establish a subcommittee	Council Process	
c. Limit gear switching (possibly ensure that some amount of sablefish will be available only for trawl gear)	Follow-on Action Package	
6. Catcher-Processor Sector Accumulation Limits on Permit Ownership and Harvesting/Processing		
a. Establish a control date	June 13, 2017 recommended by Council	Move to omnibus
b. Cap number of permits that can be owned	Follow-on Action Package	
c. Cap amount that an entity may process	Follow-on Action Package	
7. AMP		
a. Decide on continuation of pass-through	Follow-on Action Package	Continue pass-through in biennial process, other resolution may require inclusion in separate package
[1] One of the approaches mentioned for increasing available harvest would be to change the P* policy. This would require an FMP amendment.		
[2] A regulatory or FMP amendment.		

The GMT believes that other recommendations from the Groundfish Advisory Subpanel (GAP) and CAB around intersector allocations may be better taken up by the Council in alignment with the 2018 omnibus prioritization process. **For items which are likely to utilize substantial**

resources with more lengthy discussion, analysis, and implementation requirements, the GMT recommends that the Council consider delaying action until September 2018, in conjunction with a delayed omnibus prioritization process (as recommended [Agenda Item E.7.a., Supplemental WDFW Report 1](#)).

Recommendations

The GMT recommends the following, (where applicable coincide with the same headers and numbering format in this report and the CAB report).

Table 2: Summary of Recommendations

<i>Sub-topic</i>	<i>The GMT Recommends:</i>
<i>Research and Data Needs</i>	
	<ul style="list-style-type: none"> • adding an ownership information data collection to the catcher-processor permit annual renewal application • consideration of the Research and Data Needs chapter as part of the November 2017 agenda item, with items identified as priorities through that review added to omnibus in 2018 for further development
<i>1.Meeting the At-Sea Whiting Fishery Bycatch Needs</i>	
a. Set-aside management—making it permanent for all species.	The proposed alternatives under this item for preliminary analysis
b. Increasing amounts available for harvest	Consider evaluating any changes (where no FMP amendment is needed) to current policies that may be overly conservative in the upcoming biennial harvest specifications and management measures process
c. Between sector quota pound trading	Further consideration of this approach through the 2018 omnibus prioritization
d. Changing within trawl and trawl/nontrawl FMP allocations	Convene the GAC to address any changes to trawl/non-trawl allocations
e. Carryover of at-sea set-asides	Scope the idea of at-sea sector carryover as a sub-alternative under the carryover provision discussed at this meeting under Agenda Item E.5, and consider this proposal under the carryover item when prioritizing management measures under Agenda item E.9 later at this meeting
<i>2. Trawl Sablefish Area Management</i>	
Eliminate 36 line for trawl	<ul style="list-style-type: none"> • Include Alternative 2 to biennial process in the 2019-2020 harvest specification process • Consideration of potential measures to mitigate negative impacts if analysis demonstrates a need • Remove Alternative 3 from further consideration; address concerns about gear switching through a sub committee
<i>3. Revising Shoreside IFQ Accumulation Limits (Control and Vessel Limits)</i>	

<i>Sub-topic</i>	<i>The GMT Recommends:</i>
a. Aggregate nonwhiting control limits	N/A
b. Individual species limits	
c. Daily QP limit	
d. Weightings used to calculate aggregate limit	
<i>4. Meeting Shoreside IFQ Sector Harvest Complex Needs by Addressing Constraining Species</i>	
a. Enhance fleet's ability to use quota within the trawl allocation	
(1) Post season trading	N/A
(2) Increase carryover	The GMT recommends the Council consider this proposal under the carryover item when prioritizing management measures under Agenda item E.9 later at this meeting
(3) Increase quota issued	If the Council wishes to continue considering this idea, more information should be made available, including an assessment of the legality of this approach, in November
(4) Change management tools for some species	Forward both the alternative and the sub option for preliminary analysis
b. Vessels with deficits in excess of vessel QP limits (including lightning strike situations)	
(1) Relief from QP limits for lightning strikes	Forward for preliminary analysis.
(2) Area restrictions for lightning strikes	Does not recommend forwarding this alternative due to its large analytical and implementation burden
<i>5. Gear Switching</i>	
a. Establish a control date	If the Council wishes to develop new alternatives, convene a subcommittee or workgroup, on this topic separate from A potential modifications package developed around CAB consensus positions
b. Establish a subcommittee	
c. Limit gear switching (possibly ensure that some amount of sablefish will be available only for trawl gear)	
<i>6. Catcher-Processor Sector Accumulation Limits on Permit Ownership and Harvesting/Processing</i>	
a. Establish a control date	If the Council takes further action on this alternative, move it forward with other candidate actions through the omnibus prioritization process
b. Cap number of permits that can be owned	

<i>Sub-topic</i>	<i>The GMT Recommends:</i>
c. Cap amount that an entity may process	
7. AMP	
a. Decide on continuation of pass-through	Continue the pass through
Workload Considerations	
<ul style="list-style-type: none"> • Prioritize straight forward issues that are likely to be implemented most quickly • Scope those items identified in Table 1 for inclusions in the 2019-2020 harvest specifications • Of the items not included for consideration as new management measures for the 2019-2020 biennium, a subset of the potential identified in Table 1 could be considered for inclusion in an independent follow on package • For items which are likely to utilize substantial resources with more lengthy discussion, analysis, and implementation requirements, consider delaying action until September 2018, in conjunction with a delayed omnibus prioritization process 	

N/A = no GMT recommendation