

SCIENTIFIC AND STATISTICAL COMMITTEE REPORT ON
AMENDMENT 10

Dr. Kevin Hill of the Coastal Pelagics Species Management Team (CPSMT) presented an overview of the proposed Amendment 10 to the CPS fishery management plan (FMP). The draft amendment addresses two separate issues in the FMP: (1) establishing a capacity goal and permit transferability provisions for the limited entry fleet, and (2) establishing a maximum sustainable yield (MSY) proxy for market squid.

The Scientific and Statistical Committee (SSC) has the following comments regarding the draft amendment:

CPS Limited Entry

The draft amendment identifies four capacity goal options (options A1-A4), three permit transfer options (options B1-B3), five options for adjusting permit transferability to maintain the capacity goal (options C1-C5) and four options for issuing new limited entry permits (options D1-D4). The draft amendment combines a selected number of these options into two packages: (1) alternative 1, consisting of options A4, B1, C4 and D4 and designated the "status quo" or "no action" alternative, and (2) alternative 2, consisting of options A1, B3, C4 and D2 and designated the "proposed" action. Alternative 2 is apparently a composite of prior Council and CPSMT decisions on preferred options. As currently written, the narrative in the draft amendment is difficult to follow, as it requires the reader to move back and forth between alternatives and potential options. However, as explained in Exhibit H.2 (Situation Summary), the Council and the public have greater flexibility in packaging the various options than the two alternatives presented in the draft amendment. To improve clarity and to facilitate the ability of the Council and the public to consider alternative ways of combining management options, the SSC suggests that the narrative first lay out all options and describe which options can feasibly be combined into management alternatives before getting into any detailed analysis of options and alternatives.

The draft amendment should clarify whether the proposed options for issuing new limited entry permits (options D1-D4) pertain to the issuance of temporary or permanent permits. The SSC notes that, if the size of the limited entry fleet falls below the capacity goal, issuance of new permanent permits may be a plausible way to increase fleet size until the capacity goal is reached. However, if the point of issuing new permits is to increase capacity above the goal (for instance, to allow greater access to harvest under unusually high stock abundance conditions), the SSC strongly recommends that any such permits be temporary, as the issuance of additional permanent permits under such circumstances would compromise the purpose of having a capacity goal.

The analysis of limited entry options and alternatives focuses largely on effects on producer surplus, consumer surplus and fishing community economic activity. These effects are largely asserted rather than demonstrated with empirical information. The assertions regarding effects on producer surplus and fishing communities are plausible in terms of their consistency with economic theory. (For instance, theory generally supports the notion that increases in efficiency associated with capacity management have positive effects on producer surplus and potentially negative effects on fishing communities.) However, the assertions made regarding effects on consumer surplus cannot be supported by merely appealing to consistency with theory. The size and direction of changes in consumer surplus depend on a number of factors, such as the extent to which the economic benefits associated with more efficient capacity management are passed on to consumers, whether the flexibility provided by permit transferability necessarily results in higher quality fishery products, and whether the markets for CPS products are domestic or foreign. The confounding nature of such factors makes it difficult to definitively evaluate the effects of the various options and alternatives on consumer surplus. The SSC recommends that all assertions regarding consumer surplus effects be either substantiated with empirical evidence or deleted from the draft amendment.

Squid MSY

The proposed egg escapement (EE) approach (alternative 4) establishes a practical and informative annual monitoring scheme for the current market squid fishery and appears to be a workable solution to addressing the MSY deficiency in the current plan. The credibility of the EE approach depends critically on existing information regarding population productivity, growth and maturation of the stock within the current range of the fishery and on the assumption that the fishery targets the spawning population only. If the fishery expands to new areas or begins to target squid before they spawn, more active management of the squid resource will likely be warranted (e.g., inseason catch or effort control).

The EE method is described in the draft amendment as “risk averse” (p. 9). The SSC notes that it is premature to characterize the EE method in this manner. Market squid is currently a monitored-only species in the CPS FMP and the EE approach is intended to serve as an effective monitoring technique. Whether this approach is actually risk averse cannot be known without applying and further evaluating the approach. Concurrent with using the EE method, the SSC therefore supports continuation of the State of California’s weekend fishery closure and establishment of an annual cap on landings. The SSC reiterates its November 2001 recommendation regarding the need to periodically review the egg escapement approach and supports the idea of convening another Stock Assessment Review Panel in 2004.

PFMC
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