

STATUS REPORT
WEST COAST TRAWL INDIVIDUAL QUOTA PROGRAM
MARCH 1, 2004

November 2003

At its November meeting the Council heard testimony that individual quotas (IQs) have been identified as a management tool that could potentially do more than any other management tool to permanently resolve various problems in the trawl fishery, including bycatch and other conservation concerns, safety, and industry economic viability. The Council concurred and acted to:

- Recommend November 6, 2003 be published as a control date for fishing and processing individual quota programs (Exhibit E.1.a, Control Date Letter).
- Identify that additional resources would be required for consideration of a trawl IQ program.
- Task the staff with preparing a detailed draft plan for IQ program development, identifying the necessary budget, and pursue funding options.

November/December 2003

Plan and Budget: An IQ program would be a major action requiring major adjustments in a number of aspects of the current fishery management system. The development of the program will involve many separate tasks, the responsibility for which would be handled by nine different groups. The groups working on the project, their main roles, and a potential meeting schedule (assuming a fast track process) are provided in Table 1. Assuming full funding, the fast track process of considering and, if appropriate, implementing an IQ program will take at least three years from the time the Council begins consideration of IQs until they are approved and implemented in the fishery. The Council tasks pertaining to development of the IQ alternatives would require about two years (about one year to develop the IQ alternatives and fundamental analysis and about one year for formal analysis, public review, and final Council decision making). During the two-year period, the need for trawl/nontrawl allocations would be scoped. The NMFS approval and implementation phase would be expected to take an additional year, during which time the Council would wrap up any trawl/nontrawl allocation actions necessary to support the IQ program for trawl catch.

The proposed process has been separated into four program development and implementation phases, the duration of which will depend on funding and available agency staff. The total budget for the project is \$2.1 million, not including in-kind contributions of federal and state agency staffing associated with the efforts of groups A, B, D, E, G, H, and I on Table 1. Total funding needed, by category, is:

- Committee Travel and Meeting Rooms \$174K
- Project Coordination and Committee Support \$604K
- Analytical Support \$1,352K
- Miscellaneous (Consultant Travel and Document Production) \$15K
- Total \$2,145K

The table below summarizes tasks, schedule, and budget by each of the four phases. Availability of state agency staff will be particularly critical with respect to design and implementation of a tracking and monitoring system and enforcement plan.

	Phase I	Phase II	Phase III	Phase IV
TIQ Program Development	Develop TIQ Alternatives	Amendment Package Drafted, Public Review, and Council Decision	NMFS Decision and Implementation	Implementation
Intersector Allocation	Determine Breadth of Intersector Allocations to be Addressed	Develop Intersector Allocation Alternatives	Amendment Package Drafted, Public Review, and Council Decision	NMFS Decision and Implementation
Fast Track Schedule	Nov '03 thru Oct '04	Nov '04 thru Jul '05	Aug '05 thru Apr '06	May '06 thru Dec '06
Committee Meetings	\$133K	\$41K	-	-
Project Coordination and Committee Support	\$258K	\$252K	\$90K	\$4K
Analytical Support	\$327K	\$556K	\$469K	-
Misc	\$5k	\$5K	\$5K	-
Total	\$723K	\$854K	\$564K	\$4K
Amount Secured	\$305K Plus Some NMFS Staffing			

It is important to note that partial funding, or delays in funding, will extend the time over which the IQ program is developed.

January/February 2004

- NMFS published a control date for individual fishing quotas, but not individual processor quotas.
- Three funding commitments were received totaling \$305K (\$250K from NMFS, \$50K from the Bandon fishing industry cable committee, and \$5K from Environmental Defense to begin the process).
- NMFS also committed in-kind staffing for a portion of the analytical work group and travel costs for this staffing.
- Industry and nongovernment organizations continued to pursue additional funding from Congress.
- Two NMFS/Council staff work group sessions were convened to begin preliminary scoping of the analytical tasks.
- NMFS Northwest Region convened a work session with the staff of the Alaska Region Restricted Access Management Program to begin identifying tracking and monitoring and enforcement issues associated with IQ programs (attended by Council staff).
- A meeting of the Ad Hoc Groundfish Trawl IQ Committee (TIQC) has been scheduled for March 18 and 19, 2004 to continue initial scoping of IQ alternatives.

- Planning is underway to:
 - ▶ Schedule a meeting of the oversight group and coordination team.
 - ▶ Appoint enforcement, tracking, and monitoring team(s) to design implementation options.
 - ▶ Formalize an analytical team as a Council body.
 - ▶ Contract for needed supplemental analytical support.
 - ▶ Review inter-sector allocation issues at the next Ad Hoc Allocation Committee meeting.
 - ▶ Publish a notice of intent to prepare an environmental impact statement and schedule scoping sessions.
 - ▶ Convene a May 2004 meeting of the analytical team to scope out the analysis, including attendance by university economists willing to donate their time.

PFMC
03/03/04

TABLE 1. Tasks for development of trawl IQ program and related sector allocations, December 4, 2003. (Page 1 of 2)

A.	B.	C.	D.	E.	F.	G.	H.	I.
	Oversight Group	Committee Support and Coordination	NOAA Fisheries and GC Staff	Ad Hoc TIQ Committee	IQ Analytical Team	Data Tracking and Monitoring Team	Enforcement Team	Allocation Committee
Overview of roles:	<p>Scoping Coordination Team</p> <p>Develop and Coordinate Process. Review Work Products.</p>	<p>Coordinate and Act as a Liaison Between All Groups Including Council, Staff Committees, Write and Distribute Reports, Draft IQ Programs and Alternatives. Council Presentations.</p>	<p>NOAA Fisheries and GC Staff</p> <p>Draft FR Notices and Legal Documents. Provide expertise and review documents.</p>	<p>Ad Hoc TIQ Committee</p> <p>Develop IQ Programs and Alternatives</p>	<p>IQ Analytical Team</p> <p>Draft Analytical Documents in Support of TIQC, Allocation Committee and EIS.</p>	<p>Data Tracking and Monitoring Team</p> <p>Develop Tracking and Monitoring System Alternatives. Identify Costs and Implementation Issues. Provide Information to TIQC and Analytical Team.</p>	<p>Enforcement Team</p> <p>Develop Enforcement Plan Alternatives. Identify Costs and Implementation Issues. Provide Information to TIQC and Analytical Team.</p>	<p>Allocation Committee</p> <p>Develop Inter-sector Alternatives</p>
<p>Summary of Main Roles</p>								
2004 meetings	2 (Winter, Early-Winter)	<p>Possible Meeting Schedule (FAST TRACK)</p> <p>5 (Winter, Spring, Summer, Fall, Early-Winter)</p> <p>4 (Winter, Spring, Summer, Early-Winter)</p> <p>4 (Winter, Spring, Fall, Early-Winter)</p> <p>3 (Winter, Spring, Summer)</p>						
2005 meetings (All meetings after Summer 2005 would be post-Council process, assuming a final Council decision in June 2005 and submission of FEIS that summer)	1 (Winter)	<p>2 (Winter, Spring)</p> <p>3 (Winter, Spring, Summer)</p> <p>2 (Summer, Fall)</p> <p>1 (Summer)</p> <p>1 (Spring)</p>						
2006 meetings	<p>3-4 (Winter, Spring, Summer, Fall)</p> <p>1 (Spring)</p>							

Sandra Krouse

Supplemental Informational Report 4
Part 2, Hogarth and McIsaac Letters on Fishery Rationalization
March 2004



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL MARINE FISHERIES SERVICE
1315 East-West Highway
Silver Spring, Maryland 20910
THE DIRECTOR

DEC 16 2003

RECEIVED

DEC 24 2003

PFMC

Donald O. McIsaac, Ph.D.
Executive Director
Pacific Fishery Management Council
7700 NE Ambassador Place
Portland, Oregon 97220-1384

Dear Dr. ~~McIsaac~~ ^{Don}:

Thank you for your letter regarding the views of the Department of Justice (DOJ) on fishing rationalization programs.

The key issue is the participation of processors in individual fishing quota (IFQ) programs, and this participation could assume two forms. First, is ownership by processors of harvest quotas in IFQ programs, and, second, as proposed recently by the North Pacific Fishery Management Council in its Alaska crab rationalization plan, is ownership by processors of processing quotas. Put simply, harvest quotas confer an allocation to fish, and processing quotas an allocation to buy fish. DOJ has expressed concerns about the second type: the allocation of processing quotas to processors. To put this issue in a broader context, I will explain our views on both harvesting and processing quotas.

With respect to ownership by processors of harvest quotas in IFQ programs, the Administration's proposal for revisions to the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act), which was transmitted to Congress in June 2003, would allow processors to participate in IFQ programs. Specifically, the Administration bill permits IFQ to be held by or issued to "other persons as specified by the Council," providing the Regional Fishery Management Councils (Councils) with an opportunity to consider allocation of IFQs to processors. Additionally, there is a requirement in the Administration's bill for new IFQ programs to utilize procedures to ensure fair and equitable initial allocations, including the consideration of employment in the processing sector. Because of the socioeconomic impacts of allocating fishing quotas under any IFQ program, the National Oceanic and Atmospheric Administration believes that it is important for the Councils to make decisions regarding processors' participation in IFQ programs on a fishery-by-fishery basis.

In regards to the ownership by processors of processing quotas, the Administration has concerns regarding the allocation of processing quotas within fisheries due to the potential impacts on

competition in the processing sector. The Magnuson-Stevens Act delegates authority to develop fishery management plans to the Councils, subject to review and approval by the Secretary of Commerce. On-shore processor quota systems are not currently authorized under the Magnuson-Stevens Act. Fishery management plans are required to consider socioeconomic impacts, including those in the processing sector. However, processing quotas are not the only mechanism for addressing impacts on processors, and we believe there may be other, more appropriate and effective ways to facilitate economic adjustments by shore-side processors to IFQ programs.

I have asked the National Marine Fisheries Service's Northwest Region to work closely with the Pacific Fishery Management Council during the development of an individual quota-based program for the groundfish trawl fishery. The Northwest Region will need additional details about the program under development before they can advise you on how the DOJ concerns might affect it.

I appreciate your interest in this important topic.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bill", written in dark ink.

William T. Hogarth, Ph.D.
Assistant Administrator
for Fisheries

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October 6, 2003

Dr. William T. Hogarth
Assistant Administrator for Fisheries
National Marine Fisheries Service
1315 East-West Highway
Silver Spring, MD 20910

Dear Dr. Hogarth:

At our September 2003 meeting, the Pacific Fishery Management Council (Council) discussed a recent letter from the U.S. Department of Justice (DOJ) to the North Pacific Fishery Management Council and National Marine Fisheries Service (NMFS). The Council recognizes the focus of this letter is the crab fishery rationalization program under development in the North Pacific. However, the Council believes the DOJ conclusions expressed in the letter could have implications for quota programs developed by other regional councils. Thus, the Council directed staff to request NMFS provide information about how the DOJ conclusions could affect the work of the Pacific Council.

As you are aware, the Council initiated work on development of a individual quota-based program for our groundfish trawl fishery at our recent meeting. Hence, a timely response to this request would be very helpful to the committee doing this work and to the Council when we consider their initial recommendations at the November 2003 Council meeting.

Thank you in advance for your assistance on this matter. If you have questions or need additional information, please don't hesitate to contact me.

Sincerely



D. O. McIsaac, Ph.D.
Executive Director

DAW:dsh

c: Council Members
Dr. John Coon
Council Staff Officers