

**Environmental Defense Testimony
On
Trawl Individual Quota Program Development**

Eighteen months ago, the Council took an historic step toward reforming groundfish management by initiating development of Individual Quota program options for the trawl groundfish fishery. Your unanimous vote to implement your Strategic Plan (2000) to manage fishing capacity showed a commitment to moving to a more sustainable and productive management regime that fundamentally changes incentives to the benefit of the resource as well as of the fishing industry.

Since that time, you have completed the EIS public scoping process. Council staff, NMFS staff, and other experts have provided the Trawl Individual Quota Committee (TIQC) with background information on how various design issues have been dealt with in other multi-species programs around the world, as well as providing some preliminary analysis. Using their collective understanding of the dynamics of the trawl groundfish fishery, the TIQC members engaged in productive deliberations, bringing to bear this information and public comments. The result is an excellent range of alternatives for your consideration. The Enforcement Committee and an Independent Experts Panel have also applied their expertise to the information now before you.

We urge you to adopt the unanimous recommendation of the TIQC committee and move the recommended range of alternatives forward for further analysis.

Empirical evidence from around the world, including from multi-species groundfish fisheries, supports our belief that a well-designed IFQ program is a critical component of an effective management strategy. With appropriate sideboards, IFQs can help address environmental concerns including bycatch reduction and provide for a sustainable and economically viable fishery that supports healthy coastal communities.

We believe that the range of alternatives developed by the TIQC, when analyzed, will provide the Council with the information needed to evaluate the trade-offs between alternative program designs in terms of addressing the biological economic and social objectives of the plan. With this information the Council will then be able to choose a preferred alternative and send the completed package out for public review.

We'd like to highlight a few issues and related design issues that we believe are particularly important:

Species Groups and Management Tools (TIQC Decision Table A)

Our preference is to allocate IFQ for all OY species, including incidentally caught species. Sectoral bycatch caps should be established for incidentally caught species, including rebuilding rockfish species and prohibited species. Our preference is for

transferable individual incidental species IFQs and prohibited species IBQs (e.g., for halibut), as we believe this will maximize individual accountability. However, we recognize that at very low OYs, pooled management may be preferable. Both should be evaluated to determine the best method to maximize flexibility and minimize bycatch and discards.

Area Allocation of OY/ IFQs (TIQC Decision Table B)

IFQs should be stock-based, not necessarily coastwide. During the analysis phase of the EIS, a group of stock assessment scientists, managers, and fishermen with local knowledge should be convened to evaluate whether or not sub-stock based area management will improve stock assessments, sustainability and overall yield. Serious consideration should be given to area allocation on a smaller than INPFC area basis using area distributions that are consistent with catch history, survey data and habitat. **We recommend that the Council approve Process Option 2.**

Methods to monitor for localized depletion on a on-going basis using fishery independent and dependent data sources should be developed. Should localized depletion occur, there should be a procedure to adjust area-specific IFQs or take other remedial action.

IFQ Program Design Alternatives (TIQC Option Table C-1)

Initial Allocation

We do not have a complete preferred initial allocation option at this time but believe that initial allocation must ultimately be perceived as equitable. Further, analysis should assess whether allocation rules maintain the flexibility in the harvesting and delivery of fish that is at the heart of a catch share system and must not result in anti-competitive effects.

We believe that the range of alternatives developed by the TIQC, combined with the Community Stability Hold-back, recognizes contribution to, and dependence upon, the fishery of harvesters, processors and coastal communities and should be analyzed to assess the trade-offs between varying options.

Community Provisions

The Magnuson-Stevens Act requires that any IFQ program (or other management regime) take into account the importance of fisheries to coastal communities to provide for their continued participation and minimize adverse impacts.

We support analysis of the “Community Hold-back” option that has been proposed by the coastal community representative on the TIQC. We suggest that a group including coastal community representatives and others be convened to further develop appropriate criteria for ranking proposals and refine the operational aspects of this provision.

Transfer and Use Rules

We believe that relatively unrestricted transferability, subject to accumulation limits, is an essential component of a multi-species IFQ program, necessary to achieve the efficiency objectives and to facilitate a reduction in discards.

In order to provide flexibility and improve the ability to match quota holdings to an individual's mix of catch, as well as facilitate crew and others to invest incrementally in the fishery, we support highly divisible quota shares, and quota pounds divisible to the pound.

Program Monitoring and Administration

Tracking IFQ, Monitoring Landings and Enforcement: An effective tracking, monitoring, and enforcement program, coupled with strong sanctions for violations is an essential component of an effective IFQ program. As discussed before, we believe that unless a video-monitoring system with full retention can be shown to be sufficient for at-sea monitoring, 100% observer coverage will be needed. In addition, shore-side monitoring, and an effective electronic landings and IFQ tracking system will be needed.

Cost Recovery: We support the recovery of the incremental costs of administering, monitoring and enforcing the program, at a minimum, from share holders. As the IFQ program matures and revenues increase, we recommend that even more costs are recovered in return for the allocation of these valuable privileges to profit from the public trust.

Program Review

A mandatory program review is essential to the IFQ program. We support monitoring discard mortality annually as discussed at the last Committee meeting. Measurable performance indicators should be developed for each objective and guiding principle-related criteria. Actions should also be identified which may be taken if specific performance criteria are not met.

Summary

Many conservation, social, and economic benefits will flow from the IFQ program that you ultimately adopt. However, completely unconstrained market forces can result in undesirable levels of consolidation and dislocation. Much has been learned in recent years about how to engineer IFQ systems to ease the transition from open or limited access to IFQs. While caps on consolidation, area allocations, holdbacks for communities, and other measures intended to soften impacts may result in some loss of economic efficiency, IFQ systems are robust enough to generate substantial benefits even with these constraints. We believe that full analysis of the range of options that have been recommended will enable the Council to ultimately implement an IFQ program that

effectively balances among conservation, economic, and social objectives for the greatest benefit to the resource, the fishing industry, the region and the nation as a whole.

June 7, 2005

Dr. Donald McIsaac
Executive Director
Pacific Fishery Management Council
7700 NE Ambassador Place, Suite 200
Portland, Oregon 97220

Re: Agenda Item C-5

Dear Dr. McIsaac and PFMC members,

The purpose of this letter is to encourage the council to continue its work on developing and analyzing a trawl groundfish IFQ program.

We are the operators of the fishing vessel Muir Milach, with which we entered the whiting fishery in 1979. We currently deliver whiting to a processor in Illwaco Washington. Along with many other participants in the whiting fishery, we believe that a rationalized fishery would offer the tools to address bycatch issues which threaten our ability to harvest the whiting TAC.

We appreciate the work that has been done by the Council's TIQC committee. The most recent meeting was productive and resulted in more focused alternatives for the management of whiting and other trawl groundfish.

It is important that the Council continue on its path to analyze the impacts of the various approaches to structuring a rationalization program. It is particularly important to do so in a forum governed by the National Standards of the Magnuson-Stevens Act, where all stakeholders have the opportunity to participate in an open and transparent process.

We have lobbied our congressional representatives and the NMFS to make funds available for the Council to continue its analytical work. When I last spoke to Dr. Hogarth about the need to fund the Council's analysis, he assured me that the agency was committed to supporting the Council's work on this.

However, we are concerned that the uncertainty about the Council's commitment and ability to continue this process has lent an air of legitimacy to attempts by some to bypass the Council process and go directly to Congress with draft legislation for the whiting fishery.

We believe that the Council should retain the lead role in this process. If the Council analysis ultimately results in recommendations that require Congressional action, at least the development of those recommendations will have occurred in a forum where all stakeholders have access to the process and opportunity for input.

When programs are developed in secrecy and taken to Washington DC, those with full time lobbyists have a far greater role in determining the outcome. If we are truly concerned with impacts on trawl groundfish vessel owners, skippers and crew, as well as impacts on processors, communities and those involved in non-trawl fisheries, the Council is the best available arena for all impacted stakeholders to participate.

Failure of the Council to maintain its leadership role in this issue will place it in the position of implementing Congressional mandates that will detract from other Council priorities. It will lend support to the notion that Regional Councils are not the appropriate way to manage fisheries, but rather that fisheries management should be centralized in Washington DC.

We have recently heard it said that the only way to move forward to rationalize whiting fisheries is to “align yourself with raw political power.” While that may be the fastest way, we believe it is neither the only way, nor the best and fairest way.

Please stay the course, and send a clear message to Congress that this Council is not abdicating its role as the body charged under the Sustainable Fisheries Act with developing management programs for fisheries under its jurisdiction.

On behalf of my partners, and our skipper and crew, we thank you for considering our comments.

dave fraser

A handwritten signature in black ink, appearing to read 'Dave Fraser', with a stylized, overlapping loop structure.

FV Muir Milach
P. O. Box 771
Port Townsend, WA 98368

Text for presentation to Pacific Fisheries Management Council, June 16 2005.

Management benefits of moving to dedicated access.

Ray Hilborn
School of Aquatic and Fishery Sciences
University of Washington

Introduction

I am here to make a presentation on behalf of WWF to describe the benefits of dedicated access mechanisms such as ITQs for fisheries management. I base this testimony on 30 years of experience in working in commercial, recreational, subsistence and aboriginal fisheries, primarily in the U.S., Canada, New Zealand and Australia. I have worked in many fisheries that use ITQs or other forms of dedicated access including the Canadian sablefish fishery, the Canadian groundfish trawl fishery, most New Zealand fisheries, and a number of fisheries in Australia. I served on the scientific advisory board of the Presidents Commission on Ocean Policy, on the Ocean Studies Board of the National Research Council. I chaired the NRC panel on Cooperative Research with the National Marine Fisheries Service, and served on panels on Stock Assessment Methods, and New England Groundfish.

This experience has provided me with a number of illustrations of how dedicated access provides improvements in fisheries management.

The Potential of Fisheries

Fisheries should be a source of enormous wealth to nations, Iceland maintains one of the highest standards of living in the world with fishing and fish products dominating its economy. They have done so by concentrating on making their fisheries profitable by using dedicated access ... largely ITQs. The Falkland Islands fisheries authority returns \$100,000 per person from access fees charged to foreign fleets. When managed well fisheries should provide jobs and income for families, and revenue for national economies. As you well know this is not the case in most U.S. fisheries, where jobs and income for families are declining, and the government subsidizes fisheries by paying for almost all data collection, research and management costs.

The key to making fisheries profitable and sustainable is to remove the incentives for more and bigger boats, and instead to provide incentives to increase recovery rates, product quality and sustainability of the resource. The economic success of the coops for Pacific hake and Bering sea pollock, and the ITQ fisheries for groundfish, halibut and sablefish in Canada and for black cod and halibut in Alaska are evident to everyone.

In these forms of “dedicated access” fishermen make more money by striving to reduce costs and improve quality, rather than catching the fish before someone else. I believe it is now almost universally accepted that limiting the “race-to-fish” is the key to economic viability of fisheries, the debate comes over what form of dedicated access to use, and who should enjoy the economic benefits of dedicated access.

However, this is well known to most of you and today I want to emphasize the management and conservation benefits of dedicated access. In my experience there are five obvious benefits.

More overlap between environmental protection and economics of the industry

Economists have long recognized that profit is maximized by fishing at lower effort and subsequent higher average stock biomass than when fishing to maximize total yield. At lower fishing mortality rates the CPUE is higher, the costs of fishing are lower and the price is higher. As it happens lower fishing mortality and higher average stock size are also characteristics that are generally thought to be better for sustainability and minimizing impacts on ecosystems. Moving to dedicated access provides incentives for commercial fishing industries to fish less and reduce pressure on ecosystems

Funding of research by the fishing industry

When fisheries are profitable the fishing industry often pays for the management costs, either by legislation or voluntarily. In Australia and New Zealand almost all management expenses are paid out of annual license fees. Chile and Iceland also recover most management costs. These include research, management, monitoring and enforcement. A major benefit is that in these systems fisheries managers are able to determine what research needs to be done, rather than being at the mercy of the political process and Congressional line items.

Even when research funding is not mandated, it is very frequently volunteered. In western Canada the sablefish, groundfish and herring fisheries all provide very significant funding, about \$10 million per year (compared to about \$4 million per year spent by Government). Why do they do this – because it is in their financial interest to do so.

Active participation of fishermen in collecting data and increasing knowledge

When fishermen have a large financial stake in the sustainability of the resource through their asset values in ITQ systems, there are great incentives to assure sustainability by better data collection and cooperation with the scientific process. The Canadian Sablefish Association operates an annual survey and tagging program, paying for Government staff to participate and evaluate the results.

In New Zealand the lobster fishermen operate an intensive monitoring system for catch rates and length frequency that is the backbone of the stock assessment and management for their resource. The New Zealand hoki fishing fleet has a catch sampling program for size and age in every tow operated by crewmen, with industry paid scientists conducting the training sessions and collating the data.

Reduced discarding

In a recent Ph.D. and paper in Marine Policy, Trevor Branch examined the changes in behavior in the B.C. groundfish fishery after ITQ's were introduced. He found that there is no significant discarding of commercially valuable species and discarding overall is very low. In comparison to the U.S. west coast groundfish fleet discard rates are much less.

“In the B.C. fishery, discards were reduced to low levels by implementing near-100% observer coverage, and deducting the assumed mortality of marketable discards from catch limits. The introduction of ITQs (while continuing full observer coverage) further reduced both total discards and marketable discards for most species, contrary to some previous studies which have suggested that ITQs would tend to increase discards.”

Reduced total area fished – more flexibility with respect to environmental objectives

Groundfish fishermen in Canada, working under ITQs do almost all of their fishing in a few fishing locations. They know how many fish of each species they have to capture and they know, from experience where to get them. They plan their annual fishing pattern to fish specific spots when and where they know they will get the right mix of species, and they can test each site with a short tow to make sure the catch mix is correct. The result of this predictability is that they fish very few places. The average fishermen does almost all his fishing in a few dozen defined tows.

The net result of this is that only a small fraction of the bottom is fished, the best estimates are 5-10% of the total bottom is trawled each year, and it is the same 5-10% each year. This means that 90% of the bottom is untouched by trawl gear.

This provides considerable opportunity for environmental protection in the sighting of no-trawl areas, MPA's or other forms of management. The orderly and predictable nature of a fishery with dedicated access allows the fleet more ability to accommodate social concerns about ecosystem protection.

Summary

Most of the discussion of ITQs and other forms of dedicated access have concentrated on economic benefits and benefits. In addition there are considerable benefits to fisheries managers and those interested in environmental protection. Moving to a new fishery management system is always difficult and painful, but based on my experience in a

range of other fisheries the benefits are great. The process should be thought of as an investment. By investing the time now to restructure the fishery the payoffs will continue to happen over all of the future.