

TRAWL INDIVIDUAL QUOTA COMMITTEE (TIQC) REPORT ON TRAWL RATIONALIZATION

The TIQC met February 20-22, 2007, reviewed proposed changes to the goals and objectives, the Groundfish Allocation Committee (GAC) report (Agenda Item E.4.b), and the Groundfish Management Team (GMT) report (Agenda Item E.4.d). The TIQC has the following comments and recommendations on these attachments along with some independent recommendations provided at the end of this report. The TIQC reviewed the language in the Magnuson-Stevens Fishery Conservation and Management Act that requires the Council to deliver to Congress a proposal to rationalize the trawl groundfish whiting fisheries within 24 months. Meeting that deadline was part of the debate when discussing specific components.

Goals and Objectives

The TIQC review offers the following recommendations with respect to the proposed modifications to the goals and objectives.

Goal. Adopt the modified goal, with the following change:

“Create and implement a capacity rationalization plan that increases net economic benefits, creates individual economic stability, provides for full utilization of ~~healthy stocks~~ the trawl sector allocation, and achieves individual accountability of catch and bycatch.”

Objective 3. Do not delete “discard mortality” from the objective. The objective should be revised to read:

~~Reduce~~ Promote practices that reduce bycatch and discard mortality.

Constraint and Guiding Principle 1. Revise to indicate more clearly that the specifics provided are examples:

Taking into account the biological structure of the stocks including, ~~such factors~~ as but not limited to, populations and genetics.

Constraint and Guiding Principle 3. Revise by eliminating the sector references, so that it reads:

Taking into account the need to ensure that the total optimum yields (OYs) and allowable biological catch (ABC) ~~for the trawl and all other sectors~~ are not exceeded.

Constraint and Guiding Principle 9. Add a reference to the co-op alternative:

Take into account the management and administrative costs of implementing and overseeing the individual fishing quota (IFQ) or co-op program and

complementary catch monitoring programs and the limited state and federal resources available.

A footnote should be added to indicate that the term “bycatch” is being used as it is defined in the Magnuson-Stevens Act.

TIQC Comments on GAC Recommendations

The TIQC reviewed the recommendations in the GAC report and has the following comments:

GAC Recommendation 5. The TIQC disagrees with the GAC recommendation to analyze options for one trawl sector and four trawl sectors. Instead, the TIQC recommends that the Council analyze options for three trawl sectors and four trawl sectors and that the one trawl sector option be eliminated. The TIQC felt that a single sector would lead to migration of quota to the more vertically integrated catcher-processor sector and that multiple sectors would better protect communities and regions once the fishery was rationalized.

GAC Recommendation 8. With one exception, TIQC members present at the meeting supported this GAC recommendation (“Narrow the range of the initial allocation of IFQ to processors such that the most that would be allocated specifically to processors is 25%.”)

GAC Recommendation 14. The TIQC expressed concern that the GAC proposed remedy for entry level opportunity (one-time allocation of 5% of quota shares to new entrants) is a one year solution. Supporting the opportunity for new entry is a long term and ongoing problem. Feasible opportunity for new entry is necessary to allow others to exit.

GAC Recommendation 16. Consistent with its earlier recommendation, the TIQC does not support a minimum holding requirement (a vessel should not be required to hold a certain number of quota pounds prior to departure).

TIQC Comments on GMT Recommendations

The TIQC reviewed the GMT recommendations and has the following comments:

Sideboards. The TIQC disagrees with the GMT premise that halibut bycatch will increase under a TIQ program; however, the TIQC concurs with the GMT recommendations for trawl-prohibited species caps (TPSCs) for halibut. While at present there is no pressure on the trawl fishery to reduce bycatch, if the halibut biomass or trawl allocations decline, there may be a need to provide incentives to individuals to reduce their halibut bycatch.

The TIQC recommends that the Council consider adjusting Rockfish Conservation Area (RCA) boundaries inseason to close high bycatch areas when triggers are reached. Triggers might be set at a level lower than the total trawl allocation.

The TIQC recommends that the alternative indicates that the Council may consider establishing different RCA boundaries for trawl vessels switching to longline gears but such an adjustment may not be needed for pot gear.

The TIQC concurs with the GMT recommendation not to create sideboards for increased effort in non-trawl fisheries.

Area Management. The TIQC notes that implementing area management will be easier now than after the program is implemented. Areas should not be created just to have area management. Socio-economic issues should be considered as a reason for area management but non-biological reasons would need to be well justified. The TIQC supports the creation of areas, as needed, to address biological concerns.

Allocation of Overfished Species Based on Proxy Species. When a stock moves in or out of overfished status, the allocation among sectors should be adjusted.

The proxy species approach might be modified to address a general concern that individual may try to control the fishery by acquiring quota shares (QS) for overfished species and then not making the quota pounds (QP) available for harvest. A use-of-lose provision has been under consideration to address this concern. However, another approach that might reduce such a risk would be to not allocate QS for overfished species. Instead, target species QS would serve as a proxy QS for overfished species. QP for overfished species would be issued to holders of target species QS annually based on bycatch ratios. The concern about non-use of bycatch species is one that applies to the IFQ alternative but not the co-op alternative.

Buffers. The TIQC notes that, for some species, the amounts of fish are already small and constraining and full access is needed to prosecute target fisheries. There may be a greater need for buffers for nontrawl sectors. It is very likely that, for constraining species that are available only in small quantities, fishers will find ways to manage risk by creating their own buffers, possibly joining together in co-ops or other business arrangements through which IFQ might be pooled.

Use-or-Lose. The TIQC recommends moving ahead with consideration of a use-or-lose provision that includes the following as part of the option:

Require that all quota shares (QS) be assigned to a vessel with a limited entry permit.

Discard Credit. The TIQC supports consideration of discard mortality credits.

Other TIQC Recommendations

Elimination of IFQ Options for the Mothership and Catcher-Processor Sectors

Accumulation Limits

Accumulation limits include caps on use, ownership and control. The majority of the TIQC opposes the option of having no accumulation limits. Below, specific percentages are provided for the accumulation limit options for the shoreside whiting and nonwhiting sectors. If these two sectors are combined into a single sector (the three sector option) the accumulation limit options should be combined. Also, depending on the rules adopted for defining control, more conservative or liberal limits may be needed. The percentages provided are for the purpose of initiating analysis. After preliminary analysis, some adjustments may be needed.

Ownership Caps

The ownership cap applies to the aggregate of QS and QPs. The ownership cap options proposed are also intended to serve as options for control limits, once control is defined.

There will be a grandfather clause for the ownership caps. If a person is initially allocated QS in amounts in excess of the cap, that person may maintain ownership of the QS. The grandfather clause will expire with a change in ownership of the QS. Change in ownership is as defined below. Additionally, if the owner divests him or herself of some of the QS, the owner may not reacquire QS or QP in excess of the cap. Once under the cap, the grandfather clause expires and additional QS or QP may be acquired but not in excess of the ownership caps.

Change in Ownership: For the purpose of the grandfather clause, ownership of a legal entity is defined to change with the addition of a new member to the corporation, partnership or other legal entity. Members may leave without causing the grandfather clause to expire for that entity.

Use Caps

Use caps would apply to the permit rather than being a vessel use cap. The use cap applies to the aggregate of the QS and QPs. To be effective in distributing catch among vessels, permit stacking would have to be limited.

There will be a grandfather clause for permits. If a permit is initially allocated QS in excess of the use cap, those QS may be maintained in association with that permit. All of the QPs issued for the QS associated with that permit may be used with the vessel for which the permit is registered. The grandfather clause will expire with a change in ownership of the permit. Change in ownership is as defined for the ownership caps. Additionally, if the owner of the permit divests him or herself of some of the QS associated with the permit, the owner may not reacquire QS or QP for use with that permit, until under the permit cap. Once under the cap, the grandfather clause expires and additional QS or QPs may be acquired for use with the permit but not in excess of the use caps.

Shoreside Nonwhiting Cap Options

Ownership Cap. Options (all groundfish): 1.5%, 2.1%, 3%, and 5%.

| | |
|----------------|-------|
| Sablefish | 1.7% |
| Dover sole | 1.95% |
| Petrable sole | 3.0% |
| English sole | 7.0% |
| Sanddabs | 27.6% |
| Other flats | 9.1% |
| Longspine | 2.1% |
| Shortspine | 2.0% |
| Widows | 3.6% |
| Yellowtail | 3.5% |
| Canary | 6.0% |
| Other Sebastes | 6.6% |

Use Cap. Options: Double the ownership caps.

Shoreside Whiting Sector Cap Options

Ownership Cap. Options: 5%, 10%, and 15%.

Use Cap. Options: 7.5%, 10%, and 12%.

Mothership Whiting Sector Cap Options

Ownership Cap. Options: 10%, 15%, and 25%.
50% rule for ownership affiliation.

Use Cap. Options: 20%, 30%, and 50%.

Catcher-Processor Cap Options

The catcher-processor sector will provide a proposal for caps.

Whiting Sectors (Combined Shoreside/Mothership/Catcher-Processor)

The following would be cross sector caps for the entire whiting fishery.

Ownership Caps. Options: 15%, 25%, 40%.

Use Cap. Options: 25%, 40%, 50%.

Evaluation of Concentration of Ownership

The TIQC recommends that the Council request NMFS initiate the collection of ownership information as part of the limited entry permit renewal process. This information should allow us to determine common ownership interests among corporations and partnerships.

Equal Allocation Based on the Harvest History of Buyback Permits

The TIQC recommends that an option be analyzed that is based only on harvest history (i.e. an option with no equal sharing of buyback). The other option would continue (i.e., equal sharing of the QS pool associated with the history of the buyback permits plus an allocation to each permit based on that permit's history). The QS pool associated with the buyback permits will be the buyback permit history as a percent of the total fleet history for the allocation period. The calculation will be based on total absolute pounds with no other adjustments.

Tracking, Monitoring and Enforcement

The TIQC was asked for advice on the amount of time within which final catch data should be available after a landing. This information will be used in developing cost estimates for the tracking, monitoring, and enforcement system. The TIQC recommends a system in which final data is available within 1 hour of the landing for both whiting and nonwhiting deliveries.

Recent Participation and Dropping Years

The TIQC had a brief discussion of recent participation requirements and options that would drop a permit's worst years from the initial allocation formula. Discussion was limited because the data provided included that for combined permits. During the discussion, it was determined that the TIQC continues to favor the inclusion of options that require recent participation in order to qualify for an initial allocation. It was also noted that the drop years options help avoid the need to consider hardship provisions.

Next Meeting

The next TIQC meeting has been scheduled for May 3-4, 2007. Depending on the amount of work to be conducted and the agenda for the May 1-2, 2007 GAC meeting, the TIQC meeting may start on the afternoon of May 2, 2007.

PFMC
03/05/07