

TRAWL INDIVIDUAL QUOTA COMMITTEE (TIQC) REPORT ON AMENDMENT 20:
TRAWL RATIONALIZATION ALTERNATIVES
(TRAWL INDIVIDUAL QUOTAS AND COOPERATIVES)

The TIQC met June 13, 2007 and has the following recommendations on the trawl rationalization alternatives.

Individual Fishing Quota (IFQ) Alternative

Consider Bycatch Pool Instead of IFQs for Whiting Bycatch (Section A-1.1 and A-1.5)

Rationale For and Against Managing Bycatch as a Pool

The TIQC discussed the rationale related to management of bycatch in the whiting fishery as pools rather than with IFQ.

Arguments in support of managing bycatch in pools.

- Bycatch of highly constraining, overfished species cannot be managed by bycatch IFQs because there is not enough distributed at the individual level to allow full harvest of the target species. Such an approach would be in conflict with achievement of optimum yield (OY) as required by National Standard #1.
- If highly constraining bycatch is allocated at the individual level it will be very difficult for individuals in a co-op to agree to terms on its management. It's not a pot luck dinner in which lots of food is brought and everyone shares in the bounty. There will not be large casserole dishes, salads, fruit bowls and brownies to feast upon. It will be a pot luck dinner in which a single leaf of lettuce, a raisin, a single strand of spaghetti and the crumb of a brownie will be brought to the table. It invites failure because individuals will fight giving up their crumb(s) for fear of starving caused by a single bad tow. However, if the bycatch arrives as a pool, the group will be forced to develop rules on how to serve it up so all have an increased chance to harvest the target species instead of running off with their raisin and a Hail Mary. Put another way, allocated as a pool is a lifeboat instead of a shortage of life rings. The expected behavior will be the same.
- Bycatch simply should not have currency to be bought by those with deep pockets or other agendas. Bycatch could be bought by a few big companies that would enable them to control the target fishery. Or it could be purchased by environmental groups that want to end the fishery. Or it could be purchased by another sector that wants the target fishery to rollover to them. Under any scenario, it is the tail wagging the dog and will confound the goals of a rationalized fishery to best manage bycatch in achieving OY while protecting participants and communities with dependence on the target species. Status Quo is a better alternative.
- Finally, bycatch IFQs would unnecessarily complicate the allocation of overfished species when it is rebuilt. At that time, an increased proportion of the species should be allocated to those who target those species. How will that be done if the species is owned as bycatch in the whiting fishery? Will another buyback program or some other form of

compensation be necessary? On the other hand, if bycatch of these species is allocated as pools during the annual specification process, it can be adjusted appropriately without compensation to increase the proportion to those targeting it while still satisfying the bycatch needs of other fisheries.

Arguments in opposition to managing bycatch in pools.

- The proposal under which whiting bycatch would be managed as a pool rather than with IFQs forces all fishermen into a relationship with one another, hence there is less individual accountability.
- Because of the very small amounts of bycatch quota pounds (QP) available for the whiting fishery, pools are going to happen regardless of whether or not they are mandated.
- Managing with IFQs: (1) allows fishermen the flexibility to voluntarily form pools with others if they find it advantageous to do so; and (2) allows them to choose with whom they share their bycatch risks.
- An IFQ program would allow vessels to form pools but also provide a fall back if the pool system fails, i.e. if vessels are unable to effectively form voluntary pools.
- If the industry ability to form co-ops deteriorates and the only IFQ alternative for whiting provides that bycatch be managed as pools, the Council would have to stop and reincorporate the IFQ options for bycatch species, resulting in a delay in the report to Congress.

Provide Options for Managing the Bycatch Pools

If bycatch in the whiting fishery is managed as a pool, the Council should include in the IFQ alternative the same bycatch management options provided for the co-op options (pages 38 and 39 of Agenda Item E.9.a, Supplemental Attachment 2). These include options for seasonal releases, if there is a single pool for all whiting sectors, and an option for a rollover, if the pool is divided among sectors.

Apply Bycatch Pools Only to At-sea Sectors Under the Three Sector Option

If the Council selects the option that would divide the trawl fishery into three sectors (shoreside, mothership, and catcher-processor) and selects the option that would manage bycatch in the whiting fishery as pools, the TIQC recommends that the bycatch pooling option not apply to the shoreside fishery (i.e. the TIQC concurs with the interpretation of the options provided in Attachment 2). Under this interpretation, if bycatch pools and three sectors are adopted, IFQs would be required to cover bycatch in shoreside deliveries of whiting.

Maintain Option for Equal Sharing of Buyback QS (A-2.1.3)

The TIQC reviewed additional data not previously available and disagrees with the GAC recommendation to drop the option that would equally distribute among all catcher vessel permits the QS pool associated with buyback permits. The TIQC reviewed an analysis (Agenda Item E.9.a, Supplemental Attachment 4) which provided a preliminary indication of some of the effects of the option containing an equal allocation element. The TIQC believes that dropping Option 2 at this time would be premature.

The TIQC asks that the trawl rationalization analysis include an assessment of the distribution of the burden to pay for the buyback program relative to the distribution of the benefits from the buyback program.

Move Forward With Consideration of Electronic Logbooks and Split Loads (A-2.3.1)

In its May report to the GAC, the TIQC recommended inclusion of an option that would require electronic logbooks and an option to allow deliveries to be split between processors in different locations. The GAC recommended that these options not be included and instead be addressed in a separate process. The TIQC does not object to dropping these provisions from the IFQ alternatives, so long as it is understood that the separate process should be complete by the time the IFQ program is in place.

The IFQ program depends totally on a complete and stringent monitoring system to ensure that vessels are held accountable for the catch. Electronic logbooks may be an important part of this system.

With proper monitoring systems in place, the rationale for prohibiting split loads may no longer exist. The flexibility provided by the option to split loads is needed in order to fully realize the benefits available from an IFQ program, including those that may be derived from increased retention of target species and innovative marketing practices.

Eliminate Option for Minimum Holding Requirements (A-2.2.1)

The TIQC reiterates its position that a minimum holding requirement is unnecessary because the tracking and monitoring program and consequences of not covering a landing with QP provide adequate incentives to ensure good faith compliance. Moreover, design of a minimum holding requirement (either a general requirement or one requiring that certain species be held) is problematic because of the variety of strategies a vessel might pursue. There is no way to ensure that the species held match with the expected catch. If the Council does choose to leave this option in, it should not be species specific.

Extend Time for Coverage of Catch with QP When Within Carryover Limits (A-2.1.1)

The TIQC recommends that if a carryover provision is adopted and a vessel has an overage that is within the limit of the carryover provision, the vessel should have more than 30 days to cover the overage before legal action is taken. Currently, there is an option that allows a vessel a 10% carryover of an underage or overage. Thus, a vessel with 10,000 QP for Dover sole may catch 11,000 pounds and cover the 1,000 pound overage with QP from the following year. However, the IFQ alternative also states that a vessel only has 30 days to make good on an overage, otherwise it is in violation. Therefore, unless the vessel's overage occurs in December, it cannot use the carryover allowance to cover the overage with following year QP and at the same time remain in compliance with the program. Under the TIQC recommendation a vessel would not be in violation if it took more than 30 days to cover its overage, so long as the overage is not more than the 10% carryover provision.

Increase the Carryover of an Underage (A-2.2.2.b)

The TIQC recommends that the underage carryover provision be expanded to 30% (the overage carryover would remain 10%). The TIQC feels that this amount of flexibility is needed to allow vessels an opportunity to fully harvest the allowable catch in a multispecies fishery. The TIQC recognizes that the amount of pounds an individual carries over to a following year might be reduced if the OY for a species declines in that year.

Change Accumulation Limit Options (A-2.2.3.e)

The mothership and shoreside sectors recommend changing the accumulation limit options as follows. For the shoreside whiting sector, change the options for the own or Control accumulation limit from

5%, 10% and 15%
to
10%, 15% and 25%

For the mothership whiting sector, eliminate the reference to the 50% rule for ownership affiliation currently found in footnote t of Table 3 in Agenda Item E.9.a, Attachment 2. The GAC's recommendation for use of an "individual and collective rule" makes this unnecessary.

Move Forward With Adaptive Management (Section A-3)

The TIQC recommends moving forward with the adaptive management option but modifying it so that it does not apply to the whiting fishery. Additionally, the TIQC recommends a few word changes to clarify that the set aside of up to 10% of the trawl allocation for adaptive management purposes would not occur unless the Council identifies a need at some future time. Specifically, change

"up to 10% of the trawl allocation will be distributed"
to
"up to 10% of the trawl allocation may be distributed"
and change
"when the Council determines that an adjustment is needed"
to
"if the Council determines that an adjustment is needed."

Analyze Halibut Individual Bycatch Quota (IBQ) Option (A-4)

The TIQC concurs with the GAC recommendation to include an option for halibut IBQ for analysis and notes that the IBQ should be specified in the same terms that the trawl halibut bycatch is accounted for in setting the Area 2a total allowable catch (TAC). If the trawl fishery is to be accountable for mortality then IBQ should be required to cover mortality, if it is to be accountable for catch (by expansion of the mortality to catch) then the IBQ should for catch.

Co-op Alternative

Allow Separation of the Whiting Co-op Endorsement from the Permit

The TIQC recommends that an option be provided in the co-op alternative that would allow for the transfer of endorsements and associated catch history from one permit to another. This would apply to both the mothership and shoreside co-op programs. Endorsements could be stacked on a single permit, so long as accumulation limits are not exceeded. There are permit owners that may receive whiting endorsements and nonwhiting fishery QS who may not wish to participate in the whiting fishery. This would allow those individuals to maintain their current permits and divest themselves of the whiting harvest privileges. It would also provide additional flexibility in the system.

Provide a New Processor Linkage Option

The TIQC recommends the addition of a new option in the section on “Co-op Formation and Structure” on page 44 of Agenda Item E.9.a, Attachment 2 (Option 2, below).

Co-op Formation and Structure.

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During the first two years of co-op formation, permit owners that join a co-op shall be required to deliver their whiting catches to the co-op qualified processors that were the basis of their landing history during the period **[DATE RANGE TO BE DETERMINED]** on a pro rata basis. Determination of the processor(s) to which a permit owner is obligated will take into account any successors in interest (see following paragraph). Transfers may take place within the co-op between permit holders to allow a permit holder to make deliveries exclusively to one processor so long as the total allocation received by the co-op, based on the permit holders that are members thereof, is distributed between the various co-op qualified processors on a pro rata basis based on the landing history of the members of the co-op during the period **[SAME AS PREVIOUS DATE RANGE]**.

OPTION 1 (EXISTING LANGUAGE) Thereafter, once a CV(SS) permit has participated in the non-co-op fishery for **[OPTION: 1 to 5]** consecutive years, it is released from its delivery obligations to the processor(s) that were the basis of its history, and may join any of the various co-ops, or join with other permit holders who have also been released from delivery obligations to form a new co-op, and deliver to any shoreside processor in the subsequent years after the SSPs have expired.

OPTION 2: Thereafter any CV(SS) permit participating in a co-op is linked indefinitely to the processor they are delivering to under the initial linkage requirements. The permit can sever that linkage by participating in the non-co-op fishery for a period of **[1 to 5 years]** years. After completing their non-co-op obligation, the permit is then free to reenter the co-op system and deliver to a processor of their choosing. Once the vessel reenters the co-op system and elects to deliver their fish to a processor, a new linkage is then established with that processor. Should the permit later choose to break that new linkage, the non-co-op participation requirements again apply.

Should a permit elect to enter the non-co-op fishery within the first two years of this program, that permit must participate in the non-co-op fishery for a minimum of **[two to five years]**, regardless of other non-co-op participation requirements applying elsewhere in this document.

Once the permit meets that obligation and later elects to enter a co-op, all provisions of co-op participation, including the processor linkage provisions, apply.

Summary: IFQ Alternative

1. Include an Option to Create Bycatch Pool Instead of IFQs for Whiting Bycatch (at-sea sectors only) (Section A-1.1 and A-1.5).
 - a. Rational for Bycatch Pool Creation Provided.
 - b. Provide Options for Managing the Bycatch Pools.
 - c. If Three Sector Option is Selected (not four sector option), Apply Bycatch Pools to At-sea Sectors Only.
2. Maintain Option for Equal Sharing of Buyback QS Among All Catcher Vessel Permits (A-2.1.3).
3. Move Forward with Consideration of Electronic Logbooks and Monitoring to Allow Split Loads (A-2.3.1) (Separate Process, Implement by the Time IFQ Program is Implemented).
4. Eliminate Option for Minimum Holding Requirements (A-2.2.1).
5. Provide an Option to Extend Time (more than 30 days) for Coverage of Catch with QP when within Carryover Limits (A-2.1.1).
6. Provide an Option to Increase the Carryover of an Underage from 10% to 30% (A-2.2.2b).
7. Change Accumulation Limits Options for Shoreside Whiting and Eliminate the 50% Rule for Ownership Affiliation for Mothership Whiting Sector (A-2.2.3e).
8. Move Forward with Consideration of Adaptive Management Option but Do Not Apply to Whiting Fishery (includes minor changes to language) (A-3).
9. Concur with Halibut IBQ Options (A-4).

Summary: Co-op Alternative

1. Provide an Option for Separation of the Whiting Co-op Endorsement from the Permit.
2. Provide a New Processor Linkage Option.

PFMC
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