

GROUND FISH MANAGEMENT TEAM REPORT ON FISHERY MANAGEMENT PLAN 22: OPEN ACCESS LIMITATION

The Groundfish Management Team (GMT) reviewed the Preliminary Draft Environmental Assessment (EA) for Pacific Coast Fishery Management Plan Amendment 22: Conversion of the Open Access Fishery to Federal Permit Management” (Agenda Item F.4) and provides the following comments.

Additional Benefits and Consequences of Limited Entry

Consistent with the emphasis in the Council’s “Groundfish Fishery Strategic Plan,” the EA focuses primarily on the net economic impact of limiting open access. The primary benefits of limited entry are economic, however the team also identified non-economic benefits, like decreased discard rates and improved overfished species management, which should be thoroughly explored in the EA. Improvements in conservation and management were envisioned by the Strategic Plan and should be given more emphasis in the EA.

Additionally, the GMT suggests that the EA should more fully explore the potential economic benefits of the trip limit increases that would presumably occur after entry is limited. Trip limits would be expected to increase as fishing capacity and effort go down. In turn, higher trip limits could translate into more profitability for the remaining fishery participants.

On the other hand, there could be significant, unintended consequences related to the conversion of the current fishery to a tradable, coastwide permit system. Once permits become tradable they are free to move up and down the coast to those willing to pay the most to participate in the fishery. Trading will create shifts in effort, with respect to both geography and target strategies, causing unknown impacts to coastal communities and overfished species management. The EA only analyzes the geographical distribution of permits at initial issuance; it does not go into where permits might go in the following months and years. While analysis of initial permit distribution is important to understand, post issuance permit distribution could be even more crucial in understanding biological and economic impacts of the limited entry permit.

While the GMT cannot answer the question of where the permits will ultimately go, the team did discuss potential scenarios that help illustrate the potential negative effects of effort shift. For example, if vessels in State A are willing to pay more for permits than vessels in than State B, overall effort in that State A could increase instead of decrease, or decrease less than desired under a given fleet size goal. Another potential shift involves changes in target strategies. While the opportunity to harvest all species/species groups is available in the current open access fishery, when a permit is issued it has an associated value and the permit owner may choose to sell to a person who can/will access all opportunities or to diversify his target strategy. These effort shifts may result in a greater number of vessels targeting a species/species group relative to historical or status quo levels.

Purpose and Need

The ultimate goal of limiting open access is to bring harvest capacity in line with the resource availability. The GMT discussed the need to examine current levels of participation relative to

fish stock distributions. The GMT notes that such an analysis would be useful in determining sustainable levels of effort on a regional basis and inform future decisions as to the need of regional or coastwide reductions. Although data to fully inform this analysis is unavailable at this time it should be identified as a research and data need for future management.

The three states have taken different approaches in managing their open access fisheries. The differing management strategies have likely resulted in differing ideas of the optimal fleet size and the need for effort reduction. This situation may complicate implementation of a coastwide program with a single set of goals and objectives especially when looking at alternatives that consider fleet size goals that are reduced from current levels.

Fleet Size Reduction / Consolidation

In 2000, the Scientific and Statistical Committee (SSC) presented a report to the Council that stated the open access fishery is overcapitalized and that “the Council should take immediate action to develop stringent capacity reduction programs for all sectors of the West Coast groundfish fishery” (NMFS 2000¹). At the time that this report was prepared, many stocks had just been declared overfished and since many optimum yields (OYs) would not be increasing in the near future, the only viable option available to the SSC at the time, to reduce overcapitalization, was to remove potential harvest capacity. As part of this report the SSC also included potential solutions to an overcapitalized fleet including IFQs, permit stacking, vessel buy back programs, and limited entry.

The EA states that since the open access OYs have declined for all species, overcapitalization is even greater and there is an increased need for limiting the open access fishery. The purpose and need for this fleet size reduction is based on an analyses performed by the SSC in years when the fishery was unrestricted (1983-1999), numerous species were declared overfished, and many OYs were declining. Since this study, many regulatory changes have gone into effect which reduced the open access fleet size (e.g., complex RCAs and restrictive trip limits) and OYs for many overfished species are increasing. Additionally, VMS, which was recently adopted for the open access fishery, may also have fleet reduction implications.

The GMT suggests the purpose and need for fleet size reduction be based on analyses using the current fleet size (year 2006) or the average fleet size from 2004-2006. This would allow the Council to examine impacts of a fleet size reduction program on the current fishery, not a fishery which no longer exists. Inclusion of the year 2000 fleet size is important to inform the Council of the potential impacts of an unrestricted open access fishery, but the year 2000 fleet size may not be the best choice for understanding the effects of the alternatives relative to the current fishery.

The GMT suggests that the Council may want to have further discussions on what type of opportunity the future open access fishery should provide. The fishery has changed significantly since 2000 and has some characteristics that make it different from other fisheries under the Council’s jurisdiction. For example, the open access fishery provides a valuable opportunity for fishers to supplement the primary income they earn in, for example, the salmon troll and Dungeness crab fisheries. The Council may want to maintain this opportunity by choosing status

¹ NMFS 2000. Report for review: overcapitalization in the West Coast groundfish fishery: background, issues and solutions. Economic subcommittee of the SSC. PFMC, Portland, OR.

quo or the registration only alternative (A-2) rather than reduce capacity to a level where participants focus on the fishery for their full source of income. While there may be conservation benefits to limiting entry in this fishery, the GMT notes that the intended benefits appear to be primarily economic in nature. Given this, the Council should take a closer look at what the current economics are and what they could be (considering the current quota available to the open access fishery) rather than what they were in 2000.

Qualification Criteria

Section 303(6) of the MSA requires the Council to consider specific factors when establishing a limited access system, namely:

- (A) present participation in the fishery;
- (B) historical fishing practices in, and dependence on, the fishery;
- (C) the economics of the fishery;
- (D) the capability of fishing vessels used in the fishery to engage in other fisheries;
- (E) the cultural and social framework relevant to the fishery and any affected fishing communities;
- (F) the fair and equitable distribution of access privileges in the fishery;²
- (G) any other relevant considerations.

The GMT would like to draw the Council's attention to factor (B) in particular. The Council itself focused on this factor in its Strategic Plan discussion of potential limited entry program for the open access fishery, stating that "[m]inimum landing requirements for a federal permit should reflect significant dependence on the fishery."

In reviewing Appendix E, a single landing where groundfish accounted for more than 50% of the ex-vessel revenue is the starting point for the analysis. The Council should determine whether a single landing is truly indicative of historical fishing practices in and dependence on the fishery. It is not difficult to imagine a scenario where receiving a Federal permit based on such a minimal landing would be an undeserved windfall to the recipient. The GMT suggests that additional analyses examine frequency of landings and economic dependence on the open access fishery (e.g., looking at the proportion of annual income earned from the open access fishery) as a metric to examine present and historical dependence on the directed open access fishery.

Revenue versus Pounds

The GMT discussed the use of revenue versus pounds in the current analyses and determined that while either metric would be appropriate there are important differences between the two with implications for allocation. As noted in Appendix B of the EA, basing the analysis on revenue tends to disadvantage fishing strategies that target high volume, low value species (e.g., dogfish and sharks). If these participants are combined with low volume, high value fisheries (e.g., shortspine thornyhead live fish fishery) and medium volume, medium value fisheries (e.g., sablefish DTL fishery), the high volume, low value fishers might be edged out if the fleet size is reduced. If the Council wants to recognize dependence on the fishery and not disadvantage one strategy over another, then revenue might not tell the whole story.

² Note: (F) was the only factor added in 2006 by the MSRA.

Incidental “C” Permits

The GMT discussed the purpose and need for an unlimited incidental “C” permit. The “C” permit as described in the EA is a permit that would be available for the incidental (non-target) fishery component of the open access fishery who do not qualify or submit an application for a directed fishery permit and that seek to retain incidental amounts of specified groundfish consistent with OYs and trip limits. The number of “C” permits would be left unlimited and could be renewed annually. The GMT notes that unintended consequences may result if the “C” permit is left unlimited and these consequences should be further discussed in the EA. If the Council chooses to restrict the number of “C” permits, impact analyses and permitting mechanisms would need further exploration.

Overfished Species

The EA has an extensive discussion of the biological characteristics, life history traits, and stock status of overfished species, yet there is currently no discussion of the impacts to overfished species under the various alternatives. The EA should further explore whether overfished species will be affected under the various alternatives.

Endorsements

Endorsements were one of the alternatives that were considered but rejected due to the heavy workload associated with additional analyses. Since the Strategic Plan recommended establishing a rockfish endorsement for the open access fishery, the EA should explore the consequences of excluding endorsements in the initial program. Endorsements could help mitigate some of the potential effort shifts by species/species group that were addressed above. Other endorsements such as port endorsements, which would tie a permit to particular communities, could be used to mitigate against other effort shifts.

Regarding gear endorsements, the GMT points out that the Council has been moving away from management measures that require fishers to commit to fishing with a specific type of gear exclusively. In the past it may have benefited managers when modeling catch predictions to have some certainty of the type of gear that would be used for particular target strategies. The team notes that modeling issues and catch estimation could be addressed with a declaration system or in some situations VMS. The GMT notes that gear endorsements may not provide fishers with adequate flexibility to modify their operations to maximize harvest of target species while avoiding bycatch species.

GMT Recommendations

1. Benefits like discard rate, bycatch reductions, and improved overfished species management exist and should be further documented in the EA.
2. More detailed discussion of the additional trip limit opportunities (i.e., economic benefits) that could be provided by limiting open access should be included in the EA.
3. The purpose and need for fleet size reduction should be based on analyses using the current fleet size (year 2006) or the average fleet size from 2004-2006, which allow the

Council to examine impacts of a fleet size reduction on the current fishery.

4. The Council should discuss whether a single landing during the window period, based on the sole criterion that groundfish made for >50% of the revenue, is sufficient criteria for the analysis.
5. Given the distinct history of the open access fishery over the window period, the Council should discuss which qualification criteria best reflects historical participation and dependence on the fishery.
6. If the “C” permit is left unlimited, any resulting unintended consequences should be discussed in the EA. If the Council chooses to restrict the number of “C” permits, impact analyses and permitting mechanisms would need further exploration.
7. The EA should further explore whether overfished species will be affected under the various alternatives.
8. The EA should explore the potential unintended consequences of shifts in effort resulting from the transition to coastwide, tradable permits and the ability of port endorsements to mitigate this impact.
9. The EA should explore the consequences of excluding endorsements in the initial program.