

GROUND FISH ADVISORY SUBPANEL REPORT ON  
FISHERY MANAGEMENT PLAN AMENDMENT 20 – TRAWL RATIONALIZATION—  
OWNERSHIP AND MISCELLANEOUS ISSUES

Eligibility to own

The Groundfish Advisory Subpanel (GAP) received a presentation from Ms. Heather Brandon on the topic of who would be eligible to own quota shares in the trawl rationalization program, along with the distinct but related topics of “use it or lose it” and “owner on board” provisions. The GAP has the following comments and recommendations.

The GAP was initially interested in making an effort to establish restrictions on who would be eligible to own quota in order to maintain control of the fishery by fishermen and closely related persons or entities. It was suggested to the GAP that the best way to do this would be to restrict quota ownership to permit holders. The justification for limiting ownership to permit holders was based largely on concerns over corporate ownership and the GAP spent some time trying to determine whether “wall street type”, big corporate ownership could be distinguished from small corporations put in place to shield individual owners from liability. Social concerns and the shape of the fishery were expressed as the specific concerns of the GAP. In addition, the GAP felt that it would be easier to monitor compliance with caps if the pool to be monitored was restricted in size (e.g. 169 permit holders as opposed to 280,000,000 citizens). Ultimately, the GAP determined that it would be difficult to establish a reasoned basis to differentiate between types of corporate ownership, and that restricting quota share ownership to permit holders would unduly restrict the market for quota shares between willing buyers and sellers. The GAP thought that vessel and control limits were a better tool with which to maintain desired social and economic aspects of the fleet. The GAP supports the Council’s preferred alternative that anyone eligible to own a U.S. documented vessel would also be eligible to own quota sharing (QS).

“Use it or lose it” and “owner on board”

The GAP also revisited the distinct but related topics of “owner on board” and “use it or lose it” provisions. The GAP determined, as with eligibility to own, that neither “use it or lose it” nor “owner on board” made sense in this fishery. For “owner on board,” it was determined that it did not reflect current business practices. And, where such provisions have been adopted in other fisheries there have typically been exemptions for current fishery participants as well as hardship and other exemptions, indicating that it may not be the best policy for a year-round fishery like the groundfish trawl fishery. For “use it or lose it,” the GAP concluded that it didn’t make sense from either a market or conservation perspective as it would make people land fish they otherwise wouldn’t, driving prices down and landings up.

## Halibut

The GAP also discussed the issue of halibut individual bycatch quota (IBQ). The GAP does not recommend control limits at this time for Pacific halibut IBQ. If the Council goes ahead, the GAP believes more analysis needs to be done to better understand how to apportion and limit Pacific halibut IBQ. The major concern is the proposal to issue IBQ based upon initial allocation of target species. Given the time lag between the catch history period (1994-2003) and the date of implementation (2011), the GAP believes that there will be a serious disconnect between the amount and location of where catch history occurred and where the QS will be fished. This will leave some QS holders left scrambling to obtain the proper balance between target species and IBQ.

Specifically, the GAP recommends that the Council refrain from allocating the IBQ during the two-year moratorium on trading immediately after program implementation. This would allow the Council to apportion the IBQ in a way that more closely resembles current fishing activity. The GAP is aware that parameters would need to be placed on how halibut would be apportioned at the end of that period to ensure that there wouldn't be incentives to pad catch history, and that incentives are provided to avoid catching halibut to the extent possible. One option discussed includes penalizing those with high halibut bycatch rates when halibut is ultimately allocated.

## Divestiture

The GAP also spent some time talking about the issue of divestiture in the case of entities that will receive an initial allocation in excess of the control caps. The conclusion of the GAP was that anyone who acquired excessive shares as defined by the GAP's accumulation caps after the control date should not have the opportunity to divest as they were on notice that any activity might not be rewarded. If an excessive allocation was based on fishing history during the window period or permit acquisitions prior to the control date then the GAP believes a divestiture period would be justified.

## Finer scale overfished species

The GAP briefly discussed the analysis illustrating the finer area bycatch rate for overfished species and determined that maintaining the initial formula was a more appropriate approach.

PFMC  
03/10/09