

## GROUND FISH ALLOCATION COMMITTEE REPORT ON AMENDMENT 20 – TRAWL RATIONALIZATION – ACCUMULATION LIMITS

The Groundfish Allocation Committee (GAC) met in Portland, Oregon on January 28, 2009 to discuss aspects of Amendment 20 - Trawl Rationalization program including accumulation limits. The following written GAC recommendations to the Council were vetted by the committee members at the GAC meeting and via email. The rationale was compiled from staff notes and GAC members reviewed the rationale via email.

### Amendment 20 – Trawl Rationalization

- The GAC recommends the Council utilize control limits on quota shares, and have vessel accumulation limits on quota pounds (QP). There should be no control limits on QP<sup>1</sup>.
- The GAC recommends the Council develop a trailing amendment to look at accumulation limits that could be different for regional fishing associations (RFA), community fishing associations, and insurance risk pools<sup>2</sup>.

### *New Control Accumulation Limit Options*

- The GAC recommends the Council 1) establish two new control limit options using the 90th percentile annual landings history for 1994 through 2003 and for 2004 through 2006; 2) establish corresponding vessel cap options that are twice the control limits (however, the maximum control cap should not exceed 10 percent and the maximum vessel cap should not exceed 20 percent); and 3) ask the Groundfish Management Team (GMT) to evaluate results of the options for the briefing book.
- The GAC recommends the Council adopt Option 1 as a preferred option for shoreside whiting accumulation limits, which would be 15 percent vessel limit and 10 percent control limit.
- The GAC recommends the Council adopt a mothership (MS) co-op program catcher vessel control accumulation limit of 15 percent, and no vessel usage limit<sup>3</sup>. [Staff Note: The Council had previously decided to not have a vessel usage limit for the catcher vessels in the MS sector.]
- The GAC recommends the Council adopt vessel and control accumulation limits for halibut individual by-catch quota (IBQ), and requests that staff bring forward additional analysis to help inform that decision.

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<sup>1</sup> The vessel accumulation limit serves a similar purpose to control limits on quota pounds.

<sup>2</sup> An example of an insurance risk pool might include a voluntary pooling of quota pounds together to help cover higher than anticipated catches of a given species.

<sup>3</sup> This means an entity cannot own vessels that combined own more than the 15 percent control limit. There is no limit on the amount an individual vessel can harvest or process.

## *Rationale*

GAC members indicated that accumulation limits should be addressed now, and not left to be dealt with every couple of years because that would add instability for business planning. The Magnuson-Stevens Act says “excessive shares” must be prevented by establishing a limit on shares by a holder, and establishment of any other measure necessary to prevent an “inequitable concentration” of limited access privileges.

Setting vessel limits higher than control limits would allow crew, as one example, to buy small amounts of quota, put it in a vessel account, and harvest their own quota shares from their employer’s vessel; however, it also makes it easier to get around the control limit. One entity might in fact control the quota shares (QS) nominally owned by crew members without NMFS knowing about it. The question was raised as to whether this might be partially addressed through additional disclosures. By recommending that QP count against the vessel accumulation limit and QS count against the control limit, the Council would decouple the two limits and this simplifies the issue greatly.

The GAC passed a motion regarding different accumulation limits for certain entities, such as RFAs, in order to get the discussion started. At this point in time, the GAC did not feel it had the information available to define an RFA or identify the full complement of other entities that may warrant different accumulation limits and, therefore, could not decide whether any of those entities should have an exception to the standard accumulation limits. However, the motion to consider this issue at a future time will allow further discussion regarding RFAs to move forward.

Dates to be considered in establishing accumulation limits could be chosen to 1) reflect the current fishery (2006 to present), 2) mirror the “status quo” years (2004-2006) used in the trawl rationalization environmental impact statement, or 3) utilize the control date (2003). Regardless of which timeframe is chosen, it may be necessary for the Council to consider what it would like the future fishery to look like. Keep in mind; however, the current data available to us does not necessarily reveal the actual ownership of all the permits, so any control limit could underestimate the actual historical control level. Nonetheless, the known ownership information is helpful for making the accumulation limits decisions.

Previously, the GAC developed straw-man control limits and simply doubled those values to set the amounts for the vessel limits as a placeholder until specific vessel limits could be identified. This doubling approach might or might not be retained. If accumulation limits are set below the amount a recent harvester has caught, a reasonable rationale should be provided, especially if that harvest level is in the reasonable range. Control accumulation limits that accommodate all recent harvest levels could be a starting point for the discussion, even though we may not necessarily want the future fleet to resemble pre-rationalization times. The various methods for determining accumulation limits meet different objectives and goals of the program.

The approach for determining accumulation limits in the at-sea whiting sector would not necessarily be the same as the approach for shoreside. Limits in the shoreside fishery would ensure an individual or entity did not gain excessive control, and maintain a fleet size sufficient to meet market demands coastwide benefiting shoreside communities, which is not as much of a consideration in the at-sea fishery. Additionally, the smaller fleet participating in the at-sea

whiting fishery is considerably vertically integrated; therefore, the at-sea accumulation limits would need to start out with a higher percentage to accommodate recent performance.

There was a concern that having accumulation limits for Pacific halibut that were too high could result in QS concentration that constrains participation. This was of particular concern because nearly all vessels targeting flatfish (e.g., arrowtooth flounder and Petrale) encounter halibut bycatch and would need access to IBQ. To address this concern, it was suggested that the vessel and control caps be set at fairly low levels and could be the same amount. While there may be incentives to accumulate control of halibut IBQ, because this species is not a target, there would not be incentive for a vessel to accumulate more halibut pounds than would be required to cover its bycatch.

PFMC

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