

GROUND FISH MANAGEMENT TEAM (GMT) REPORT ON FISHERY MANAGEMENT PLAN AMENDMENT 20-TRAWL RATIONALIZATION-ACCUMULATION LIMITS

In addition to the proposed methodology outlined by the Groundfish Management Team (GMT) for setting control limits for target species, the GMT also discussed the issues surrounding setting accumulation limits for overfished species and offers the following thoughts for Council consideration.

The proposal for setting control limits for important target species outlined in Agenda Item G.4.b, GMT Report, focused on the revenue needed for an independent owner-operator to conduct an economically viable business in addition to considerations of “excessive share” and “inequitable concentration” as they relate to market control. In considering accumulation limits for overfished species, many of the same variables were under consideration, but with considerably more focus on the possibility of market control. Following the criteria described in that report, control would seem to be of particular concern for overfished species, even more so than for important target species such as sablefish and petrale sole. Overfished stocks limit access to target stocks, and in this regard, are not substitutable. Bycatch quota share could thus grant a quota holder leverage over a greater portion of the fishery than suggested by the percentage of their holding.

Although control limits for overfished species are vital to achieving the Council’s overall vision for the fishery, they are not needed to change fleet fishing behavior. The primary tool for that purpose is the individual fishing quota mechanism itself, which increases flexibility for individual operations and creates market-based incentives for bycatch reduction. Instead, control limits for overfished species are intended more to balance access to target species with the need to prevent concentration of “excessive shares” that could result in forms of market disruption. In other words, accumulation limits for overfished species should allow for an opportunity for fishermen to prosecute target strategies while realizing the economic benefits of a more efficient marketplace.

Given the unavoidable constraints of harvest levels for species under rebuilding, the amount of overfished quota pounds available fleet-wide will necessarily be low. Likewise quota pound amounts distributed broadly across the fleet will result in levels that would not allow for most individuals to prosecute either traditional or innovative strategies.

The GMT discussed the possibility of using a combination of low control limits for quota share with high vessel use limits for quota pounds that might balance concerns of market control for any one entity with the need to cover high bycatch events. While this approach might prove feasible, there may still be concerns that an entity could arrange to circumvent control rules by accumulating quota pounds through surreptitious arrangements with other entities. With these thoughts in mind, the GMT envisions another model for accumulation limits that apply to overfished species.

This alternative approach would set vessel limits equal to control limits for unused pounds, but suspend the vessel limit for pounds needed to cover landings in excess of the accumulation limit

(Figure 1). Likewise, a vessel that used quota pounds from its account to cover a landing would then be allowed to accumulate quota pounds up to the vessel limit once more in order to insure against future bycatch events.

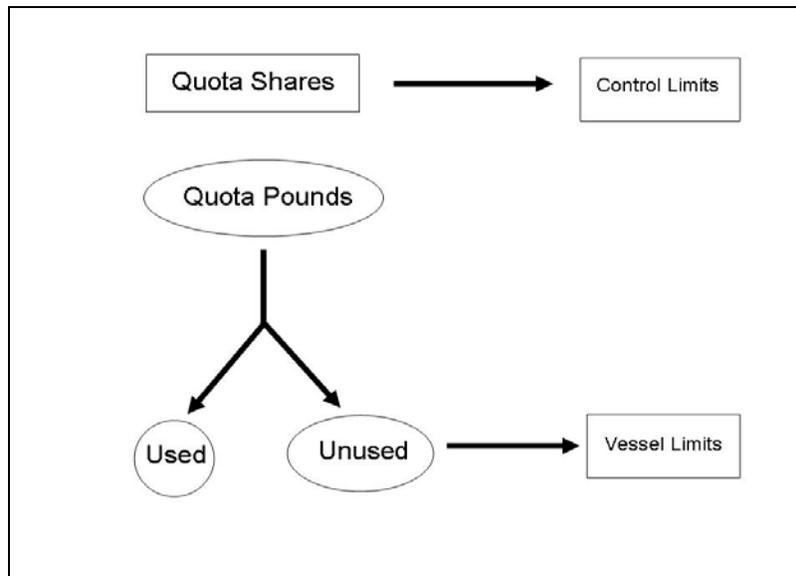


Figure 1. Flow chart outlining the relationship between quota shares, quota pounds, and associated accumulation limits under the GMT model for overfished species accumulation limits.

Given the constraining nature of overfished species across the fleet, the price to acquire quota pounds to cover a high bycatch event in order to resume operations will be considerable. This provides a financial incentive to avoid bycatch above the accumulation limit. Likewise there is also an incentive to avoid bycatch within the accumulation limits with the hope of selling unused quota pounds to another vessel that needs them.

The GMT notes that this is merely a conceptual approach for Council consideration. We did not have sufficient time to fully explore the consequences of this concept at this meeting. Furthermore, additional analyses would be needed to develop appropriate options for the actual amounts of accumulation limits for each overfished species taking into account the association of overfished species with target species/strategies balanced against the market control issues discussed above. The Council might also want to consider the geographic distribution of overfished species and the relative constraint of various harvest levels (for example cowcod have a very low optimum yield and are relatively isolated geographically, while darkblotched have a relatively higher optimum yield and are distributed more broadly along the coast).

GMT Recommendation:

Consider analyzing an approach for setting overfished species accumulation limits where vessel limits are equal to control limits for unused quota and limits are not applied to landed pounds.

PFMC
3/11/09