

Trawl Stakeholder Group

Mr. Phil Anderson, Chairman,
Pacific Fishery Management Council
7700 NE Ambassador Place, Suite 101
Portland, OR 97220

9/10/2017

Dear Chairman Anderson and Council Members:

Trawl and processor representatives submit these comments to you concerning the gear switching provision (GSP) during the trawl catch shares program five-year review. Included in this letter are twelve background points, three requests to Council, and seven points supporting rationale for the requests.

BACKGROUND

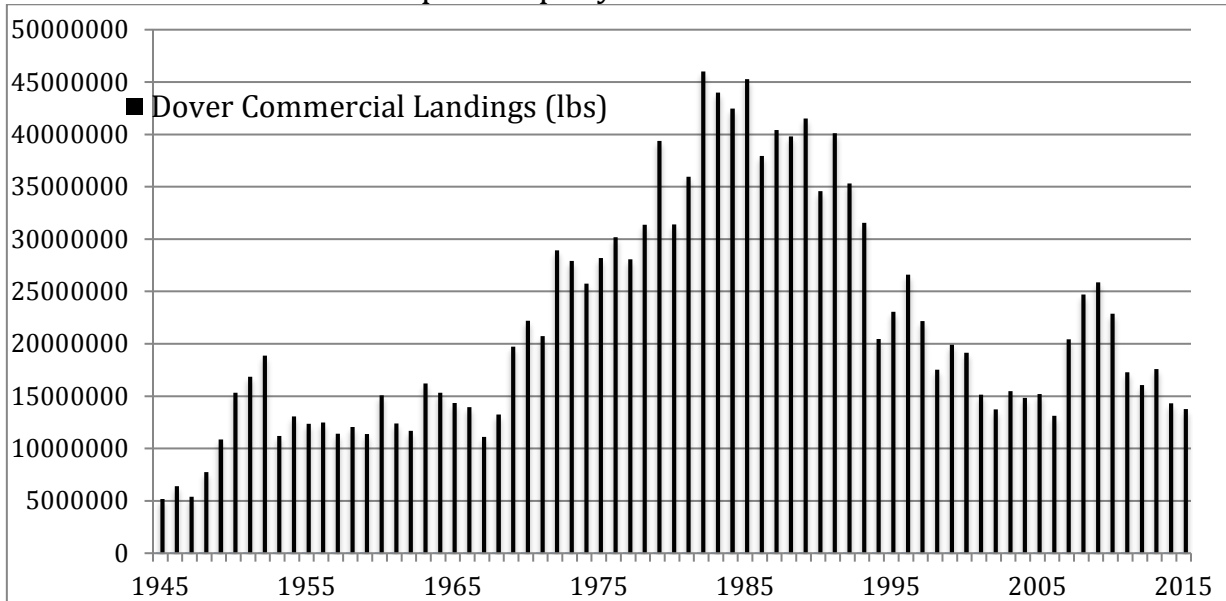
Several points explain the history of how we arrived at the present situation in terms of the groundfish fishery and catch shares program.

- 1) Intent of the gear switching provision (GSP) from trawlers: The pre catch shares condition of the fishery is essential to understanding why trawlers suggested and many trawlers supported the GSP prior to 2011. Discards were very high, there were many overfished species limiting opportunity, and trawl fisheries had some low trip limits and felt the threat of closures. Still in the minds of trawlers was one year when 1,200 mt of sable was stranded due to dover concerns! Given these circumstances, many trawlers saw the GSP as an option to give them flexibility and access sable that could be stranded in uncertain conditions. Program analysis prior to 2011 implementation anticipated the possibility of some fixed gear effort in the fishery, but the trawl fishermen participating in program development were focused on the potential benefit of the GSP for trawl vessels, and it was not their expectation that vessels that preform no trawling at all would yearly close in on the vessel limit at 230,000+ lbs with several more non-trawl vessels catching well over 100,000 lbs each. Nor was it foreseen by trawlers that the GSP contribute to a condition where sable lease rates would be upwards of \$1.40 per pound.
- 2) GSP impact on trawl fishery: The impact of the GSP was almost immediate. About a quarter of the trawl sable catch went directly from vessels that trawled to vessels that did no trawling. One quarter of the most important species in a developing groundfish fishery was gone. Although some trawl consolidation was expected under catch shares, it was expected to assist in trawler economic efficiencies. However, in

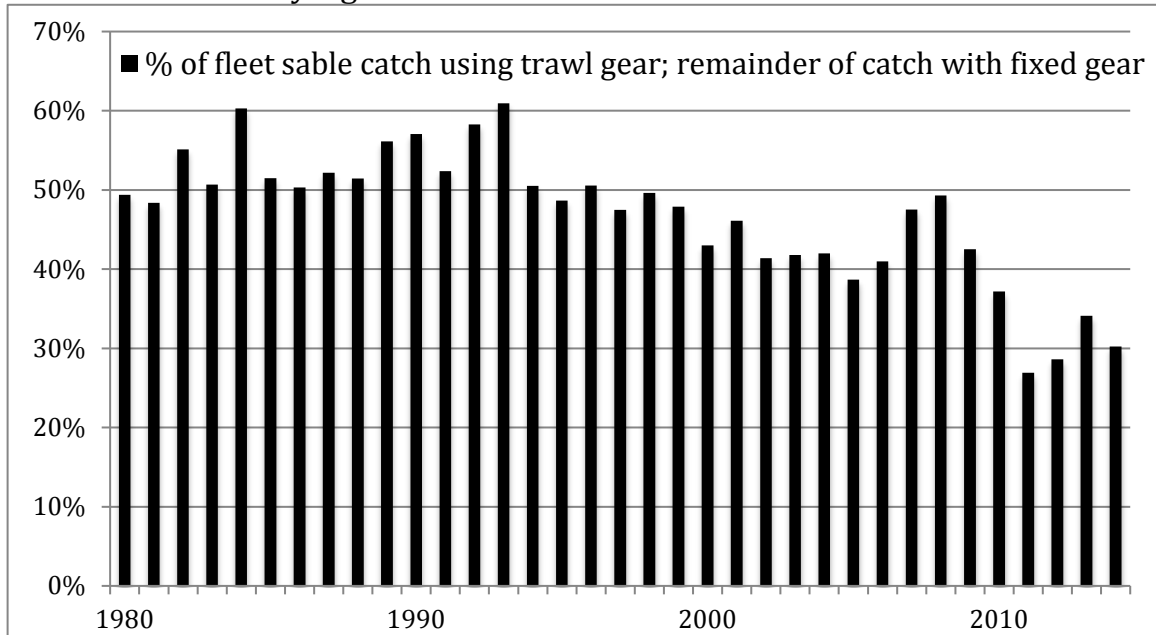
addition to trawler consolidation there was replacement by fixed gear vessels that removed a quarter of the sable from the groundfish fishery trawl harvest thereby having an adverse effect on trawler and traditional groundfish processor economic efficiencies. Sable is the most important species to facilitate the catch of other groundfish species, not only because sable is co-mingled with other species, but because sable makes groundfish catch and processing economically viable. The scale of trawler replacement by fixed gear vessels is quantified in following excerpt from June 2016 catcher vessel economic report: *“There were 54 vessels that fished in 2009 and/or 2010 that did not fish in 2014. Of those vessels, 19 stopped fishing on the West Coast completely, and 35 continued fishing in other fisheries (e.g., shrimp, crab, tuna, and California halibut). Despite the exit of some vessels from the catch share program, there were 17 vessels that fished in 2014 but did not fish in the trawl fishery in 2009 or 2010. Of those “new” vessels, 13 now fish in the Groundfish fixed gear with trawl endorsement fishery.”* A point in this section worth repeating is that the expected consolidation of trawl vessels under catch shares was intended to increase trawler efficiencies and species utilization, but the actual result was the replacement of trawl vessels with solely fixed gear vessels and the impediment to trawl efficiencies with reduced sable leading to a reduction in species utilization.

- 3) Fixed gear harvest of trawl ifq: From the five year review document, 28% was the average fixed gear harvest of trawl sable-north quota. Sable-south use had a wide variance in usage from year to year, and ended up in 2015 at 19%.
- 4) Sable as a groundfish fishery “facilitator”: The reason there is a replacement of trawl effort and trawl vessels with vessels fishing exclusively fixed gear is that sable and petrale are the two species that facilitate the financial viability of the bottom trawl groundfish fishery for both catcher vessels and processors; and sable much more so than petrale because of its higher value and its incidental catch rates across more of the fishery. Less sable for trawlers means much less value in the fishery. Less sable also means less efficient targeting strategies, because any captain will tell you that the more they have to avoid a constraining species, then the less efficient and profitable they will be.
- 5) Dover & thornyhead catch history: Dover sole, longspine thornyheads, and shortspine thornyheads have some similarities in their catch histories. For all three, there was a significant spike in catch in the 1980’s & early 1990’s, then a significant decline until 2007 when ACLs significantly increased, then sustained 50% or more increase for 2008-2010; then post catch shares (2011-2015) the drop in catch was immediate and neared pre 2007 low levels. Below is the catch chart for dover through 2016. The graph makes clear a few things:
 - a. DTS fishery experienced a significant increase in the few years immediately preceding catch shares.
 - b. DTS fishery experienced a significant drop immediately after the implementation of catch shares and the GSP.
 - c. Seeing as though the dover annual catch was above 25 million pounds as recently as 2009, and was above an annual average of 34 million pounds for

the 25 year period of 1972-1996, a reasonable goal to work towards by 2025 would be 30+ million pounds per year.



- 6) De Facto Reallocation: The graph below shows the annual % of sable catch that was harvested with trawl gear. The remainder of the annual catch was harvested with fixed gear. During the 1980's & 1990's, trawl % was around 50%. In the 2000's low dover ACLs contributed to lower trawl sable attainment in some years, and trawl % of sable catch in the 2000's was between 40% and 50% all but one year. With catch shares, the average has been about 30% trawl with about 70% going to fixed gear. This has been a very significant de facto reallocation between sectors.



- 7) Quantity of sable trawl catch: The average annual sable trawl harvest in the four years prior to catch shares was 2,745 mt/year. In the four years after catch shares it was 1,470 mt/year. Even if the north-south sable line were removed and 15-25%

more sable was added to the trawl harvest, it would not get the trawl sector close to pre catch shares levels.

- 8) Sable use in multiple fisheries: Sable is important to many subsets of the groundfish trawl fishery.
- a. DTS - Sable is well known for its importance to the DTS fishery as described previously.
 - b. Hake - Depending on hake and sable conditions, in any given year the hake fishery can have quick tows of small sable in quick bursts. The shoreside hake fishery caught over 155,000 lbs of sable in the first 2 ½ months of its 2017 fishery. Sable catch slowed down in the following month, in large part because the hake congregations moved off of southern Washington, otherwise the 2017 sable catch in the hake fishery could be going much higher. In the future, the more hake vessels encounter sable, then the more they will hold onto significant amounts of sable until mid October out of precaution.
 - c. Bottom trawl depth stratifications – Sable is encountered in all three depth divisions (>100 fm, 100 to 200 fm, & >200 fm). Sable is encountered in amounts that curtails fishing trips for targeting of dover and other species for vessels fishing both seaward and shoreward of the RCA's. Pre-RCA history also demonstrates that significant amounts of incidental sable catch frequently occur when “chasing” dover in through 100 to 200 fm depths at certain times of the year; this is important if & when RCA areas are opened up as trawl fisheries seek consistent dover supplies to processors.
 - d. All groundfish – In addition to dover and thornyheads, sable brings all groundfish species to the dock since sable increases the ability to target all groundfish species in terms of incidental catch and also making the decision to bottom trawl economically feasible for both the vessel and the processor. Also, sufficient availability helps make a consistent supply of groundfish available that is so important to the processor to maintain consistent markets and consistent employment.
- 9) Dynamics of individual versus aggregate accountability in fisheries: One thing catch shares has taught fishery managers and participants is that a species does not have to be statistically constraining in the aggregate to be very constraining at the individual level. Just think of yelloweye, pre-2017 canary, POP, and also halibut to a lesser extent. The more in demand a species is to execute a target fishery, the more individuals will hoard that species and the lease price will be driven higher. The GSP has made sable more in demand and reduced the supply to trawlers. Trying to increase groundfish utilization will necessitate increasing demand for sable. Any increase in the fixed gear use of trawl sable quota will also increase the demand for sable. Sable itself has already been very constraining at the individual level as heard in anecdotal evidence and shown by the dramatic drop in dover & thornyheads catch and the overall attainment level. Understanding the constraining nature of sable at the individual level and how it affects decisions of individuals is very important to

consider in fishery management decisions that affect the groundfish fishery years into the future.

- 10) Impact of rationalized fisheries on other fisheries: Anyone familiar with history of rationalized fisheries across regions understands what happens when a rationalized fishery leaves participants with existing capital (vessels & gear) and existing capacity (extra time) that can be used for other fisheries: some participants will find other fisheries that require little to no extra fixed costs; this is economics 101. Nobody can exactly predict the behavior of Alaska fixed gear vessels that have increased or will be increasing their investments in pots due to a recent rule change, but knowing that the best prediction of future behavior is past behavior, there is a very good chance of increased fixed gear vessel participation in the trawl catch shares program. Increased fixed gear participation could also come from other west coast fixed gear vessels since the fixed gear tier permit fishery has hard caps on sable catch that are far more restrictive than fixed gear caps in the trawl ifq program.
- 11) Cooperation among various groups: On the docks, at the Council, and in the GAP, different stakeholders have gotten along reasonably well. There are many groups with many different interests. There is Tribal & non-Tribal, trawl & non-trawl, recreational & commercial, different states, at-sea & shoreside, limited entry & open access, nearshore and non-nearshore, incidental, and research. The primary reason these many groups get along stems from how well defined each group's amount of allowable catch is defined. We are not fighting one another for fish. The reason that the GSP has caused tension among groups and taken up so much time thus far of dock conversations and Council bodies is that a one way opening was created between sectors for different gear types, and the effect of which is open ended. To the extent that any resolution of the GSP in the five review reduces or eliminates future tensions and mass amounts of Council time will depend upon how well defined each sector's amount of allowable catch will be.
- 12) Vessel Limits: If the north-south line is removed, then a vessel limit of about 3.4% would be roughly the same amount of sable for the current sable-north 4.5% limit. Since many fisheries and vessels up and down the coast rely upon sable to execute their fisheries, the vessel limit of 3.4% in case of line removal would help with the need to make sure sable is accessible to the many entities.

REQUESTS TO COUNCIL

- 1) As a range of alternatives are developed, a priority be placed on alternatives that do not allow an increase in the footprint of fixed gear impact within the trawl catch shares program; which would mean a range of alternatives for fixed gear attainment that falls between 28% of ifq quota and below.
- 2) Any methods to limit fixed gear attainment be accompanied by an absolute cap of no greater than 28% of ifq quota for fixed gear attainment, and that this cap be in place prior to when (and if) the north-south line is eliminated.
- 3) If the north-south line is removed, define the coast-wide vessel limit at no greater than 3.4%.

RATIONALE

Much of the rationale and justification for the three requests are contained in the background information, but that will be built upon in this section. In simplest terms, the rationale for limiting the sable fixed gear attainment in catch shares is that it is a trawl fishery, and the sable is needed to facilitate the groundfish fishery in improving utilization and net economic benefits. We have sectors for a reason, and we have found out the hard way what happens when we go away from that standard. More detail is provided below.

- 1) **FMP and amendment 20 goals & objectives:** The June 2017 GAP statement on the five year review included two pages of FMP and amendment 20 goals & objectives that would expect to see an improved result with a fixed gear sable limit. Below are just the amendment 20 goals and the expected improved results.
 - a. Amdt 20 G1 - Increase net economic benefits: Trawl caught sable and simultaneously caught species yield more overall ex-vessel value and fishery related employment.
 - b. Amdt 20 G2 – Creates individual economic stability: More overall value to trawlers and their crew provide vessel economic stability, both from the value of the sable and the catch of other species. For processors, the April 2017 statement from three processors with five year review recommendations spoke of the negative impacts from sable lost from trawlers that compromised market and economic stability.
 - c. Amdt 20 G3 – Provides for full utilization of the trawl sector allocation: Trawl caught sablefish increases overall groundfish utilization relative to fixed gear caught sable.
- 2) **Increased Utilization:** The background information shows that we have gone the wrong direction under catch shares in getting pounds across the docks, lead by big reductions in dover. Even though 2011 saw a big reduction in catch compared to years immediately prior, 2011 was still better than 2016; meaning we are still going in the wrong direction. IFQ groundfish catch minus hake, petrale, sable, widow, & yellowtail was 31.3 million pounds in 2011, but down to 27.7 million pounds in 2016. Those are the pounds that sable helps get to the dock when used by trawlers. If the trawlers had sufficient sable, there could be a 40-60% increase in such pounds across west coast docks by 2025. It is trawl vessels that provide those current 27.7 million pounds and it is trawl vessels that could provide a 40-60% increase from there, but only with sufficient sable. That may seem like an ambitious goal, but in just a two year period from 2006 to 2008 there was an increase in dover landings alone from 13.1 million in 2006 to 24.7 million lbs in 2008; and the species that made up the 27.7 million pounds of catch in 2016 accounted for over 43 million pounds of catch in 2009. So getting the groundfish fishery back to pre catch shares utilization levels should not be considered too ambitious of a goal, instead it could be the Council's minimum goal, and sufficient sable amounts to execute the fishery are required to do so.
- 3) **Processor employment stability and market stability:** The April 2017 processor letter to Council on the five year review detailed the negative impacts of the program and the GSP on the ability to have stability in market supply and filet line employment, with information about lost employment and interruptions in groundfish operations that feed off of each other to create a downward spiral. Groundfish has been called the backbone of a traditional processor operation and sable is the backbone of groundfish. Groundfish provides year round employment and stability. Groundfish fills in gaps between & during the other fishery seasons such as shrimp, crab, and hake; all three of which are seasonal and all three are cyclical to varying degrees primarily because of ocean conditions. Fishing vessels primarily

involved in non-groundfish fisheries also want a healthy groundfish fishery so that the processor they deliver to is financially strong and stable. That helps everyone.

- 4) Improve net economic benefits: This subject is covered by the previous two points of increased utilization and increased processor employment & stability. Trawl caught sable leverages more benefits than fixed gear caught sable.
- 5) Importance of an absolute cap of fixed gear sable attainment: There are a few reasons an absolute cap is very important:
 - a. Nobody can predict with certainty what increases in fixed gear effort could occur, but the incentives to increase or begin participation are clearly there.
 - b. Any resolution that intends to limit fixed gear attainment but does not include a absolute cap could easily leave open the door for more fixed gear increases; monetary incentives are the precursor to unintended consequences.
 - c. Any resolution that leaves fixed gear attainment open ended will lead to continued disputes and take up a lot of time for Council and advisory bodies.
 - d. Any resolution that leaves fixed gear attainment open ended will leave the door open for further sable loss from trawl vessels and lost future opportunity for trawl vessels, and this would lead to further degradation of groundfish utilization and lost benefits as described earlier.
 - e. As a side note to an absolute cap, there are at least three ideas to have a cap without creating a race for fish.
- 6) North-South line removal issues: The line removal would be part of the 2019-20 specs process so it would most likely be ready by January of 2019; whereas addressing any gear switching actions would be part of another process that history tells us may take awhile longer to be implemented. Therefore, it is important to make a couple of requests so that the potential line removal does not exacerbate the problem of fixed gear attainment of trawl sable ifq.
 - a. Because line removal could free up unused sable to be caught anywhere, an increase in fixed gear attainment is most likely to occur. A cap on fixed gear attainment prior to line removal would address this issue.
 - b. Because line removal could make it easier for fixed gear vessels already bumping up against the 239,726 sable-north vessel limit to catch even more sable, addressing the vessel limit prior to line removal would be appropriate.
- 7) Future success: For the fishery, the catch shares program, and coastal communities. In short, do you want to allow trawl sable allocation to be used to facilitate the trawl fishery in:
 - a. Fishery & market growth where there is tremendous room to do so
 - b. Increasing utilization
 - c. Increasing net economic benefits
 - d. Providing wild caught fish to consumers
 - e. Supporting groundfish processor stability & market stability
 - f. Increasing stable employment and economic multipliers in coastal communities
 - g. Making the Trawl Catch Shares program a success.

Thank you for your consideration.

Sincerely,

F/V Bay Islander – Kurt Cochran
F/V Capt. Ryan – Tom Morrison
F/V Cassandra Anne – J.D. Moreland and Michael & Ila Hodges
F/V Coast Pride – Mike Retherford Jr, Chris Retherford
F/V Excalibur – Mike Retherford
F/V Fishwish – Travis Hunter
F/V Iron Lady – Kevin Dunn
F/V Jamie Marie – Greg Shaughnessy
F/V Little Joe – Ralph Brown
F/V Mandy J – Mike Rethford Sr, Mike Retherford Jr, Chris Retherford
F/V Marathon – Kurt Cochran
F/V Miss Emily – Todd Whaley
F/V Miss Sarah – Todd Whaley
F/V Miss Sue – Jim Seavers
F/V Ms. Julie – Rex Leach
F/V New Life – Kurt Cochran
F/V Noah's Ark – David Pettinger
F/V Ocean Beaut – J.D. Moreland and Michael & Ila Hodges
F/V Pacific – Mark Cooper
F/V Perseverance – Mark Cooper, Chris Cooper
F/V Sea Clipper – Greg Shaughnessy
F/V Seeker – Jim Seavers
F/V Sojourn – J.D. Moreland and Michael & Ila Hodges
F/V Tauny Ann – Kevin & Taunette Dixon
F/V Texas Lady – Rex Leach
F/V Warrior II – Travis Hunter
F/V Winona J – Mike Retherford Sr, Mike Retherford Jr, Chris Retherford
Midwater Trawlers Cooperative – Heather Mann
West Coast Seafood Processors Association – Lori Steele
Bornstein Seafoods – Andrew Bornstein
Caito Fisheries – Jim Caito
California Shellfish Co., Inc – Tom Libby
Ocean Gold Seafoods – Greg Shaughnessy
Pacific Seafoods – Mike Okoniewski