

# New Proposals – As Presented to SaMTAAC

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## WDFW

### **Background**

Initially, trawl permit holders received an annual allocation of quota share (QS) for each non-whiting species. Since that initial allocation, QS has been transferred both among trawl permit owners as well as to others, such as vessel operators, processors, and communities. Each year QS is translated into quota pounds (QP), depending on the amount of the annual catch limit (in mt) that is allocated to the trawl sector. QP can be harvested by any legal gear (i.e., trawl or fixed gear).

### **Problem Statement**

There is a concern that there could potentially be insufficient sablefish QP available for trawlers to use to access other under-attained stocks, such as Dover sole. Reasons cited for this include:

1. Fixed gear IFQ participants may pay a higher price for sablefish QP because they anticipate a higher return for their sablefish, and/or
2. Some fixed gear IFQ participants have QP for other species that they want to trade for sablefish QP (and there are individuals who need that QP for other species), and/or
3. Some IFQ participants hold on to their QP until later in the year “just in case” they need it or need to trade it for something else, thereby reducing the amount of sablefish QP available for trading earlier in the year.

4. Some processors buy up the sablefish QP, making it available for their own vessels or vessels that deliver to them.

### **Proposals/Alternatives**

The CAB and the GAP have identified several alternatives to address this problem. However, most of them have focused on limiting the amount of gear switching that could occur by placing a moratorium on gear switching, creating a gear switching endorsement, allowing only “active trawlers” to gear switch, or limiting acquisition of future trawl permits that could be used for gear switching.

General concerns with these alternatives include: creating a new permit “class” (i.e., a special permit or endorsement that would have a higher value), selecting a limit arbitrarily, potentially limiting the value of the IFQ fishery as a whole, and having differential impacts on communities. Specific to the items described in the “Problem Statement” above, if sablefish QP is traded at a higher price to fixed gear IFQ participants (i.e., item 1), then placing a limit on the amount of sablefish QP that could be traded to or caught with fixed gear could raise the price for sablefish QP even higher.

With regard to Item 2, limiting sablefish QP that could be sold to or used by fixed gear IFQ participants would limit flexibility on trades, which may make it more difficult for IFQ participants (both trawl and fixed gear) to cover their deficits.

### **WDFW Proposal**

- A. All trawl permits would have a portion of their annual quota pounds (QP) designated as “trawl only.”
- B. There would be two different types of sablefish QP—“any gear” QP (currently 100% of sablefish QP) and “trawl only” QP (would need to set percentage—e.g., 30 or 40%).
- C. Vessel accounts would have two types of sablefish QP—one for “any gear” and another for “trawl only.”
  - a. New IFQ category code would need to be created (e-tix and vessel account systems)
- D. If a permit holder using trawl gear has both types of QP in the vessel account at the time of landing, then would need to tell the buyer how to distribute catch between the two types of QP. A permit holder using fixed gear could only use “any gear” QP.
- E. On September 1 each year, all of the remaining sablefish QP becomes “any gear” QP. All “trawl only” QP would be re-designated as “any gear” QP, eliminating “trawl only” QP for the remainder of the year.
- F. Vessels that go into deficit using trawl gear could cover their deficit with “trawl only” QP or, after September 1, “any gear” QP.

### **Additional Options (add-ons)**

1. All permit holders have a one-time opt-out designation. By opting out of the “trawl only” sablefish QP, 100% of the QP issued to that permit would remain “any gear.”

2. All permits that had primarily used fixed gear have a one-time opt-out designation.
  - a. XX% of landings with permit had been with fixed gear
  - b. 100% of landings with permit had been with fixed gear

## Trade-Offs

In general, all proposals create a workload for NMFS permit and vessel account staff; however, there is likely less workload with this proposal than others (e.g., fixed gear endorsement).

### Pros:

#### **WDFW Proposal**

- Trawlers would be guaranteed there would be some portion of sablefish QP that would be “trawl only,” thereby limiting the amount the sablefish QP that fixed gear could access during the majority of the year and keeping the price for sablefish QP down, which would address Item 1 without creating a new permit “class.”
- Having all of the QP become “any gear” QP on September 1 also addresses Items 2 and 3, as flexibility would be maintained for trading near the end of the year, and even if some hold on to their QP, there would likely be “trawl only” QP available on the market prior to September 1.

#### **“Opt-Out” Option**

- With the “opt-out” provision, those permit owners who acquired the trawl permit for the expressed purpose of fishing with fixed gear would not lose on their investment.
- Without the “opt-out” provision, all trawl permits are treated equally and are subject to the same requirements.

### Cons:

#### **WDFW Proposal**

- Vessel account owners would need to track two types of sablefish QP and, at the time of landing, permit holders would need to tell the buyer how to distribute catch between the two types of QP within the vessel account.

#### **“Opt-Out” Option**

- Without the “opt-out” provision, permit owners that had acquired a trawl permit for the purposes of fishing with fixed gear would temporarily lose a portion of their QP as “trawl only;” however, this would only be until September 1 each year.
- With the “opt-out” provision, a separate class of permits would be created (i.e., those that opted-out would have 100% of “any gear” sablefish QP, which could have a higher

value). Using option 2 would reduce the number of permits in this new category (and sub-option 2b would be more limiting than sub-option 2a).

- Additionally, if “opt-out” option 1 is adopted, then this proposal may not work if a sufficient number of trawl permit holders do not opt-in to the “trawl only” portion of the program.

### GMT Alt Presented by NMFS (3 alternatives)

1. Move the 36° N. lat. line used for the trawl sector to 42° N. lat.
2. Move a portion of the trawl allocation from south to north (each year as part of the biennial spex)
3. Allow southern allocation sablefish QP to be harvested north to 42° N. lat.

### Lackey

- 1) Vessel Limit: A fixed gear vessel limit is established; for example, 1.5%. This limit is subject to an ownership exemption explained later, and can be modified to meet an aggregate limit also explained later.
- 2) Trawl Link: A vessel can catch the amount of sable with fixed gear in a year no greater than the poundage of sable it caught with trawl gear the previous year. ....
  - a. Participation exemption: If a vessel fished fixed gear sable in the trawl program any three years, then that vessel is exempted from the trawl catch requirement and can fish fixed gear up to the 1.5% vessel limit without a trawl catch requirement for years 1-3; and up to 0.1% for years 4-6, and the exemption permanently expires in year 7.
  - b. Ownership & participation exemption: If a vessel fished fixed gear sable in the trawl program any three years, and the majority owner(s) of the vessel and the majority owner(s) of sable quota share are the same, then that vessel is exempted from the trawl catch requirement and can fish fixed gear up to their sable quota share amount owned by the vessel owner as of the control date. This exemption expires when the majority owner(s) (at the person level, not the corporate level) is no longer the majority owner(s) of both the vessel and the quota share. If the owner(s) owns more quota share than the fixed gear vessel limit, then that vessel is exempt from the individual vessel limit, but only up to 2.6% (roughly the limit of sable a fixed gear vessel can catch in the fixed gear tier permit fishery).

Note: A vessel under the ownership & participation exemption can use the participation only vessel limit for years 1-6 if it is higher.
- 3) Aggregate Limit: An aggregate limit is set as a backstop that may not get used. For example, it could start at 25% for years 1-3, 20% for years 4-6, and 15% thereafter. It could be administered by adjusting the fixed gear vessel limit

downward one year if the aggregate limit was reached / exceeded in the previous year.

Note: Different rules could be further developed for area south of 36 line given that conditions are different than the area north of 36.

### Pacific Seafood

<b>Sablefish Management and Trawl Allocation Attainment New Alternative Measures for Analysis</b>			
#	Category	Sector	Measure
1	Gear Switching Mitigation Provision	Trawl	Eliminate any Future Gear Switching by Persons Who Did Not Own Trawl Permits or Trawl QS Prior to the September 15, 2017 Control Date. Limit gear switching only to persons who own a trawl permit or trawl QS, and used that permit or QS for gear switching, prior to the control date.
2	Investment Consideration Provision	Trawl/ Fixed Gear	Prohibit the Use of Any Leased Trawl Permits or Leasing of QP for Gear Switching. Consideration that the practice of leasing QP, vessels, or trawl permits is different from making capital investment in these assets, and consideration that leasing constitutes a cost of doing business, not a long-term investment.
3	Fixed Gear Limitation Provision	Fixed Gear	Cap the Amount of Trawl Sablefish that can be used for Fixed Gear. Establish poundage or percentage cap on the QP associated with QS that can be fished with fixed gear limited only to persons who own a trawl permit or trawl QS, and used that permit or QS for gear switching, prior to the control date. Fixed gear entrants who fished only after the control date would <i>not</i> be allowed to participate in the trawl fishery unless they use trawl gear for all harvest.
4	Reciprocity Provision	LE Tier	Allow Sablefish Quota Sales to go Both Ways. Allow the trawl fishery to buy or lease (lease only to be used if leasing trawl QP is not prohibited for fixed gear) from the fixed gear tier fishery and allowing the pounds associated with those permits be fished with trawl gear in part or in whole. <b>(NOTE: SaMTAAC decided the reciprocity provision is outside the scope.)</b>
5	Sablefish Area Management	All	Leave the 36° N. Lat. Management Line in Place – For Now. Coastwide management of trawl sablefish should be considered <i>only</i> after a successful gear-switching resolution is reached that will foster achievement of the trawl rationalization program goals and objectives.

### Bob Alverson/Tyler Besecker

Five to seven year experiment

Divide the allocation south of 36° N. lat. into thirds

- 1/3 restricted to south of 36° N. lat.
- 1/3 restricted to south of 40° 10' N. lat
- 1/3 no restrictions – use coastwide

Pot gear limitation south of 40° 10' N. lat