

GROUND FISH ADVISORY SUBPANEL REPORT ON GEAR SWITCHING FOR SABLEFISH IN THE TRAWL CATCH SHARE FISHERY

The Groundfish Advisory Subpanel (GAP) received an overview of the preliminary analysis of the gear switching alternatives and the key decision points within those alternatives from Dr. Jim Seger and Ms. Jessi Doeringhaus. The GAP offers the following comments.

Statement Framework

As we noted in our [September 2020 statement](#) on this issue, gear switching, and the extent to which it may or may not be affecting trawl attainment, has been a challenging one for the GAP. As such, the GAP will again be offering a statement that includes opposing viewpoints, in the interest of making sure the Council is aware of the full range of perspectives. This agreement to offer divergent viewpoints instead of majority and minority statements was reached by consensus in the GAP.

Statement in support of “no action”

Members of the GAP who use fixed gear in the trawl individual fishing quota (IFQ) program do not consider there to be a need for restrictive actions concerning the use of fixed gear in the trawl IFQ fishery at this time. We still believe that “No Action” is the correct action to take and we believe it is premature to select a range of alternatives.

Consider this information from the Council’s own analysts:

- Levels of gear switching over the last several years (2015-2019) have stabilized at around 33 percent of the available quota pounds (QP) and the number of gear-switching vessels and permits has been relatively stable at between 14 and 16 over that same time period. In 2019, ex-vessel and QP prices dipped well below the 2011-2018 range (ex-vessel prices were at the lower end of that range in 2018). **(Source: p 41, Attachment 3, Agenda Item G.1, November 2020).**
- Compared to 2018, the 2019 sablefish allocation increased to its highest level during the catch share program (continuing a general upward trend), sablefish ex-vessel price declined to its lowest level, and northern sablefish QP lease price declined to its lowest level. **(Source: p 41, Attachment 3, Agenda Item G.1, November 2020).**
- Also of significance is the fact that for 2021, the trawl allocation for sablefish will increase by about 1.3 million pounds (23 percent) compared to 2020. **(Source: p 41, Attachment 3, Agenda Item G.1, November 2020.)**

As of the beginning of November, according to the [National Marine Fisheries Service \(NMFS\) IFQ shorebased landings information](#), only a little more than 50 percent of the trawl sablefish quota has been caught. Although there's been a slight uptick in the price for sablefish, and more quota may be delivered before the end of the year, there's little reason to believe that trawl-permitted vessels using fixed gear are causing a problem for trawl net fishermen to access the huge amount of sablefish remaining on the table. Of course, the entire fishing industry, including sablefish landings, have been significantly impacted by the pandemic in 2020.

Turning to the range of alternatives, the primary difficulty is that for each of the Alternatives, some people, vessels and/or permits who have participated, will not qualify to participate in the future, or in the alternative, have their participation curtailed, and some in a significant way. Those who have only leased a permit and quota may be entirely excluded; those who have spent savings and/or borrowed money to purchase quota may find their investment seriously diminished or even disappear entirely; those who wish to transfer their privilege to gear switch quota to the next generation of fishermen—even within their own family--may be prohibited from doing so.

Before identifying a range of alternatives for further analysis, it would be helpful for the Council to make certain decisions. **Our answers are outlined in CAPS AND BOLD**

1. Should we keep the control date? **YES**
2. Should significant participation using fixed gear (FG) from 2011 to the control date be required? **YES**
3. Should there be a recent participation requirement using FG, and should those landings also be significant? **YES**
4. Should the ability to gear switch be attached to the vessel or the permit? **PROBABLY PERMIT**
5. Should vessels/permits using FG be able to lease sablefish? **YES**
6. Should the Council continue to allow a vessel/permit that gear switches to catch up to ownership limit of 3% ? **YES**
7. Should the Council continue to allow a vessel/permit using FG to also catch up to the vessel limit of 4.5% ? **YES**
8. Should we have a termination date or “sunset” clause regarding the use of FG? **NO**
9. Should we allow a vessel/permit owner to transfer the ability to gear switch? **YES**
10. Should there be a cap on the total percentage of FG participation? **NO** Or if we limit participation, should we wait to see the level of participation? **YES**

While we would prefer to see no further action taken at this time, if the Council does decide to identify a range of alternatives, we suggest that the Council analyze only the following SaMTAAC alternatives: Status quo, Alternative 1 and Alternative 2.

To fully identify decision points in the alternatives that we would recommend, **we refer you to Agenda Item G.1, Attachment 1 beginning at Page 3.**

Alternative 1

We would recommend the following, **ONLY if an OPT OUT provision is included. Unless there is an OPT OUT provision, we do not support Alternative 1 moving forward for further analysis. Please note: we are suggesting some changes to Alternative 1**

Gear-Specific Quota Pounds Option 1 – 70 percent trawl, 30 percent fixed gear

- Conversion Option 1- **July 1** or August 1
- Opt Out Provision- **The ability to Opt Out is allowed to be transferred with ownership change to permit/QS account**
- To qualify to Opt Out, we suggest the Council select **Opt Out Qualification D**, requiring a minimum of 30,000 lbs of FG North landings between
 - o Jan 1, 2011 and Sept 15, 2017, or between
 - o Jan 1, 2014 and December 31, 2018.

Alternative 2

Gear Switching Endorsement and Qualification:

We recommend the Council select the following:

To qualify:

Option 2- 30,000 pounds per year in at least 3 years from Jan 1, 2011, to September 15, 2017 and landed sablefish with FG in at least one year from 2016-2018

Annual endorsement limit:

Option 2- The standard Northern sablefish vessel QP limit of 4.5 percent

Limit for non-endorsed permits -

The proposal is for 0.5 percent. This is not supported by members of the GAP who gear switch. This year alone, 0.5 percent equates to a little over 29,000 lbs. **If the intent of the Council is to limit gear switching, it should be some small amount, such as 2500 pounds**, to account for bycatch that may be taken in other fisheries. Otherwise, the 0.5 percent will become a target. For example, latent or active non-endorsed trawl permits could be leased and fishermen could target 29,000 pounds.

Gear Switching Limit Overages

Any QP a vessel uses for gear switching in excess of its limit will have its following year gear switching limit for its permit reduced by the amount of the excess QP used.

Endorsement Expiration and Transferability

Option 2--Gear switching endorsements on permits do not expire and may be transferred to a new owner.

Alternatives 3 and 4

Our opposition to Alternatives 3 and 4 is strong. Both of these alternatives restrict the use of fixed gear in the trawl individual quota (IQ) fishery to only 10 percent of the overall trawl quota. As mentioned above, the percentage of fixed gear usage has been about 33 percent in the most recent 5-year period. These alternatives would generate a race for fish as of January 1, as a quota share owner would be fearful of waiting and losing any opportunity to catch their QS later in the year. This would have disastrous safety and fairness implications.

Furthermore, both of these alternatives prohibit leasing, which has been a significant part of the FG participation. FG fishermen trade, buy, and sell quota with bottom trawlers, midwater boats and processors. Prohibiting leasing will not only affect the FG fishermen, but to date, there hasn't been any economic analysis of the value that leasing brings to the fishery as a whole and in particular, the QS owners who lease but may not fish sablefish, or who choose to lease their fish even if they are bottom trawlers. Alternatives 3 and 4 either prohibit transferability of the ability to use FG in trawl IQ, or arbitrarily terminate the ability of fishermen to fish their quota with fixed gear.

Alternative 3 is particularly egregious in that while it seeks to limit vessels that have significant history and levels of FG participation to 10 percent, and individual vessels with history of using FG to 0.6 percent or less, **it also invites new participants into gear switching. Active Trawlers who have never before used FG are allowed to use FG if they have made 6 trawl landings totaling 18,000 pounds in the current or prior year. Those new vessels would each be allowed up to 1.0 percent of the quota to land with FG, and the cumulative limit that active trawlers are allowed to land would be 10 percent.**

We have numerous other objections to Alternatives 3 and 4, not the least of which is the lack of economic analysis done, to date, on the effects that such severe restrictions would have on the vessels that have fished FG throughout the trawl program. **As set forth at pages 35-37 of Attachment 3, Agenda Item G.1, based on the 2020 allocation, the proposed limits under Alternative 3 would result in a severe reduction in a qualifying FG vessel's landings and income, between 18,000 pounds and almost 200,000 pounds annually. Using an average price of sablefish North for 2011-2018, the decline in associated ex-vessel revenue would be between \$51,000 and \$553,000 annually.**

We have no information on the economic impact of Alternative 4. We would also note that for both Alt. 3 and 4, we have little or no information on the community impacts, beyond that of a severe decline in ex-vessel revenue.

We would also bring to your attention the fact that Alternative 4, aka Pacific's alternative, supported by some other processors, is one that was brought before the SaMTAAC in a long list of alternatives to be considered at the meetings in the fall of 2019. The members of the SaMTAAC did not recommend moving forward with that alternative. To allow a new alternative, previously rejected by the SaMTAAC, and never presented to the GAP in full, seems to be an "end run" around the Council process.

We appreciate the opportunity to comment. We hope you understand that it is difficult to recommend specific aspects of different alternatives that may affect the livelihood of our fellow fishermen. We don't think there's a problem with the use of FG in the trawl IQ program. And we suggest that the Council still has decisions to make before proceeding with selecting a range of alternatives.

Statement in support of moving forward with a range of alternatives

In contrast to the statement opposed to moving forward with selection of a range of alternatives, many trawlers and processors believe it is imperative to move forward to select a full and complete range of alternatives for analysis at this time. The “Statement in support of moving forward” from the September GAP statement ([Agenda Item D.1.a, GAP Report 1, September 2020](#)) is applicable to the action at this meeting as it highlights the importance of moving forward with a comprehensive range of alternatives, including the proposed alternative #4 (also known as the Processor Proposal and Trawl Stakeholder #2). Below is the same table as presented in the September GAP statement.

Table 1. Maximum allowed percent of fixed gear attainment of northern sablefish trawl quota under each alternative –Alternative s 1 & 2 have a range due to the various sub-options in each alternative.

Alternative	Maximum allowed % of fixed gear attainment of northern sablefish trawl quota
SaMTAAC #1	30% to 100%
SaMTAAC #2	~ 30% to ~ 75%
SaMTAAC #3	20%
Alternative 4 (Trawl Stakeholder #2/Processor Proposal)	10%
Gear Switching Elimination	0%

Moving forward with a range of alternatives (ROA) that includes proposed alternative #4 (Processor proposal/trawl stakeholder #2) is necessary for the following reasons:

- 1) Current ROA incomplete and imbalanced: There are three alternatives (including no action as an alternative) that allow for an increase of fixed gear (FG) attainment and only one that includes even a limited reduction to 20 percent. There is a need for another alternative with a lower attainment level to correct this imbalance and provide for a robust analysis. Without an alternative that meaningfully restricts gear switching, the range of alternatives is inadequate.
- 2) Importance of fishery improvement lead by processor investments: The future of our trawl communities and direction of our fishery will be determined by the business decisions of the major processors of bottom trawl fish to either invest in communities or to continue with the consolidation and decline. That makes processors the primary stakeholder on which the fishery depends for its success. All major processors and the West Coast Seafood Processors Association testified during the September Council meeting about the necessity of taking swift action on gear switching, and in support of an alternative that would cap gear switching at the 10 percent level. Testimony from processors during the September meeting and throughout the process gives further context to the importance of certainty of sablefish supply to the trawl fishery in order to facilitate long-term investments and market development. Processors testified in September that large investments are dependent upon

secure sablefish landings in the trawl sector, so that, in itself, necessitates inclusion of the proposed alternative #4 to analyze impacts with and without future major investments.

- 3) Alternative #4 covers pre-control date vessel owned quota share (QS) for vessels that had a minimal level of FG participation: Quota owned before the control date by vessel owners for which those same vessels had minimal pre-control date FG participation (~30,000 lbs in any 3 years) represents less than 10 percent of all sablefish north trawl quota. A 10 percent cap is more than sufficient to cover that amount.
- 4) Fishery degradation is more serious than may be understood: After catch shares were implemented, utilization in most communities has imploded in all three coastal states even as ACLs have exploded. 2008-2010 pre-catch shares average annual catch of underutilized species (all except petrale & sablefish) was over 40 million lbs and then was less than 25 million in 2018. There are communities in all three states that have seen plant decline and /or the ceasing of bottom trawl processing.
- 5) The risk of continued community degradation may be more serious than understood: The trajectory of the bottom trawl fishery under status quo fixed gear attainment is consolidation of major processing into one port (Warrenton / Astoria) on the entire west coast. This trajectory started with major losses in 2011 and has continued through 2020, and processors have warned it could continue further if status quo continues. Three alternatives allow both a continuation and increase in status quo fixed gear attainment, and only one assures a reduction.
- 6) Potential benefits of meaningful fixed gear reductions may be far more than understood: The benefits of fostering investments in all three states to increase utilization & jobs in communities could be very significant, particularly when contrasted with what negative impacts may happen if investments aren't made and degradation continues. Benefits of investment in bottom trawl extend into other fisheries as it anchors infrastructure in communities, provides for stability in year-round employment, and is a glue of sorts that supports other fisheries.
- 7) Urgency in stopping decline and reversing degradation of trawl communities: Our fishery and communities cannot wait for more than a quarter century of the catch shares program to see fixed gear attainment reduced in order to have a chance at reversing the last decade of degradation. The 30 percent FG attainment of sablefish north trawl quota that is the pre-control date status quo requires reduction as soon as possible, which is probably not until the 13th or 14th year of the program even if the Council and NMFS act as quickly as possible. The five-year review is a tool mandated by the Magnuson-Stevens Act to address any unintended consequences of a Limited Access Privilege Program in order for the program to meet its goals and objectives. Gear switching is the #1 issue needing to be addressed in a meaningful way.
- 8) Sector Integrity: The use of sectors is probably the #1 tool used by councils around the country to manage their fisheries. Sectors exist to provide clarity, stability, and consistency in business conditions for fishery participants. Alternative 4 provides the highest degree

of sector integrity. It is logical to include in a ROA an alternative that uses to a greater degree the #1 tool of fishery managers.

A few notes on alternative #3:

- 1) Many of the points above in favor of including alternative 4 also support alternative 3 being included in the ROA.
- 2) In addition to those points, alternative #3 is the only alternative that combines a meaningful reduction of fixed gear attainment with a limited provision to allow active trawlers to use fixed gear, and that is important to include in the ROA for analysis.
- 3) Alternative #3 is simple in its basic construct: Active trawlers have a 10 percent FG collective limit, and qualifying vessels with pre-control date QS ownership and a certain participation level have a 10 percent FG maximum collective limit.
- 4) Below is a suggested addition in italics on alternative 3 to provide increased sector integrity and prevent further unintended consequences:
A vessel must have a current “active-trawler” designation to use fixed gear to land northern sablefish *or other IFQ species north of the 36 line* (unless it has an exemption).

In summary, we support moving forward quickly with analysis of a full and complete range of alternatives that has the potential to address the impact of gear switching on the success of the trawl IFQ program. Alternatives 3 and 4 should be included in that range to ensure completeness and a sound analysis, as well as an opportunity to fully understand potential impacts and trade-offs.

PFMC
11/16/20