

GROUND FISH ADVISORY SUBPANEL REPORT ON SABLEFISH GEAR-SWITCHING – IDENTIFY THE GEAR SWITCHING LEVEL TO USE IN DEVELOPING ALTERNATIVES

The Groundfish Advisory Subpanel (GAP) received an overview of this item from Pacific Fishery Management Council (Council) Staff Officer, Dr. Jim Seger and Ms. Jessi Doerpinghaus and offers the following comments.

Statement framework

As we noted in prior statements on this issue ([September 2020](#), [November 2020](#)), gear switching in the trawl catch shares program continues to be challenging 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. The agreement to offer divergent viewpoints instead of majority and minority statements was reached by consensus in the GAP.

Statement in support of limiting the fixed gear (FG) trawl sablefish

There is extensive testimony and written public comment record from 2016 to 2021 at Council and Sablefish Management and Trawl Allocation Attainment Committee (SaMTAAC) by processors and trawlers advocating for reducing and/or eliminating fixed gear attainment of sablefish north in order to better achieve optimum yield (OY) and individual fishing quota (IFQ) program goals and objectives. There have been portions of past GAP statements along similar lines. This statement does not attempt to encompass those prior efforts that are still applicable. Instead, the table below speaks to the range of fixed gear limitation percentages being considered and the points below the table add onto previous record.

Table 1. Trawl comments on each level of gear-switching limitation

Fixed Gear Limitation	Comments on Each Level of Limitation
"no action" (no limitation)	Under "no action" the 2017 control date becomes stale and could easily incentivize new and increased fixed gear effort to increase catch of trawl quota in anticipation of potential future action. This combined with current weakness in the trawl fishery and resulting uncertainty from no action could cause fixed gear attainment to rise very significantly in a short amount of time.
33%	This 'status quo' bottom trawl fishery is not in great shape and has had a downward trajectory. The 33% status quo level would provide little incentive to processors for investment and fillet line expansion and market development to provide meaningful opportunities to trawlers. There would be risk of continued geographic consolidation and inconsistent markets throughout the year.

Fixed Gear Limitation	Comments on Each Level of Limitation
20%	This option allows for a reduction from the current level, but that amount of change is not commensurate with the need and challenge at hand. The 20% option would be codifying a significant restraint on potential growth of the trawl fishery, preventing it from being able to maximize utilization and achieve OY. The bottom trawl fishery has had intermittent decline since 2011 and the urgency has grown. A more meaningful change is required to sustain and improve the geographic and time-based distribution of the fishery; and both of these are required to build markets and achieve OY.
12%	This option is more in the range of meaningful change significant enough to provide certainty to the trawl fishery and incentivize processors to expand fillet lines and markets. A 10% limit is also in the range of alternatives. Both 10% and 12% are more than the 6.04% representing the sablefish north QS (including adaptive management pounds (AMP)) owned by vessel owners as of the control date that caught at least 30,000 lbs. sablefish north with fixed gear in any three pre-control date years.
0%	It is assumed an immediate elimination of gear switching by the Council is not likely, although a phase out to 0% over time is a viable option. This option provides the program with the greatest capacity to achieve OY as well as goals and objectives of both the program and the groundfish fishery management plan (FMP). It would also be the option that best provides for a geographically distributed communities-based fishery for future generations, providing employment and seafood to the consumer.
	Recommendation: 10% maximum limit with an eventual phase out of gear switching, for the reasons stated above.

1) Importance of sablefish: It is difficult to overstate the importance of sablefish to bottom trawl. It is crucial logistically for utilization increases, crucial economically for viability of vessels and processors, and crucial strategically for market reliability. So much so that it determines the overall capacity of the fishery. That is why the level of gear switching has indirect correlation with the capacity of the bottom trawl fishery. And the fishery capacity directly impacts the geographic range and number of plants that can be supported which, in turn, dictates geographic distribution and amount of trawl vessel opportunity.

2) Groundfish processors: [September 2020](#) Council testimony as well as written public comment for this meeting made clear where processors of the vast majority of bottom trawl fish stand on this issue. For investments and market development to take place, processors need to know the sablefish trawl allocation is dedicated to trawl and will be available for increasing attainment of non-sablefish species. Fishery capacity and opportunity for trawlers will flow from this, particularly for trawlers that look to be a part of the sablefish dependent trawl strategies and utilization increases.

- 3) Infrastructure: Perhaps the most important sentence of the [analysis under this agenda item](#) is in the first paragraph on page 84: “*Where there are declines in investment, there is always a concern that a related decline in fishing activity will critically affect the maintenance of infrastructure that other fisheries also depend on.*” Groundfish helps sustain year-round employment and balances seasonal fisheries. Trawling helps sustain shoreside services. Many west coast ports have a history of diminished infrastructure where trawling dissipates.
- 4) Potential gains: Table 30 on page 81 of the [analysis](#) details potential gains of 18.9 million pounds of additional landings and \$12.7M additional revenue in absence of gear switching. Perhaps more important than those numbers is that they would represent jobs, seafood to the consumer, and likely sustained infrastructure and processing in multiple west coast ports. Therefore, potential long-term benefits that could be achieved by phasing out gear switching are larger than reflected in the analysis.
- 5) Lease rates and quota share (QS) values: Maximizing lease rates is not a program goal or objective, and should not be a primary concern for action. Even so, less fixed gear attainment over the long-term could allow a healthier groundfish fishery that would support higher QS values, more quantities of fish leased, and higher lease prices for IFQ species in a portfolio. Recent lease downward trends could support this theory. It is speculation, however, in either direction.
- 6) Trawl allocation and utilization: Trawl allocation should stay in the trawl sector on trawl vessels to increase trawl utilization of trawl dominant species to achieve OY and meet trawl program goals and objectives. Fixed gear has their own sectors and allocations that can be used however they wish. Even if gear switching were to be phased out, over half the sablefish landed on the west coast would still likely be with fixed gear.
- 7) Past and future generations: Groundfish processor and trawl vessel operations represent generations of family businesses that have invested tens and tens of millions of dollars in the trawl fishery. Trawl allocated sablefish is a key component in establishing fishery capacity, unlocking investments, and sustaining and rebuilding a diminished trawl fishery so that hopefully future generations in all three coastal states can reap the benefits.

Statement in support of ‘no action’ level of gear-switching

Members of the GAP using fixed gear in the trawl IQ fishery have the following comments to offer to the Council:

It’s our understanding that the Council, at this meeting, will decide to take No Action, regarding the levels of gear switching in the Trawl IQ fishery, or may limit, by percentage, the total of gear switching that will be allowed in the future.

Our primary position is that the Council need take No Action at this time.

Essentially, what has happened over the past 5 years, is that members of the trawl industry, in advocating to eliminate gear switching, have been asking the Council to allocate to them, by regulation, that which they have been unwilling to purchase.

Statements made by members of the trawl industry that they “can’t afford” sablefish quota, is belied by the fact, as shown in the [analysis at F.4, Attachment 1](#) is that the revenue to trawlers,

per thousand pounds, even in the Dover-thornyhead-sablefish (DTS) fishery, averages significantly greater income than that generated by trawl-permitted vessels using fixed gear. They can better afford to buy or lease quota than fixed gear trawl quota holders.

One of the concerns expressed by those favoring restrictions on gear switching has been the cost of leasing sablefish. The assertion was that fixed gear operations received more money for the sablefish and could afford higher lease fees. The lease rate for sablefish last year was \$0.25 to \$0.40 per pound, down over a dollar a pound from its high of several years ago. The lease rates from [Jefferson State Trading](#) for March 2021 show asking prices of \$0.40 per lb. with few if any takers. The question then arises, how does the Council justify a restriction on gear switching when, plainly, gear switching is not among “obstacles to achieving the goals and objectives to catch share plan to under attainment of non-sablefish trawl allocations and unharvested sablefish quota pounds south of 36° N. latitude.” In fact, the trawl sablefish quota itself is not being attained.

The analysis also clearly indicates that trawlers have demonstrated the ability to use less sablefish to harvest Dover sole. This refutes the assertions by members of the trawl industry that “we need” more sablefish to harvest Dover sole.

Given that the current analysis shows that trawl fishermen generate income greater than that of vessels using fixed gear in the trawl fishery, and that fishing strategies have been modified to be able to land more Dover sole, some of the assertions made repeatedly by the trawl industry that fixed gear is impeding trawl attainment should not be the basis for Council action.

The question remains whether use of fixed gear in the trawl fishery is constraining attainment of other trawl species.

We would first remind the Council that despite the extensive and lengthy deliberations of the SaMTAAC, it was unable to make any finding that gear switching was constraining trawl attainment. In fact, the [Final Report of the SaMTAAC](#) stated: “The Committee notes that it will need to take the analytical results into account in determining whether the alternatives limiting gear switching are expected to improve attainment of the trawl allocations as compared to no action.”

Rather than examining the proposed Alternatives to limit gear switching, and whether those Alternatives would improve trawl attainment, the Council chose to look at a range of percentages of landings by trawl permitted vessels using fixed gear and determine whether imposing a limit on those landings would improve the attainment of species by trawl-permitted vessels using nets.

That brings us to the current analysis as set forth in this meeting at [F4b Attachment 1](#).

We applaud and thank Council staff and analysts for the extensive work. But what is clear to us is that the analysis cannot say, with any certainty, that gear switching is limiting, or constraining, trawl attainment. In fact, in the document, at page 45 “Impacts of Gear Switching” the analysts state:

“*If* gear switching is inhibiting trawl attainment, a reduction in gear switching *may* increase trawl attainment in the short or long term, *depending* on the mechanism by which the

inhibition occurs. ***** It is *possible* that gear switching is affecting trawl attainment through both direct or indirect mechanisms or that it *is not affecting* trawl attainment. *In either case, the impacts of a reduction in gear switching would have an immediate effect on gear switching vessels.*”

To be frank, it astounds us that the Council would consider advancing a proposal to limit fishing by one group of lawfully participating trawl permit holders, that would give advantage to another type, without a robust finding in the analysis that the proposed action would achieve the goal of higher trawl species attainment.

If the Council chooses to restrict gear switching, the Council owes the public the economic data that demonstrates more unattained trawl species will be delivered. There is no analysis to show that this will occur. The under-attainment of many trawl species is because each species has its own market niche and there is insufficient demand to raise the prices per pound on the unattained species. The analysis does not demonstrate how restricting gear switching stimulates demand for any of the unattained species.

We would also highlight to the Council that the analysis does not address the effect of limiting gear switching at any level would have on the investments made by trawl permitted participants who use fixed gear and have bought trawl quota. For example: Although the price of quota has gone down some, before the recent decline in prices, quota sold for between 14 and 17 dollars per pound. In a nutshell, it cost about \$450,000 to purchase a miniscule percentage of quota that equaled about 30,000 lbs. Participating in the trawl fishery and owning quota is a massive investment for a small family business. What was also not addressed in the report is the economic value to the industry of the quota that is leased by trawl quota holders to trawl permitted fishermen using fixed gear, or the value of quota that is leased by fixed gear quota holders to those who participate in the whiting, bottom trawl and midwater trawl fisheries. There is both economic and community value to these transactions, and the costs of restricting gear switching, and the effects on those transactions, is absent from the report.

Finally, we point to the fact that the availability of sablefish has significantly increased, while the catch has not. The 2020 trawl quota total allowable catch was 5,813,148 pounds, and about 35% was left unharvested. In 2021 the trawl quota is, 6,921,611 pounds, a 19% increase over 2020. We recognize the effect of the pandemic has had on all markets for seafood, regardless of the gear type used. We question whether in a time of depressed prices and demand whether it is appropriate for the Council to take an action that will have a negative effect on one sector of trawl IQ holders.

While we urge the Council to take no action at this time, in the event the Council decides to do so, we would ask that the Council select only the 33% alternative. Analysts report that 33% is about the average poundage landed by gear switching vessels in the period 2015-2019. There has been some increase in 2020 to about 35%, and if the Council chose, it could instead use the percentage from the most recent year. In either event, it is important that current gear switching participants and their level of participation be considered.

For the Council to consider eliminating gear switching or reducing it to a level lower than the ownership amount of 11.5% would create extreme economic disruption to those family businesses

that have invested in purchasing quota and participated in good faith. It would also disrupt the lease market, established over the last 10 years, on which operations, both fixed gear and trawl, are dependent on, in order to pursue their fisheries. Keep in mind, sablefish, when fished and delivered by fixed gear, is worth 40% more than trawl-caught fish. If quota can only be delivered by trawl vessels, the value of the fish at the dock, and to the vessel and crew, will precipitously decline.

We would also object to a level of gear switching that is 20%. We do not even know where that number came from. If the Council were to select that level, it could result in conflict between those who own quota and fish it, those who own quota and lease, and those who only lease fish. Selecting a level any lower than current participation could create a race for fish, contrary to the intent of the IFQ program. This would require additional Council action to fix.

Should the Council move forward with a limited percentage to be taken by fixed gear, and also need guidance at this meeting for some of the alternatives that have been previously developed, we refer the Council to our GAP report of [November 2020](#), and incorporate those comments herein. Essentially, we recommended that the control date be kept, that significant participation be required, as well as recent participation, that leasing be allowed and that the ability to gear switch not expire or have a sunset provision.

In sum, we recommend that you take “No Action.” Otherwise, we recommend a 33% limit, or an amount approximating the take by trawl permitted vessels using fixed gear in 2020.

PFMC
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