

GROUND FISH ADVISORY SUBPANEL REPORT ON SABLEFISH GEAR SWITCHING

The Groundfish Advisory Subpanel (GAP) received an update on the sablefish gear switching alternatives from Dr. Jim Seger (Pacific Fishery Management Council staff) and Ms. Jessi Doerpinghaus (Pacific Fishery Management Council staff). The GAP offers the following comments and recommendations.

The GAP reached consensus on removal of Alternatives 2 and 4 from the list of alternatives under consideration. Specifically, the GAP recommends listing them as considered but rejected alternatives.

With regard to Alternative 2, the National Marine Fisheries Service (NMFS) has stated that it is the most complex and burdensome in terms of ongoing cost and analysis ([Supplemental REVISED NMFS Report 2](#)). The Groundfish Management Team (GMT) report highlighted similar concerns. Given that cost and complexity, and the fact that it doesn't offer advantages over the other alternatives, the GAP recommends removing it from the range.

With regard to Alternative 4, the GAP concurs with the GMT statement that it does not adequately address current business practices, is overly complex, and doesn't meet the purpose and need of the action. As such, the GAP recommends removal of Alternative 4 as well.

The GAP is also in agreement on the importance of meeting in person in April. This is a highly contentious and long-standing issue, and the GAP will discuss this under Agenda Item C.10, Future Workload.

The GAP recommends the Council develop a set of preliminary indicators about the possible effectiveness related to any gear switching alternative selected, with results to be evaluated at a future review. At that time, the Council could respond with further action based on the results.

Beyond those areas of consensus, the GAP remains sharply divided on other gear switching issues. Following are two perspectives - one presenting the fixed gear sector's preferred approach, and the other representing the approach preferred by the trawl and processing representatives on the GAP.

Fixed Gear sector

The GAP fixed gear representatives fully support the Council's principles that recognize participation and investments that were made by participants in gear switching. Gear switching was provided and intended in the Council's motion when establishing the trawl quota share program under Amendment 20. The following are from the environmental impact statement trawl individual fishing quota (IFQ) analysis concerning gear switching as well as comment from the judge when the program was adjudicated.

“Recipients are free to use QS with any groundfish gear including trawl, long line and fish pots, switching permanently from trawl to some other gear” (Section 2.2.1, page 37)

and

“Council action regarding gear switching takes into account the opportunity to reduce by catch and other possible adverse environmental impacts” (Section 2.6.1, page 50)

Additionally, when the program was adjudicated, the judge made the following comments relative to gear switching:

“In additional the proposed action under Amendment 20 trawl rationalization allows limited entry trawl permit holders to switch from trawl to fixed gears to fish their quota, which, in turn, would reduce trawl impacts. It also allows non-trawl vessels to harvest the allocation to the trawl sector if they acquire a trawl permit and IFQ.”

and

“Amendment 20 is a mitigative measure (or, at worst, is neutral) with respect to the natural environment because trawl fleet consolidation, gear switching, and observer monitoring are likely to mitigate environmental impacts relative to the status quo.”

During the time the Council has been debating and analyzing restrictions to gear switching, over the last five years, between 1.3 and 29.7 percent of the trawl allocation in the north has been left unharvested (except for 2017; see Table 9 in Attachment 3). In addition to the surplus sablefish quota not harvested annually, the trawl fleet has chosen to annually divert 30 to 33 percent of their trawl sablefish holdings to gear switching. We would submit the reason for this is the lack of trawl markets for Arrowtooth flounder, Dover sole and/or other flounder species.

The Council’s analysis of the current alternatives to restrict gear switching fail to explain how these flounder markets are enhanced and provide more opportunity to trawlers. In fact, during the Sablefish Management and Trawl Allocation Attainment Committee discussions, the staff pointed out that should other flounder markets increase, trawlers would be incentivized to use their sablefish to harvest the other groundfish. In essence, the suggested gear switching problem would disappear on its own, through natural market forces. The Council’s current alternatives suggest the Council knows better than the trawl fleet how to maximize the delivery of trawl quota. This is accomplished by devaluing at least 71 percent of the trawl sablefish quota by an estimated \$50 million in the hope that this will result in additional ground fish landings. The devaluation would be absolute, having the greatest negative impact on the most financially vulnerable members of the trawl fleet that are entirely dependent upon the limitations in the Pacific Northwest market. While the coming forth of new markets is unsupported in the current analysis and seems a highly speculative, and at best hopeful, outcome.

The fixed gear sector of the GAP currently recommends that the best alternative is the status quo. We further recommend not developing a preliminary preference alternative (PPA) at this time.

We recommend the following changes to Alternative 1 and 3 in order to compare them against the status quo.

Alternative 1

The Council's alternative requires use of the owner's vessel to qualify in addition to quota landed before the cut-off date. There are fixed gear participants who purchased trawl sablefish prior to the cut-off date. They leased their quota to other fixed gear operations prior to the cut date while their vessel was participating in other fisheries. If you owned quota that was leased to someone who gear switched and that happened before the control date then it should be issued as any gear. It does not seem fair to condemn or restrict this purchase of quota. The quota was purchased prior to the cut-off date and used with fixed gear vessels and operated under the rules of the Trawl IFQ program.

The Council could add options that waive the vessel ownership requirements altogether or waive the vessel ownership for:

- a. gear switching buyers that owned quota share (QS) and received a minimum of 30,000 pounds of gear switched sablefish in three years (2011-CD), and/or
- b. were members of a Fishermen's Collective Marketing Act (FMCA) - registered cooperative who contributed sablefish QS that they owned to the co-operative that was harvested by members gear switching vessels.

Alternative 2

Per the consensus GAP statement above, fixed gear representatives support removal of this alternative.

Alternative 3

This should be a permit-based alternative based on the delivery of QS landed and owned by the participant. The endorsed permit should be transferable without any phase out of the fishing privilege. This alternative with its most restrictive options may leave only 6 permits active. These permits will be very valuable and we recommend the Council consider adding an ownership and control limit. Our concern is over the next 20 years these permits will likely be sold, as the fishing families end their current involvement in the fishery. Without a limit of ownership and control a single entity that can afford to purchase very valuable permits could control too many permits and control this part of the sablefish market.

Alternative 4

Per the consensus GAP statement above, fixed gear representatives support removal of this alternative.

In conclusion, the fixed gear GAP members do not believe the Council has demonstrated the need for the current proposed restrictions to gear switching and support status quo as their preferred alternative. We recommend delaying selection of a PPA at this time. If the discussions continue, we recommend working from Alternatives 1 and 3. Fixed gear representatives also recommend delaying the decision about whether to adopt the individual or collective approach to allow more time for affected parties to provide their input.

Trawl sector

Background

The bottom trawl fishery has a unique place in West Coast fisheries and its value goes well beyond just a measure of ex-vessel value:

- 1) Sablefish is a lifeblood species for bottom trawl because it widely co-occurs with trawl dominant species and, as an economic component, that makes bottom trawling viable for both the trawl vessel and the groundfish processor. Sablefish denotes capacity for viable trawl attainment.
- 2) Bottom trawl is a “glue” for the processor that helps hold the business model together. Other fisheries are often time-dependent, like crab, whiting, and shrimp. Bottom trawl can fill the time between those other fisheries’ down times and facilitate year-round processor employment, thereby enhancing processor capacity, resiliency, and year-round opportunities for both trawl and non-trawl vessels.
- 3) The groundfish processor is important to the community because of the nature and volume of the trawl fishery requires a large amount of infrastructure, employment, and a brick-and-mortar processor anchored in a community. When trawl goes away in a community the community and other fisheries suffer as well. It is in everyone’s interest to support healthy trawl fisheries with their brick-and-mortar processors.
- 4) Groundfish facilitates geographic distribution of fisheries because trawl supports that processor capacity anchored in a community, so the greater the trawl fishery capacity as directly impacted by sablefish allocation dedicated to only trawl, then the greater the probability of geographic distribution of brick-and-mortar processors supporting multiple fisheries. A healthy geographic distribution also facilitates achievement of optimum yield, which can only be achieved with effort dispersed off all three states.

Based on that background, trawl representatives on the GAP support moving forward with a PPA at this time and recommend selection of Alternative 3, qualification option 3, endorsement option 3. That alternative, with those suboptions, would reduce fixed gear catch of northern sable trawl IFQ quota to 6.5 percent.

Below is the rationale and explanation of how Alternative 3, qualification option 3, endorsement option 3, will best meet the Purpose and Need (P&N) of the action.

We need to keep gear switching from impeding attainment.

The P&N states *"the purpose of the action would be to keep northern sablefish gear switching from impeding the attainment of northern IFQ allocations with trawl gear"*. Sablefish caught by

fixed gear reduces the capacity of the fishery to attain other species with trawl gear because sablefish is critical both logistically and economically to facilitate sustained markets and trawl harvest. Reducing fixed gear catch of northern sablefish trawl IFQ quota to 6.5 percent would incentivize processor investment and market development and significantly increase capacity for overall trawl sector attainment.

Goals 2 and 3 of the Fishery Management Plan (FMP, P&N - 2) – The P&N also references “*Management Goals 2 and 3 of the FMP which respectively seek to maximize the value of the groundfish resource as a whole and to achieve the maximum biological yield of the overall groundfish fishery.*” Limiting fixed gear attainment to 6.5 percent increases capacity to achieve both of these goals. The revenue of DTS strategy per unit of sablefish is 2.3 to 4.3 times that of gear switching (Table 10 of attachment 3), and other trawl strategies have a higher ratio. There is also additional value in the increased employment required to process trawl caught fish above and beyond the sablefish. Other trawl-caught species caught with sablefish contribute to achieving the maximum biological yield of the overall groundfish fishery.

Goal of Amendment 20, Full Utilization (P&N - 3) – The P&N also states “*this action would seek to improve the program towards the goal of Amendment 20 to the FMP, which created the Shorebased IFQ Program, of providing for full utilization of the trawl sector allocation.*” As with the prior two points, a 6.5 percent fixed gear limit provides a much greater capacity for utilization of the trawl sector allocation than a limit of 29 percent for status quo or Alternatives 1 & 2.

Recommendation for PPA – Alternative 3 with qualification option 3 and endorsement option 3

Below are recommended sub-options and features for Alternative 3 that result in a limit of 6.5 percent fixed gear catch.

Endorsement Qualification Option 3 – Permit with 30,000 lbs. of fixed gear landings in three years (2011-CD), plus ownership of the permit and QS as of and since the control date, plus ownership of a vessel that gear switched as of and since the control date.

Endorsement Limit Option 3 – Amount of QS owned as of and since the control date.

Additional recommendations for Alternative 3

Trawl Permit Without a Gear Endorsement – No fixed gear allowance for those permits without an endorsement; remove from Alternative 3 the allowance for a low level of gear switching activity. This would simplify oversight and monitoring.

Gear Switching Limit Overages – Follow the suggestion from NMFS Report 2 “*Allowing for a relatively small amount of catch over the endorsement’s limit without a violation.*”

Endorsement Expiration – Endorsement could either a) expire on transfer to new owner or new owner added or b) automatically expire 12 years after implementation of regulations – this would simplify oversight and allow sufficient planning time to either exit the trawl fishery or add trawl capability to the vessel.

(Proposed) Endorsement Transfers – The endorsement is only valid on a vessel with common ownership. In the case of multiple vessel ownership, the permit owner can declare which vessel would fish the endorsement for the year.

Rationale for recommending Alternative 3 with qualification option 3 and endorsement option 3 to achieve 6.5 percent limit:

1) **Covers the 3.7 percent to 6.5 percent Group** – Per the analysis for Alternatives 3 and 4, those meeting both ownership (permit, vessel, QS) and participation (pre-control date 3 years X 30,000 lbs.) requirements owned between 3.7 percent (Alt 4) and 6.5 percent (Alt 3) QS.

2) **Efficiency In Identifying Group** – Relative to other alternatives and other sub-options, Alternative 3 with qualification option 3 and endorsement option 3 provides the most capacity to increase trawl sector utilization and meet purpose and need while at the same time efficiently identifying fixed gear entities meeting both ownership & participation requirements and allowing those entities to continue to use fixed gear.

3) **Considers Current Operations & Investments** – Specifying allowance of endorsements and their limits based on a combination of vessel & permit & QS ownership and participation is a direct result of considering investments and current operations. The consideration language is from the P&N. It is also worth noting the trawl vessel and processor investments for fishery participation are decades and generations long reaching tens and perhaps hundreds of millions of dollars.

4) **Ownership of a Gear Switching Vessel** – This is an essential piece of the endorsement qualification: Not including ownership of a gear switching vessel would have three serious drawbacks:

a. It would substantially lower the bar for both participation and ownership, but especially participation because ownership of a gear switching vessel represents active participation.

b. It would reduce capacity to increase utilization of trawl sector allocation, reduce capacity to achieve optimum yield and FMP objectives, and not best achieve purpose and need.

c. Lowering the bar for qualification in this way would lessen the distinction between endorsement qualifiers and non-qualifiers.

Trawl Sector Specific recommendations:

1) **Narrow Alternative 3** – By selecting Alternative 3 with qualification option 3 and endorsement option 3 as the PPA, the other sub-options in alternative 3 should be removed from further consideration.

2) **Move Alternatives 1, 2, & 4** to “considered but rejected alternatives.”

3) **Maintain Individual Approach** – Eliminate the collective approach from analysis.

4) Use Net Effects for Analysis – For future analysis on impacts to communities and buyers, use a net effect. For example, if a community both loses fixed gear sable and gains trawl groundfish, then the result is the net effect of the catch, processing, and sale of fish; also use the most recent three years as a baseline to get the most current impacts of net effect.

The Future

We are on the doorstep of the bottom trawl fishery having all its foundational components in place: a well-managed fishery to prevent overfishing, healthy stocks, access to fishing grounds (including former Rockfish Conservation Areas), a post-pandemic world, and its dedicated full trawl allocation of northern sablefish. A 6.5 percent maximum fixed gear catch of northern sablefish trawl IFQ quota would be that last piece to enable stakeholders to grow markets over the next 5-7 years. Realization of these gains in catch, value, year-round employment, fishery geographic distribution, and community stability would positively impact fishery management plan goals 2 & 3, objectives 6, 7, 9, & 16, Amendment 20 goals 1, 2, & 3, and objectives 2, 6, & 7.

PFMC
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