

GROUNDFISH ADVISORY SUBPANEL REPORT ON SABLEFISH GEAR SWITCHING - FINAL ACTION AND FISHERY MANAGEMENT PLAN (FMP) AMENDMENT

The Groundfish Advisory Subpanel (GAP) struggled with reaching consensus on the main issues related to gear switching, similar to the situation in the past. Most of the trawl fishermen not involved in gear switching generally remain in favor of action to limit gear switching. Fishermen taking advantage of the gear switching opportunity generally favor No Action. However, both groups reached consensus on some items in the gear switching package if the Pacific Fishery Management Council (Council) moves forward with its preliminary preferred alternative (PPA).

Consensus items

Specific to the PPA, the GAP agreed to the following:

1. Three-year rolling average: Do not include the option of the three-year rolling average gear-switching provision into the PPA. This provision introduces unnecessary complexity to the gear-switching process. As evidenced in [Agenda Item F.4, Attachment 3, April 2024](#), it introduces further uncertainty to the fishery, both for the trawl fleet and the fixed gear fleet. Not including the three-year rolling average option would help ensure a more stable groundfish fishery overall and ensure fishery participants and processors can make better business plans for their operations.

2. Trusts/Estates: The GAP agrees with this provision as described in the materials under this agenda item. That is, that an estate or trust would be treated the same as an individual if that individual died prior to implementation.

The GAP had a robust discussion on the expiration of legacy status, with concerns about the legacy status lasting indefinitely or phasing out and whether legacy status is fair to all individuals. On the trawl side, there was concern about having the legacy status last indefinitely without some kind of expiration. There was support for some kind of expiration as outlined on [Page 13 of Attachment 1](#) and discussed more fully in [Attachment 2](#), but unsure of what option to select. On the gear switching side, there was thought that these entities made the qualifying requirements, and they should maintain legacy status until they divest of that quota share (QS) or dissolve.

3. Deceased Individuals and Inheritance: If an individual passed away and their assets are passed to another individual prior to implementation, the GAP recommends that the status of the individual and QS ownership level also pass to the new owner.

4. FMP Amendment- The GAP recommends FMP Amendment Option 2 with specific trigger values because it provides clarity to fishery participants for the purposes of business planning.

Gear switching perspective

The gear-switching sector on the GAP continues to support No Action. Gear switching vessels have participated in gear switching since 2011 in a variety of legal business arrangements. Some of those arrangements include purchasing trawl sablefish QS prior to the control date and catching the fish with their own vessel, for which they secured a trawl limited entry permit (LEP). Some

gear switchers have leased sablefish from trawlers and also leased a trawl permit. The Council provided a variety of ways to participate in gear switching.

When the Council passed Amendment 20, which established the trawl individual fishing quota (IFQ) program and allowed for gear switching, the supporting documents stated the following:

Recipients are free to use QS with any groundfish gear including trawl, longline 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 bycatch and other possible adverse environmental impacts” (section 2.6.1, page 50)

Gear switchers have purchased trawl QS/quota pounds (QP) and new fishing gear, reinvested in their vessels, and leased or bought trawl permits in order to participate in the trawl IFQ program for the last 13 years. They took the Council at its word when they made investments to participate in the trawl IFQ gear switching program.

The gear switchers’ perspective is that the limited discussion the Council has had on the inability of the trawl fleet to harvest the Dover sole annual catch limit (ACL) and other species centers on lack of market demand. This demand is currently being filled by competing imports, such as tilapia and Vietnamese catfish.

In three of the last six years, considerable amounts of trawl sablefish have been left unused by the trawl fleet (Table 1). It should be noted that Dover sole landings have dropped 60 percent since 2018, even with surplus sablefish available.

Table 1: Amount of Dover sole caught and unharvested and sablefish north left unharvested in the IFQ sector, 2018-2023.

Year	Dover - caught	Dover- left	Sablefish - left
2023	8,451,167	100,753,587	2.6 million
2022	10,235,835	99,360,643	149K
2021	8,879,880	100,457,128	1.8 million
2020	10,415,534	100,215,621	2 million
2019	12,735,662	97,525,879	304K
2018	14,050,212	97,014,102	581K

The Council’s projected ACL levels for sablefish through the next decade appear to be adequately robust and likely to be above any ACL being considered as a trigger that would result in gear

switching restrictions for the next ten years or longer. Making an argument that no restrictions are likely to occur for over a decade is hardly an argument to approve the PPA for something that might happen a decade down the road.

If, however, the Council chooses to proceed with the PPA, then gear switching proponents recommend:

1. Using the overfishing limit (OFL) as the basis for the threshold, rather than the ACL;
2. A coastwide OFL threshold of 7,000 mt or, if an ACL trigger is maintained, an ACL threshold of 5,000 mt.; and
3. For purposes of keeping family-owned corporations whole, we ask that any ownership interest in QS or a trawl LEP as of the control date that is transferred to another family member by the time of Council action will be considered to have been owned by the family member as of the control date.

Rationale for the above includes:

- A. Using a biennial harvest specification (e.g., the OFL), rather than an average gear switching percentage, ensures the threshold is driven by science, avoids influences by changes in fishery behavior, and provides advance notice to the fishery participants.
- B. Using the OFL rather than the ACL ensures the threshold is driven by science and conservation (i.e., based on the stock assessment), and removes the opportunity for political influence;
- C. Given the harm that a gear switching limit will cause to gear switchers and some processors, the trigger threshold should be set such that the limit is imposed only in years of lower abundance when there is a chance that gear switching could impede trawl access to sablefish QP.
- D. We are aware of at least one gear switching operation where a son has recently bought into the corporation that meets all other criteria. The family should not lose their investment opportunities of gear switching because of such a change. If this cannot be accomplished at this meeting, a trailing amendment should be proposed to accomplish this request.

In summary, if the Council chooses to put a restriction on gear switching, the Council needs to demonstrate that more unattained trawl species will be delivered. To date, it appears there is insufficient demand to raise the price per pound of unattained species. The analysis before the Council does not explain how demand will increase for an unattained species should gear switching be restricted. The Council needs to remember that the Commerce Department's defense of the trawl IFQ program stated that the ability to gear switch was an integral part of the overall program. Lastly, the Council should allow for exceptions for minor changes in family fishing businesses that have occurred during the course of gear switching deliberations.

Non-gear switching perspective

Although the existing PPA was not our preference, for the sake of advocacy for choosing a final preferred alternative (FPA) from within the PPA range, the following rationale is in support of selecting a 10,000 mt trigger:

1. A 10,000 mt recommendation is more about the next three decades than it is the next three years.
2. Amount of sablefish trawl allocation dedicated to the trawl fishery positively impacts:
 - i. The capacity toward achieving optimum yield, Amendment 20 Purpose and Need, and the fishery management plan's goals and objectives;
 - ii. A defined stability, predictability, and capacity for processors to make long term investments in infrastructure, communities, and market development;
 - iii. The potential to reverse catch-share program trends of capacity reduction and consolidation of filet lines; and
 - iv. The capacity for the trawl fishery to support community-anchored brick and mortar processors that have been historically critical to long term resiliency of coastal fishing communities.
3. The 10,000 mt trigger is more likely than a lower number to keep trawl QS in the trawl fishery long term to achieve the trawl IFQ program goals and objectives.
4. There is underutilized fixed gear capacity in fixed gear fisheries, even before the upcoming sablefish 2025 allocation increases.
5. To the extent that gear switching exists in the trawl fishery, it is best in the long term that it be an equal opportunity system based on a proportion of any gear QP issued to QS accounts as opposed to trawl QS being further consolidated with the intent for 100 percent use with fixed gear; a 10,000 mt trigger is better suited than a smaller number for that purpose.
6. The 10,000 mt is better suited than a lower number to allow the fishery to weather disruptive forces that we have seen in the past such as:
 - i. The potential occurrence of large numbers of juvenile sablefish in the fishery; and
 - ii. The stock assessment and harvest specifications cycle being several years late in providing allocation increases to match the increased biomass trawlers are encountering in the water.

Summary of Recommendations

Consensus items:

1. Do not include the three-year rolling average option in the FPA.

2. Trusts/Estates: Treat an estate the same as an individual if that individual died prior to implementation; and
3. Deceased Individuals and Inheritance: If an individual dies, and their assets are passed to another individual prior to implementation, the status of the individual and QS ownership level also pass to the new owner.
4. FMP Amendment- The GAP recommends FMP Amendment Option 2 with specific trigger values because it provides clarity to fishery participants for the purposes of business planning.

Non-consensus items:

Gear-switching perspective:

- Recommends No Action
- If PPA selected, then
 1. Use OFL as the basis for the threshold, rather than the ACL;
 2. A coastwide OFL threshold of 7,000 mt or, if an ACL trigger is maintained, an ACL threshold of 5,000 mt.; and
 3. Incorporate an exception for transfers of QS and LEPs among family members within a family-owned corporation.

Non-gear switching perspective:

- If the Council's PPA is selected, use 10,000 mt as the trigger.

Lastly, the GAP thanks Dr. Jim Seger for his years of grinding through this issue with the GAP and fishery participants and coming through for the Council in the clutch.

PFMC
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