

REVIEW OF THE TRAWL CATCH SHARE PROGRAM

Council Meeting, November 2025



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TODAY

- Updates Since September
 - Summary of Edits and Changes
 - Initial Diagnosis

SUMMARY OF EDITS AND CHANGES

- Summarized in F.7 Attachment 2
- All edits and changes made to the main body of the document were relatively minor
- Did not change nature of conclusions

SUMMARY OF EDITS AND CHANGES

- Added additional context to the community and social vulnerability about impacts from the program
- Added information on MS and CP sectors throughout
- Added additional information on ex-vessel prices, revenue, monitoring costs, and quota leasing



INITIAL DIAGNOSIS

BACKGROUND

- The Council requested the review to **focus on diagnosing why** the catch share program is not meeting its goals and objectives, with a particular emphasis on the bottom trawl sector
- NEI and Brannan and Associates contract is to prepare an “initial, high-level diagnosis of primary questions, factors, and potential needed information and/or analyses to better understand outcomes under the program”

SUMMARY OF CHANGES IN TRENDS RELATIVE TO G&OS

Goals

1. Increase net economic benefits (~)
2. Creates individual economic stability (~)
3. Provides for full utilization of the trawl sector allocation (x)
4. Considers environmental impacts (✓)
5. Achieves individual accountability of catch and bycatch (✓)

Changes since last program review:

No change/improvement in indicators (✓)

Mixed changes in indicators (~)

No change/decline in indicators (x)

Objectives

1. Provide a mechanism for total catch accounting (✓)
2. Provide for a viable, profitable, and efficient groundfish fishery (~)
3. Promote practices that reduce bycatch and discard mortality and minimize ecological impacts (✓)
4. Increase operational flexibility (✓)
5. Minimize adverse effects from an IFQ program on fishing communities and other fisheries to the extent practicable (~)
6. Promote measurable economic and employment benefits through the seafood catching, processing, distribution elements, and support sectors of the industry (~)
7. Provide quality product for the consumer (✓)
8. Increase safety in the fishery (✓)

WHAT MAY BE CAUSING DECLINES IN ECONOMIC PERFORMANCE?

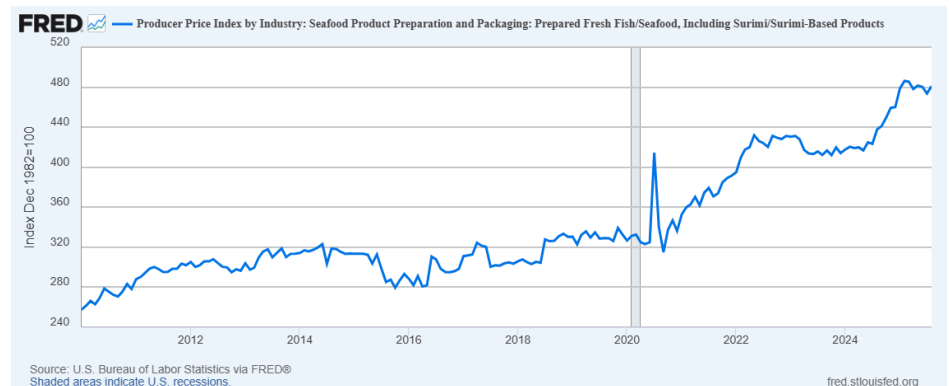
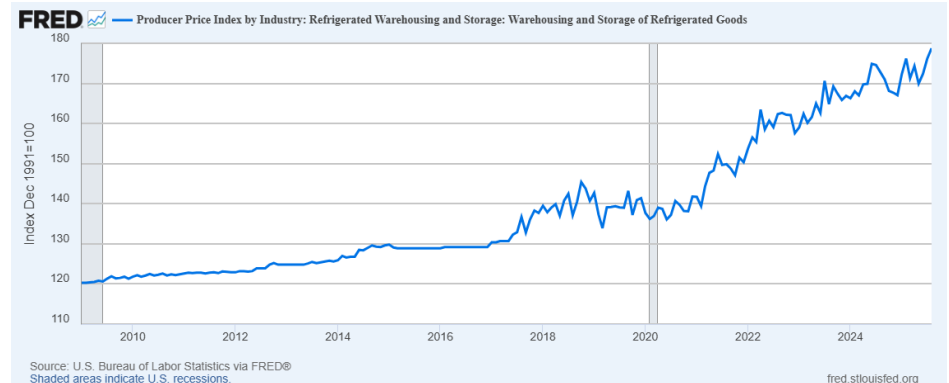
- External Factors
- Internal Factors

WHAT MAY BE CAUSING DECLINES IN ECONOMIC PERFORMANCE?

- External Factors
 - Tariffs
 - The COVID-19 pandemic
 - Inflation and structural changes throughout the supply chain
 - Exchange rates
 - Markets

COVID-19 & INFLATION

- COVID-19 negatively affected all sectors, but was largely transitory for most US fisheries (Amos et al. 2022)
- Measures of inflation in relevant sectors including the Producer Price Index (PPI) has risen dramatically since 2020
 - Cold storage (top fig.)
 - Seafood Production



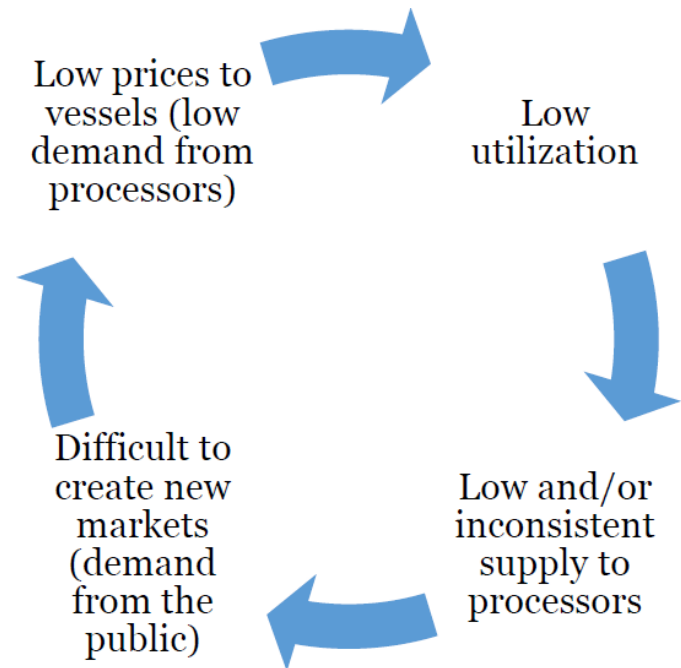
TARIFFS AND THE VALUE OF DOLLAR

- In 2018, the US imposed a 25% tariff on most seafood imported from China.
- China responded with tariffs of up to 35% on US seafood products.
- US seafood competitiveness reduced in key markets (Japan) due to the strength of the dollar and Japanese yen policies (increase supply)



MARKETS

- 2017 review noted challenges in utilization stemming from challenges rebuilding groundfish markets
- Were groundfish markets set back by COVID or other changes?



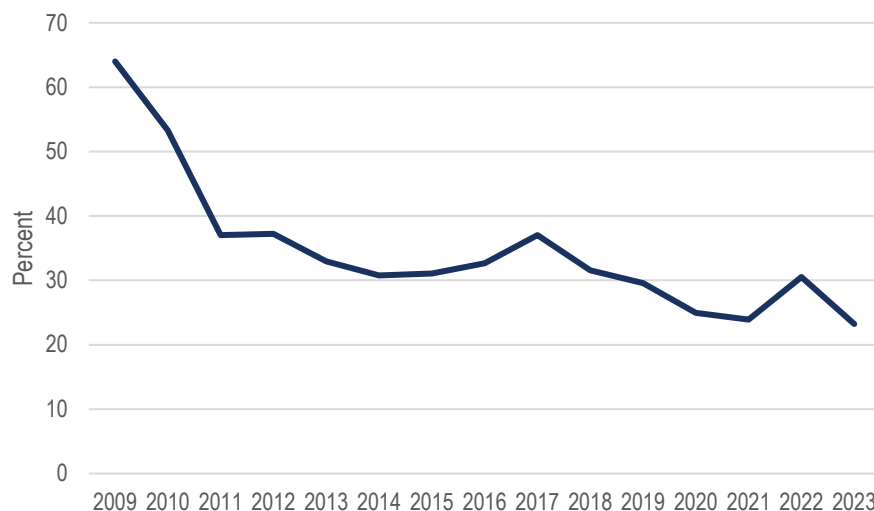
WHAT MAY BE CAUSING DECLINES IN ECONOMIC PERFORMANCE?

- Internal Factors
 - Participation in other fisheries
 - Changes in costs and profitability
 - Stock assessments and allocations
 - Quota market functioning

PARTICIPATION IN OTHER FISHERIES

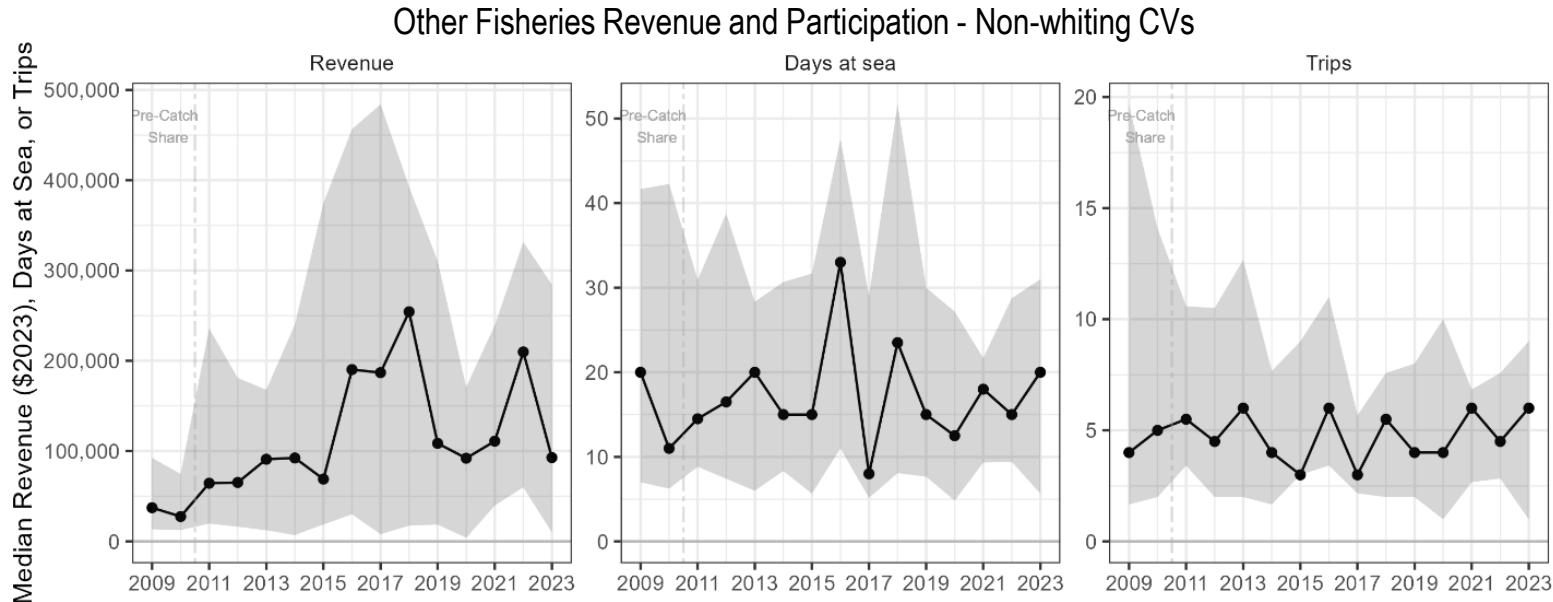
- Are outcomes not as bad when considering total impacts across all parts of vessels' portfolio?
- Non-whiting catcher vessels show a decreasing percentage of revenue from CS Program groundfish

Non-whiting vessel's bottom trawl fishery percent of ex-vessel revenue derived from the CS program



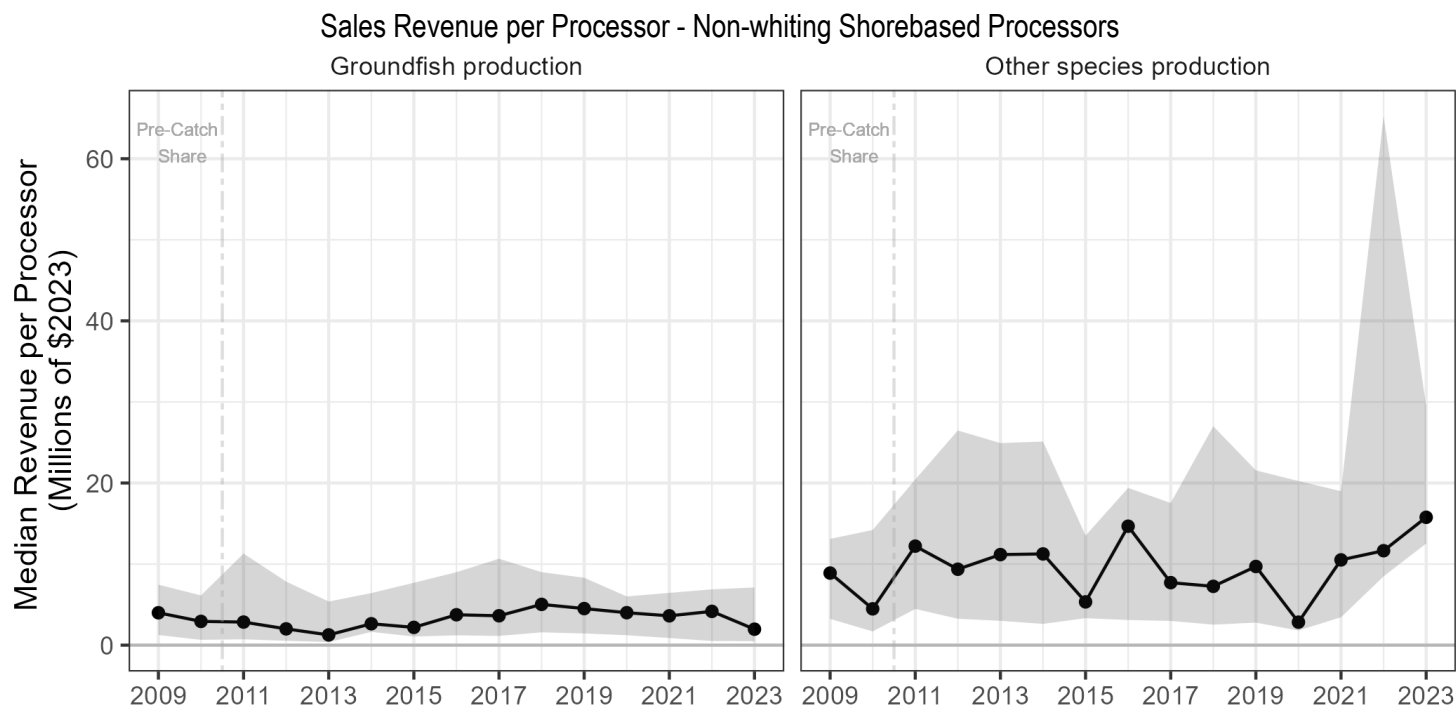
PARTICIPATION IN OTHER FISHERIES

- Are outcomes not as bad when considering total impacts across all parts of vessels' portfolio?
 - Non-whiting vessels show limited ability to compensate for groundfish losses



PARTICIPATION IN OTHER FISHERIES

- Are outcomes not as bad when considering total impacts across all parts of vessels' portfolio?
 - Non-whiting processors- signs of processing shifts



CHANGES IN COSTS AND PROFITABILITY

- Costs have kept pace with inflation, ex-vessel prices have not
 - Leads to apparent revenue declines while costs remain stable
- Strong year classes of sablefish further depress prices, profitability
- Quota lease costs further reduce profitability

Figure 88. Median Bottom Trawl Costs

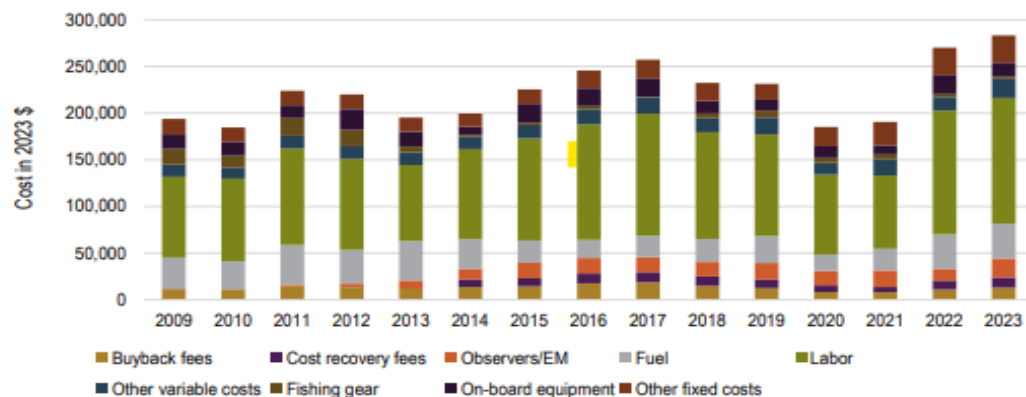
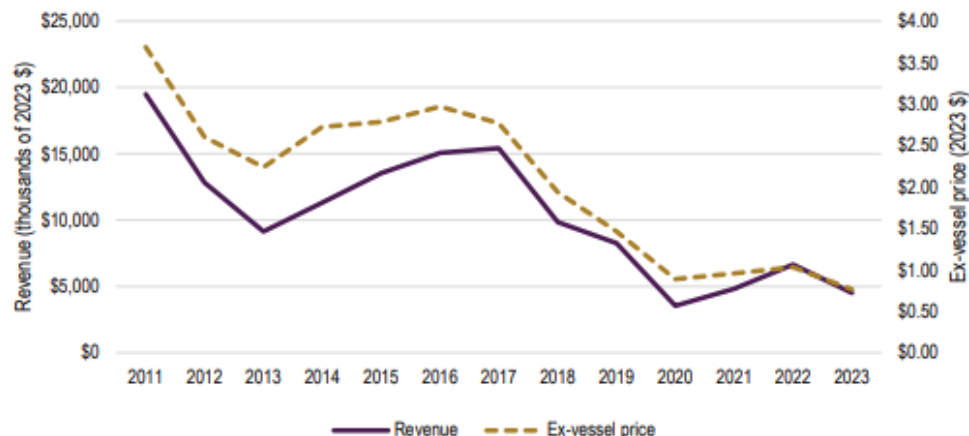
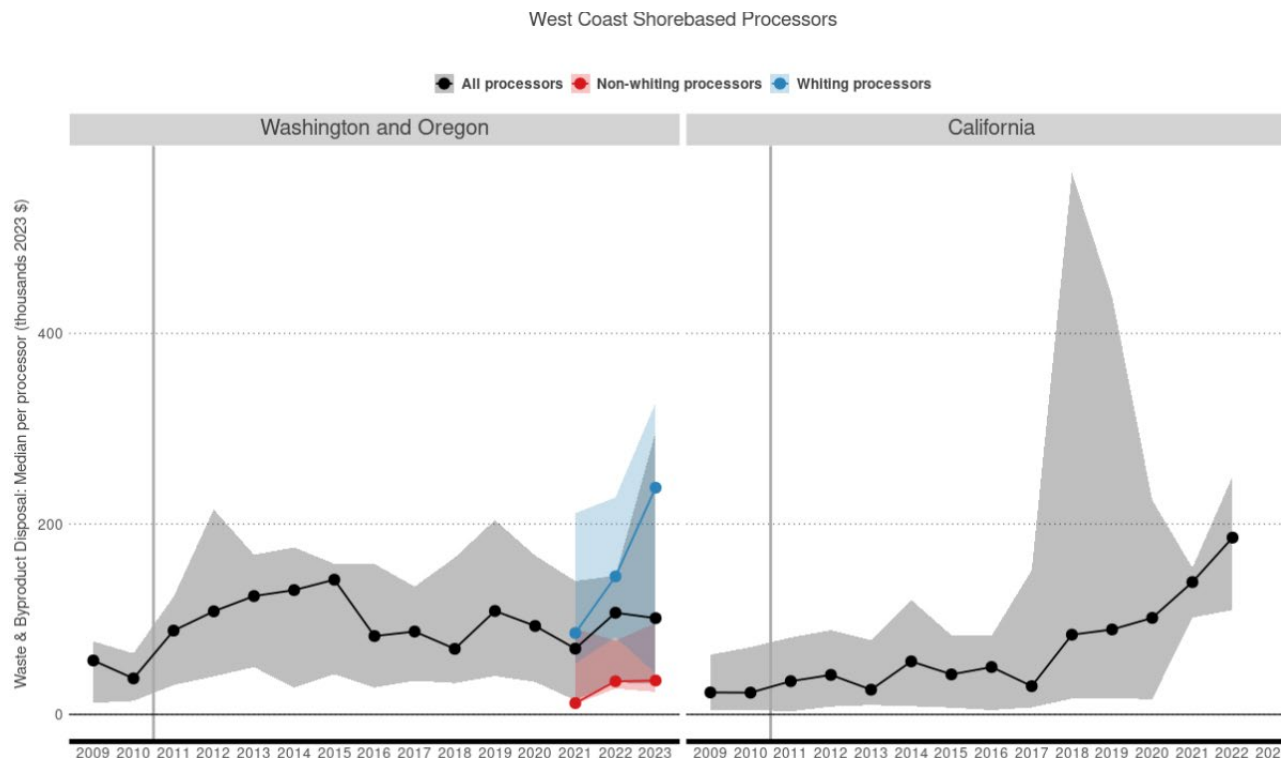


Figure 92. Sablefish N ex-vessel price and revenue, 2011 through 2023 (2023 \$)



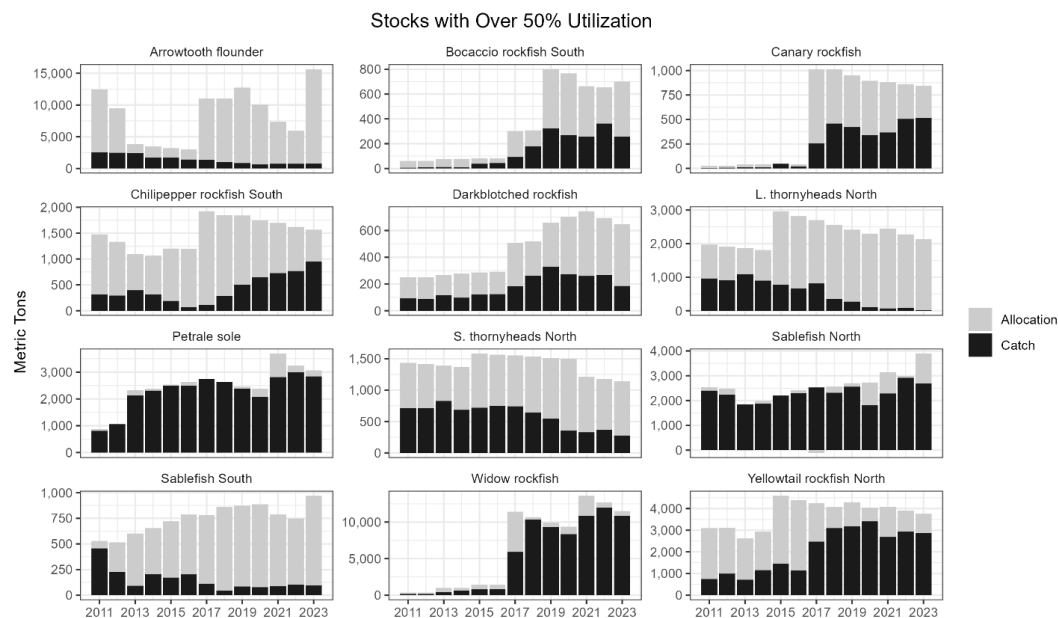
CHANGES IN COSTS AND PROFITABILITY

- Shorebased Processor regulation changes may affect cost changes
 - Median waste and byproduct disposal costs have approximately doubled after 2021



CHANGES IN STOCK ASSESSMENTS AND ALLOCATIONS

- Increases in species allocations 2016-2023
 - Midwater rockfish, dover sole, sablefish, petrale
 - Catches have increased, just not as much as allocation
- Declines in sablefish & thornyhead utilization
 - Lower ex-vessel prices
 - Declining DTS profitability overall



QUOTA MARKET

- Findings of quota market functioning are similar to previous review
- Fewer signals that the quota market is not efficient (stocks with quota prices that exceed ex-vessel price but are not near fully utilized)
- Even if inefficiencies exist, market forces likely play a larger role in utilization

Species with a Ratio of QP Price to Ex-Vessel Price at or above 1 in Any Year

IFQ species	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Canary rockfish	2.24	2.91	6.2	3.88	2.05	2.49	0.19	0.94	0.5		0.48	0.57	0.42
Cowcod (S)						2.57	5.69	4.39	7.46	6.02			2.74
Darkblotched rockfish	0.84	0.45	1.11	2.43	1.15	1.21	0.84	1.2	0.95	1.81	0.91	0.96	1.09
Pacific ocean perch (N)	0.28		1.58	2.3	1.14	1.18	1.51	2.42					
Widow rockfish	1.01	0.81	1.18	0.53	0.37	0.36	0.1	0.12	0.15	0.25	0.21	0.21	0.22
Yelloweye rockfish	60.4	46.1	52.3	62.1	35.1		21.9		34.9	40.9	75.3	46.9	102.3

CONCLUSIONS

- External factors
 - Seafood markets -> strengthening of the dollar, tariffs, reducing competitiveness -> demand spiral for groundfish?
 - Inflation -> across the supply chain may put downward pressure on prices
- Internal factors
 - Participation in other fisheries -> helps but maybe not enough
 - Changes in costs and profitability -> revenue is main issue, but costs are higher than expected
 - Stock assessments -> allocations affect utilization; small fish reduce profitability too
 - Quota market functioning -> inconclusive how affecting, demand likely more important

CONCLUSIONS

- Many of the factors explored here are not new to the program and were noted in the previous review
- Cumulative effects may be most important:
 - Recent market downturns
 - Inflation
 - Stock assessments and allocation changes
 - Governance costs of the program

CONCLUSIONS

- Further analysis would be valuable for understanding outcomes under the program and to what extent changes to the program would improve outcomes
 - Changing make-up of processors and vessels
 - Factors leading to processor closures
 - How costs of the program affect participation decisions

QUESTIONS?

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