

Rationalization of the Groundfish Fishery – US West Coast

Outline of Presentation

- Overview of Groundfish Fishery
- History of Groundfish Rationalization – Including Fixed Gear Sablefish Quota Program
- Basics of the Amendment 20 Trawl Rationalization Program
- Lessons Learned During the Policy Development Process

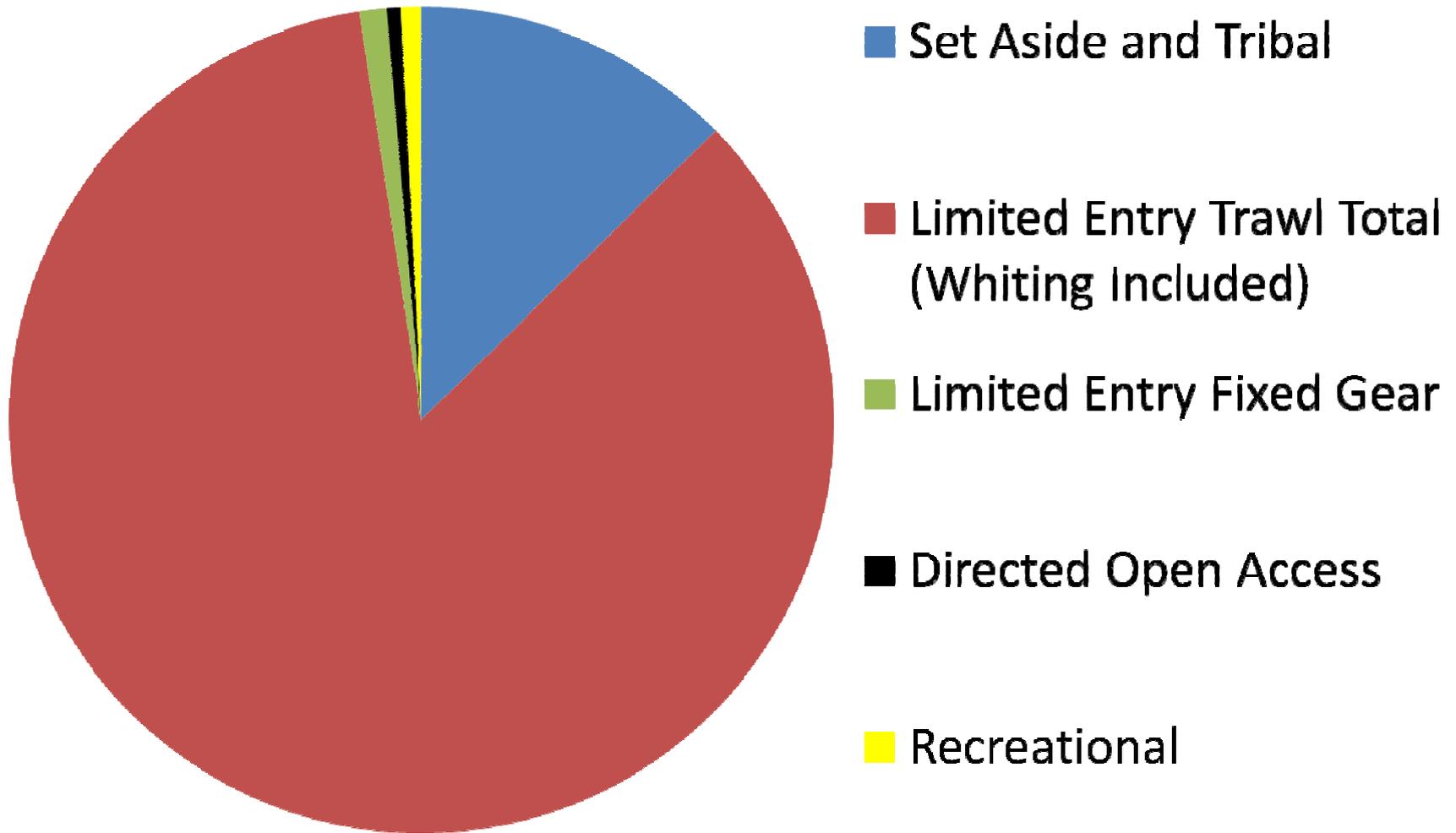
Types of Limited Access Privilege Programs (LAPPs) to be Covered Today

- Limited entry fixed gear sablefish – existing system in which QS is in blocks attached to permits
- Shoreside trawl fishery – proposed traditional IFQ program, includes divisibility and separate transferability of quota shares
- Mothership whiting trawl fishery – proposed catcher-vessel co-ops
- Catcher-processor whiting trawl fishery – existing self organized co-op program

OVERVIEW OF WEST COAST GROUNDFISH FISHERY

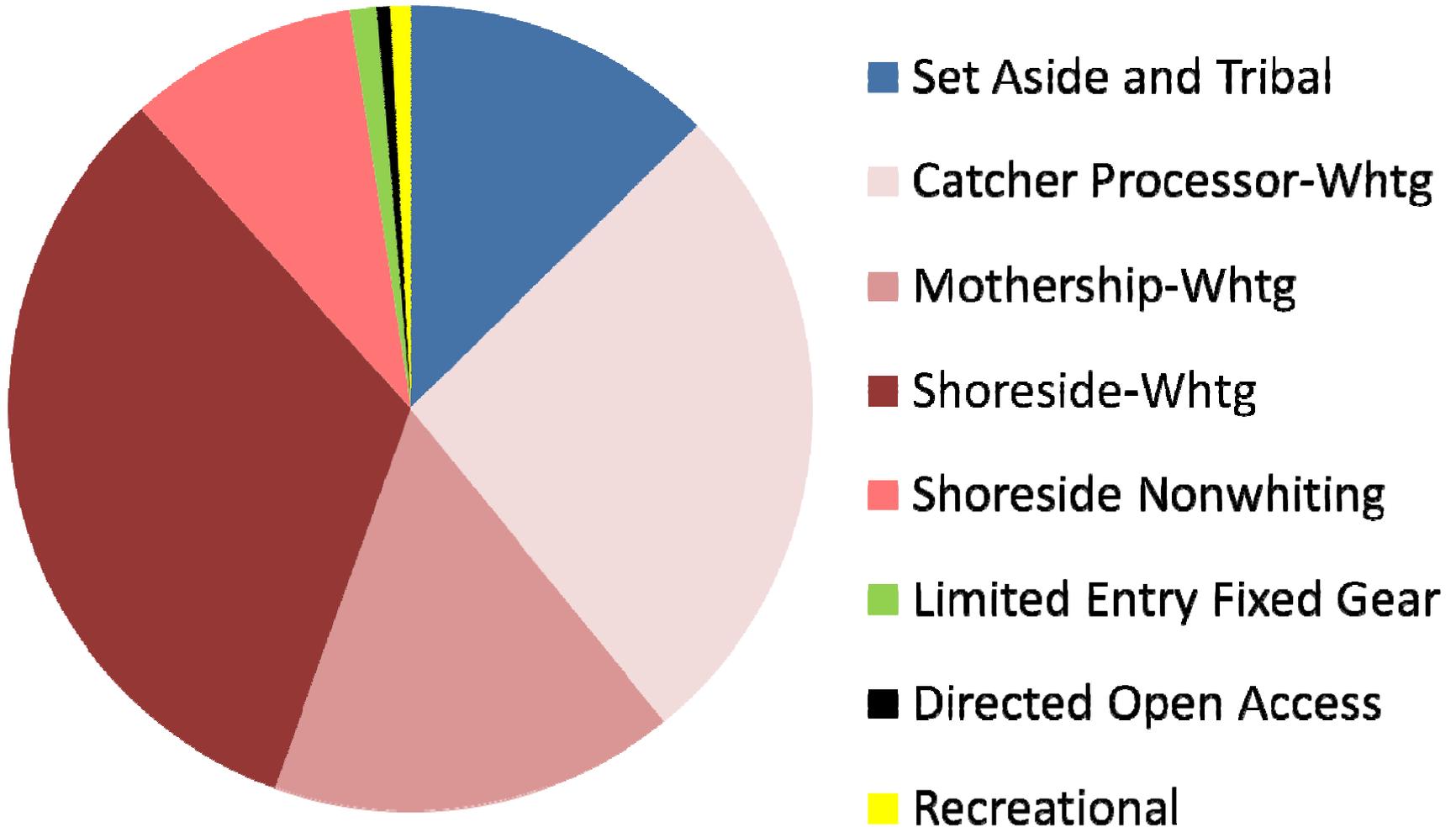
Groundfish By Sector

(Metric Tons, Whiting and Nonwhiting)

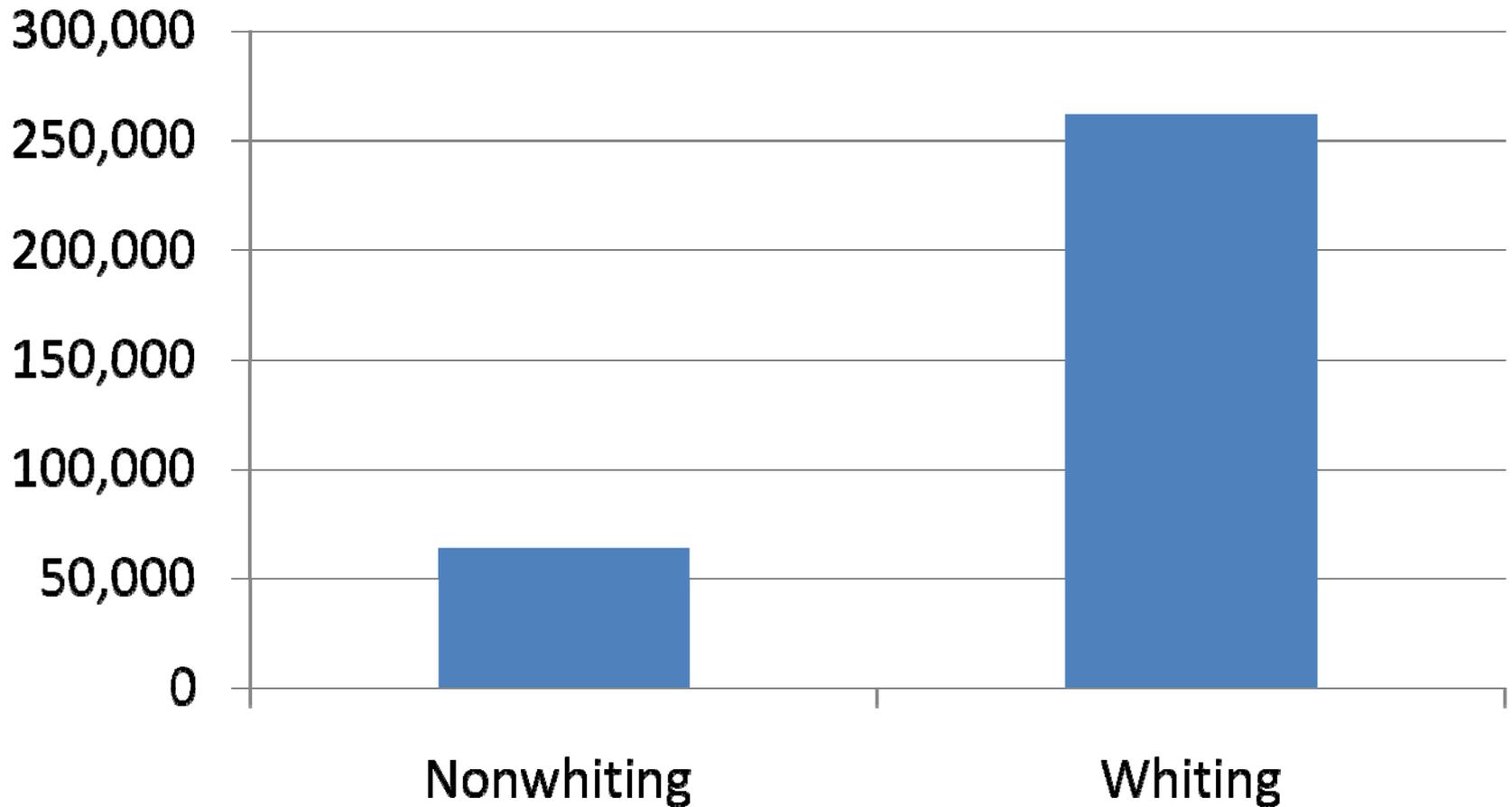


Groundfish By Sector

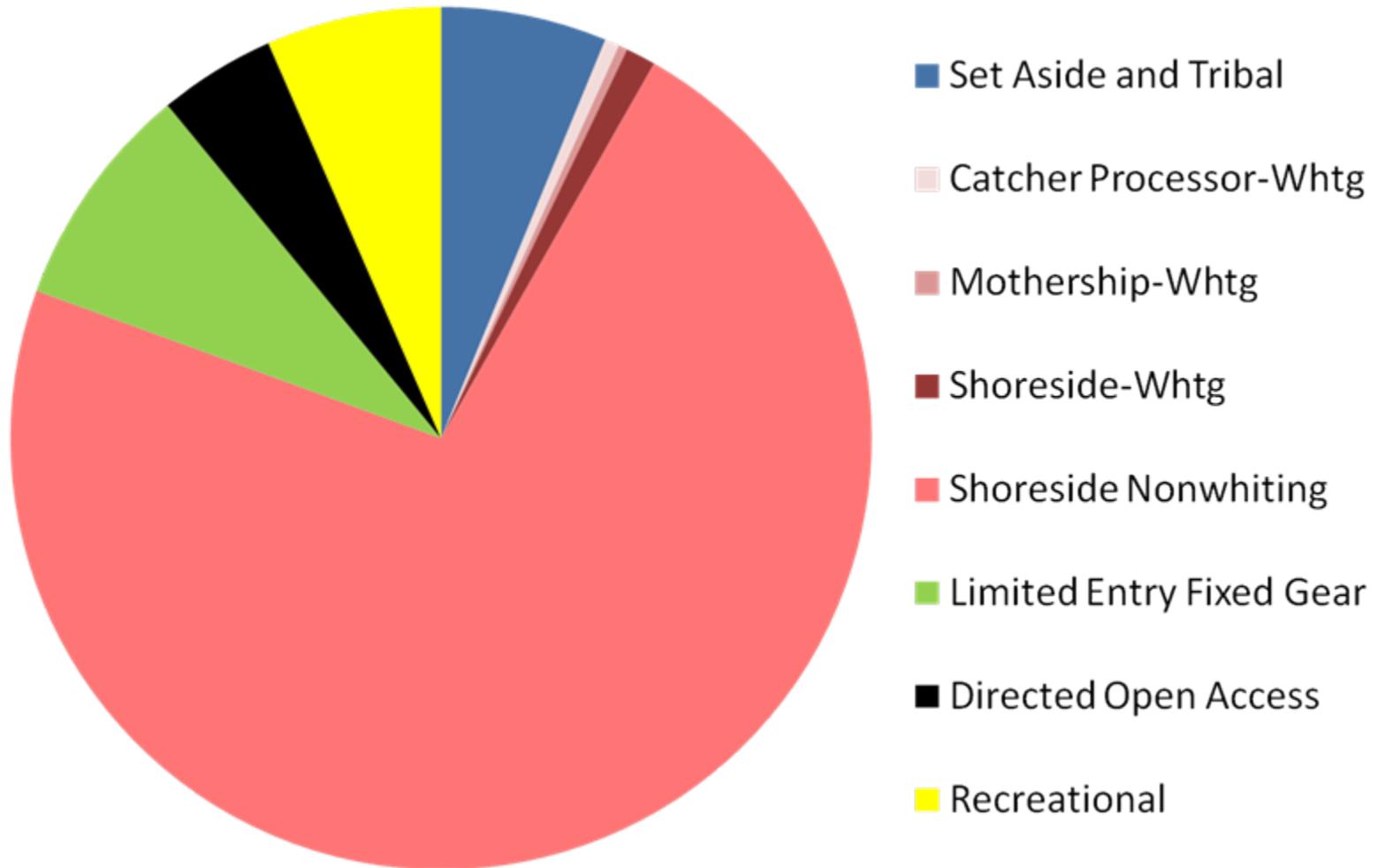
(Metric Tons, Trawl Sector Split Out)



Groundfish Fishery Metric Tons (All Sectors - 2005)



Groundfish By Sector (Metric Tons, Non-Whiting)



Limited Entry Permit and Vessel Counts

Trawl

- 168 catcher vessel permits
- 10 catcher-processor permits
- 110-120 active catcher vessels each year

Fixed Gear

- 235 fixed gear permits
- 164 permits sablefish endorsed permits

Non-tribal Commercial Fishery – Exvessel Values (2007)

- Total value nontribal commercial groundfish— \$74.2 million
(27% of all commercial, including tribal)
- Total value whiting trawl – \$34.1 million
– 46% of all nontribal commercial groundfish
- Total value nonwhiting trawl – \$24.2 million
– 33% of all nontribal commercial groundfish
- Total for limited entry fixed gear fishery -- \$10.5 million
– 14% of all nontribal commercial groundfish
- Combined the limited entry fisheries took about 93% of the nontribal commercial groundfish exvessel value

HISTORY OF GROUND FISH RATIONALIZATION

80				<i>MSA Moratorium Ends (Oct 1)</i>
				Groundfish Strategic Plan - Recommends IFQs
81		Scheduled final action on LE for Mar. Sept. License limitation adopted.		
		Fixed Gear Sablefish IFQ development begins		Fixed Gear Sablefish Permit Stacking (IFQs) Implemented
82				Modification to qualifying requirements.
83				Trwl Catch Shares - Wrk Begins. Trawl buyback program.
84	IFQs mentioned at least this early.	License Limited Permits Required Sablefish IFQs final action scheduled for Apr. Oct. Sablefish IFQs tabled.		Bycatch Mitigation Plan supports consideratino of IFQs.
85		<i>Budget rider prevents consideration of IFQs.</i>		Bycatch Plan Finalized in Amendment 18.
86		<i>MSA Moratorium on IFQs</i>		MSA Reauthorized (mandates Council Action)
87	Limited Entry (LE) Committee work begins	Sablefish Endorsements Implemented		
88		Sablefish Tiered Limits Implemented		Trawl Catch Shares - Final Action

Fixed Gear Sablefish Permit Stacking Program (Blocked Shares w/Limited Transferability)

- One blocks of sablefish quota for each permit.
- Blocks in 3 sizes, determined by permit's history (Tier Endorsements)
- Blocks cannot be transferred separate from the permit
- Multiple permits (up to 3) can be used with one vessel
- Owner-on-board requirement.

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164 sablefish endorsed permits are now consolidated on 90 vessels.

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Trawl Vessel/Permit Buyback Program

- \$10 million appropriated and \$36 million industry loan
- 91 trawl vessels and associated state and Federal permits bought back
- Federal permits representing about 44% of the 1994-2003 groundfish landing history.
- Loan to be paid by trawl groundfish, Dungeness crab and pink shrimp fleets.

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**BASICS OF THE AMENDMENT 20
TRAWL RATIONALIZATION PROGRAM**

Motivation for Trawl Rationalization

- Reduce bycatch
 - IFQs identified as a tool for bycatch mitigation (Amendment 18)
- Stabilize and improve fishery and community economics
 - IFQs identified in the 2000 strategic plan as a tool for addressing overcapitalization in the fishery
 - Limited Access Privilege Programs were believed to provide a management system with flexibility and individual accountability that achieves these aims.

Trawl Groundfish Sectors

Delivery Location	Target Species	
Shoreside	Non—whiting	
Shoreside	Whiting	
At-sea— Mothership		
At-sea— Catcher—Processor		

Trawl Groundfish Sectors

Delivery Location	Target Species	Catch Composition
Shoreside	Non—whiting	Multiple species
Shoreside	Whiting	
At-sea— Mothership		
At-sea— Catcher—Processor		

Trawl Groundfish Sectors

Delivery Location	Target Species	Catch Composition
Shoreside	Non—whiting	Multiple species
Shoreside	Whiting	99+% whiting, some important bycatch – nonwhiting groundfish
At-sea— Mothership		
At-sea— Catcher—Processor		

Trawl Groundfish Sectors

Sectors	Status Quo Management	Rationalization Program
Shoreside – Nonwhiting		
Shoreside – Whiting		
Mothership – Whiting		
Catcher Processor – Whiting		

Trawl Groundfish Sectors

Sectors	Status Quo Management	Rationalization Program
Shoreside – Nonwhiting	2 Month Cumulative Limits	
Shoreside – Whiting		
Mothership – Whiting		
Catcher Processor– Whiting		

Trawl Groundfish Sectors

Sectors	Status Quo Management	Rationalization Program
Shoreside – Nonwhiting	2 Month Cumulative Limits	
Shoreside – Whiting	Olympic Fishery	
Mothership – Whiting		
Catcher Processor – Whiting		

Trawl Groundfish Sectors

Sectors	Status Quo Management	Rationalization Program
Shoreside – Nonwhiting	2 Month Cumulative Limits	
Shoreside – Whiting		
Mothership – Whiting	Olympic Fishery	
Catcher Processor– Whiting	Self Organized Co-op	

Trawl Groundfish Sectors

Sectors	Status Quo Management	Rationalization Program
Shoreside – Nonwhiting	2 Month Cumulative Limits	Combine Sectors Single Shoreside IFQ Program
Shoreside – Whiting	Olympic Fishery	
Mothership – Whiting		
Catcher Processor– Whiting		

Trawl Groundfish Sectors

Sectors	Status Quo Management	Rationalization Program
Shoreside – Nonwhiting	2 Month Cumulative Limits	Combine Sectors Single Shoreside IFQ Program
Shoreside – Whiting	Olympic Fishery	
Mothership – Whiting		Harvester Co-op Processor Permits
Catcher Processor– Whiting		Self Organized Co-op

Trawl Groundfish Sectors

Sectors	Status Quo Management	Rationalization Program
Shoreside – Nonwhiting	2 Month Cumulative Limits	Combine Sectors Single Shoreside IFQ Program
Shoreside – Whiting	Olympic Fishery	
Mothership – Whiting		
Catcher Processor– Whiting	Self Organized Co-op	Preserve Entry Barrier

Other Policy Changes from Status Quo

Nonwhiting Fishery

- Switch from landings based controls to catch based controls
- 100% at-sea observers to enforce control of catch
 - Industry to pay for observers
 - Ability to pay is facilitated by rationalization
- Permit stacking was considered but rejected
 - Many of the costs (e.g. observers)
 - Not enough benefits because of limited flexibility.

Impacts

- Nonwhiting Trawl Fishery
 - Modeling based on 2004 annual revenues and costs
 - Net nonwhiting efficiency gains
 - \$14 million to \$21 million
- Total Projected Annual Costs
 - Soft Approximation for All Trawl Sectors*
 - \$8 million/year in agency administrative costs
 - \$6++ million/year observer costs (still being determined)

LESSONS FROM POLICY DEVELOPMENT

Lessons for Policy Development

- Who sits at the table probably makes a difference
- Contributors to complexity creep
- Need for commitment of agency resources
- Obstacles in reaching a final decision

Who Sits At the Table Makes A Difference

- Trawl rationalization program developed by TIQC – primarily a committee of Council constituents
- Industry, community, environmental
 - Trawl rationalization includes individual bycatch quota (IBQ) for Pacific halibut
 - Dropped by TIQC but added back in at request of one member who had a constituency with an interest in it.
 - QS Set Aside for Adaptive Management
 - For a while maintained in TIQC proposals at behest of two committee members.
 - Eventually dropped from committee options.
 - Added back in after additional advocacy work.

Contributors to Complexity Creep

Everyone starts out wanting the simple.

- Simple rules cut an even swath
 - The more diversity in the fishery the more likely it is that varied circumstances will need to be addressed by additional details in the rules.
- The familiar seems simple
 - The more a group works with something, the greater is the temptation is to take a second look to see how it can be made better.
 - Familiarity makes it easier to add a new wrinkle without realizing the challenges to those who are unfamiliar trying to understand for the first time.
- Advocates for new wrinkles often don't see their addition as adding that much to the program relative to the benefits.
 - Straw and camel's back problem. After it gets too heavy which straw should be removed.
- "Make it better now, we might not get back to it"
 - Sometimes "bells and whistles" could wait but there is concern that resources and priority won't be there to support future consideration.

Last two topics

- Overview
 - Problems resulting from agency resource limitations
 - Challenges closing the door on policy deliberations
- Illustrate with examples from the 6 years of trawl rationalization deliberations.

Resource Limitations

Human

Agency personal participating with design committees

- Industry committee needs agency guidance
 - Set bounds
 - Limit option proliferation
- Agency participation on committees facilitates communication to agency leadership.
- Limited agency participation results in more time rehashing

Council meeting time

- Educational element of keeping the Council apprised.
- Easier for Council to deliberate on entire package when it comes before them.

Resource Limitations

Fiscal

Need enough to do the job in full steps,
on schedule.

Only being able to fund part of a job leads to
inefficiencies.

Challenges Reaching the Final Decision

- Over the course of a long process, fishery and participant circumstances change (including the individuals participating in the process),
 - those changes often call for new considerations.
- Long process results in option proliferation during a time that analyses are being finalized.

	Council Actions	Funding		Council Actions	Funding
03					
Sept	Development of Alternatives Begin 2007 implementation target.	Initial Funds Available			
04	Policy development (TIQC)		07 Jan	MSA signed, mandates Council action w/in 24 months.	Minimal Funding.
			May		Full Funding
05	Policy development (TIQC) EIS planning		08 June	Preliminary preferred alternative selected Final preferred alternative adopted	
June			No Funds. Partial		
			Nov		
06	Policy development (TIQC) & EIS Planning		09 Jan	Reported to Congress Alternatives finalized	
Sept			Minimal Funding		
Dec	MSA Reauthorized by Congress		Dec	Public comment on draft EIS	
			10 Sept	Review and Public Comment Quota share issuance process	

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Lessons for Policy Development

- Who sits at the table probably makes a difference
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Other Challenges Shutting the Door

Amendment 20 Trawl Rationalization

- NMFS – Approval and Implementation
 - Due to finish Dec 2010
- If challenged, may be in the courts
- If not, or if it is but no injunction
 - Implementation in 2011