**CPS Interests Panel**

# II. SHARING PERSPECTIVES

The second part of the workshop consisted of panel, large and small group discussion sessions in which participants shared their perspectives on CPS fisheries and the relevance and utility of catch share management. First, a CPS Interests Panel provided their perspectives on the fisheries and their thoughts and concerns about catch share management. Following that, a full audience discussion expanded the range and depth of the issues brought up during the CPS Interests Panel. The second day of the workshop closed with input and advice from the Case Study presenters. The third day started with small group discussions focused on reorganizing, reconsidering, and refining the input from the previous day. Before the close of the workshop, the audience heard the findings of each small group discussion session and was given an opportunity to offer final comments, conclusions, and reflections.

## A. CPS INTEREST PANEL

A panel representing different CPS interests was convened in front of the audience to offer their perspectives on catch shares and generate some topics for broader audience consideration and discussion for the remainder of the workshop. The panelists were asked to focus the discussion on reflections from the case studies and the relevance of catch share management to CPS fisheries. The panelists included fishing and processing interests from the three sardine commercial fishery sectors (i.e., the Pacific Northwest, northern and southern California), and small landings fishing interests,[5] the live bait fishery, and environmental interests (see Appendix B: Workshop participants). Some of their comments addressed specific advantages or disadvantages of catch share programs while others were more general considerations for the CPS fishery.

[5] In the CPS FMP there is a limited entry exemption to accommodate small landings (<=5.0 mt) of CPS finfish that occur mainly during fishing for other species and for specialized markets.

# CPS Interest Panel

The results of the CSP Interest Panel session are presented here.

## Aspects of Case Studies Relevant to CPS Fisheries

- Aspects of interest
  - Programs address many adverse fishery conditions
  - Quota can be defined by communities
  - Increased independence
  - High quality production
  - Higher value for products
  - Enhanced timing or continuity of products
  - More and better research
  - More opportunities for co-management
- Aspects of concern
  - Short-term leasing of quota shares
  - Fleet and or processor reductions
  - Employment impacts
- Additional thoughts on catch share programs
  - Large variation in program types
  - Important to understand fishery interactions
  - Must account for ecological interactions
  - Question of how to handle incidental catches
  - Question whether catch shares are an improvement for the fishery

## CPS Fishery Management Considerations

- Lack of problem definition with current management
  - Conservative management
  - Overfishing not occurring, stock not overfished
  - Concerns about government management trying to fix something that is not broken
- Tendency to overlook socio-economic considerations
  - Inadequate accounting of community impacts
  - Need to reconcile WA-OR-CA subsystems
- Lack of integrity in management
  - Reactive instead of adaptive
  - Politicization of management process
- Transboundary management coordination needed
- Insufficient small user set-asides
- Derby dynamics in fishery

**Clockwise – Pacific Sardines in kelp forest, CPS fishing vessels at Terminal Island, Scoop of live bait, Full group discussion session, Bait barge**

## B. Full Group Discussion Session

A full group discussion session engaging all workshop participants followed the CPS Interests Panel. Participants were encouraged to introduce a thought or raise a concern for consideration by the full group even if it did not relate directly to a topic previously raised. Additionally, comment cards were distributed so participants could express their thoughts anonymously if desired.

Throughout this session, participants continued to consider many of the broader issues related to the CPS fishery. The session started with some participants generally questioning the need to come together to talk about catch shares for CPS fisheries. Other participants expressed their perspectives on specific issues in the fishery they felt should be addressed by any management system in place for CPS. A variety of recommendations on ways to address these issues were also offered. Many participants continued to comment on the advantages and disadvantages of catch shares relevant to the management of CPS fisheries. Towards the end of the session, some compelling insights and additional perspectives were submitted by the audience on comment cards. Several of the comment cards were read to the audience and generated interesting responses.

# Full Group Discussion Session

The results from the Full Group Discussion session are presented as here.

## Why talk about Catch Shares?

- Unclear problem definition
  - Stock is not overfished
  - Overfishing is not occurring
  - Simpler issues to tackle; wasteful to invest in new management structure
  - Management change creates winners and losers; must provide an analysis of change
  - Question of how catch shares can work given imprecise science
  - Question of whether the derby fishery is only a short-term problem and whether it is necessary to address

- Problems proposed
  - Regional differences in fishing community; consider ways to manage besides catch shares
  - Need management that works whatever the biomass status
  - Too much harvest capacity, transboundary loop hole
  - Concern about exacerbating the race; consider control dates

## Can the fishery be improved?

- Increase market stability
  - Investment planning for severe changes in biomass
  - Improve continuity of product
    - Slow and lengthen push of resource to production
    - Generate value in consistency
    - Reconcile price with supply under the influence of a global market

- Improve scientific understanding for the management of the resource
  - Understand resource dynamics with management
  - Create transboundary agreements on harvest limits
  - Allow for more flexibility
    - Time for fishery monitoring and harvesting
    - Re-consider fishing season start dates
  - Reconcile derby pressure with availability of resource within different areas
    - Reduce north versus south competition
    - Set capacity goals

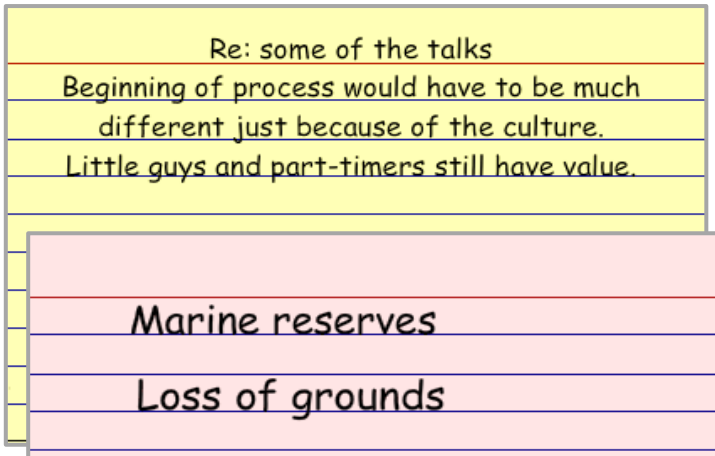
## What are the concerns?

- Implementation issues
  - Takes a long time in Council
  - Spending on buybacks may be unnecessary
  - Concern about capacity to assess community impacts and needs in management options

- Initial Allocation
  - Under low biomass could generate unnecessary spending on buy back program
  - Adequate consideration of small landings interests and niche markets

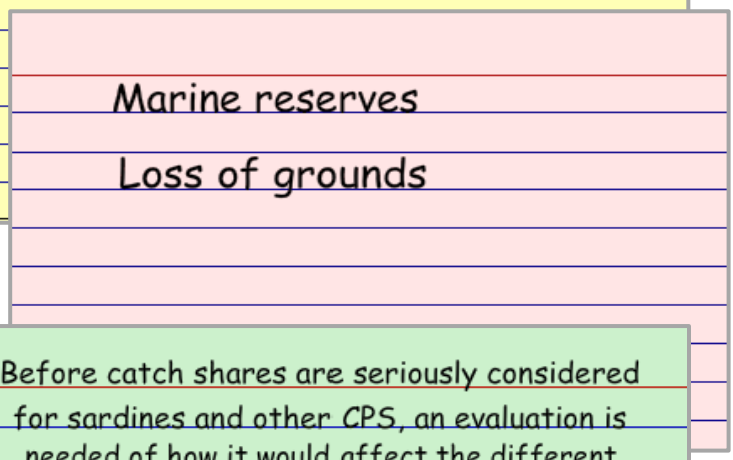
- Share values
  - Deter new entrants to fishery
  - Generate monopolies or oligopolies that will slow progress
  - May be disproportionately impacted by placement of marine reserves
  - Increase incentive to high grade
  - Impacted by natural stock fluctuations across regions
  - Resource or stock has inherently short-term availability

# Full Group Discussion Session Comment Cards



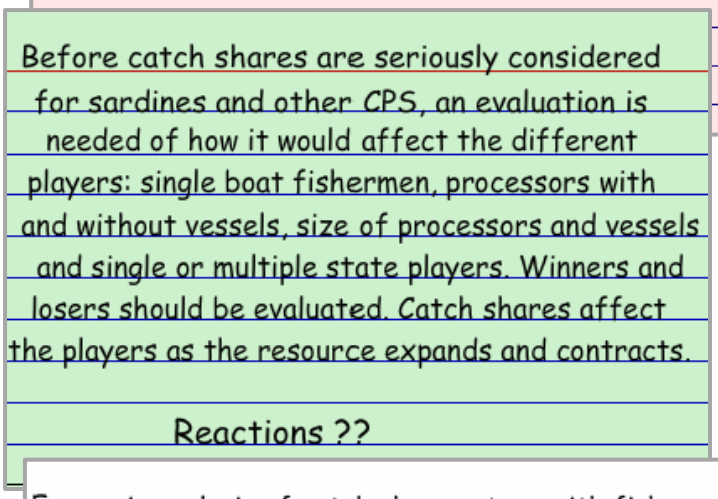

## *Card One*

***Audience Member Response:*** Small guys are looking for new, higher-value products. Providing little guys with quota share would keep this niche market dynamic alive.



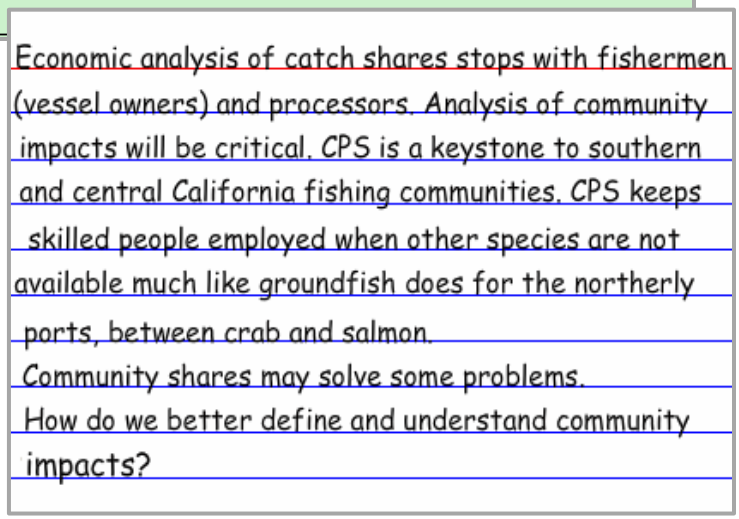

## *Card Two*

**First Audience Member Response:** If there is a quota share and marine reserves that cut into productive areas are established, then your share is no longer worth as much.
**Second Audience Member Comment:** Spatial restrictions on quota increase the costs and make it harder to fish.




## *Card Three*

***Audience Member Response:*** We should evaluate the effect of catch shares to create winners and losers. For example, do processors end up with the entire quota and control the harvesters?




## *Card Four*

***First Case Study Panelist Response:*** A trade-off evaluation is needed to determine benefits. A socioeconomic model should be built on top of a stock assessment model. With knowledge the spatial and age distributions, you could identify the best practice for catching fish with respect to location, timing and technique. Trade in catch shares could facilitate opportunities to catch fish in the most advantageous times and locations.
***Second Case Study Panelist Response:*** People keep mentioning community impact analysis. In designing a program, ask what can be done to address community needs.

1. Will catch shares be applied to all CPS or just sardine ?
2. If ITQs are approved, how will allocations be made by Historical catch or Catch history period?
3. Any differentiation between Fed LE permits (constrained by capacity) vs. "Open Access" permits (LE by states with no capacity limits)
4. What about shares to...
Processors or Processors who own vessels
5. How would shares be redistributed if sardines are longer available in an area (i.e. retreat from PNW)
6. So much $$ toward catch shares that could/should be dedicated to research! (National railroad job!)

## *Card Five*

No responses were voiced.

The panel made a good argument for some form of catch shares by noting:
- the need to get away from the derby fishery
- the need to ensure equity between regions
- the need to decrease capacity
- the need to protect the ability of individual fishermen to maintain their fishing lifestyle
- a design for community fishing associations
- the need to protect niche sub-sectors

If catch shares are not the answer, what is?

## *Card Six*

No responses were voiced.

Better science equals higher quota...

means problem solved.

## *Card Seven*

***Case Study Panelist Response:*** Card assumes biomass will always stay high. You need a management system that reacts to both large and small biomass.
***First Audience Member Comment:*** When supply goes up, price comes down.
***Second Audience Member Counterpoint:*** Consistency is needed for the demand of the product.
***Third Audience Member Response:*** The fact that industry was able to pay for a survey that was used in the stock assessment is rare in the U.S. This should not be rare. There is a tendency of variance around stock estimates and catch share programs seem to reduce that variance.
***Fourth Audience Member Comment:*** Crisis is often when leadership takes place. The market ran freely for 10 years without reaching the quota. This fishery is moving in the right direction. In 2008-2009, the quota was low – is this not a crisis? Industry has been able to work with management more efficiently which is better.

## C. Case Study Panel Two: Presenters to Audience

Following the full group discussion session, the case study presenters regrouped to address the audience and by this time, had generated insights about the application of catch shares for CPS fisheries. They started by stating appreciation for the thoughtful manner in which the participants were sharing their thoughts and concerns. The case study panelists addressed some specific issues, made more general comments about managing fisheries, discussed what catch shares can and cannot be expected to achieve and recommended factors to consider when making management changes.

### Case Study Panel Two

The results presented for case study panel two reflect both the context and frequency of the topics raised and advice given.

#### Fishery Context and Culture when Considering Management Changes

- Derby fishery dynamics
  - A competitive quota will lead the fishery to a derby over time
  - Need to solve the allocation issue
  - Need to institute a mechanism for reducing capital (i.e., Fishery must be overcapitalized to have a derby)
- Consensus on the nature of the problems is important for solving them
  - Consensus to address issues is important to the negotiation process for exploring solutions
  - In Chile, consensus was not achieved until the fishery got to a severe point in which there would not be a fishery if there was not consensus
  - People interested in the U.S. West Coast CPS fisheries may need more time to come to consensus
- Keep working to address difficult issues and conflicts that arise in the fishery whether for catch share management or some other form of management
  - Planning is better than not
  - Decisions to address difficult management issues are often forced by crisis
  - Less time to plan when there is crisis
  - Be careful about the pressure to get everything just right all at once; leads to "complexity creep"
- Think about who and how people will have the "privilege" to make decisions
  - Do not solely focus on who gets what in a political system
  - Consider whether or not those decisions can be made external to the political system
- Recognize important issues in need of reconciliation by management, but learn to understand and recognize issues that are not specific to catch shares
  - Some issues will be a part of any management system (i.e., the need for transboundary management agreements)
  - Consider that there can be many levels of transboundary management (e.g., between states and between countries)
  - A need for spatial management exists

## Market Considerations

- Sardine prices must be understood at an international level
  - o Global market indicates higher average price for sardine in other countries
  - o Need to look at what drives the market to have better utilization of resources (e.g., timing, quality, etc.) then, fine tune the allocation system to increase revenue
  - o Does not matter if the system is called catch shares, community-based allocation, ITQs, or something else altogether
- Must always deal with property rights over fish
  - o Fish are a scarce resource and regulations must be in place to protect them
  - o Catch shares give definition to rights and provide incentives and mechanisms for the market to appropriately price fish
- Free market dynamics do not have to dictate what happens with quota shares
  - o New Zealand made shares tradable on the open market by defining them as property rights (e.g., leasing is a free market extreme)
  - o Different program designs can yield different outcomes
    - Consider ITQs as the ultimate expression of the free market, then work from this option to structure a program to achieve goals
    - Think about ways to design a program to avoid extreme market concentration.
    - Discuss whether flexibilities for quota owners and contraints on market power can acheive desired goals

## Uncertainty and the Relationship Between the Fishery Quota and Catch Share Planning

- Setting an overall quota is the management action to address overfishing
  - o Catch share programs are not designed to solely address overfishing (i.e., in relation to comments made about there being little need to consider catch shares when CPS fisheries are not experiencing overfishing)
  - o A management system is not one you can rely on if it only works when the quota is so high you are unable to catch it
  - o Flawed input into the stock assessment may be a bigger problem than the assessment methodology
- The need to deal with uncertainty is endemic to fisheries
  - o Better for fishery constituents to agree on how to address problems of uncertainty than for government to prescribe a blanket policy remedy
  - o Co-management may be a better way to deal with risk and uncertainty and the process of assessing and deciding what to do incrementally (i.e., in relation to making adjustments to the TAC)
  - o Co-management can be very helpful with catch share programs and ease the allocation process
    - Decisions about fishery participation and allocation of the TAC are decentralized from managers to industry participants
    - Allocation can be externalized from the political system making it easier to focus on other management issues

## Prescriptions Suggested for the Fishery

- Problems heard about fishery
  - o Derby exists
  - o Coast-wide allocation of quota
  - o Need for better stock estimates
  - o Need to work with Mexico and Canada
  - o Overcapitalization
- Prescribed Solutions
  - o Short-run:
    - Take steps to institute a finer spatial management
    - Consider changes to the temporal management
  - o Long-run:
    - Better management system
      - Improve data collection methods
      - Improve precision in stock assessments

(continued)

- Institute a catch share program
  - Address overcapitalization
  - Remove the derby
- Recommendations for Allocation Process
  - Establish an expert independent panel
  - Use input from all participants
  - Strive for the "fairest" model
  - Create an appeals process

**Counterclockwise, from upper left – Floatline, Squid lights, Stern of fishing vessel, Seines Live bait well, Live bait sign**

## D. Small Group Discussion Sessions

As the workshop progressed, concerns about allocation became more apparent. With this in mind, the workshop participants were organize into small groups to innovatively consider what an appropriate allocation might look like in terms of sharing the sardine HG among the fishery sectors, rather than being constrained to specific examples. Consequently, three small groups were formed. To initiate discussion, each small group was presented with an array of allocation structures, including several types of catch shares. The allocation structures included: current management, sector allocation, regional fishing associations, fishing communities, ITQs, and a category identified as "other." The small group discussions focused on the advantages and disadvantages as well as the appropriateness of each allocation structure for management of CPS. Additionally, the groups raised suggestions for other allocation options to consider. Facilitators and recorders were assigned to each group and given discretion to sort information according to the flow of discussion within the group.

### 1. Group One

Group one first tallied "Issues for Evaluation" by eliciting allocation issues that participants felt were important to consider. The group worked through the advantages and disadvantages of the different allocation structures in relation to the issues identified. Participants discussed potential solutions catch shares might provide for allocation issues compared to current management. An important part of this discussion was consideration of the possibility for different groups of individuals to be affected differently under the alternative options. Through the process of exploring non-catch share and catch share management options, participants more thoroughly discussed catch share arrangements that would not require ITQs, but could potentially be used to address allocation challenges.

# Group One

The results of group one's deliberations are presented here.

Plus (+) and minus (-) symbols denote whether a comment listed under the allocation schemes were considered to be an advantage or disadvantage by the group. The numbers following the identified advantages and disadvantages of the different allocation schemes reflect their discussion relative to "Issues for Evaluation". Bullet (•) symbols reflect statements that cannot be characterized as an advantage or disadvantage on a particular allocation structure.

## ITQ's

(-) Fishermen don't get enough share *(3)*
(-) Windfall profits *(3)*
(-) No catch history for recently purchased vessels *(3)*
(-) Initial allocation problematic *(3)*
(-) Consolidation *(7)*
(-) Can lose community benefits
(+) Benefit to some *(7, 9)*
(+) Simpler *(7)*

## Regional Fishing Associations

(-) Address initial allocation *(3)*
(-) Lead to fish not caught in region
(+) Decide how to allocate within region
(+) Might be able to offer quota transfer from one region to another
(+) Community benefits sustainable

## Current Management

(-) Unaddressed transboundary issues *(10)*
(-) Inflexible harvest strategy *(1)*
(-) Does not deal well with cyclicity and uncertainty *(1, 2)*
(-) Coordination problems due to federal and state difference in permits rules *(8)*
(-) Small operation more vulnerable *(6, 7)*
(-) Overcapitalization of industry with inequity in capacity across states
(-) No way to insure artisanal sector an allocation
(-) Does not result in a community or fishery that is sustainable
(+) Works in many situations for many individuals
(+) Open to visually count fish
(+) Aimed at sustainable fisheries, communities and resource stocks

## Fishing Community Quota

(-) Initial allocation is problematic *(3)*
(+) Coordination within community easier; lower bargaining costs *(6)*
(+) Secure community assets and benefits

## Sector Allocation

(-) Initial allocation is problematic *(3)*
(+) Coordination easier with fleet homogeneity *(3)*
(+) May protect small operators *(7)*
(+) Could decide how to sub-allocate within sector *(3)*
(+) Community benefits sustainable

## Other Ideas

- State Department should address transboundary issue with a trinational catch sharing agreement; NGOs can help pressure issue *(1)*
- Design better harvest strategy to consider resource cyclicity and assessment uncertainty; derive more precise biomass estimates *(1)*
- Time allocation *(5)*
- Consolidate fishery into an overarching system of rules for everyone exploiting the stock *(3)*
- Preserve the joy of fishing hard

## Issues for Evaluation

***(1)*** **Dealing with resource cyclicity**
***(2)*** **Dealing with uncertainty in stock assessments**
***(3)*** **Initial allocation**
***(4)*** **Fishermen are hurt under ITQs**
***(5)*** **Derby dynamics; year round fishery**
***(6)*** **Concern for small sectors**
***(7)*** **Differential effects on sectors**
***(8)*** **How to handle federal and state permits**
***(9)*** **Differential potential to add value**
***(10)*** **Transboundary stock**

## 2. Group Two

The discussion started with the group considering the advantages and disadvantages to the current management allocation structure. Then, the participants utilized those responses as a tool for discussing changes to the allocation structure and identifying what could be advantages and disadvantages of other allocation options. Regional distribution of quota was addressed in detail. The option was identified as a means to address regional differences in social values and fishery operations. People compared the regional allocation structure to other options throughout the discussion. Sector management was identified as a mechanism to split allocation along gear types. This option was quickly dismissed as unfitting for the fishery, however, it was noted that sector management could apply to the fishery's niche markets. Individual quotas were generally discussed in a negative context with predicted outcomes often expressed as fears or bad experiences in the groundfish trawl rationalization process. An "other" idea for an allocation structure was put forward to address fears of posturing for quota and dissolution of the goodwill that has been shared across the fishery coastwide. Unique to the "other" idea were "equal share" allocation and "use it or lose it" transferability provisions.

### Group Two

These results of group two's deliberations are presented here.

Plus (+) and minus (-) symbols denote whether a comment listed under the allocation schemes were considered to be an advantage or disadvantage by the group. Bullet (•) symbols reflect statements that cannot be characterized as an advantage or disadvantage on a particular allocation structure.

#### ITQs

(-) Unknowns of share size
(-) Predictions of results
(-) Positioning in fishery
(-) Control date
(-) Participant history
(-) Lost Community
(+) Free market
(+) Potential for preventing future allocation fights

#### Current Management

(-) Race for fish reduces value
(-) Unknown catch, stock and market status in Mexico
(-) 3rd period buffer, squid incidental
(-) Flexibility in fishing choices; timing
(-) Permit differences
(-) Harvest timing; opening dates
(+) No cost to change
(+) Coast-wide equality (i.e., does not lock up fish in allocation fights)

#### Other Ideas

- Equal allocation
  - o One permit equals one share
  - o One processor equals one share
  - o Lack of use equals loss of share to processor or fisherman (1st year only perhaps?)
  - o Limits on quota by pounds and shares
- Transferability
- Redistribution process
- Processors can not lease
- Protections built in for environmental protections

#### Regional Quota

(-) Lock up fish by region
  o would need flexibility to transfer
  o how to "mop up" unused allocation
(-) Biology of fish across its environment
(+) Harvest timing

#### Sector Allocation

(-) Limited Potential

## 3. Group Three

Rather than discussing the proposed allocation structures listed for discussion, this group began by talking about permit stacking as a means of addressing allocation issues. The group raised a number of concerns about community impacts of ITQs. Then, the discussion transited to current management problems and data needs. A need to reconcile regional discrepancies was a strong theme that spurred discussion of regional allocation schemes that could be premised on transferable share allocations. Sector management was considered only briefly as a possible means to regionally divide the fishery into sectors. Regional fishing associations and fishing community quotas were not addressed, but the group spent considerable time discussing differences in social values within the industry and the need for a management structure that can account for these differences.

### Group Three

These results of group three's deliberations are presented here.

Plus (+) and minus (-) symbols denote whether a comment listed under the allocation schemes were considered to be an advantage or disadvantage by the group. Bullet (•) symbols reflect statements that cannot be characterized as an advantage or disadvantage on a particular allocation structure.

#### Permit Stacking

(+) May generate stability in production

(-) Concern about transferability provisions and latent capacity accruing

#### Current Management

(-) Does not work well when biomass is low

(-) Regulatory framework is cumbersome

(+) Change the start date of fishery; may be more cost effective than changing the management structure

#### Social Values / Community

- Need to determine the social value of the fishery
- Profit maximizing and protecting community structure are not mutually exclusive, but may require trade-offs
- Cultural differences exist in the fishery that may lead to different ideas about trade-offs made between profit maximizing and community protections

#### Regional Allocation

- Regions defined as Pacific Northwest and California; possibly further defining California as Central California and Southern California
- Allocation decisions should be "fair" (i.e., especially with regard to determining control dates and allocating by catch history)

#### Data Needs

- Improve understanding of stock structure and movement (e.g., age structure and habitat use over spatial distribution)
- Assess the stock along regional divides
- Better tailor research to management needs