


MEMORANDUM

TO: Council, AP and SSC Members

FROM: Clarence G. Pautzke 
Executive Director

DATE: January 8, 1992

SUBJECT: Comprehensive Rationalization Program

ACTION REQUIRED:

- (a) Initiate planning process to identify scope of issues.
- (b) Develop work plan, methodology, and schedule.

BACKGROUND:

In June 1991 the Council initiated development of a plan to rationalize the GOA and BSAI groundfish and crab fisheries, as part of proposed Amendment 18/23 on inshore/offshore allocation. Planning effort towards the comprehensive management goal dates back to the Future of Groundfish Committee and related Council actions taken in 1987.

Last September the Council focused on the breadth of alternatives that should be considered in a long-term management plan, and stated their intent to use Individual Fishing Quotas (IFQs) as the primary management scheme for resolving allocation problems in the fisheries under its authority. In order to ensure a balanced evaluation of the management alternatives available, a preliminary assessment of all feasible alternatives--including both traditional tools and limited entry--might be undertaken first, followed by a thorough analysis of the IFQ alternative and selected options. This presumes that the preliminary assessment would confirm the Council's judgements that IFQs represent the greatest potential to resolve the interrelated problems involving open access and allocation disputes.

The staff has prepared a background paper and tentative work plan for the comprehensive rationalization program, focusing on the problem, objectives, scope, and components of the proposed analysis (item C-8(a)). A near-term planning effort by the Council may be necessary to establish a focused problem statement and policy objectives to guide the overall effort, and ensure that timely progress is made on this project.

COMPREHENSIVE RATIONALIZATION PROGRAM

Background, Discussion Issues, and Tentative Work Plan

I. BACKGROUND

A. Problem. During the past decade the groundfish, crab, and halibut fisheries under the authority of the North Pacific Fishery Management Council (Council) have come under increasing pressure from domestic harvesting and processing components of the fishing industry. While overall total allowable catch (TAC) of the combined species within the Gulf of Alaska (GOA) and Bering Sea and Aleutian Islands (BSAI) is closely monitored and regulated, the competitive "race for fish" among the different elements of the industry has intensified. One consequence has been an increase in the number of contentious allocation issues confronting the Council. These concerns, such as inshore-offshore TAC apportionments, bycatch management, roe stripping, early season closures, or the arbitrary allocation of a fishery among gear groups, are thought to result from excess fishing and processing capacity relative to the availability of fishery resources.

An important theme connecting these issues is the open access conditions that have been an integral part of domestic fishery management in the EEZ off Alaska. Prior Council policy has maintained open access conditions with limiting TACs. Now, domestic fishing and processing activity in the Alaska EEZ has grown to the point where excess capacity and the associated race for fish is threatening the ability of the Council to achieve the balanced economic, social, and environmental dimensions of optimum yield from the fisheries under its authority.

B. Concern over open access and excess capacity. The various groundfish, crab, and halibut fisheries in the region have evolved along different developmental paths over time, but concern over open access and excess capacity has been a recurring theme dating back to the early 1980s. While allocation conflicts over pollock surfaced in 1989, the Council first attempted to limit entry into the halibut fishery off Alaska with a moratorium in 1983. This initial action was prompted by a combination of concerns over depressed halibut stocks, inefficient harvesting, low incomes, and poor marketing to consumers. The halibut moratorium was ultimately turned down by the Secretary of Commerce (Secretary) on the basis that "...the moratorium would have interfered with some fundamental social and economic freedoms, especially those that relate to fishing traditions off Alaska...", and that it "...failed to solve economic problems of the industry and created economic inefficiencies." Underlying this determination was the fact that the Council did not have specific management objectives to be achieved by the moratorium.

In September 1987, the Council again focused on their concerns regarding open access by adopting a statement of commitment as follows:

Expansion of the domestic fleet harvesting fish within the EEZ off Alaska has made compliance with the MFCMA's National Standards and achievement of the Council's comprehensive goals more difficult under current management regimes. The Council therefore is committed to pursue alternate management methods that will support the Comprehensive Goals adopted by the Council and achieve more productive and rational effort and harvest levels in the groundfish fishery.

At that time, the Council identified three initial steps towards this commitment: 1) develop strategies for license limitation or ITQs in the sablefish longline fishery; 2) develop a management strategy for groundfish fisheries of the GOA and BSAI by 1990, including an assessment of alternative management techniques; and 3) consider effort management in the halibut and crab fisheries.

Comprehensive planning efforts continued with the formation of the Future of Groundfish (FOG) committee. At the January 1989 meeting, the Council began consideration of limited access for all fisheries under its jurisdiction. Allocation conflicts between inshore and offshore components of the Alaska groundfish industry during 1989 drew attention to the overcapitalization and excess effort being expended in the pollock fishery. In 1989 and again in 1990, the Council considered a moratorium on new entry into the fishery as a means of limiting further aggravation of several problems rooted in the rapid expansion of fishing and processing capacity which had occurred during the latter half of the 1980s. Concurrently, the Council developed limited access programs, and approached final action in late 1991 on specific limited entry management plans for the fixed gear halibut and sablefish fisheries. These limited entry proposals are based on individual quota (IQ) allocations of the available stocks that would effectively end the traditional open access characteristics of these two fisheries.

C. Moratorium. Following the concerns dating back to the early 1980s, the Council initiated a three step approach in 1990 for establishing a general moratorium on entry into the fisheries under its authority. The first step was to publish a notice of the Council's intent to consider a moratorium, and specify a control date after which new entrants will not be assured future access to the fisheries if a moratorium is ultimately approved and implemented. This control date was established as September 15, 1990. Due consideration for vessels already under contract or construction ("in the pipeline") was also made, resulting in an extension of the deadline for vessels meeting certain criteria. The second step--begun in September 1991--consists of the specification and analysis of the proposed moratorium. The final action would be implementing the moratorium--perhaps in 1993--assuming Council and Secretarial approval. The intent of the proposed moratorium is to limit or restrict the entry of new vessels into the fisheries under Council jurisdiction to the extent that vessels seeking to enter the affected fisheries after the control date would be denied open access.

The Council is aware that a moratorium on new entrants will not resolve--by itself--the fundamental problems associated with excess capacity in the fisheries. Accordingly, the Council is considering a change in the open-access nature of the industry as part of a comprehensive long term solution to many of the problems confronting the fisheries. In response to problems associated with overcapitalization and excess industry capacity, the Council is appraising a management regime for the groundfish, crab, and halibut fisheries currently under the Council's authority that restricts new entrants into the fishery. The proposed moratorium on new entry into the fisheries may be necessary for an interim period to curtail the increase in fishing capacity, and permit the Council time to develop and assess the potential effects of alternative long term solution to several management problems. The Council intends, by establishing the control date for entry into the fisheries, to discourage speculative entry into the groundfish, crab, and halibut fisheries off Alaska while potential access control management regimes are developed and analyzed.

D. Comprehensive Rationalization Plan. The proposed moratorium on new entry is designed to be an interim measure to prevent the aggravation of existing problems while the Council develops a long term remedy. Thus, the challenge facing the Council is to develop the appropriate comprehensive solution. Following a planning effort tracing back to at least 1987, in June 1991 the Council undertook for consideration the development of a plan to rationalize the GOA and BSAI groundfish and crab fisheries. This action was included as a component of the proposed Amendment 18/23 Inshore-Offshore motion. At that time, several general possibilities were identified for consideration, including:

1. Individual Transferable Quotas (ITQs)
2. License Limitation
3. Auction
4. Traditional Management Tools (seven specific suggestions)
5. Continuation of Inshore/Offshore Allocation

6. Community Development Quotas
7. No Action

The Council also solicited ideas and recommendations from the industry and general public that might supplement the above seven items, although no such comments have been received.

Subsequent deliberation by the Council during the September 1991 meeting focused on narrowing the breadth of alternatives. Explicitly, the Council would like to consider the comprehensive use of Individual Fishing Quotas (IFQs) as the primary management scheme for resolving the allocation problems in the fisheries under its authority. In order to ensure a balanced evaluation of the management alternatives available, a preliminary assessment of all feasible alternatives--including those enumerated above--might be undertaken first, followed by a thorough analysis of the IFQ alternative and selected options. This presumes that the preliminary assessment would confirm the Council's judgements that IFQs represent the greatest potential to resolve the interrelated problems involving open access and allocation disputes.

Conceptually, an IFQ-based comprehensive rationalization plan might utilize much of the same logic and justification established in the Sablefish and Halibut Fixed Gear Management Plans currently under consideration by the Council. Numerous complications exist, however, in extrapolating from these two fisheries to the fishery resource base as a whole. Issues such as bycatch, preemption, allocation criteria, user fees, or enforcement have yet to be resolved. That is, a comprehensive plan will involve more than simply duplicating the halibut and sablefish IFQ management plans.

A quick overview of the planning, analytical, and implementation process confirms that the proposed comprehensive plan will be a major undertaking, both from an operational as well as policy perspective. The Council will need to first: 1) assess the extent of current and emerging problems; 2) clarify relevant objectives; and 3) develop a comprehensive plan to meet these challenges, including the relevant alternatives to be considered. Then, 4) an analysis of the alternatives can be designed and undertaken, including the formulation of specific strategies on issues such as bycatch, allocation criteria, species-specific programs, and monitoring/enforcement. The analytical scope of the proposed plan will likely entail the consideration of significant institutional changes in the management and operation of the affected fisheries. Lastly, assuming such a scheme can be identified and justified, 5) the implementation phase will present special problems, at least in its initial stages. A graduated phase-in of the plan may be appropriate in some instances where significant readjustments are anticipated for the affected industry. Various program elements that are unclear or uncertain initially may need a more flexible implementation and management framework that can better adapt to changes in the fleet and industry over time. Generally, any change of significant magnitude will likely require some time for fine tuning as the industry and fishery managers adjust to the new regime.

Framed in these dimensions, it appears that the development and implementation of a comprehensive plan of the scope suggested will require a 2 to 4 year effort, possibly in sequential phases, requiring the collective support and input from the affected industry, as well as the Council and fishery managers. The tentative timeline established by the Council for the comprehensive rationalization plan calls for completion and implementation by January 1995.

II. TENTATIVE WORK PLAN

The framework for a comprehensive rationalization plan as outlined above serves as the basis for the preliminary specification of a work plan to accomplish this task. Four basic elements of a work plan are discussed: 1) Planning and Development; 2) Analysis; 3) Implementation; and 4) Resource Requirements.

A. Planning and Development. The first and a continuing phase of the comprehensive plan is one of planning and development of the proposed action. This can be separated into two parts: a) establishing the strategic or broad guidelines, and b) developing the tactical or issue-specific plan. The strategic planning is one of the most critical phases in the overall undertaking. This is analogous to the "management by objectives" approach common in organizational planning. Using this approach, the strategic development of the plan must: 1) address the status of the current situation in the fishery, industry, and Council (where are we?); 2) clarify the Council's objectives (where do we want to go?); and 3) identify the plans capable of achieving these objectives (how do we get there?).

The public record covering Council actions during the past decade provides ample documentation of the problematic concerns regarding the status of the fisheries under the Council's authority; the essence of these issues is spelled out in the background discussion section, above. As an example, in 1989 the Council identified a list of specific problem areas in the initial investigation of sablefish management alternatives, summarized as follows:

1. allocation conflicts
2. gear conflicts
3. deadloss
4. bycatch loss
5. excess harvesting capacity
6. product wholesomeness
7. safety
8. economic stability
9. rural community development
10. enforcement
11. administration
12. fishermen's fees
13. fleet operating costs

The identification of the problem has been an ongoing part of the Council process, and does not need to be started from scratch. This is not to conclude that the problem statement has been completed; the interrelated problems confronting the Council present a complex dilemma in terms of cause and effect. One fisherman's solution can easily be another person's problem. Moreover, the manifestation of these problems changes and develops over time. In order to direct the comprehensive planning effort, a concise summarization of existing and emerging problems is needed, cast in terms of the status of the fishery, and the likely trade-offs involved.

The second step in the strategic planning process is the development of the Council's goals and objectives. To some extent, these are contained in the published goals of the Council and the accompanying FMPs, as well as the specific language of the Magnuson Act. Because these goals are often broad, encompassing statements it would be helpful if the Council provides some clarification and prioritization, in order to avoid ambiguous or vague interpretation. For example, the potential apportionment of IFQs is likely to raise the threshold economic question faced by the Council concerning the importance of efficiency versus equity in allocation decisions. Initial guidance from the Council on such fundamental objectives is crucial in directing the ensuing analysis.

The third strategic input--the plan itself--requires the guiding perspective of the Council, and appropriate regulatory interpretations, although the specific details of the plan may be more productively formulated in conjunction with qualified fishery managers. The record of the Council provides direction in this regard; limited entry and IFQs have been identified as potential management alternatives. A distinction can be made, however, between identifying possible alternatives, and determining how those alternatives

might work, in application. Given the scope and magnitude of the prospective undertaking, the strategic planning process would benefit from the development of basic plans, or strategies, rather than just the identification of alternative policy tools. For example, the comprehensive plan might be patterned after the New Zealand Quota Management System, or the Pacific Council's proposed license limitation program, or even "fine tuning" of the Council's existing management plan. As a part of the initial examination of sablefish management alternatives, the Council enumerated 23 specific concerns associated with alternative management strategies. The policy development challenge of the proposed undertaking lies in crafting the scope and elements of the comprehensive plan, as well as the identification of appropriate management tools.

At some point, development of the overall strategic plan must address specific operational issues. This marks the transition to tactical or operational planning. The parameters and guidelines established by the Council direct this work, though the Council itself may not be actively involved in all phases. The tactical planning must come to grips with the focal issues such as: bycatch, monitoring, enforcement, allocation, overcapacity, preemption, community development, social impacts, efficiency, equity, program costs, consumer impacts, conservation, and national interests. To the extent these and other considerations represent the issues to be resolved, they must be addressed in the formulation of specific plans.

An important objective of this stage in the planning process is narrowing down the range of alternatives to a manageable level. As noted earlier, this might be accomplished in a two-stage process. The first step is a preliminary assessment of all practical tools and alternatives that might be fashioned together into discrete alternative plans. This assessment would include a careful examination of the underlying rationale, features, pros and cons, expectations, historical performance, and applicability to the objectives of the comprehensive plan. In some instances, existing applications and analyses of specific alternatives already exist, and can be used to support this process. For example, the National Marine Fisheries Service (NMFS) has recently sponsored a project to design an individual quota scheme for the North Pacific fisheries. The results of this investigation are expected to provide useful guidance and information for the comprehensive plan.

Depending upon the conclusion drawn at the initial review stage, the one or two most promising alternatives, perhaps with some options, would be selected and recommended for thorough development and analysis. Thus, certain strategic determinations regarding scope, criteria, expectations, and applications would be made relatively early in the development process, focusing latter effort on the development of the eventual plan, itself.

In order to facilitate a policy that is adaptable to the requirements of different fisheries, it has been suggested that the comprehensive plan provide an omnibus structure for a limited entry system that can evolve over time. Thus, a general moratorium may be a discrete element of the omnibus plan implemented early in the process. Bringing individual fisheries under a quota management system may progress over time, as would a phased implementation of the bycatch, enforcement and operational features of the comprehensive plan. This omnibus approach might also reduce the procedural steps called for under NEPA, relative to the requirements applicable to a series of separate fishery management actions.

B. Analysis. The broad purpose of the analysis is to establish the scope and appropriate criteria for evaluation, gather and develop the necessary information, and ultimately measure and evaluate the effectiveness of the alternatives in meeting the Council's objectives. The analysis needs to be guided by the underlying problem and Council objectives, to ensure that the proper data, questions, models, and measures are oriented towards the same purpose.

Certain questions relevant to the investigation arise from existing regulatory mandates (Executive Order 1229, the Magnuson Act, NEPA, etc) or stated Council goals. It seems clear that economic, social, and

environmental (biological) concerns need to be addressed relative to the status quo and prescribed alternatives such as an IFQ system. A review of numerous reports and scientific investigations relating to effort limitation in fishery management indicates that system design and implementation are also important in realizing a successful management strategy. The analysis will likely include consideration or measures of variables such as:

1. economic efficiency
2. equity among components of the industry
3. employment and income effects
4. consumer impacts
5. net benefits to the nation
6. biological impacts on the stocks and related environment
7. costs of implementation/administration
8. community impacts
9. economic and social stability
10. conservation and productive use of the resource
11. competitive behavior within the industry
12. monitoring and enforcement requirements
13. ease of operation/managerial requirements

In terms of analytical procedures, there are features of the comprehensive plan that will likely require specific attention, based on the nature of the fisheries. Several problematic issues can be identified that might influence the overall analytical design. First, the development of the groundfish, crab, and halibut fisheries has evolved over a dynamic, unpredictable path such that future projections are difficult, even under the status quo. Projecting industry actions and performance under a significantly changed regulatory environment will be even more conjectural. A consistent procedure for evaluating future developments would be useful for examining the impact of selected alternatives. Some type of industry simulation or dynamic adjustment model may be necessary to analyze these questions.

Secondly, a significant change in fishery access conditions, coupled with the use of IFQs, raises direct questions concerning potential efficiency gains, and the allocation (equity) impacts on various parties involved. The value that accrues to quota shares under limited access is of particular interest in this regard. It may be appropriate to measure economic and social impacts arising from such alternatives in the context of net national benefits, or economic welfare analysis. Quantitative models of these variables might be tested, but will likely prove challenging given the complexities involved. It is also anticipated that the consumer impacts of an IFQ system could be significant, in which case an examination of consumer demand for the affected seafood products would be appropriate, including--perhaps--an examination of international trade impacts.

A third analytical challenge relates to the multispecies nature of the fishery. Such examination might focus on the basic premise of TAC setting as a function of fish population dynamics. The bycatch management dilemma confronting the Council illustrates the complexity of multispecies interactions. A quota management system may entail significant changes in the economic and biological incentives influencing incidental catch, or fishing effort in general. Alternative bycatch management policies will likely require particular attention in the development and analysis of the comprehensive plan, from both biological and economic perspectives.

Given the emphasis placed on social and community impacts in allocative decisions, the analysis will be charged with tracing certain consequences of proposed plans through to relevant social considerations. Economic input-output models may be used to assess distribution questions, but additional analysis of sociological issues may be necessary to evaluate the impacts on the individuals and communities involved.

Depending upon the scope and alternatives identified by the Council, the analysis may examine fundamental issues of system design such as the feasibility and design of resource rentals for IFQs, or the use of an auction system for allocation. While such topics may be premature at this stage, this illustrates the sensitivity of the analysis to the perceived scope of the problem. The overall structure of the analysis will require the adaptive development of measures and procedures as the comprehensive plan is assembled.

The various components of the analysis will rely heavily upon the availability of information regarding these issues. As a starting point, time series vessel-specific operation and catch data are required to trace participation in the individual and collective fisheries since the mid 1980s. The basic biological record of the affected fisheries, and the multispecies interactions also is essential. Market supply and demand information, covering price and product quantity data likely will be required. A fourth category of necessary data covers the pattern of social and economic activity related to the affected fisheries. While much of the fundamental fishery biology, participation and catch data is thought to be available from existing sources, the market demand and sociological data bases require an assessment to determine the possible need for data gathering or empirical survey.

C. Implementation

Even the best efforts in development and analysis of a comprehensive rationalization plan are incomplete without an effective means of implementing the plan. Experience with quota management programs in other fisheries around the world, as well as the halibut and sablefish IFQ proposals currently before the Council, demonstrates that the implementation process is crucial to meeting overall management objectives. As illustrated in the New Zealand quota management program, an integrated monitoring, enforcement, and operational design has been instrumental in the industry acceptance of and success with ITQs.

While a detailed implementation plan may be inappropriate during the formative planning stages, it is important to consider the implementation requirements that might be associated with alternative management schemes. Such considerations include: 1) information gathering and monitoring requirements; 2) enforcement; 3) public and private program costs; 4) simplicity/reliability; 5) sequence and timing of implementation; 6) provisions for future program adjustments; 7) industry and public education requirements; and 8) compatibility with existing management policies. Coordinating the various implementation considerations early in the planning and analysis process will enhance the comprehensive nature of the plan, and help avoid the piecemeal addition of "last minute" measures. In this regard, the implementation plan should be rooted in the Council's underlying management objectives, rather than as separate regulatory considerations.

D. Near Term Action

The foregoing discussion of the planning and analytical components of the proposed comprehensive rationalization plan is intended to provide perspective to the task at hand, without creating unnecessary limits on what may be undertaken and accomplished. In order for the proposed Council initiative to move forward, more focused effort can be directed towards certain components of the work plan. These efforts include: 1) Strategic planning and direction by the Council; 2) formation of an analytical team; 3) preliminary examination of alternatives; and 4) assessment of data and analytical model needs.

As developed previously, the strategic planning provided by the Council is necessary to efficiently direct the comprehensive plan development and analysis. The Fishery Planning Committee (FPC) may elect to provide this guidance, perhaps in conjunction with industry scoping sessions, and input from the Advisory Panel (AP). Given that the Council is considering an IFQ plan for halibut and sablefish, along with bycatch and--possibly--moratorium amendments, it is important to link these elements together in a broad

comprehensive plan that is consistent with the perceived problems and management objectives.

Depending upon the scope of the comprehensive plan adopted by the Council, an omnibus limited entry system might be developed short of directed plans for each individual fishery. A generic framework for limited entry/quota management might be approved and implemented by mid 1993, followed by IFQ systems for individual fisheries as appropriate. Such a plan has been developed by NMFS, and submitted in report form to the Council during the September 1991 meeting.

The formation of an analytical team is necessary both to develop the necessary dimensions of a comprehensive plan, as well as conduct the analysis and develop an implementation plan. The analytical team can be formed around the economic, social, and biological disciplines involved. In addition, the team may want to orient itself around planning, analytical, and management/implementation phases. The analytical team needs to work closely with the Scientific and Statistical Committee (SSC), particularly in the early phases of analytical design and objectives.

The initial examination and development of alternatives will require the joint efforts of the Council, committees, industry, and analytical team. The identification of reasonable alternatives could serve as an important near term goal in the work plan. A standardized format for describing and summarizing potential management alternatives could be developed to serve as the basis for selecting the most promising alternative(s) for rigorous development and analysis.

The analytical team also must complete a review of available data, research findings, and analytical models applicable to development of the comprehensive plan. This assessment can serve as the base for projecting necessary data gathering, research, outside expertise, and realistic time schedule and resource requirements for the analysis.

B.C. Halibut Quotas:

BENEFITS TO SHAREHOLDERS DESPITE A FEW BUGS

When halibut fishermen in British Columbia embraced the concept of quota shares last year, they were lured with the promise of a safer and more profitable fishery, and the prospect of acquiring a valuable fixed asset that they could later sell. In discussion papers during the years preceding implementation of the program, the Department of Fisheries and Oceans (DFO) presented planning documents which pointed out numerous benefits that the shift to private ownership would produce.

Fishermen were told the season would be longer, allowing them to schedule their halibut fishing around other seasons such as herring and salmon. They were also told they would be able to capitalize on the higher-value fresh market and avoid the times when halibut openings in Alaska glutted the fresh and frozen markets.

Another big selling point was the assumption that the fishery would be safer if Individual Vessel Quotas (IVQs) were introduced, since fishermen would not be driven to set their gear during stormy weather as they often were compelled to do during derby openings. This system would also make it cheaper for owners to operate, since they could work at a slower pace, take more care with the fish, and employ fewer crew members.

Finally, the quota assigned to a vessel was expected to be as good as gold at the bank or in the marketplace. As a private asset limited to few fishermen, shares were expected to increase in value and be readily salable.

While these presumed benefits of the IVQ system were seductive, it was also expected that the system would create some new problems. Some of these were highlighted by the DFO planning documents, while others were enumerated by fishermen, processors, and the United Fishermen and Allied Workers Union (UFAW). Among the potential problems was

BY T. J. DOHERTY

B.C. Halibut Quotas

a supposed increase in the incentive to cheat, primarily by high-grading if a rice differential based on fish size or quality developed. This meant the IVQ system would need close, and therefore expensive, scrutiny.

The UFAW claimed that the system would also see the loss of many jobs. In addition, union officials cited concerns that the quota would create a hierarchy of merchant princes—fishermen suddenly made wealthy by their quota who would then sell their quota shares off to processors anxious to secure their flow of product. In the end, this would see a massive consolidation of the fishery which would leave ownership in the hands of a few corporations while young fishermen anxious to become skippers would be left on the dock, unable to raise the price of a quota. There were additional concerns that this might lead to hard times in B.C.'s small fishing communities which depend on their local fishermen for economic stability.

Nevertheless, encouraged by the apparent success of the quota share systems implemented in the geoduck

and blackcod fisheries, Canada's 400-odd halibut fishermen opted for a trial run of IVQs. Unlike the system that has long been debated for implementation in Alaska's longline fisheries, the B.C. halibut IVQ system was fairly easy to implement since the fishery was already under a limited entry system. Now, after a full season of operation, fishermen, processors and managers have had the opportunity to assess the benefits and debits, with an eye toward identifying problems that need to be resolved.

Eric Wickham is a director of the Pacific Coast Fishing Vessel Owner's Guild, which represents the majority of the longliners fishing halibut. He says that "generally, the season went well."

One of the major premises of the system, the possibility of increased prices, seemed to bear fruit. In fact, the Canadian market changed dramatically this year. Both DFO and industry representatives acknowledge that where one half of the fish caught in derby-style openings of the past went into the deep freezers of large processors, less than 10% was frozen this year. This left the bulk of B.C.'s halibut for the more lucrative fresh markets, particularly in

California. In addition, it was the smaller processors that received most of the Canadian halibut landed this year. This shift was partly the result of fishermen's inclination to land their product closer to home. Moreover, the smaller landings spread out over a longer period of time were more in line with the processing capabilities of the smaller processors.

Over the course of the season fishermen found that ex-vessel prices averaged about 50 cents per pound in the past, according to Bruce Turriss, a DFO planner who has shepherded the department's involvement in the quota share system. Turriss says prices ranged from \$2.40 to \$3.75 this season, with the average being \$3.00 to \$3.20.

Wickham agrees. He fished for halibut in July, a period when most of the fleet had converted to salmon fishing, and received \$3.40 per pound. That was considerably better than the \$2.26 to \$2.60 which he has received in the past.

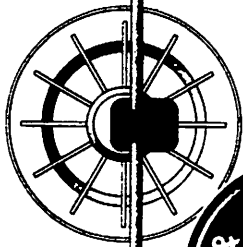
Unfortunately, while prices did reach new peaks, they were also inconsistent. At the high end they were much better than in the past, but there were also severe fluctuations depending on market conditions. Longliner Howard Pat-

Jigging Reels Starting at

\$950

Bottom & Jigging Reels
Hydraulic, Electric
& Manual Reels
by

**Custom
Sea Gear**



The Longline Gear Specialists

4800 - 20th Avenue N.W. • Seattle, WA 98107
800-323-6387 • 206-783-2795
206-782-6856 FAX



AUTHORIZED.

24-HOUR FACTORY SERVICE & PARTS • SALES

PACIFIC RIM DIESEL

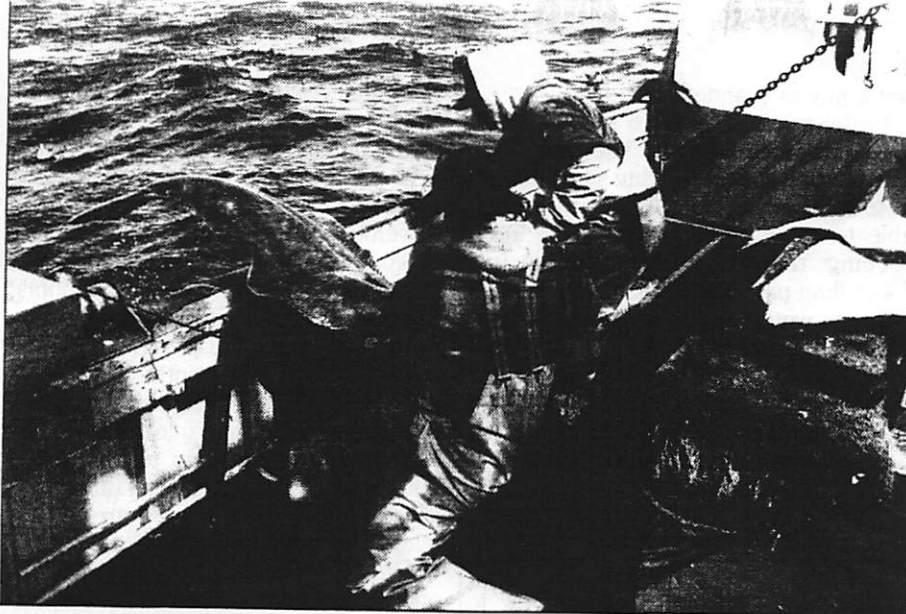
Putting power to work for you.

Authorized dealer for
Alaska, Washington, Oregon,
California, Hawaii, Idaho, Nevada, Utah, Arizona.

SEATTLE: 3842 W. Marginal Way SW • Seattle, Washington 98106
(206) 932-1295 • (800) 562-2877 • FAX (206) 932-7793

DUTCH HARBOR: Captain's Bay - OSI Complex • Dutch Harbor, AK 99649
VHF Ch. #6 • (907) 581-2340 • FAX (907) 581-2341

ANCHORAGE: 710 Benanza • Anchorage, Alaska 99501
(907) 563-8119 • FAX (907) 563-8895



Prices fluctuated wildly through failure to anticipate the needs of the fresh market.

tison says he ran into this problem when he set his gear in June, shortly before the salmon season, and found himself competing with many other fishermen who had the same idea. When Pattison delivered his fish the price had dipped to \$2.75 per pound, pointing out an aspect of the new market not fully ap-

preciated by fishermen, processors and DFO when IVQs were introduced—it is quite possible to cause a glut on the fresh halibut market.

Wickham says the season's prices fluctuated wildly, often by as much as a dollar, over short periods of time. Two of these fluctuations were due to the

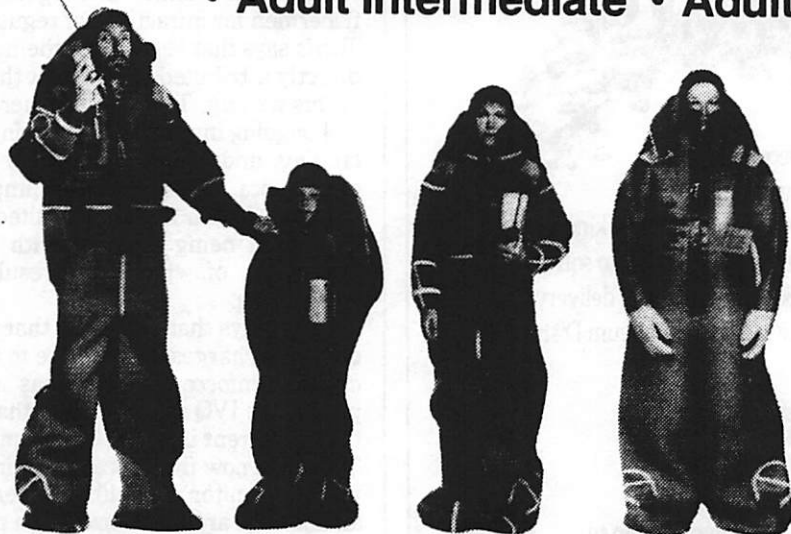
American derby openings and were to be expected, given the flood of millions of pounds of halibut onto the market. The others, however, were created by Canadian fishermen themselves. Wickham says the opening prices in May were good but prices plunged in June when a number of fishermen chose to target halibut before going on to salmon. Prices climbed again in July and August. In September, they plunged due to the American openings, recovering in time for the spate of bad weather which made October and November difficult for fishermen this year.

Pattison says that the price inconsistencies were largely a factor of the processors' and fishermen's associations' failure to do their homework when it came to understanding the fresh market. Wickham agrees, noting that no one fully realized how easily the fresh market for halibut could become glutted. His association is addressing the problem this winter, looking at options which include collecting a one-cent-per-pound levy to fund marketing programs as well as coordinating fishermen's trips to spread out supply to the market and reduce price-shrinking gluts.

The question of timing became an

Fishermen Come In Different Sizes; So Do BAYLEYSUITS!

**FOUR USCG Approved Sizes: • Oversize • Small Adult-Child
• Adult Intermediate • Adult Universal**



Removable Glove Option
Available With All Sizes



900 South Fortuna Boulevard
Fortuna, California 95540
Telephone (707) 725-3391
Telex #171953 BayleySuit
FAX (707) 725-6457

B.C. Halibut Quotas

issue in another sense, as well, when fishermen found that they ran out of time before they ran out of quota. One of the primary benefits of the IVQ system was to be the ability of fishermen to integrate halibut trips with other fisheries. Owning a specific quota would help skippers plan a cohesive long-term season that would no longer require rushing out to catch fish during a particular opening or lose the opportunity. Despite the intent, however, this didn't

work out as planned.

Problems first became evident this summer when some fishermen exceeded their quotas, leaving some doubt as to whether other fishermen would be able to catch their quotas while still keeping the whole fleet within its 7.4-million-pound allocation. Conceding that this would not be possible, the International Pacific Halibut Commission (IPHC) allowed the B.C. halibut fishermen an extra 4% over their allocation to accommodate these fishermen.

As it turned out, the added poundage

was not necessary. With heavy winter storms keeping longliners in port through much of the fall, the combined fleet did not even catch its original allocation by the season's end-date of November 30, falling short by about 200,000 pounds. In the process, about 40 vessels failed to reach their quotas. In order to avoid this next year, it has been suggested that the entire season be moved up one month, to open in April and close in October. As to the problem of exceeding quotas, DFO has allowed overages of up to about 500 pounds, according to Bruce Turriss, but is prosecuting at least five share owners who significantly exceeded that.

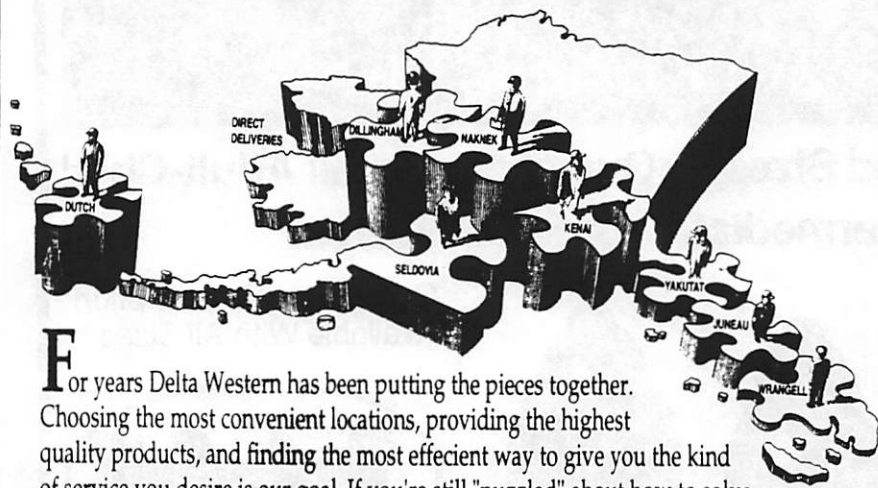
The November storms did point out one of the great success stories of the new system, however. Wickham says one of the members of the Pacific Coast Fishing Vessel Owner's Guild called him from sea and, while complaining he had only fished two out of the last 18 days in November, added that he appreciated being able to choose to stay in port rather than risk going to sea in bad weather to participate in a derby opening.

While it appears that the success of IVQs ranges from emphatic to qualified, many of the expected negative aspects of the system failed to be as severe as some anticipated. For one thing, there was much discussion about the potential for cheating under an IVQ system. The high-grading which was originally a concern has not materialized, according to DFO's Turriss, because there was virtually no price differential during the season. Processors paid one price across the board regardless of product size.

Meanwhile, though there was an increase in the number of charges against fishermen for infractions of regulations, Turriss says that very few of them can be directly attributed to IVQs. At the time of this writing, Turriss noted, there were 124 ongoing investigations ranging from landing undersized halibut, to going over quota, to fishing with improper licenses. So far, this has resulted in 28 fishermen being charged with 35 offenses, six of which have resulted in convictions.

Turriss says that it is likely that the increase in charges is due more to the increased enforcement that has accompanied the IVQ system rather than anything inherent in the IVQ system itself. There are now five officers working full-time to monitor the halibut fishery, and all landings are scrutinized by a private

Solving the Alaska Fuel Puzzle.



For years Delta Western has been putting the pieces together. Choosing the most convenient locations, providing the highest quality products, and finding the most efficient way to give you the kind of service you desire is our goal. If you're still "puzzled" about how to solve your fueling needs, choose Delta Western for dockside fueling, fuel delivery, and Chevron lubricants and greases. We're proud to be Alaska's Petroleum Distributor.



ALASKA'S PETROLEUM DISTRIBUTOR

4501 Shilshole Ave. N.W. • Seattle, WA 98107

(206) 782-6977 / (800) 528-0191 / Fax (206) 784-8348



company funded through an 8.9-cent-per-pound levy charged to the fishermen at dock-side, in addition to a standard \$250 administration fee. In fact, if anything, the cost of policing the fishery appears to have created more conflicts than any increase in violations. Currently, DFO has full control over how the \$764,000 (collected through the levy and fees) is spent. This past year that included \$75,000 to move officers to their ports of operation, which brought complaints from some fishermen who felt that money should have come from different sources. Wickham says his association will be lobbying for greater control of the funds to avoid that kind of cost in the future.

One large concern of many—depending on one's point of view—that did materialize was the drop in crew size predicted by both DFO and the UFAW. Estimates by Turriss and Wickham put the reduction in halibut crew positions at about 20%. Bill Smith, a deck hand based out of Prince Rupert, estimates about one-third of the crewmen lost their spots on deck. He adds, however, that for the crewmen left on board, there is steadier work and better pay. Furthermore, good crewmen are in high demand. They can work on several boats since they no longer all fish at the same time, and the work is less intense, Smith said, with the elimination of short openings. And Wickham adds that the total crew share has not changed, so the crewmen left on board are making more money. "A good deck hand can actually make a reasonable living now," says Wickham.

The final issue surrounding the implementation of halibut IVQs was the stipulation that they would be freely marketable. This was seen as an advantage to fishermen who might want to build up their inventory of shares, but at the same time many feared that the fishery would become consolidated in the hands of a few fishermen and processors. So far, this has not occurred.

The new system has forced the price of entry into the halibut fishery up, as seen by one recent quote on a license attached to a 36-foot vessel of \$80,000, up from a purchase price of only \$17,500 four years ago. Nevertheless, there has been very little trading in licenses so far precisely because they are attached to the vessel that fishes them rather than an individual, and must be sold along with the vessel and all its other vessel licenses from other fisheries. The in-

ability to sell the license as a separate entity has significantly hampered the creation of a trading market in halibut quota shares.

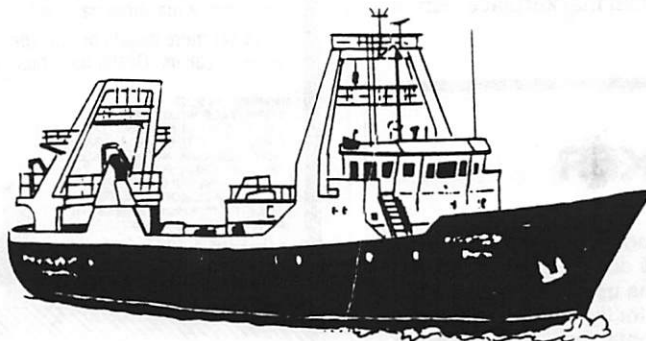
Many of the fishermen, including Wickham, would like to see this change. He cites a recent extreme case where a fisherman drowned leaving his widowed wife with a license she was unable to fish or sell.

Says Wickham, "We would have liked to see the license transferred." He admits that making the licenses transferable would increase their price, but

argues that this is the sign of a healthy industry and not something to be condemned. Perhaps more importantly, it would allow fishermen to make more prudent choices about altering fisheries without having to get completely out to make a sale or to purchase more than they bargained for.

Various American fisheries poised to jump into quota share systems will not encounter the problem of transferring shares since theirs will be individual fishing quotas (IFQs) where the shares belong to the fishermen and not the

Fishing Boat Owners know ...



ABS CLASSIFICATION MAKES SENSE

Structural or mechanical failure quickly turns fishing industry profits to losses. ABS classification gives owners third-party assurance of a vessel's structural and mechanical integrity and conformance to safety standards. Let ABS show you how classification pays.



FOUNDED 1862

ABS

AMERICAN BUREAU OF SHIPPING & AFFILIATED COMPANIES

Offices in 159 Major Ports

Corporate Office: Two World Trade Center, 106th Floor, New York, NY, USA 10048
Telephone: (212) 839-5000 Telex: 232099 ABNY UR Fax: (212) 839-5130

International Directory of Offices available upon request

B.C. Halibut Quotas

boats. There is a legitimate question, however, as to whether the halibut market, which is currently mostly frozen, can readily adjust to significantly more catches destined for the higher-priced fresh market when it can already be glutted by a mere 435 Canadian fishermen.

IPHC director McCaughran sees this as a positive step, however, and looks forward to the advent of IFQs in the American fishery. "In the U.S. there are too many fishermen chasing too few fish," he notes, stating that IFQs are the first step in bringing some order to these longline fisheries and are the way of the future for fisheries around the world.

How Canadian fishermen will feel when U.S. fishermen, who caught 45 million pounds of halibut last year, move to a system that allows them to compete better in the fresh marketplace remains to be seen. PF

THE SKUNKER

I am a salmon troller and I recently bought a new color fishfinder. My old paper machine used to show my cannonballs distinctly on the graph as a steady horizontal line. The new color machine will not show a cannonball echo at all. What could be different in the specifications of these two machines to cause this?

Answers should be addressed to: The Skunker, Pacific Fishing, 1515 N.W. 51st, Seattle, WA 98107. The first five correct submissions will earn a PF T-shirt proving you haven't been skunked. Correct answers will be published the following month.

Answer to January's Skunker: Layers of charged particles called ions in the upper atmosphere about 60 miles above the earth have the ability to reflect radio waves in a similar way to which light reflects off a mirror. Ions are derived from sunlight and so their density changes from hour to hour as the sun rises and sets. During darkness the ions form a higher layer above the earth, and this increases the reflection distance of your radio transmissions. Radio engineers call this effect "increasing the skip distance."

"The Skunker" Winners!

November: George E. Berkompas
Edmonds, WA

Go overboard into a freezing ocean and you're really in hot water.

The number one cause of cold-water deaths each year is hypothermia. Your body loses heat 23 times faster in water than in air, so the killing effect of hypothermia can be quite swift. Even in water as warm as 50°F, your survival time may be as little as one hour. The Imperial Immersion Suit provides two elements essential for survival: buoyancy and waterproof insulation from the cold.

The Imperial Immersion Suit has saved more lives than any other.

More than 450 people have informed us that they were saved by wearing Imperial Immersion Suits. Many of these people survived waters below 35°F for several hours before being rescued, and more reports are coming in all the time. Because Imperial is the company that invented immersion suits, we have more experience, and have done more testing than anyone else in the field. We know that lives are at stake, so every suit is individually checked before it leaves the factory. Imperial quality is known and trusted around the world and our suits are approved by most major maritime nations.*

To get more details or suit specifications, write or call us. Dealer inquiries invited.

*IMMERSION SUIT APPROVALS WORLDWIDE:
UNITED STATES, NORWAY, JAPAN INKI,
ENGLAND (DOT), CANADA, BRAZIL,
INDIA, DENMARK, NETHERLANDS,
BELGIUM, SPAIN, PORTUGAL, ITALY,
YUGOSLAVIA, BULGARIA, ROMANIA,
USSR, ISRAEL, KOREA, AUSTRALIA,
GREECE—Plus many countries that
accept U.S.C.G. approvals.

PARKWAY/IMPERIAL

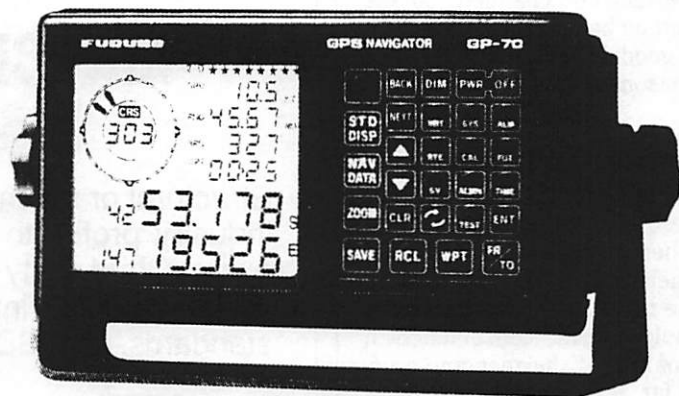
241 Raritan Street, South Amboy, NJ 08879
Phone 908-721-5300 FAX 908-721-4016



1. One-piece Sealed Construction
2. Waterproof Zipper
3. High-rider Ring
4. Waterproof Face Seal & Adjustable Spray Shield
5. Built-in Whistle
6. Light Pocket
7. Built-in Buoyancy Supports Indefinitely
8. Reflective Tape
9. Ankle Tighteners
10. Toe Valves
11. Non-skid Soles
12. Compact Storage Bag

Available in 4 Coast Guard approved sizes.

COMPLIES WITH SOLAS 74/83 REQUIREMENTS.



FURUNO GP-70 NAVIGATOR

The dual channel receiver tracks up to 8 satellites simultaneously for exceptional accuracy of ship's position, course and speed. Course-bearing offset or

**G
P
S**

Cross-track error. Event position and present time can be instantly memorized with one touch [SAVE] key. Register up to 100 waypoints and 10 routes.

Northern Marine Electronics, inc.

1126 N.W. 45th Street, Seattle, WA 98107, (206) 782-3780
616 Standard Oil Hill, Dutch Harbor, AK, (907) 581-1487

