

AP motion, October 2020

Processing Sablefish B and C IFQ Onboard Catcher Vessels

The AP recommends that the Council consider a discussion paper that analyzes the allowance of onboard processing of sablefish B and C shares as an amendment to the Halibut and Sablefish IFQ program. All vessel length restrictions and owner-onboard provisions would remain unchanged within the B and C class designations, and this discussion paper would only analyze the effects of removing the processing-at-sea restriction.

Motion passed 15-7

Rationale in favor:

- Currently, only A-share sablefish IFQ quota is allowed to be processed onboard at sea. There are also no leasing or vessel length restrictions on A-share quota. As a result of this, A-share quota is much more valuable on the IFQ market and does not change hands very often. Instead, a large majority of A-share quota is leased to catcher-vessels and not processed onboard.
- Current market conditions for sablefish prices have seen a dramatic decrease as a result of increased TACs and large amounts of smaller grade fish on the market. As an example, October 2017 fixed-gear sablefish prices in the CG area averaged \$7.35/lb while October 2020 prices are averaging \$2.65/lb.
- Allowing the directed sablefish fleet the option to freeze B and C shares onboard will provide them flexibility in their marketing, if they so choose. Limited markets for dockside sablefish deliveries have become more drastic in recent years, from Western Alaska to Southeast Alaska, and will continue to be drastic in the future.
- Maintaining vessel length and leasing restrictions for B and C shares, but allowing the option to process onboard will not alter original IFQ program objectives.
- The State of Alaska currently has no restrictions on processing onboard, and many vessels that participate in the SE freezer salmon troll sector could benefit from this motion, especially in this time of near market collapse.
- It will be important for the discussion paper on this issue to address potential impacts and benefits to communities, processors, and permit holders, by area, as impacts may be different by area and the IFQ program was intentionally set up to provide for shoreside processing and community benefits.

Rationale in opposition:

- Initial consideration of this proposal would be better suited for the Council's IFQ Committee. In this way, the IFQ Committee could not only discuss the merits of the proposal itself, but also its relative priority amongst the various other IFQ issues identified for consideration.
- CDQ entities can't own B or C share sablefish quota, therefore it is unclear how this proposal would provide a benefit to them.
- It was acknowledged during discussion that this proposal, if allowed, would likely only be taken advantage of by a very few people. As such, given the scheduling restrictions and workload considerations currently being faced by the Council, this issue should not be a priority for action.