

C3 IFQ ROLLOVERS

SAM CUNNINGHAM, MAY 15, 2020



PROPOSAL & SUBMITTER'S RATIONALE

- Increase 10% IFQ rollover cap for underages
 - To 30% for 2020 – rolling into 2021
 - To 20% for 2021 – rolling into 2022
 - Back to 10% for 2022 and beyond
- **Rationale:** Public health emergency is negatively affecting IFQ markets that were already at a low state for a variety of reasons; pushing harvest to the future might mitigate economic loss (E. Rosvold, 4/26/20)

- ✓ Regulation change
- ✗ FMP change
- ✗ Requires IPHC action



CONTEXT

Fig. 1 Halibut pounds landed & ex-vessel price/lb.

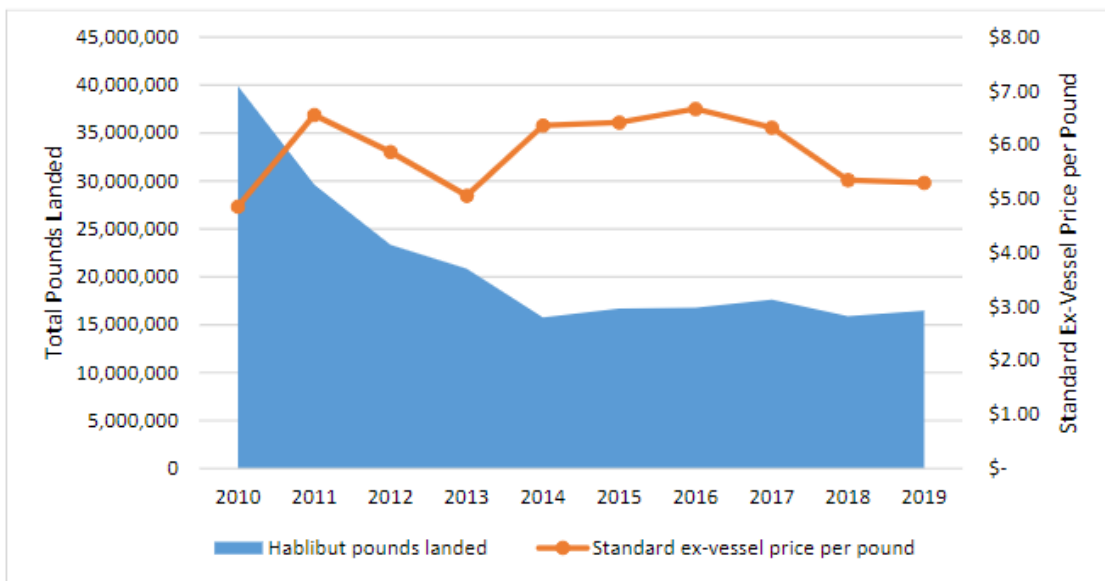
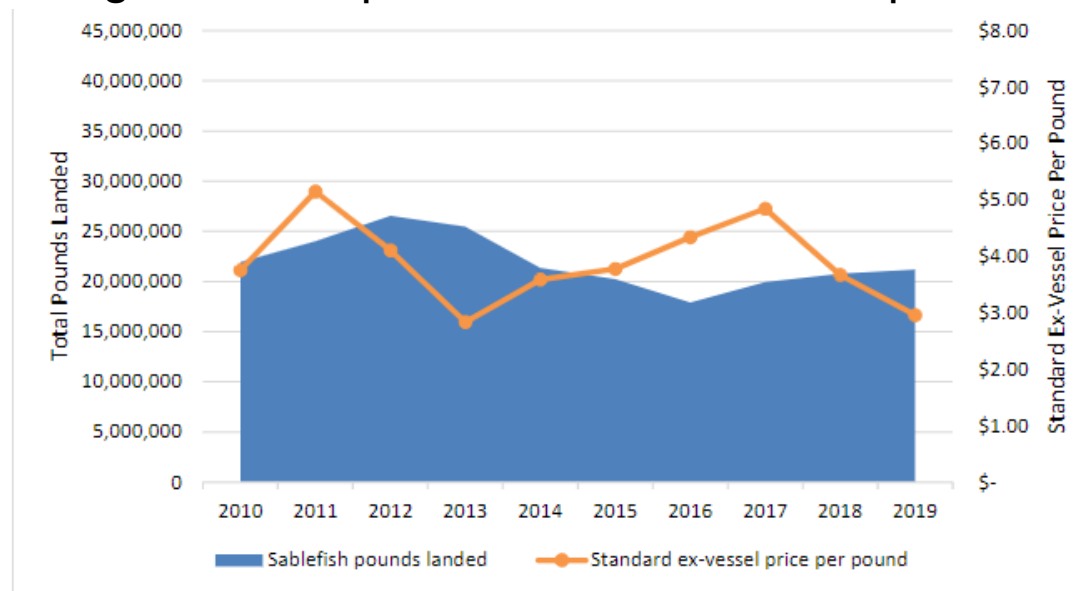


Fig. 2 Sablefish pounds landed & ex-vessel price/lb.



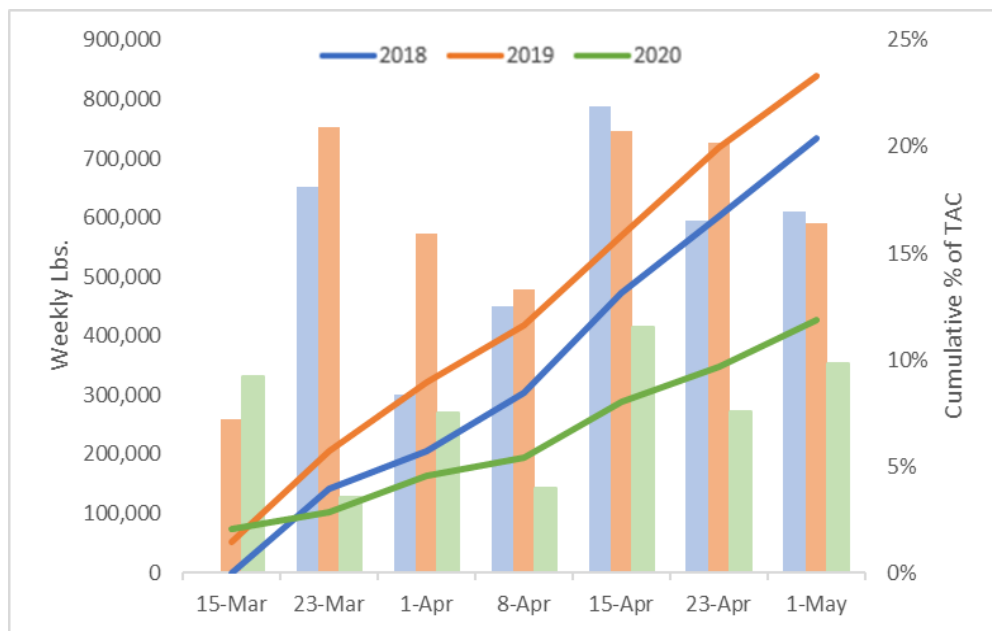
Source: NMFS 2019 Cost Recovery Report

- To date, 2020 ex-vessel prices reported by an Alaska broker are lower (page 7)
 - Halibut: \$3.25 - \$4.50/lb.
 - Sablefish: varies by size; middle range (3-4 lb. fish) \$1.50 - \$2.10/lb.

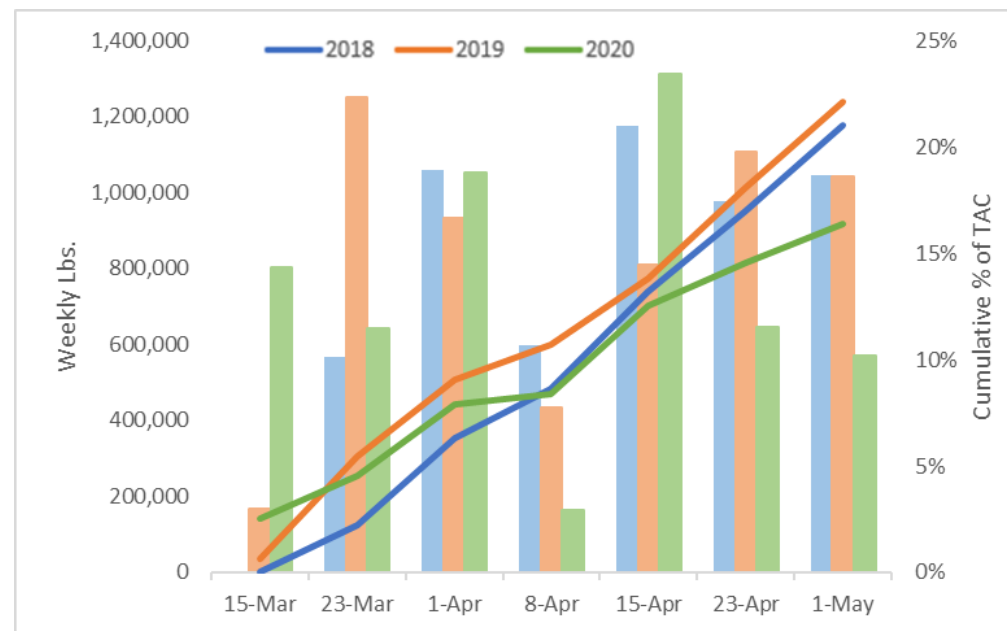


CONTEXT

Halibut (Fig. 3, p.9)



Sablefish (Fig. 4, p.9)



Source: NMFS RAM data

2020 IFQ landings through early May lag previous years



CONTEXT

- Normally, IFQ fisheries are highly utilized
- Underages are used by many but do not amount to a large % of TAC
 - Proportion of TAC rolled over as underage: Halibut ~2-3% Sablefish ~2.5-4%
 - Proportion of IFQ accounts with underages (annually): Halibut ~50% Sablefish ~60%
- Underages have always been greater than overages (1995-2019)

IFQ Harvest Rate

	Halibut	Sablefish
2015	97%	86%
2016	98%	88%
2017	96%	88%
2018	95%	81%
2019	93%	83%



REGULATORY PROCESS CONSIDERATIONS

- NMFS IFQ rollover is managed **within** the annual catch limit for each IFQ species
$$\text{Year 2 Harvest} + \text{Year 1 Rollover} \leq \text{Year 2 Catch Limit} \rightarrow \checkmark$$
- National Standard I Guidelines already include ways to carry forward unharvested sablefish (in addition to 10% IFQ rollover provision)
- Duration is important because the proposal spans years – MSA provides two paths:
 - Rule can be in effect for up to 180 days (plus additional 186)
 - Rule for **public health emergency** can be in effect as long as emergency persists according to DHHS
 - Unclear whether either/both/neither would extend through 2022 IFQ year



REGULATORY PROCESS CONSIDERATIONS

- NMFS RAM manages 1,000s of accounts that need administrative adjustments (Table 4, p.7)
 - RAM annually issues pounds, applies underage/overage adjustments, prorates pounds from inseason transfers and returns them to the correct account, etc.
- Back-end programming to implement rollover change would require weeks of dedicated work
- Affects Cost Recovery accrual; 2019 CR was at the 3% cap so cost impact would likely fall on agency



IMPACTS

- Potentially preserves some value from IFQ fisheries worth \$150M-\$200M in recent years (gross ex-vessel) – expected to be lower in 2020
 - Consider whether this action would *further* depress 2020 effort if signaled now, and how that exacerbates uncertainties RE: management of 2021 IFQ fishery
- **At maximum**, a 30% 2020 rollover adds **4.8M lbs. of halibut** and **9.5M lbs. of sablefish** to 2021 IFQ accounts (Table 3, p.6)
 - Consider risk of exceeding 2021 catch limits
 - Projected exceedance would affect Catch Sharing Plan between sectors; Projection is challenging due to fishery, market, and public health uncertainty
 - Reaching annual catch limit would close IFQ fishery (unprecedented)



POTENTIAL COUNCIL ACTION

Should emergency action be recommended?

- Does the proposal provide substantial benefits that are not available through existing IFQ rollover or NS I Guidelines?
- Could the action influence participants' behavior in 2020?
- What are the foreseeable potential impacts on the 2021 and 2022 IFQ fisheries?
 - Greater harvest opportunity
 - Annual catch limits could be exceeded
- What cannot be known about 2021 and 2022?
 - Status of public health emergency
 - Market for IFQ species



QUESTIONS?

SAM CUNNINGHAM

SAM.CUNNINGHAM@NOAA.GOV

907-271-2809

CONTRIBUTORS

Mike Fey	AKFIN
Suja Hall	NMFS RAM
Alicia Miller	NMFS SF
Kurt Iverson	NMFS SF
Stephanie Warpinski	NMFS SF
Glenn Merrill	NMFS SF
Tom Meyer	NOAA GC
Ian Stewart	IPHC

Non-contributors...

