

C1 AREA 4 VESSEL CAPS

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COUNCIL MEETING APRIL 2025



VESSEL CAPS

Vessel limitations 50 CFR § 679.42(h)(1)

(1) **Halibut.** No vessel may be used, during any fishing year, to harvest more IFQ halibut than one-half percent of the combined total catch limits of halibut for IFQ regulatory areas 2C, 3A, 3B, 4A, 4B, 4C, 4D, and 4E, except that:

(i) In IFQ regulatory area 2C, no vessel may be used to harvest more than 1 percent of the halibut catch limit for this area.

(ii) No vessel may be used, during any fishing year, to harvest more than 50,000 lb (22.7 mt) of IFQ halibut derived from QS held by a CQE, and no vessel used to harvest IFQ halibut derived from QS held by a CQE may be used to harvest more IFQ halibut than the vessel use caps specified in paragraphs (h)(1) introductory text and (h)(1)(i) of this section.



VESSEL CAPS

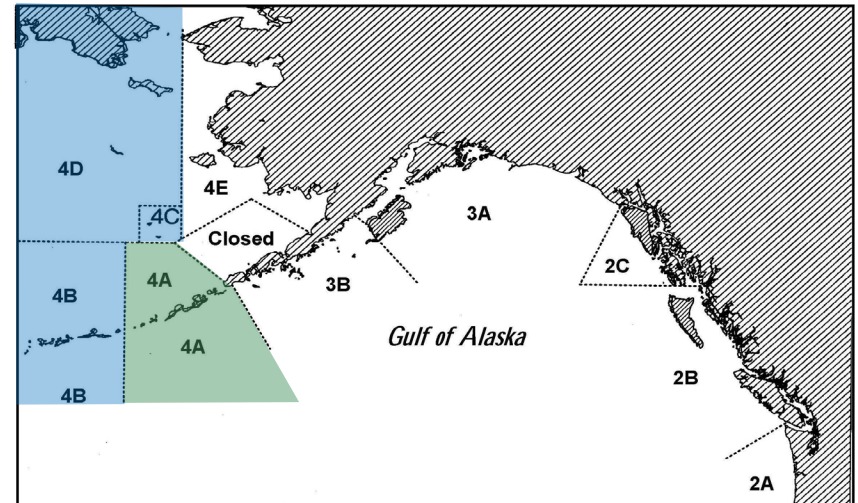
- Limit the overall harvest on a single vessel
- To prevent large amounts of IFQ from being fished on only a few vessels.
- To protect small producers, part-time and entry-level participants who may otherwise be eliminated from the fisheries because of potential excessive consolidation of harvesting privileges under the IFQ program
- Exception if an individual IFQ holder receives IFQ allocation in excess of the vessel cap they may harvest their allocation on one vessel

Halibut	Vessel Use Cap %
	1% OF 2C HALIBUT IFQ TAC
	.5% OF ALL HALIBUT IFQ TAC



RECENT VESSEL CAP ACTIONS

- Detailed in section 1.2
- Vessel caps removed in Areas 4B, 4C, 4D in 2020
- Vessel caps removed in Areas 4A, 4B, 4C, 4D in 2021-2027 (or until this action implemented)



- Rationale 2020-22: Impacts on harvesters, processors, and communities as a result of travel restrictions, health mandates, and operational challenges directly attributable to the global pandemic.
- Rationale 2023: To provide continued flexibility to IFQ participants in IPHC Area 4 while the Council analyzes options for a long-term adjustment to the vessel use caps. In recent years, utilization of halibut quota in Area 4 has declined and conditions including limited local markets, increases in operating costs, and reductions from historical TACs have all contributed to fewer vessels participating in the Area 4 fisheries.

PURPOSE AND NEED

The Council adopted a purpose and need in June 2022, revised at initial review in June 2024 as follows:

In recent years, utilization of halibut quota in Area 4 has declined. Fishery conditions including lack of processing capacity, COVID-19 concerns in remote communities from 2020 through 2022, increased killer whale predation, increases in operating costs, and reductions from historical TACs have all contributed to harvests below the TAC in the Area 4 fisheries. The Council concluded the previous vessel use cap was constraining and recommended removing it for five years, from 2023 through 2027, to provide additional flexibility and stability to IFQ participants in Area 4 while a long-term change could be considered. This action is being considered to increase utilization of quota and fishery revenues in Area 4 by providing additional harvest opportunities for vessels that were constrained by the previous vessel use cap while maintaining the Council's objectives for the IFQ program to provide entry level opportunities and support sustained participation by fishery dependent communities.



ALTERNATIVES

Alternative 1- No Action

Vessel use caps would remain removed in Area 4 through the 2027 IFQ season. They would go back into effect beginning in the 2028 IFQ fishing season as 0.5% of the combined total catch limits of halibut for IFQ regulatory areas 2C, 3A, 3B, 4A, 4B, 4C, 4D, and 4E.

Alternative 2- create a halibut vessel cap for Area 4 of:

Option 1a- 4% of the Area 4 halibut TAC

b- 5% of the Area 4 halibut TAC

c- 6% of the Area 4 halibut TAC

Option 2- Exclude Area 4A from the vessel cap increase and establish an Area 4B/C/D/E vessel cap of

a- 7% of the Area 4B/C/D/E halibut TAC

b- 9% of the Area 4B/C/D/E halibut TAC

c- 11% of the Area 4B/C/D/E halibut TAC

Sub-options (can apply to either option):

1- Specify that halibut IFQ held by an Area 4B CQE does not accrue towards the Area 4 vessel cap.

2- This action will be reviewed (a. three or b. five) years after implementation



ALTERNATIVES

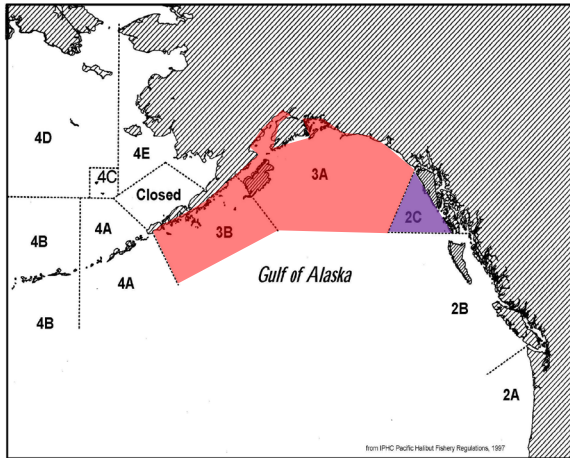
Table 2 Timing of Alternatives and Area 4 halibut IFQ vessel caps

Alternative 1	Areas	current-2027	2028 →	pounds based on 2025 TACs*
	4ABCDE	no cap	0.5% of Total TAC (2C, 3A, 3B, 4A, 4B,4C, 4D and 4E)	70,250
Alternative 2		current	implementation date →	
Option 1a	4ABCDE	no cap	4% of Area 4ABCDE TAC	104,800
Option 1b	4ABCDE	no cap	5% of Area 4ABCDE TAC	131,000
Option 1c	4ABCDE	no cap	6% of Area 4ABCDE TAC	157,200
Option 2a	4BCDE	no cap	7% of Area 4BCDE TAC	113,400
Option 2b	4BCDE	no cap	9% of Area 4BCDE TAC	145,800
Option 2c	4BCDE	no cap	11% of Area 4BCDE TAC	178,200

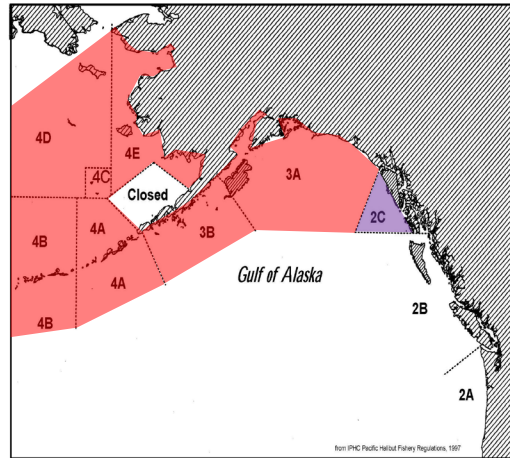
*Calculated based on IPHC commercial catch limits as published in IPHC-2025-AM101-R (p. 44-45) accessed Jan 31, 2025 <https://www.iphc.int/uploads/2025/01/IPHC-2025-AM101-R-Report-of-the-AM101.pdf>



Alternative 1 (through 2027)

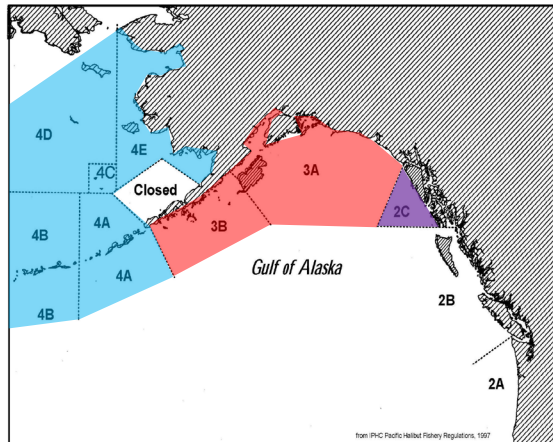


Alt 1 (Pre 2020 and 2028 on)

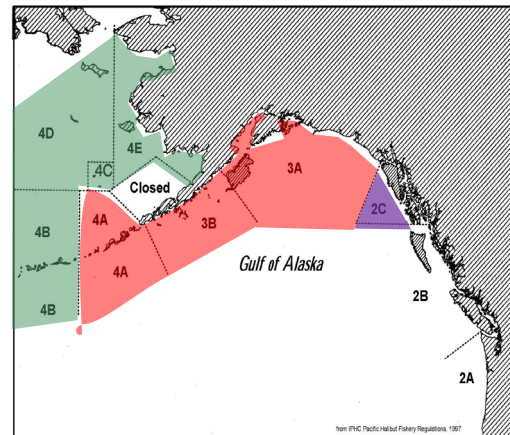


0.5% of the combined total catch limits of halibut for IFQ regulatory areas 2C, 3A, 3B, 4A, 4B, 4C, 4D, and 4E.

Alternative 2.1



Alternative 2.2

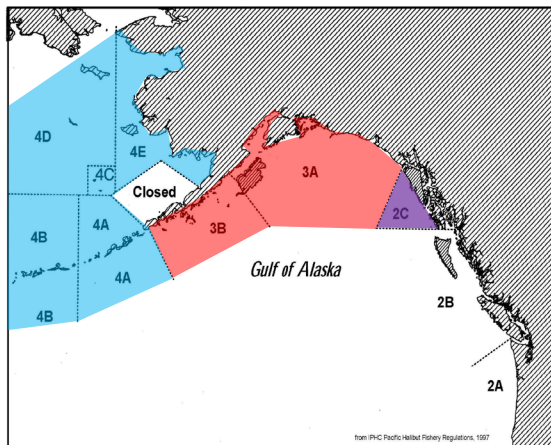


4%, 5% or 6% of the Area 4 halibut IFQ TAC

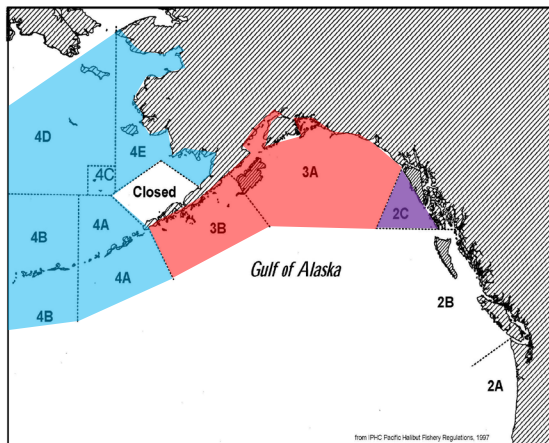
7%, 9% or 11% of the Area 4BCDE halibut TAC



- Alternative 2 would not change the vessel use limitations that exist outside of Area 4.
- All landings made outside of Area 4 would be limited by the existing caps and all total landings would apply to the Area 4 cap.
- Landings in Area 4 up to an amount equal to the difference between the vessel limit that applies inside and outside of Area 4 does not accrue towards the limit outside of Area 4.
- This action is not intended to impact the order in which areas are fished; a vessel may operate in Area 2C, Area 3 and Area 4 in any order.



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Hypothetical case:

Coastwide limit 10

Area 4 limit 12

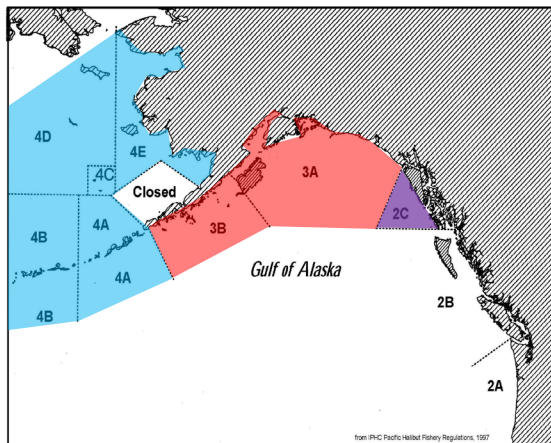
If fishing in and out of Area 4:

Total catch outside area 4 < 10

Total catch including area 4 < 12



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Hypothetical case:

Coastwide limit 10

Area 4 limit 12

If fishing in and out of Area 4:

Total catch outside area 4 < 10

Total catch including area 4 < 12

~~10~~ + 12

12 + ~~10~~

8 + 2 + 2

8 + 4

8 + 4

10 + 2

2 + 10



OTHER IFQ RESTRICTIONS

- The proposed action would not modify other aspects of the IFQ program
- Other restrictions intended to prevent excessive consolidation of harvesting privileges and maintain the diversity of the IFQ fleets are unchanged

Transfer restrictions

- Transfers, or leasing, of CV IFQ has generally been prohibited except under a few specific conditions.
- Temporary transfers of halibut and sablefish IFQ permitted for all QS holders for the 2020 and 2021 fishing seasons. Medical transfer flexibility

Vessel class

- Harvesting vessel size is limited by quota class category
- “Fish up” (landing of IFQ derived from smaller class QS on larger class vessels) and “fish down” (landing of IFQ derived from larger class QS on smaller class vessels) provisions in area 4 mean these limitations are less constraining

Quota use caps

- Use caps limit the amount of QS that can be held or used by an individual
- Harvesting 100 percent of the TAC will require numerous individuals to hold QS



TAC AND HARVEST

Table 3 IFQ halibut allocation (TAC) and percent of TAC landed (%) by IFQ Area 2015-2025. Grey shading indicates area and years vessel caps were removed.

Year	2C		3A		3B		4A		4B		4CD	
	TAC	%	TAC	%	TAC	%	TAC	%	TAC	%	TAC	%
2015	3,679,000	96	7,790,000	99	2,650,000	98	1,390,000	95	912,000	93	715,920	96
2016	3,924,000	97	7,336,000	99	2,710,000	97	1,390,000	97	912,000	94	880,320	96
2017	4,212,000	96	7,739,000	98	3,140,000	96	1,390,000	91	912,000	91	902,400	96
2018	3,570,000	95	7,350,000	98	2,620,000	93	1,370,000	89	840,000	98	880,200	90
2019	3,610,000	94	8,060,000	98	2,330,000	94	1,650,000	83	968,000	76	1,092,000	82
2020	3,410,000	94	7,050,000	97	2,410,000	93	1,410,000	81	880,000	78	919,200	99
2021	3,530,000	93	8,950,000	97	2,560,000	94	1,660,000	86	984,000	63	885,600	93
2022	3,510,000	92	9,550,000	92	3,350,000	86	1,760,000	73	1,024,000	50	1,104,000	84
2023	3,410,000	88	7,840,000	91	3,090,000	91	1,410,000	66	976,000	40	1,080,000	76
2024	3,500,000	88	7,560,000	91	2,980,000	88	1,280,000	55	872,000	31	1,104,000	43
2025	3,070,000		5,890,000		2,470,000		1,000,000		720,000		900,000	



POTENTIAL IMPACTS

	Alternative 1	Alternative 2
Prior to 2028	Less Restrictive More Flexibility	More Restrictive Less Flexibility
2028 and after	More Restrictive Less Flexibility	Less Restrictive More Flexibility



POTENTIAL IMPACTS

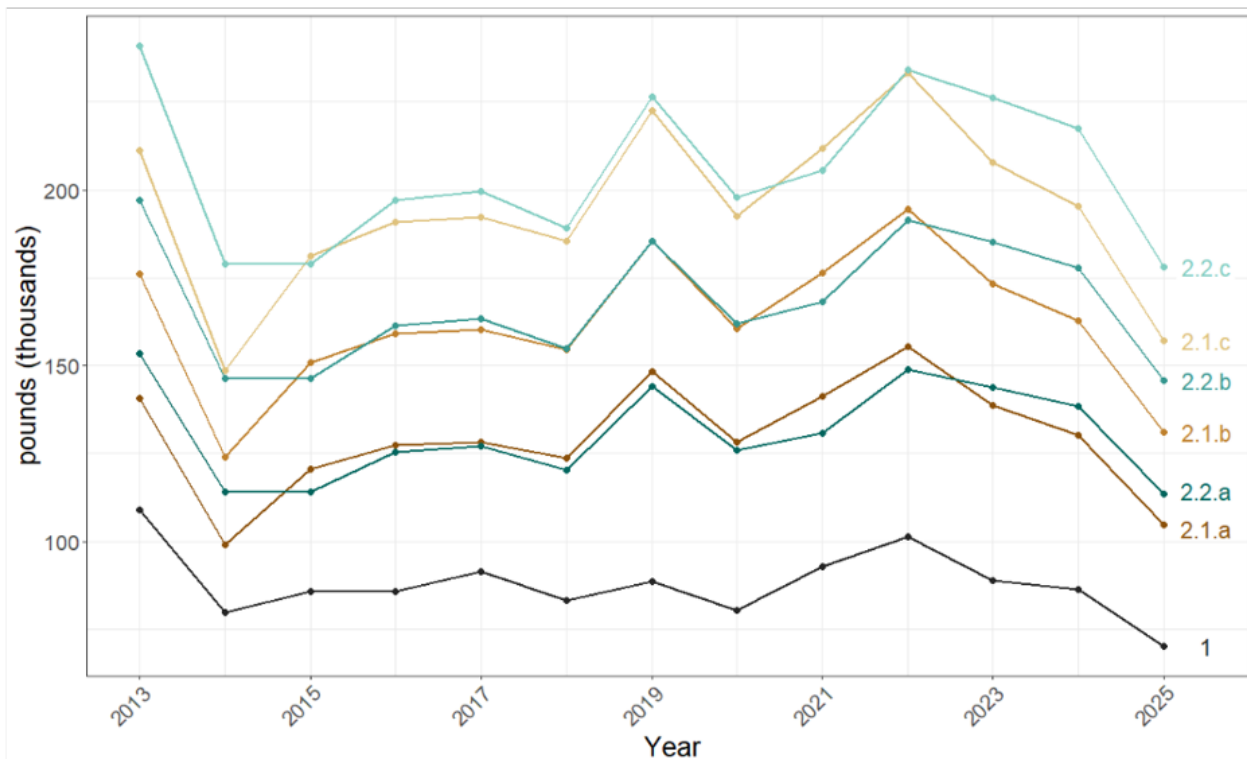
	Alternative 1	Alternative 2
Prior to 2028	Less Restrictive More Flexibility	More Restrictive Less Flexibility
2028 and after	More Restrictive Less Flexibility	Less Restrictive More Flexibility

- Implementation timing unknown
- Analysis focuses on impacts that would occur from 2028 on, after the current vessel cap removal has expired
- Alternative 1 represents a vessel cap that is more restrictive in Area 4 than those proposed under Alternative 2



POTENTIAL IMPACTS

- The specific limit in pounds of each vessel cap in any given year will depend on the annual Area IFQ TACs.
- The differences in caps between Alternatives and options depends on the percentage selected and the relative changes of coastwide TAC, Area 4 TACs. And area 4BCDE TACs



Alt 2.2a=7% 4BCDE TAC
Alt 2.2b=9% 4BCDE TAC
Alt 2.2c=11% 4BCDE TAC

Alt 2.1a=4% Area 4 TAC
Alt 2.1b=5% Area 4 TAC
Alt 2.1c=6% Area 4 TAC

Alt 1= 0.5% of coastwide TAC (2C, 3A, 3B, 4A, 4B, 4C, 4D, and 4E)

Figure 11 Back-calculated vessel cap lbs by Alternative and option 2013-2025



POTENTIAL IMPACTS

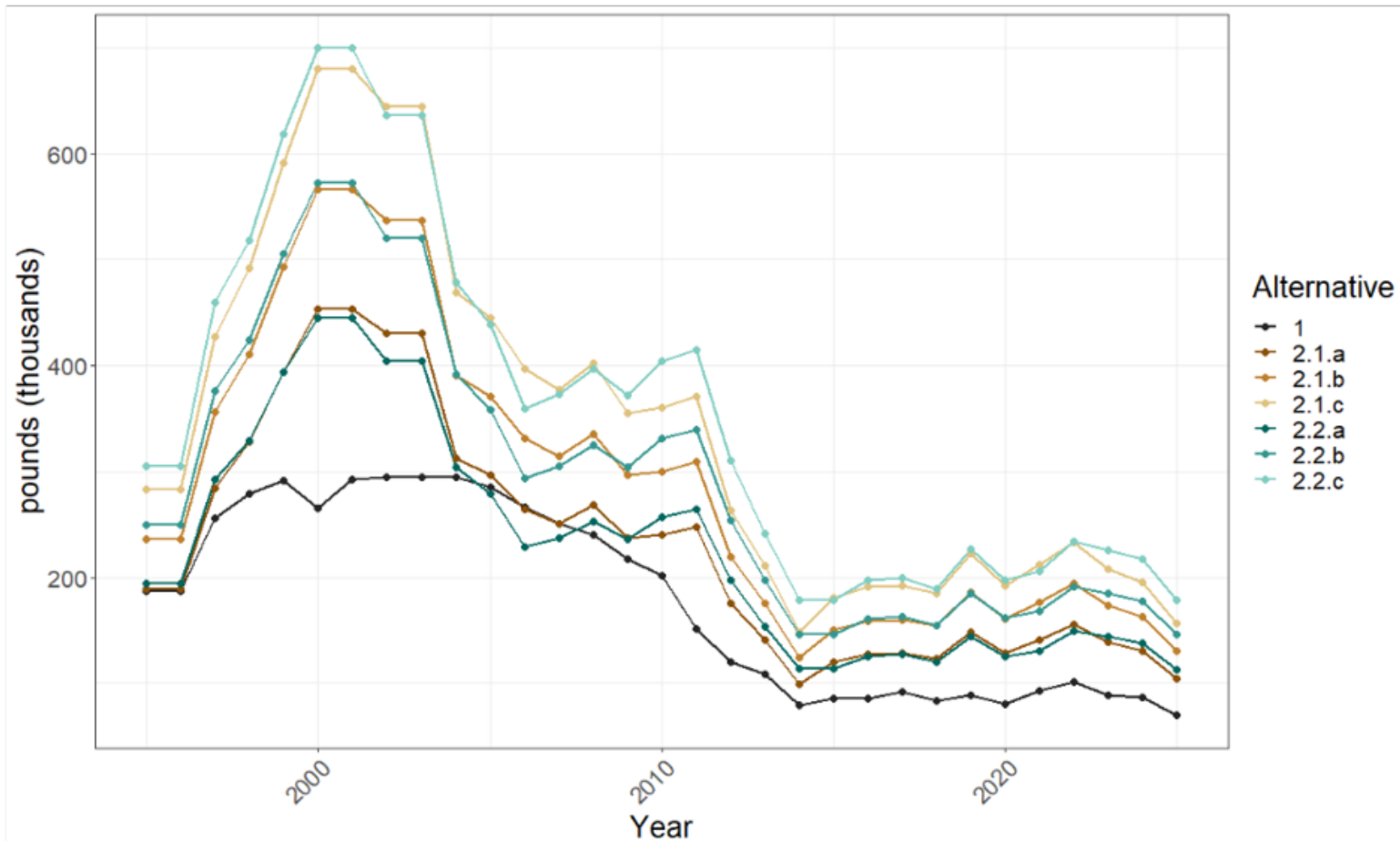


Figure 12 Back-calculated vessel cap lbs by Alternative and option 1995-2025

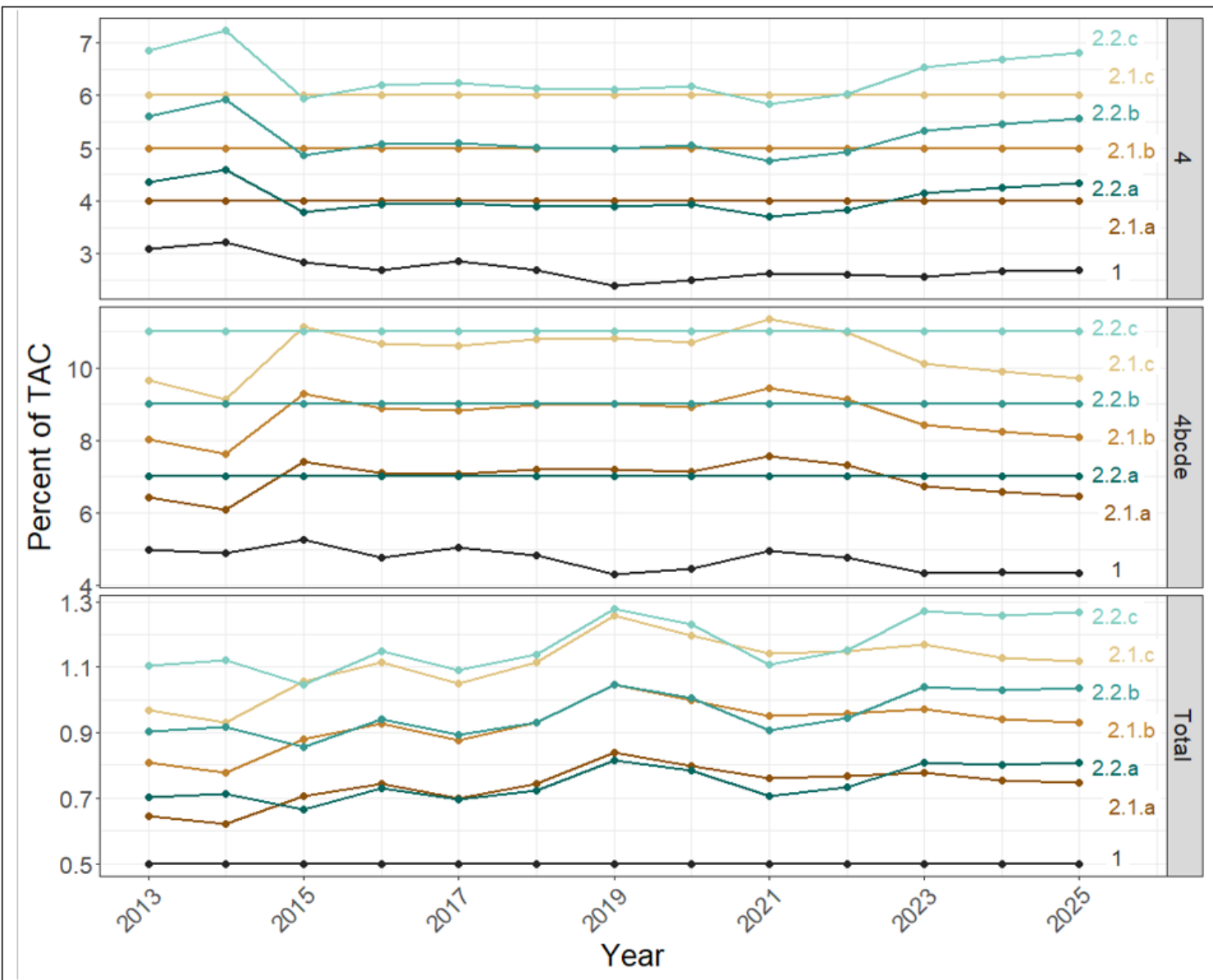


Figure 13 Back-calculated vessel caps by alternative 2013-2025 as percent of Area 4, Area 4BCDE and Total TAC

Table 27 Number of vessels harvesting IFQ in Area 4A, 4B, 4CD, and minimum number required to harvest all of each Area TAC under potential vessel caps

Area	Year	No. of vessels harvesting IFQ	Minimum no. of vessels to harvest 100% of TAC with cap						
			Alt 1	Alt 2.1a	Alt 2.1b	Alt 2.1c	Alt 2. 2a	Alt 2. 2b	Alt 2. 2c
4A	2015	68	17	12	10	8			
	2016	69	17	11	9	8			
	2017	65	16	11	9	8			
	2018	67	17	12	9	8			
	2019	63	19	12	9	8			
	2020	58	18	11	9	8			
	2021*	59	18	12	10	8			
	2022*	59	18	12	10	8			
	2023*	51	16	11	9	7			
	2024*	37	15	10	8	7			
	2025*		15	10	8	7			
4B	2015	33	11	8	7	6	9	7	6
	2016	34	11	8	6	5	8	6	5
	2017	30	10	8	6	5	8	6	5
	2018	27	11	7	6	5	7	6	5
	2019	24	11	7	6	5	7	6	5
	2020*	23	11	7	6	5	7	6	5
	2021*	19	11	7	6	5	8	6	5
	2022*	16	11	7	6	5	7	6	5
	2023*	14	11	8	6	5	7	6	5
	2024*	9	11	7	6	5	7	5	5
	2025*		11	7	6	5	7	5	5
4C/D	2015	38	9	6	5	4	7	5	4
	2016	36	11	7	6	5	8	6	5
	2017	38	10	8	6	5	8	6	5
	2018	38	11	8	6	5	8	6	5
	2019	42	13	8	6	5	8	6	5
	2020*	33	12	8	6	5	8	6	5
	2021*	27	10	7	6	5	7	6	5
	2022*	20	11	8	6	5	8	6	5
	2023*	21	13	8	7	6	8	6	5
	2024*	18	13	9	7	6	8	7	6
	2025*		13	9	7	6	8	7	6



POTENTIAL IMPACTS

Table 28 Number of vessels that would have been over the proposed cap by alternative. Alternative 2.1 includes only vessels that harvested in Area 4 and Alternative 2.2 Area 4BCDE.

Year	Alt 1	Alt 1 (4A only)	Alt 2.1a	Alt 2.1b	Alt 2.1c	Alt 2.2a	Alt 2.2b	Alt 2.2c
2020	11	0	3	0	0	3	0	0
2021	16	4	3	2	0	3	2	1
2022	14	3	4	0	0	4	0	0
2023	15	5	2	1	0	2	1	0
2024	15	7	0	0	0	0	0	0

Table 29 Pounds harvested over the cap by vessels listed in table 27 (c=confidential data).

Year	Alt 1	Alt 2.1a	Alt 2.1b	Alt 2.1c	Alt 2.2a	Alt 2.2b	Alt 2.2c
2020	301,105	28,769	0	0	36,041	0	0
2021	416,745	116,793	c	0	147,729	c	c
2022	400,766	43,987	0	0	70,227	0	0
2023	366,301	c	c	0	c	c	0
2024	248,251	0	0	0	0	0	0

POTENTIAL IMPACTS

- Changing regulatory environment makes it difficult to predict likely impacts
- Challenging to isolate the evidence of the impacts of vessel caps from the impacts of other management, environmental, and market factors in the fisheries
- What would have occurred without the recent harvest flexibility? (temporary transfer flexibility and the exemption from the vessel use cap in Area 4)
- Many factors influence participation decisions- participation and harvest patterns in 2020-2024 do not clearly identify the direct impact of an Area 4 vessel use cap exemption
- Extent to which these trends are due to limited vessel and processor capacity and other underlying conditions or the increased flexibility from the temporary removal of regulatory restrictions in recent years is unknown.



POTENTIAL IMPACTS

Alternative 1-No Action

- The most flexibility for vessels in Area 4 in the near term (through 2027)
- The least amount of flexibility overall in the long term (2028 and beyond) as it represents the lowest limit of the proposed Alternatives and options.
 - May limit IFQ consolidation on vessels
 - Maintains a larger minimum number of vessels to prosecute the fishery and may preserve opportunities for smaller operations, crew and new entrants
 - May not ensure additional opportunity for vessels and crew
 - Due to potential changes in the fishery after four years of exemptions from vessel caps, declining TAC utilization (even with cap exemptions) and other underlying conditions particularly in remote Area 4 halibut IFQ fisheries.
 - May limit opportunities for efficiency and increase the likelihood that annual allocation is left unharvested
 - If the supply of vessels is low enough that the entire allocation cannot be spread out amongst participating vessels while meeting lowest vessel caps
 - Depends on how many vessels do not operate because individual operators cannot justify the costs to operate a vessel given increases in costs or other changes in profitability and processing capacity



POTENTIAL IMPACTS

Alternative 2-

- The specific impacts of Alternative 2 depend on the option selected, future TACs and subsequent vessel caps.
- Larger vessel caps provide increased flexibility to vessels that operate in Area 4
 - May be particularly useful given recent decline in TAC utilization and number of communities processing IFQ in Area 4
- Increasing the vessel caps may increase TAC utilization
 - Generally, when TAC is not constraining factor, larger vessel caps are likely to increase utilization rates relative to more constraining caps.
 - Even with the removal of vessel caps TAC utilization rates in Area 4 decreased in recent years-may have been lower with caps
- Implementing different vessel caps in different areas may increase the complexity of operations
- Allowing larger caps in Area 4 may lead to friction with users in other areas who will be required to operate under the same vessel caps as status quo in an environment of declining TACs



POTENTIAL IMPACTS

Alternative 2, option 2 (excluding area 4A)-

- Could increase likelihood that vessels that would have otherwise harvested additional quota in 4A would instead travel to 4B and 4CD to take advantage of the higher caps.
- It is also possible that those vessels determine it is not rational to operate in Area 4B/4CD.
- Many of the vessels that operated in 4B or 4CD also operated in area 4A in recent years
 - Over half of vessels that took advantage of exemptions participated in Area 4B or 4CD
- Likely would decrease TAC utilization in 4A relative to recent years when harvest in 4A has been exempted from vessel caps.
- TAC utilization in 4A has been slightly higher than 4B but is still lower than outside of Area 4



POTENTIAL IMPACTS

Alternative 2 sub-option 1

- If sub-option 1 is selected, IFQ halibut derived from QS held by a CQE in area 4B would not accrue towards the Area 4 vessel cap, however the 50,000lb vessel cap for CQEs would still apply (in 2028 and beyond when the vessel caps go back into effect).
- Provide more flexibility to vessels harvesting IFQ in Area 4 that may also want to harvest Area 4B CQE, which may increase the pool of vessels available to harvest Area 4B CQE.
- However, it will not provide any additional flexibility to the CQE in Area 4B in terms of the number of vessels required to harvest their total QS holdings.
- This sub-option is applicable only to the CQE in 4B, thus QS held by CQEs in other IFQ Areas (the Gulf of Alaska) continue to count toward all vessel caps.



POTENTIAL IMPACTS

Alternative 2 sub-option 2

- Under sub-option 2, the Council can identify a timeline for review of this action of either three or five years after implementation
- Selecting a specified review timeline may help alleviate concerns from some stakeholders regarding what may be perceived as a permanent change to a fundamental aspect of the IFQ Program.
- Requiring review at a specific date allocates staff resources to that review regardless of Council priorities at that time.
- Regardless of whether or not the Council selects this sub-option, the Council could choose to review the outcome of this action at any time during a regularly scheduled meeting.



MANAGEMENT AND ENFORCEMENT

- Vessel use caps are enforced at the point of landing.
- OLE suggested requiring VMS for all Area 4 participating vessels who hold FFPs to ensure accurate accounting of quota debited
- Management and enforcement of vessel caps would become more complex under Alternative 2 because it would require tracking separate limits for separate areas.
- Permanently modifying the landings programming would require NMFS developers approximately four weeks of dedicated time to determine the business requirements, modify existing (antiquated) code, and implement the changes to ensure participants could land IFQ without reporting errors.
- Sub-option 1 may require additional complexity in enforcement, however RAM already tracks CQE landings separately, given different vessel limitation for IFQ and CQE.
- Any action to modify the IFQ Program recommended by the Council would be subject to cost recovery under the MSA



QUESTIONS?

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