



## Area 4 Halibut Vessel Caps

May 2022 IFQ Committee Meeting

### Memorandum<sup>1</sup>

The North Pacific Fishery Management Council (Council) received written and oral testimony about a desire by some IFQ and CDQ halibut quota share (QS) holders to modify the vessel use cap in IPHC Area 4. This memo summarizes the nature of that testimony and provides the IFQ Committee with the contextual information necessary to consider whether to make a recommendation to the Council on potential future actions. The IFQ Committee is not limited to considering the ideas that were provided in testimony; the summary of testimony below is meant only to inform the Committee of discussions that took place.

As of May 4, 2022, the U.S. Secretary of Commerce (SOC) is considering a Proposed Rule that would temporarily remove the halibut vessel use caps for the 2022 fishing season in Areas 4A, 4B, 4C, and 4D. The Proposed Rule can be read at [87 FR 23155](#) (April 19, 2022); the analysis submitted to the SOC is available [here](#). The SOC could make a decision on approval of the rule prior to the IFQ Committee meeting; NMFS Alaska Region Office is supplying updates on the status of the emergency rule on this webpage: [LINK](#). If approved by the SOC, a Final Rule publication would be expected in May or June. The action proposed by those recently testifying to the Council would, conceivably, modify vessel use cap regulations in subsequent years without reliance on annual emergency rulemaking that may or may not be approved.

### Background

Assuming that the IFQ Committee is considering whether to recommend an action similar to the Proposed Rule for 2022 that is currently being considered, the relevant Federal regulation is found at [50 CFR 679.42\(h\)\(1\) – Vessel limitations – 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...”<sup>2</sup> An exception to this rule exists for individual IFQ holders who receive an IFQ allocation in excess of the vessel cap; in that case, the individual may catch and retain their entire annual allocation on one vessel, but multiple IFQ holders could not retain more than the cap on a single vessel. Regulations also restrict one vessel from harvesting more than 50,000 lbs. (22.7 mt) of IFQ that is derived from QS held by a community quota entity, or “CQE” (679.42(h)(1)(ii)). Any vessel harvesting CQE-derived IFQ is also subject to the one-half percent rule for all of the vessel’s halibut IFQ fishing. There is one CQE in Area 4 (Adak); that entity holds 4B halibut QS.<sup>3</sup>

Because the vessel IFQ cap is specified as a percent of the annual TAC, the number of pounds capped changes annually and varies with the status of the stocks. Outside of Southeast Alaska (Area 2C), vessel caps apply to each vessel regardless of where the IFQ is harvested. As a result, the cap may have different impacts in different regulatory areas based on the number of vessels available to harvest quota and area-

<sup>1</sup> Prepared by Sam Cunningham (NPFMC), May 4, 2022.

<sup>2</sup> The regulation continues with specifics that apply to vessels operating in Area 2C, which is not relevant to the testimony that focused on Area 4.

<sup>3</sup> Table 2 in the analysis for the April 19, 2022, Proposed Rule reports that the Adak CQE holds QS units that have translated to IFQ allocations of between 113,000 lbs. and 151,000 lbs. from 2019 through 2022, up from 60,000 to 67,000 lbs. from 2015 through 2018 via the acquisition of quota shares. The number of vessels harvesting this IFQ was zero from 2015 through 2017, three in 2018, two in 2019, and one each in 2020 and 2021.

specific catch limits. Disparate impacts by regulatory area can be exacerbated if the combined catch limit for all regulatory areas moves in one direction, but certain area-specific catch limits follow a different trend. For example, the vessel cap would feel more constraining to an individual who has Area 4B quota if quota for that area increases while the combined total halibut catch limit decreases. In that case, the vessel cap would be lower because it is a percentage of the combined catch limit but the individual had more fish to catch in the area where they hold quota.

Table 1 lists halibut total catch limits and vessel use caps for 2013 through 2022. The vessel use cap for all IPHC regulatory areas for 2022 is 101,490 lbs., which is a 9.3% increase from the 2021 allocation. Table 2 reports annual allocations by halibut regulatory area, the minimum number of vessels required to harvest 100% of the area allocation given the annual vessel caps, as well as the percent of the allocation that was harvested and the number of vessels harvesting IFQ. The table shows that the number of harvesting vessels is generally double to triple the minimum number that would be required if the full allocation was caught by vessels each harvesting up to their use cap, even though some individual vessels may have been constrained. The number of vessels participating in 2020 and 2021 was lower than in previous years. The analysis provided for the April 2022 emergency rule noted that this might be partially explained by the vessel cap exemptions and temporary transfer flexibility that was in place for those years, but it is also likely that participation was reduced as a result of the direct logistical and health/safety effects of COVID-19.

**Table 1 Combined halibut catch limit and vessel use caps for all areas, excluding 2C (2013-2022)**

Year	Total Catch Limit (lbs)	Vessel Cap (lbs)
2013	21,810,800	109,054
2014	15,945,370	79,727
2015	17,136,920	85,685
2016	17,152,320	85,762
2017	18,295,400	91,477
2018	16,630,200	83,151
2019	17,710,000	88,550
2020 <sup>1</sup>	16,079,200	80,396
2021 <sup>2</sup>	18,569,600	92,848
2022	20,298,000	101,490

<sup>1</sup> In 2020 vessel use caps were waived for vessels fishing in Area 4B, 4C, and 4D.

<sup>2</sup> In 2021 vessel use caps were waived for vessels fishing in Area 4A, Area 4B, 4C, and 4D.

**Table 2 Area 4ABCD catch limit, minimum number of vessels required to harvest 100% of IFQ, number of participating vessels, and percentage of catch limit landed (2017-2022)**

Year	4A				4B				4CD			
	Catch Limit (lbs)	Min. vessels to harvest 100%	# Vessels	% Landed	Catch Limit (lbs)	Min. vessels to harvest 100%	# Vessels	% Landed	Catch Limit (lbs)	Min. vessels to harvest 100%	# Vessels	% Landed
2017	1,390,000	16	65	91%	912,000	10	30	91%	902,400	10	38	96%
2018	1,370,000	17	67	89%	840,000	11	27	98%	880,200	11	38	90%
2019	1,650,000	19	63	83%	968,000	11	24	76%	1,092,000	13	42	82%
2020	1,410,000	18	58	81%	880,000	11	23	78%	919,200	12	33	99%
2021	1,660,000	18	59	86%	984,000	11	19	63%	885,600	10	27	93%
2022	1,760,000	18			1,024,000	11			1,104,000	11		

Note: Area 4C and 4D are reported together due to harvest flexibility (implemented in 2005) that allows 4C IFQ and CDQ to be harvested in 4D.

### Testimony to Council – April 2022

Under the Staff Tasking agenda item, the Council received one written comment letter pertaining to this topic. The letter was sent by the Central Bering Sea Fishermen’s Association (CBSFA), a CDQ group representing St. Paul Island, Alaska. The letter can be read [here](#). CBSFA requests an action to modify the

halibut vessel use cap in Areas 4C and 4D, citing the decline in the cap level relative to the 2000-2010 period, fewer available vessels, and a “varying inability to fully harvest halibut IFQ in some parts of Area 4.” The letter requests a process to modify the Area 4C/D vessel use cap that is not temporary and considers long-term impacts, specifically asking for a cap that is a percentage of the Area 4CD catch limit “that more closely aligns the cap to the available vessels of a size that can safely navigate the Bering Sea.” The letter requested preliminary analysis of a 4C/D vessel cap based on 1.5%, 2.5%, or 3.5% of the 4C/D catch limit, and how well those levels would suit the specific circumstances of harvest capacity and processing availability in the area. Finally, the letter noted that the vessel cap percentage might need to be reevaluated periodically as fleet capacity or harvest opportunities change.

Four groups or individuals provided oral testimony to the Council in April on this topic. The most notable development, relative to the letter that was submitted prior to the meeting, was that constituents of Areas 4A and 4B expressed a desire to be included in a potential vessel use cap change. The common interest in higher vessel use caps throughout Area 4 led the original commenters, CBSFA, to make a proposal that differed from what was submitted in the letter. Specifically, they suggested preliminary analysis of either: (1) a use cap for vessels in Area 4 based on 4%, 5%, or 6% of the total Area 4 catch limit, or (2) a 50% increase to whatever annual vessel use cap would be specified based on the existing coast-wide catch limit method – i.e., vessel use cap in Area 4 = 0.75% of combined halibut catch limit across all areas instead of 0.50%. (Staff note: there was no testimony on how to apply a vessel use cap to a vessel that fishes in Area 4 as well as other areas – 2C, 3A, or 3B.)

Testifiers mentioned the following themes for rationale as to why the Area 4 vessel use cap could be modified:

- Effect of unharvested halibut CDQ on groups’ ability to serve communities
- Uncertain or non-existent local processing capacity and high operating costs make small operations less viable
- Remoteness of the fishing areas and location of processing facilities requires combined-area trips that catch more pounds
- Reduced availability of active vessels and crew relative to previous periods
- Inability under the cap to harvest IFQ *and* provide a vessel for CDQ partners
- Do not feel that Area 4 has the same urgency to provide opportunities for new vessel entry as Areas 2 and 3