

establishing

establishing criteria for IFQ programs



Individual fishing quotas (IFQs) have been one of the most hotly debated topics in fishery management since the early 1980's. IFQs and other share-based management systems allocate privileges to harvest a certain portion of the total allowable catch to individuals or groups of individuals. With IFQs, the race to fish and incentives to over invest in catching capacity are eliminated, giving fishermen greater flexibility in their harvesting activities, possibly reducing costs while increasing revenues and enhancing safety. IFQs may also decrease bycatch, fish that are caught but not kept, by providing incentives for IFQ holders to be more selective in targeting fish.

Despite benefits, IFQs are highly controversial. Strongly worded arguments have been made that IFQs are both beneficial and harmful to the fish resource, fishing industry members and fishing-dependent communities. While some claim they promote a greater conservation ethic toward fishery resources, others maintain share-based management programs privatize and unfairly allocate a public resource, and allow only a chosen few to reap substantial economic benefits.

The debate surrounding IFQs drew national attention during the process of reauthorizing the Magnuson-Stevens Fishery Conservation and Management Act in 1996. Before reauthorization, there were three IFQ systems in the United States; the North Pacific halibut and sablefish fisheries, the South Atlantic wreckfish fishery and the Mid-Atlantic surf clam and ocean quahog fisheries.

Controversy surrounding these programs led some stakeholders to call for a ban on IFQs. In response, Congress placed a moratorium on new IFQ programs until October 1, 2000 and asked the National Academy of Sciences to study IFQs and provide recommendations to Congress. The Academy recommended lifting the moratorium and made recommendations for the development of new IFQ programs.

Following the expiration of the moratorium in 2000, other share-based management programs were developed. The fixed gear sablefish fishery in the Pacific and the Bering Sea pollock fisheries are managed under share-based systems. Similar programs for crab fisheries in the Bering Sea and Aleutian Islands are slated to come online later this year. Three councils are currently considering IFQs or share-based management in other fisheries. IFQs are also used in Canada, New Zealand, Australia, Scotland, Iceland, and other countries.

Congress is again considering reauthorization of the Magnuson-Stevens Act. In the past three years, six proposed Congressional bills have included provisions for future IFQ programs. Each of these bills would establish substantive and procedural requirements for the development of IFQ programs on a national level.

key concepts and controversies

Elements of IFQ Programs

There is no single definition that characterizes the elements of an IFQ program. Each one is different and is designed to address specific goals and objectives. Open public debate and dialogue are necessary precursors to advancing IFQ specifications.

Duration and review

There is little disagreement about the need to periodically review IFQ programs. There is, however, controversy over whether IFQ programs should be designed to expire or “sunset” after a given period of time. Programs could then be renewed after a thorough review. Some believe that making IFQ allocations permanent would allow ownership of a public resource. Because of concerns over long-term investments, others claim sunsets would reduce economic gains. A 1999 National Academy of Sciences report, *Sharing the Fish: Toward a National Policy on Individual Fishing Quotas*, found that sunset provisions are fundamentally inconsistent with the nature of IFQs and may be counterproductive to their purpose.

Limitation of interests

All current legislative proposals for IFQ programs support limiting the amount of IFQ a person may hold and allowing quotas to be revoked at any time without compensation.

Allocation criteria

Policies for allocating IFQs are controversial. The potential for gains or losses to historic participants may be greatest at the time of share allocation. Often, allocation is based on catch history as many in the fishing industry view their history as a quantifiable and verifiable proxy for participation and investment. Others argue that relying solely on catch history tends to reward those who remained in the fishery for several years and may deprive those who moved between fisheries from year-to-year of the same opportunity.

Conservation

Many stakeholders believe IFQ programs should be required to promote conservation, including bycatch reduction. One legislative proposal would create an incentive for participants to meet conservation standards by increasing the annual allocations of quota to participants who meet those standards.

Processor shares

Some industry and community interests believe processors should have their own individual quota system with shares representing the opportunity to buy fish. They believe this recognizes the importance of processors’ investments and could address overcapacity in this sector, as well as provide additional community protection. Processor shares would require fishermen to sell all or a portion of their catch only to processors that hold shares. Some argue that this reduces competition in the marketplace and upsets the traditional balance of power between fishermen and processors.





story ideas

Referenda

Requiring a referendum to implement an IFQ program would allow people who are actively involved in a fishery to vote on whether the fishery transitions to an IFQ system. Many questions remain about who would be eligible to vote, how potential voters would be contacted, the size of the majority required to pass the referendum, referendum wording and other matters. Some are concerned that a referendum could exclude many interests from the IFQ decision. Others argue that the Magnuson-Stevens Act process is already an open, public and deliberative process for selecting among various management alternatives.

Transferability

Transferability allows people to buy and sell harvest share privileges. Transferability can also help fishermen plan and manage their business operations and reduce capacity. In a multispecies fishery, transferability may allow fishermen to match quota to catch in order to reduce bycatch. A lack of proper controls on transferability can concentrate interests in the hands of a few. Transferability can be controlled through limits on transfers and acquisition of quota shares. On the other hand, limitations on transferability can reduce the potential benefits of an IFQ program.

Fees

IFQ programs may involve higher government costs than other management programs. To compensate for these additional costs, some proposals include cost recovery programs. A number of interested parties believe that any IFQ program should provide for the collection of fees to return a portion of the fishery rent to the public.

Enforcement, Monitoring & Data Collection

Effective management, monitoring and enforcement are critical to realizing the benefits of IFQs. Increased observer coverage and routine collection of social and economic data could help managers determine whether an IFQ program is meeting its goals.

Community impacts of IFQ programs

Although many fishermen support IFQs, others are concerned they will harm communities by concentrating wealth in the hands of a few. How have existing IFQ programs affected communities? How can the design of an IFQ program resolve this concern?

Environmental benefits

Environmental groups have landed on both sides of the IFQ debate. Some believe that IFQs offer an effective way to reduce bycatch, which is one of the most important environmental problems associated with commercial fisheries. Others believe IFQs harm the resource and environment. An examination of existing IFQ programs would clarify positive or negative outcomes.

Privatization of a public resource?

Fish stocks are a publicly owned resource. Under IFQs, fishing opportunity is controlled through shares that can be bought and sold, so many view harvest control through IFQs as the privatization of a public resource. Do IFQs really privatize a public resource, or are they merely a different way of structuring a harvesting system that already exists?



information

conference participants

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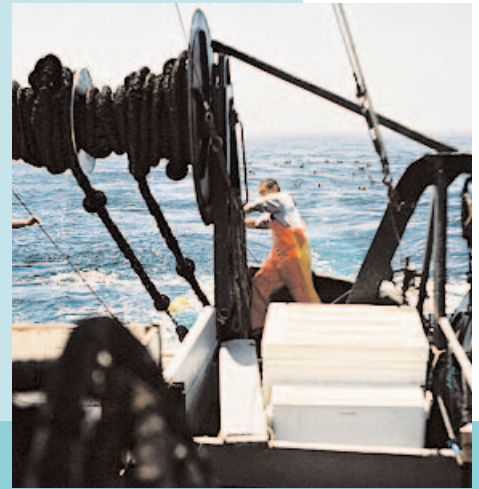
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councils using or considering IFQs and other share-based management programs

Pacific Fishery Management Council

Fixed gear sablefish; considering IFQs for trawl groundfish

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<http://www.pcouncil.org/groundfish/gfifq.html>

North Pacific Fishery Management Council

Halibut and sablefish, Bering Sea pollock, Bering Sea and Aleutian Islands crab; considering Gulf of Alaska rockfish and groundfish

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Mid-Atlantic Fishery Management Council

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Wreckfish

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Gulf of Mexico Fishery Management Council

Considering red snapper and grouper

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