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IFO

PROGRAM

INSIGHTS UPDATES

The publication is intended to provide a complete explanation of the National Training Data program as outlined by the Secretary of Commerce. Although it has been carefully reviewed for accuracy, it is not intended to be a legal guide to the program. Those seeking legal guidance should consult the Federal Register, Vol. 58, pp. 59775, published on November 5, 1993.

For more information call the National Marine Fisheries Service National Ocean Management Division at 1-800-368-6842.

February, 1994



The North Pacific Fishery Management Council (Council) designed it, the Secretary of Commerce approved it, and on November 8, 1985, the Federal Register put it in print and it became law. For the Pacific halibut and silverfish (blackcod) fisheries of Alaska, the management plan for the future is Individual Fishing Quotas, or IFQs. The decision was by no means an easy one. The IFQ program was approved only after some tough years of debate and discussion between the Council, commercial fishermen and women, and other industry representatives. With access to these multi-million dollar fisheries at stake, everybody involved had a strong opinion. The Council provided a place where those opinions could be expressed, and the arguments were carefully presented.

Now that it's law, it's time to work together. To do that we must understand the system, answer the questions and move ahead. The booklet will help

you understand the basic workings of IFQs. We'll walk you through the application process, tell about stock rights and lots and how to sell or lease them. If you want to apply,

We'll

explain how to receive your share by quota and the restrictions which apply. We'll also explain why the restrictions are in place and why the Council, the National Marine Fisheries Service (NMFS), and the Secretary of the Navy were necessary. If you have any

questions that you feel aren't answered clearly here, please give the NMFS Fisheries Access Management (FAM) Division a call at 1-800-338-6846. We'll be happy to help.

The Council began considering options other than traditional open access management in the late 1970s. They asked for ideas from the public, and ultimately awarded fishing license numbers, using annual fishing allocations, and distributing quota shares (QS) under an IFQ plan. They also considered working within the existing management system. They looked at solving some of the problems without restricting access, simply by tightening or adjusting regulations. But a clear message was coming from the fishing industry. It came from processors, marketing agencies, from fishermen and women, and from management as well. They all thought fishing access being increased was "killing" fisheries, when fishermen's ability was of the gear and even the quality of the product suffered. The short answer was: increased access was not needed, except for a few limited spots. Open access management allowed the fleet to overexploit and to grow large. It was uneconomically available or easily manageable. Fishermen were spending more money to catch fish which were worth less, and fisheries were becoming increasingly difficult to control. The demand for change became overwhelming. **Something had to be done.**

It was easy to see from an array of open access where everyone has an equal opportunity to fish as long as you have the resources to move wherever you please. It was called the "tragedy of the commons," where the

HOW DOES THE SYSTEM WORK?

HOW DOES IT EFFECT YOU?

Under this system, if you qualify, you will be awarded quota shares for halibut or sablefish (or both species), based upon your experience in the fishery. If you do not receive an initial quota share allocation, or if you do not receive quota shares by transfer in the future, you will not be able to participate in the fishery. The quota share is a permit, which awards you the privilege to fish the common property resource.

By a formula which will be explained further, your quota shares will determine your Individual Fishing Quota, or IFQ, which is the amount of halibut or sablefish that you are entitled to catch each year. You will be able to catch this quota at any time during the appropriate open season. Since concerns about overharvesting should lessen as the IFQ program gets underway, it's anticipated that seasons will lengthen. They may be seven to nine months long as opposed to a matter of weeks or hours. More care can be given to the gear, to handling the fish and to marketing them at the best price. There will be less pressure to fish in rough weather and safety should improve.

If you don't qualify for an initial quota share allocation, you may buy

part of the harvesting crew in any U.S. fishery, you'll probably qualify as an IFQ crewmember and be allowed to receive quota shares by transfer. "Harvesting", in this case, means work directly related to catching or retaining fish. If, for example, your experience was only as a cook or an engineer, you would not be eligible. On the other hand, if you seined salmon in Prince William Sound or drift gillnetted Bristol Bay for the necessary 150 days, you would.

The IFQ program was designed to retain the character and size of the fishing fleet as much as possible. For this reason the system includes restrictions

designed to prevent too many quota shares from falling into too few hands (ownership caps) or from being fished on too few vessels (vessel use caps). Other restrictions will prevent the fishery from being dominated by large boats or by any particular vessel class. This is the system of assigning quota shares to vessel categories and then restricting transfers between different categories. We'll look at all of this in greater detail later on.

Some small, drift netting vessels which were less stringently regulated. Quota will be gained through the system carefully.

Canada brought its management in 1990. We're working rather well, but there's still a problem that needs to be solved.

Iceland was an early system in 1976. Since

Here is our own Individual Fishing Quota (IFQ) manager. The fishery had been closed for years, and had to be reopened.

At the time, the IFQ program was designed to prevent too many quota shares from falling into too few hands (ownership caps) or from being fished on too few vessels (vessel use caps). Other restrictions will prevent the fishery from being dominated by large boats or by any particular vessel class. This is the system of assigning quota shares to vessel categories and then restricting transfers between different categories. We'll look at all of this in greater detail later on.

WHEN WILL IT START? WHO IS AFFECTED?

Beginning next spring, the fixed gear fisheries for Pacific halibut and sablefish in and off Alaska will be managed under the IFQ plan. Fixed gear means hook and line gear of all types: longlines, handlines, jigs and troll gear, as well as pot gear for sablefish. Pot gear will be legal gear for harvesting sablefish under the IFQ plan, but **not** in the Gulf of Alaska. The fish you caught with pot gear, even in the Gulf, however, can be used to determine an initial quota share allocation. Sablefish harvested legally

with trawl gear are not part of the IFQ program. Sablefish fisheries regulated by the State of Alaska within State waters, (those in Prince William Sound, Chatham Strait and Clarence Strait), are not considered under this federal IFQ program.

The application period for quota shares began on January 17th, 1994. You have six months to apply for an initial quota share allocation. Applications must reach the

NMFS/RAM Division Juneau office by the close of business on July 15th, 1994. The NMFS/RAM Division has already mailed out almost 8,000 Requests for Applications to those who might be eligible to apply for quota shares. Only those who return a completed Request for Application will

receive the application package. Before we go further with the application procedure, let's define some terms and look at just how the system will work.

DEFINITIONS TERMS WE'LL BE USING - AND WHAT THEY MEAN

Qualifying years - You must have owned or leased a vessel on which fixed gear landings of sablefish or halibut were made during the qualifying years 1988, 1989, or 1990 to qualify for an initial quota share allocation. These fish must have been legally caught in IFQ regulatory areas.

Base years - These are the years used to determine the amount of your quota share. For halibut they are the best five of seven years; 1984-1990. For sablefish they are the best five of six years; 1985-1990.

Total Allowable Catch or TAC - Each year the Secretary of Commerce, in consultation with the Council, determines the sablefish TAC for the different management areas. The International Pacific Halibut Commission (IPHC) annually sets the figures for the halibut harvest in its management zones. Regulatory areas for halibut and sablefish are different and should not be confused.

Quota Share or QS - This means a permit, the amount of which is used as a basis for the annual calculation of your IFQ. The size of this permit is determined by landings in the base

How to Figure Your Quota Share

	1986	1987	1988	1989	1990
Halibut Landings					
5,000 lbs.	3,000 lbs.	8,000 lbs.	6,000 lbs.	6,000 lbs.	
Sablefish Landings					
4,000 lbs.	6,000 lbs.	3,000 lbs.	4,000 lbs.	6,000 lbs.	

Halibut	Sablefish
000	2 000
000	4 000
000	6 000
000	3,000
000	4 000
000	6 000
000	23 000
Poundage	Qualifying Poundage

are will be slightly smaller after CDO adjustment. Increase the amount by 3.5% as an example

28 950 QS 23 000 lbs 22 195 QS

years. Your initial adjusted quota share is the sum of your best five year's landings. The adjustment is a slight decrease because some fish will be allocated to the CDQ program (which we'll explain shortly).

QS are calculated independently for each IFQ regulatory area and vessel class. You would not add your best five years' catch over all areas to come up with qualifying poundage. It is reckoned area by area.

Quota shares allocated or permits issued do not represent an absolute right to the resource. They are, rather, a harvesting privilege which may be revoked or amended subject to the Magnuson Act or other applicable laws.

Quota Share Pool or QSP - This is the total of all quota shares for each respective IFQ regulatory area. Again, regulatory areas for halibut are distinct from sablefish regulatory areas.

Individual Fishing Quota or IFQ - This is the amount of fish that you are allowed to harvest each year. It is calculated annually by taking the quota shares you hold and dividing them by the total quota share pool. The resulting figure is the percentage of the harvestable fish to which you have harvesting privileges for that IFQ regulatory area and vessel class. This percentage is then multiplied by the TAC, as determined annually by the Secretary (for sablefish) or the IPHC (for halibut). Mathematically it looks like this:

$$(QS/QSP) \times TAC = IFQ$$

The Secretary and the IPHC can change the TAC in response to changes in the fish stocks, so your IFQ will vary from year to year. The QSP can also change as appeals are decided and additional quota shares issued, or as quota

shares are revoked due to violations.

Community Development Quota or CDQ -

This is a program which compensates the communities of western Alaska which are directly affected by the assignment of fishing privileges. Some of these communities

have largely been bypassed as the fisheries developed in their own waters, and the Council has decided to take some quota shares from each regulatory area in the Bering Sea/Aleutian Island (BS/AI) region and give them to the appropriate villages. This will **only** happen in the BS/AI region.

To make it fair for non-CDQ BS/AI region fishermen who fished in the CDQ areas and whose IFQ will be reduced by the CDQ allocation, the Council will award you small amounts of quota shares from the other areas, in the same proportion as the amount allocated to the CDQ program. This is why your initial quota shares are a little bit smaller than your qualifying poundage. This adjustment will only happen once as part of your initial allocation of quota shares.

Vessel length overall or LOA -

This is the horizontal distance, rounded to the nearest foot, between the foremost part of the stem and the aftermost part of the stern, excluding bowsprits, rudders, outboard motor brackets, and similar fittings or attachments.

IFQ crewmember - This means any individual

Sample IFQ Calculation

$$(QS/QSP) \times TAC = IFQ$$

Qualifying poundage	28,950	QS	QSP	60,000,000	TAC	12,000,000	IFQ	5,790
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$$(28,950 / 60,000,000) \times 12,000,000 = 5,790$$

Halibut Management Areas



who has at least 150 days experience working as part of the harvesting crew in any United States commercial fishery, or any individual who receives

an initial allocation of quota shares. For purposes of this definition, "harvesting" means work that is directly related to the catching and retaining of fish. Work in support of harvesting but not directly involved with harvesting is not considered harvesting crew work. Only those who receive quota shares by initial issuance, or IFQ crewmembers, may receive quota shares, and the IFQ which

results from it, by transfer.

HOW TO APPLY

First let's see who is eligible. To be eligible for an initial quota share allocation you must:

- be a U.S. citizen at the time you apply for quota share. A corporation or partnership qualifies as a citizen if it would have qualified to document a fishing vessel as a vessel of the United States during the QS qualifying years of 1988, 1989 and 1990.
- have owned or leased a vessel that made legal and verifiable landings of halibut or sablefish in the IFQ regulatory areas during 1988, 1989 or 1990.
- apply for your allocation.

Applicants may be individuals, corporations, partnerships, associations, or other entities (or their successors in interest). A former partner of a dissolved partnership or a former shareholder of a dissolved corporation may apply for quota shares in

proportion to his or her interest in the dissolved corporation, partnership or business. Estates of deceased fishermen are successors in interest and may also apply.

As mentioned earlier, the NMFS/RAM Division has sent out close to 8,000 Request for Application packets to those who are likely to be eligible. If you have not received a packet and still wish to apply you must first obtain one and return the Request for Application forms to the NMFS/RAM Division. Packets are available throughout Alaska and Seattle at NMFS offices, the offices of the Alaska Department of Fish and Game, Native Corporations and fishing organizations.

When the NMFS/RAM Division receives your completed and signed Request for Application forms, they will prepare your personal application. This will be based on state and federal landings and catch data and documentation of vessel and permit ownership. This information, compiled by NMFS, is called the **NMFS official IFQ record**. The NMFS official IFQ record is important because it is the first indicator of whether you are qualified for an initial quota share allocation. It is also the basis from which the amount of your quota share is calculated.

When your personal application is ready it will be sent to you. If you agree with the NMFS official IFQ record, you need only sign and return it to the NMFS/RAM Division by July 15th, 1994. If you disagree with any information, such as landings, areas, vessel classes, or with the years listed for recorded landings, or with any of the data printed on the application forms, you should correct the informa-

tion, provide documents and notarized affidavits supporting your position, and return it. If NMFS/RAM is convinced by these documents, then the official IFQ record may be changed and your application will continue to be processed. If not, you will be notified and given 90 days to provide additional information.

If, after a review of this new information, NMFS/RAM personnel are still unconvinced, then your application will be denied, and you will have the opportunity to appeal the disputed portion (under a process which will be explained later). Now let's discuss three issues which may arise as you complete the forms necessary to apply for quota shares. These are leasing, confidentiality and evidence.

— LEASING —

Let's suppose the official IFQ record held by the NMFS/RAM Division shows that you were the permit holder, and that you made legal landings of Pacific halibut and/or sablefish during the qualifying years for the IFQ program (1988, 1989, and/or 1990). However, since the records do not show that you were the owner of the vessel on which qualifying landings were made, it is presumed that you are not eligible for initial issuance of quota share.

If you were not the vessel owner, but if you believe that you held a legitimate lease on the vessel you operated during one or more of the qualifying years, you may apply for quota share as a lessee. If you and the vessel owner agree that a lease was in effect, you must supply either: a) a copy of the lease document itself showing that you

were the leaseholder during the time period(s) in which you are claiming credit; or, b) a statement, signed by both you and the vessel owner, attesting to the fact that a lease was in effect during the time period(s) in which you are claiming credit. The statement may be in any form, but both signatures must be notarized.

If you do not have a copy of the lease document, and if you cannot submit a notarized statement signed by both you and the vessel owner that attests to the existence of a lease during the qualifying years for which credit is claimed, NMFS/RAM will presume that you were not a lease-holder. You may rebut (overcome) that presumption if you submit evidence in the form of authentic documents to prove that you, not the vessel owner, shouldered the financial burdens and risks of the fishing operation during the time period(s) for which you are claiming credit. Examples of such documents may include:

- the receipt(s) for purchase of the license(s) used aboard vessel during the time period(s) for which you are claiming credit;
- tax returns which show that you claimed a business deduction for vessel lease expenses during the time period(s) for which you are claiming credit;
- tax returns or other documents which show that you paid the crew expenses during the time period(s) for which you are claiming credit; and/or,
- other authentic and contemporary documents which demonstrate the nature of your investment in the fishing operation during the time period(s) for which you are claiming credit.

For any of these documents to be considered, you **must** provide a notarized statement, attesting to the authenticity of the documents and explaining,



in detail, the business relationship between you and the vessel owner during the time period(s) for which you are claiming credit as a lease-holder.

After receipt of this information, the NMFS/RAM

Division will assess it and make an initial administrative determination on your eligibility for quota share.

We may return the application to you and request that you submit additional information to support your claims. If the information you supply is not sufficient to establish your claim that you were a lease-holder during the time period(s) claimed, your application will be denied. In that event, you will be allowed to appeal that determination.

Please note that, if the owner of the vessel which you claim to have leased also applies for quota share credit during the time period(s) for which you are claiming credit, both applications will be denied. In that case, either or both of you may file an appeal. Since the appeals process will surely be time-consuming, both you and the vessel owner could experience delays in receiving the quota share (and the resulting IFQ, which will only be calculated and issued on an annual basis) to which you believe you are entitled.

Therefore, it is clearly in your interest to resolve all disputed facts with the vessel owner BEFORE submitting your application for quota share!

— CONFIDENTIALITY —

Under state and federal confidentiality laws, NMFS/RAM may not release catch data or landings data to anyone other than the person who signed the fish ticket. Therefore, even though the

NMFS/RAM Division wants to provide you with a record of your landings during the relevant years, they cannot do so. To address this problem, the Division began the pre-application process. On the Request for Application forms which you received earlier, you are asked to sign a waiver of the confidentiality of your data. This waiver allows the Division to use your confidential fish ticket information to properly allocate quota shares to eligible applicants. Since no waiver means no access to the necessary information, every applicant is required to sign the Request for Application form and the waiver which it contains. Once that waiver has been received NMFS/RAM will preprint landings information on your application. The information will be presented as a summary, by year and by total pounds, of the total landings made on your vessel during the relevant years. If someone other than you made those deliveries, a waiver from the person who made the deliveries must be received (unless four or more persons made the deliveries, in which case the data can be summarized) before the summary can be printed and released. This is important if you want to examine the information used by NMFS/RAM to determine your total qualifying pounds. Also, even if you own the vessel and are otherwise qualified, if the total quota share allocation cannot be revealed for lack of waivers, you may not receive the quota shares to which you are entitled. To be on the safe side, it's a good idea to get waivers signed from every skipper who fished on your boat and signed fish tickets during the quota share base years (1984-1990) and to submit those waivers with your applications.



— EVIDENCE —

If you believe that the NMFS official IFQ record does not fairly reflect your situation and that you would therefore not receive the quota share which you think you deserve, you will have an opportunity to present evidence to support your claim. "Evidence" is a general term which applies to any and all documents or statements which you provide in support of your application. Documents might include pilothouse logs, original copies of fish tickets, vessel purchase documents, tax returns, cancelled checks, or anything else which you think will support your claim. Written statements, in the form of affidavits (sworn and notarized statements attesting to a set of facts) may also serve as evidence. The NMFS/RAM staff will require that you submit an affidavit with all documentary evidence. The affidavit should state what it is you're trying to prove, what the documents mean, where they came from, and any other facts which you wish to present. And one last word about evidence - **tell the truth!** Fraud is a criminal offense and anyone suspected of knowingly submitting false information on their application will be investigated and, if the facts warrant it, prosecuted.

PROGRAM RESTRICTIONS

One of the goals of the Council in adopting the IFQ program was to preserve, as much as possible, the nature and size of the fleet. The Council kept this in mind when they designed the

quota share, ownership and transfer restrictions. These restrictions are designed to prevent excessive consolidation of the fleet and to prevent the fisheries from being dominated by one vessel size. Even with these restrictions in place, the Council expects that the total number of vessels involved in the halibut and sablefish fisheries will decline.

With quota shares being assigned to vessel categories and regulatory areas, the current make-up of the fleet can then be preserved by restricting transfers of quota shares among categories and areas. For instance, the quota share issued in vessel Category B, area 2C, will remain in vessel Category B, area 2C, no matter how many times it may be transferred. As a result, the same percentage of quota share will remain in the categories in which they were originally awarded.

VESSEL CLASSES — AND IFQ — REGULATORY AREAS

Quota shares are issued specifically to a vessel class and to an IFQ regulatory area. With six areas and three vessel categories for sablefish, and eight areas and four vessel categories for halibut, this means that 50 different "types" of quota share will be issued!

Quota shares for halibut are independent of quota shares for sablefish. Quota share allocations will be assigned to a specific vessel category, based on the length overall (as opposed to register length). Vessel categories are described by both length overall and the kind of operation.

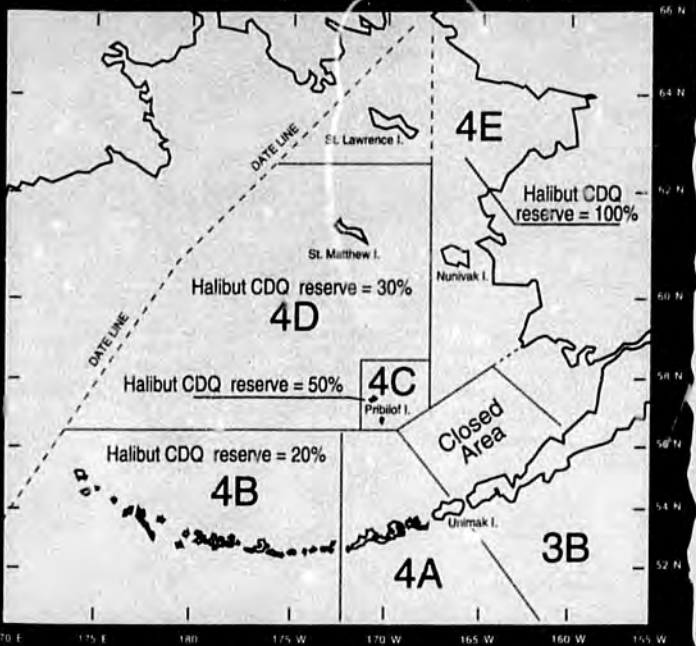
- Category A - a freezer vessel of any length;
- Category B - a catcher vessel greater than 60 feet in length overall;
- Category C - a catcher vessel less than or equal to 60 feet in length overall for sablefish, or a catcher vessel greater than 35 feet but less than or equal to 60 feet in length overall for halibut; and
- Category D - a catcher vessel less than or

Vessel Categories

Vessel length	Freezer Vessel (any length)	Catcher Vessel	
		Sablefish	Halibut
Over 60'	A	B	
35' to 60'		C	
0 to 35'			
Freezer Vessel - Any vessel used to process its catch during any fishing trip			

Halibut Management Areas

(Showing percentage of quota reserved for CDQ program)



equal to 35 feet in length overall for halibut.

To determine the category to which quota share will be assigned, NMFS/RAM will look at the vessel you used in the halibut or sablefish fisheries. We will look at the last vessel which you fished during the years 1988, 1989, 1990 or 1991 up to September 25th. If, during the most recent year, you fished more than one vessel, and those

year fished (1988, 1989, 1990 or 1991 up to September 25th) the quota shares issued will be freezer/longliner shares, or Category A.

This is the basic outline for vessel categories and how they're determined. **This is a rather complicated part of the regulations. For further clarification on any point here, call 1-800-304-4846.**

WHO MAY FISH THE IFQ's?

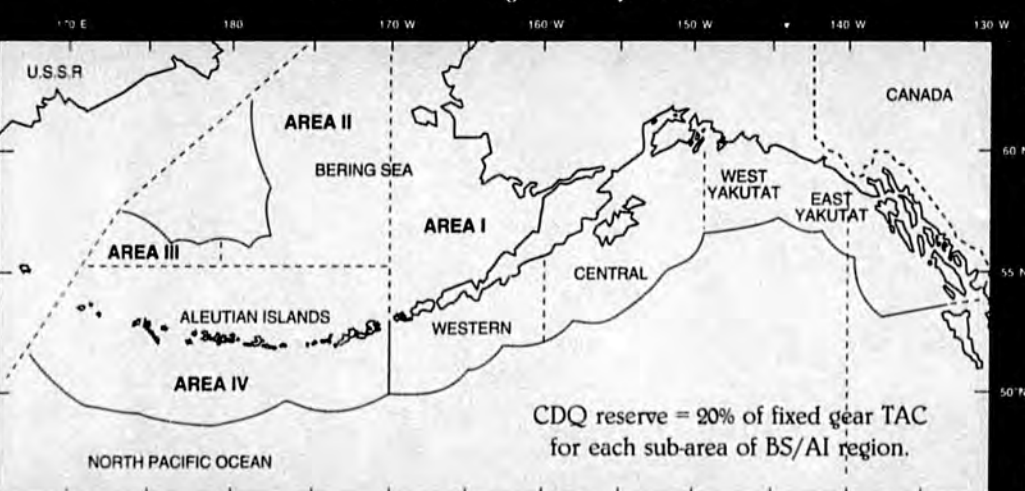
TRANSFER AND — OWNER-ON-BOARD — RESTRICTIONS

As noted earlier, the Council and the Secretary have taken steps to ensure that the current make-up of the fleet is not unduly disrupted by the IFQ program, and that most vessels in the fishery are operated by their owners. To maintain this predominantly "owner-operated" nature of the fishery, the program provides:

- * Only quota share holders who receive their quota upon initial issuance may hire masters to fish the resulting IFQ. In Southeast Alaska (halibut area 2C and the sablefish area east of 140 degrees west longitude), only corporations or partnerships may hire masters.
- * When quota share is transferred, it may only be transferred to an entity that received an initial award of quota share or to an individual who is a qualified IFQ crewmember. If quota share is transferred to an individual, that individual must be on board while the IFQ is being fished.

vessels fall into different categories, the quota share will be assigned to each vessel category in proportion to the landings made on each vessel. **It is important to take note of the higher priority placed upon groundfish in these calculations.** Groundfish records are examined first. If the most recent year of your fishing participation involved groundfish, whether it was sablefish or even rockfish, that will take precedence in the assignment to a ves-

Sablefish Regulatory Areas



sel category over halibut. If **no** groundfish were harvested, then halibut landings will be considered.

If your vessel froze or processed **any** fish, whether halibut or sablefish, during the most recent

* Though an individual who receives quota share by initial issuance may incorporate his or her business and transfer the quota share to that corporation, the requirement in Southeast Alaska, area 2C and east of 140 degrees west longitude, that the owner is on board while the IFQ is being fished, remains.

* Quota share may be pledged as collateral. In other words, it can be financed by an entity other than the transferor or the transferee, and it can be repossessed. However, if it is repossessed, the financial institution may not receive IFQ and fish it; that institution may only sell the quota share to a qualified IFQ crewmember or to a person who received quota share upon initial issuance.

— OWNERSHIP AND — VESSEL HARVEST CAPS

• Unless it was part of an initial quota share allocation, no one may own or use sablefish quota share greater than 1% of the combined sablefish quota share for the Gulf of Alaska and the BS/AI region. A similar limit is placed on the amount of sablefish which any one vessel may harvest, except: no more than 1% of the total sablefish quota share for the area east of 140 degrees west longitude may be owned or used by one individual or harvested by one vessel, unless the amount in excess of 1% was received in the initial allocation of quota share.

• For halibut, no more than 1/2% of the total halibut quota share for combined areas 2C, 3A and B may be owned or harvested unless the amount was given initially. The same 1/2% limit applies to combined areas 4A,B,C,D and E. For vessels, no vessel may be

used, during any fishing year, to harvest more than 1% of the halibut catch limit for this area. To reiterate, no more than 1% of the total quota share for area 2C may be owned or taken by one individual or harvested by one vessel.

— RECOMMENDED — BLOCK RESTRICTIONS

In addition to these limits, the Council has recommended block restrictions to further guard against excessive consolidation of quota shares. At this point the regulations for block restrictions are still being developed. They will be put before the public for comment, and then submitted to the Secretary for approval. At present, there are four basic elements of the block policy.

• All initial quota share allocations, for both halibut and sablefish, which would yield less than 20,000 lbs. of IFQ in 1994, would be placed permanently in a **block**. Blocks would not be divisible and could only be bought or transferred in their entirety.

• A **sweep-up provision** would allow very small blocks to be combined into a fishable amount. For halibut, blocks with quota share which would yield less than 1,000 lbs. could be combined if the sum total would not amount to quota share which would be worth more than 1,000 lbs. of IFQ in 1994. The same provisions would apply for sablefish, except that the poundage cap is set at 3,000 lbs.

• Ownership restrictions would apply to both halibut and sablefish. You could hold up to two blocks of quota shares per IFQ regulatory area, if you do not hold any unblocked shares in that area as well. If you hold unblocked quota shares for one area, you may hold, in addition, only one block of quota shares for that area. If you qualify and want to buy unblocked quota shares for a particular area, you could do so. The only limits imposed would be those spelled out in the vessel use and cap restrictions (the 1/2% and

Ownership Caps

	Area	C
Halibut	2C	1
	2C, 3A, 3B	1/2
	4A, B, C, D, E	1/2
Sablefish	Gulf of Alaska and BS/AI Region	1
	East of 140°W	1



you saw fit.

1% caps for the different areas).

- Initial quota share allocations which would yield greater than 20,000 lbs. of IFQ in 1994 would be **unblocked** quota share, and could be bought or transferred in any amount. This quota share could be divided up piecemeal as

days to file a written appeal. In your appeal you must spell out in detail why you believe the NMFS decision was in error, and what additional documents - such as skipper's logs or affidavits from crew - you can provide as further evidence.

Your appeal will be reviewed by a NMFS appellate officer within the RAM Division. The officer may grant your appeal, deny it, or order an administrative hearing. Ultimately, the appellate officer will prepare a written decision which will be sent to you.

If your appeal is still denied and you wish to appeal further, you have 45 days to file an appeal to the NMFS Regional Director. The Regional Director may also order a review of the appellate officer's decision, if he feels there are reasons to do so. After his review the Regional Director may uphold the decision, reverse it, modify it, or ask the appellate officer to consider the case once more. If after all this you are still in disagreement with the decision, you may appeal to the Federal District Court.

One important way in which the IFQ program is different from the State of Alaska's Limited Entry program, is that no "interim quota share" will be issued while disputes are being settled through the appeals process. If you feel that you are due 20,000 lbs. of quota shares and the NMFS/RAM Division agrees with a lesser amount, and issues you 15,000 lbs., you may harvest only the IFQ amount based on a 15,000 lbs. quota share, until the remaining 5,000 lbs. dispute is resolved.

The system has been set up to provide ample opportunities for everyone

THE APPEALS PROCESS

Now that we have looked at the IFQ program and the restrictions which accompany it, let's explain how the appeals process works. Appeals can be made for any number of reasons. Let's suppose that your records don't agree with the official IFQ record, or you feel that you're eligible for an initial allocation when NMFS does not. You may want to transfer blocks of quota shares and be denied the chance to do so, or you may feel that you deserve more quota shares than were initially awarded. Whatever the dispute, once the NMFS/RAM staff has made a final determination, there will be an opportunity to appeal. Let's look at the mechanics of the appeals process.

If your application has been denied, or (what is more likely) an amount of fish which you claim to have legally landed is in dispute, you will be given 90

to be heard and to present their case. The many steps in the process are necessary to make sure that fishing privileges are extended to those who deserve them and that every applicant receives "due process".

USE AND ISSUANCE OF IFQS

The plan is for skippers to be pulling away from the docks by next spring, with IFQ cards hanging in the wheelhouse. These cards will be issued early in 1995. As we've mentioned, the application process has already been set in motion, and in the following months applications will be examined, appeals determined, quota shares issued and transferred, 1995 TACs established, and finally, IFQ cards issued.

These cards will identify the person holding the permit and the assigned vessel and area category. They will be much like a credit card. We'll call them debit-cards. When you make a delivery, you will give this card to a representative of the registered buyer and (s)he will pass it through a machine similar to one used with credit cards. The poundage delivered will be entered and a receipt printed with the date and the pounds landed. Just like a credit card, if you have more quota share left, you will be advised of your "credit balance", or the remaining poundage which you may harvest.

BYCATCH, LANDINGS AND DELIVERIES

Enforcement of fisheries regulations is by its nature expensive and difficult.

The IFQ program will give you as fishermen a very personal stake in the health of the resource. If the sablefish stocks go down sharply, your IFQ will drop just as sharply, because the total allowable catch, or TAC, will have to fall.

Some rules have been added to help you fish cleanly. Pacific cod and rockfish must be kept on board if they are taken as bycatch while fishing under the IFQ program, since they are not likely to survive if thrown overboard. As long as you have not harvested your IFQ amount, you cannot discard

any legal-size halibut or sablefish. This practice of high-grading catch is wasteful, and in the long run is not in your best inter-

est. Any activity which will ultimately harm the resource will degrade the value of your quota share and jeopardize future fisheries.

Some aspects of the hailing and landing requirements may be adjusted in the future. At present, landings may be made at **any** port. There has been some controversy and confusion over this, so it bears repeating: landings may be made at **any** port. The Secretary has designated 16 Alaskan towns and Bellingham, Washington, as **primary ports**. There may be a NMFS enforcement officer at each of these 17 ports to record IFQ landings. You must call in over the radio at least six hours before making port, and give an estimated time of arrival as well as estimated poundage aboard.

If you wish to deliver in a town which is not a primary port, you must still radio in six hours ahead of time, but you would then be free to deliver. Spot checks may take place in non-primary ports. For vessels leaving Alaska with IFQ product on board, clearance must be obtained at one of the primary

Estimated Quota Shares

Species	Regulatory Areas				
	2C	3A	3B	4A	4B
Halibut	57,575,000	175,411,000	50,180,000	13,107,000	8,262,000
Sablefish	East Yakutat	West Yakutat	Central Gulf of Alaska	Western Gulf	Aleutian Islands
	59,944,000	48,039,000	100,932,000	31,299,000	27,997,000

These are preliminary estimates, revised by Council on Quota Shares. Please wait 1995 to see actual allocations.



ports before departing waters in or adjacent to the State of Alaska. For vessels obtaining clearance at a port in Washington or another state, the vessel must report to NMFS, Alaska Region, the estimated weight of the IFQ halibut and/or IFQ sablefish onboard and the intended date, time and location of delivery. Such reports must be submitted to NMFS, Alaska Region, prior to departing waters in or adjacent to the State of Alaska, and in the manner prescribed by the registered buyer permit.

All fish harvested under the IFQ program must be sold to a registered buyer. This helps to track how much fish is caught and where it's going. You may bring your catch to port and sell it dockside to the public if **you** hold a buyer's permit, and follow all the reporting rules.

— REACHING THE LIMITS —

While setting catch limits is easy to do on paper, it's more realistic to acknowledge that you might aim for your IFQ limit and yet come up a little bit short or a little bit over. If you take too much, this is called **overage**, and a downward adjustment will be made in the following year to your IFQ amount. **It is your responsibility to avoid overages greater than 5% of your IFQ amount.** Beyond that, you will have committed a violation and invited the attention of the enforcement authorities. A harvested amount under the IFQ limit, called an **underage**, is not reallocated in subsequent years.

IFQS UNDERWAY

We've looked at the conditions which have been built into the IFQ program to ensure that in the future the fleet remains similar to what it is today. These ideas - the ownership caps, the harvest limits for vessels, the proposed block restrictions - have all come from looking at previous IFQ programs and learning from their experiences.

The Tlingit and Haida people of Southeast Alaska evolved a culture which let different clans own the fishing rights to particular streams or rivers. They defused the "tragedy of the commons" by this system of ownership. Claims to streams or particular localities on a river were widely recognized and respected. Protection of the resource was a high priority. If they caught too many fish, or abused the stream itself - they might starve.

We've come a long way from the days when our fish resources were harvested only for subsistence. Our methods for catching fish are now highly efficient and make use of 20th century technology. But as we've learned in so many ways over the last few decades, technological advances must be tempered with a real concern for the resource. The IFQ program does this. It taps the wisdom of an earlier people. Hard work, flexibility and cooperation are essential to make this program successful. We're confident that we can work together with fishermen and women to make this a reality.

This publication is intended to provide a simplified explanation of the Individual Fishing Quota program as adopted by the Secretary of Commerce. Although it has been carefully reviewed for accuracy it is not intended to be a legal guide to the program. Those seeking legal guidance should consult the Federal Register, Vol. 58, pg. 59375, published on November 9, 1993.

*For more information call or write the
National Marine Fisheries Service
(Restricted Access Management Division)*

*This publication was written and edited by
Dan Strickland. Design and layout provided
by Curt Potter. Photos credited to the
International Pacific Halibut Commission.*

**U.S. Department of Commerce
National Oceanic and
Atmospheric Administration
Alaska Region - National Marine
Fisheries Service
Restricted Access Management
Division**

**PO Box 21668
Juneau, Alaska 99802**

**1-800-304-4846
or 586-7202**

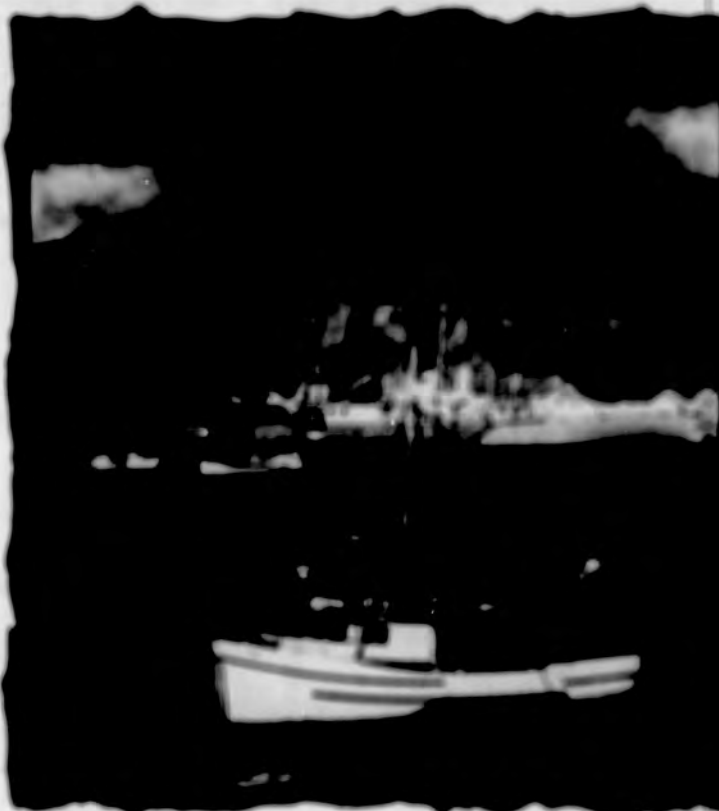


ACRONYMS AND ABBREVIATIONS TO KNOW

CDQ	Community Development Quota
Council	North Pacific Fishery Management Council
EIS	Environmental Impact Statement
EEZ	Exclusive Economic Zone
IFQ	Individual Fishing Quota
IPHC	International Pacific Halibut Commission
ITQ	Individual Transferable Quota
IVQ	Individual Vessel Quota
LOA	Length overall
MFCMA	Magnuson Fishery Conservation and Management Act
NMFS	National Marine Fisheries Service
QS	Quota share
QSP	Quota share pool
RAM	Restricted Access Management
SEIS	Supplemental EIS
TAC	Total allowable catch

TIMELINE

- **Late 1970's** - Council discusses limited entry options
- **1983** - Council recommends a moratorium on entry into the halibut fisheries
- **Mid-1980's** - Council considers limited entry for sablefish fisheries
- **1985** - Council asks industry to suggest management alternatives to open access
- **1987** - Council adopts a Statement of Commitment to "develop strategies for license limitation or the use of individual transferable quotas in the sablefish fixed gear fishery"
- **Early 1988** - Workshops are held to get industry and public input, in order to further develop feasible options to the derby fisheries
- **Mid-1988** - Council directs staff to develop five management options for the sablefish fixed gear fishery; 1) continued open access without modification, 2) modified open access, 3) IFQs, 4) license limitation, and 5) a combined license/quota/open access system
- **December 1988** - Council declares status quo unacceptable. Wants to look further into IFQs and license limitation
- **November 1989** - Council analyzes four options for future management of the sablefish fisheries off Alaska; 1) continued open access, 2) license limitation, 3) IFQs, and 4) a combination system called annual fishing allotments
- **April 1990** - Council weighs IFQs against open access management
- **May 1991** - The revised supplement to the Supplemental EIS for sablefish fishery management is released for public review. Also, an EIS is in preparation to look at IFQs for the halibut fisheries
- **September 1991** - Council provisionally recommends IFQs for both halibut and sablefish fisheries
- **Late 1991** - Draft Implementation Plan made available for review. A public hearing is held
- **December 8th, 1991** - Council recommends IFQ alternative for the halibut and sablefish fixed gear fisheries
- **January 1992** - Council calls for more study of potential effects of the IFQ plan
- **March 1992** - Supplemental analysis made available to the public
- **May 15th, 1992** - A 45 day public comment period announced
- **December 3rd, 1992** - Proposed rule is published. Subsequently receive 92 letters of comment
- **January 29th, 1993** - Secretary of Commerce approves the recommended IFQ program
- **November 9th, 1993** - Final rule is published in the Federal Register, Vol. 58, pg. 59375
- **January 17th, 1994** - Six month application period for initial quota share allocation opens





UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
National Marine Fisheries Service
P.O. Box 21668
Juneau, Alaska 99802-1668

January 9, 1995

File

Mr. Richard B. Lauber, Chairman
North Pacific Fishery Management Council
P.O. Box 10316
Anchorage, Alaska 99510

Subject: IFQ Implementation Report

Dear Mr. Lauber:

This is an update on the status of implementation of the halibut/sablefish IFQ program. Since the December 6 update, the Restricted Access Management Division of the National Marine Fisheries Service (NMFS/RAM) has been occupied primarily with three tasks: (1) processing additional documentation requested under 90-day evidentiary "windows" and issuing Quota Share (QS) to persons whose claims match NMFS records; (2) issuing denials for claims that remain unsubstantiated after the close of a 90-day window; and (3) issuing initiative administrative determinations for parties whose QS claims remain in conflict with other parties and whose 90-day windows have elapsed.

On January 31, the 1995 QS Pools will be established. All QS issuable will be included in the pools by that date and all remaining QS certificates will be mailed.

APPLICATIONS/APPLICATION PROCESSING

The following tables display, by total number, the status of the QS issuance and applications process as of January 6, 1995 (end of last week). As in prior reports, all numbers are rounded.

Status of Initial Applications

All persons applying for QS were required to complete and to submit a Request for Application by July 15, 1994. The following table displays the status of that activity (these same numbers were reported to the Council at the December meeting):

	Halibut	Sablefish	Total
RFAs made available:	7500	1900	9500



	Relieved	Subscribed	Total
RFAs made available:	7500	1500	9000
RFAs unavailable:	810	70	880
RFAs duplicated:	100	50	150
RFAs not returned:	1000	200	1200
Total RFAs returned to NRC:	9000	1700	7000

Of these 7,000 applications, processing is moving forward rapidly. Because some persons have been issued GS that satisfy part, but not all, of their application(s), the following table displays statistics on GS permits applied for and issued.

STATUS OF GS PERMITS

	Relieved	Subscribed	Total
Total GS permits applied for -	6000	1000	8000
GS permits already issued:	4273	1370	5643
GS permits still to be issued -	1727	630	2357
Estimated HQ Compensation permits to be issued -			100
Total permits still to be issued -			2457

The 5,643 GS permits already issued were sent to 5,350 persons.

Additional Information Requested from Applicants

Awaiting More Evidence (response to "30-day" letters):	600	100	700
Awaiting Applicant Challenge (response to Data Summaries):	2200	600	2800
Totals of Information Requested:	2800	700	3500

Applications in Conflict

(most involve both spouses):	10	10
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Denials and Appeals

Applications denied:	70	20	90
Appeals filed:			10
Denials granted:			0
Appeals denied:			0

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RESEARCHER: JENNIFER L. HARRIS, UNIVERSITY OF CALIFORNIA, BERKELEY

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41. 2017年12月31日，甲公司“应付账款”科目所属各明细科目的期末贷方余额如下表所示。甲公司2017年12月31日资产负债表中“应付账款”项目期末余额应填列的金额是（ ）万元。

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TO FURNISH INFORMATION, REPORTS, AND OTHERS. TO HAVE AN OPEN
POLICE & PROSECUTION DEPARTMENT AND A U.S. MARSHAL SERVICE
WITH POWER.

[illegible][illegible]

Also, these governments are the responsible authorities to be used for the collection of the evidence in criminal matters.

During the meeting, the only reference, as far as the collection of evidence is concerned, was made to the fact that the police (both in the collection and in the processing of evidence) is the responsible authority in criminal matters.

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Central to the success of the program is the effort made to maintain good communication with the public, and to effectively respond to public requests.

19. 1990-1991, 1991-1992, 1992-1993, 1993-1994, 1994-1995, 1995-1996, 1996-1997, 1997-1998, 1998-1999, 1999-2000, 2000-2001, 2001-2002, 2002-2003, 2003-2004, 2004-2005, 2005-2006, 2006-2007, 2007-2008, 2008-2009, 2009-2010, 2010-2011, 2011-2012, 2012-2013, 2013-2014, 2014-2015, 2015-2016, 2016-2017, 2017-2018, 2018-2019, 2019-2020, 2020-2021, 2021-2022, 2022-2023, 2023-2024, 2024-2025, 2025-2026, 2026-2027, 2027-2028, 2028-2029, 2029-2030, 2030-2031, 2031-2032, 2032-2033, 2033-2034, 2034-2035, 2035-2036, 2036-2037, 2037-2038, 2038-2039, 2039-2040, 2040-2041, 2041-2042, 2042-2043, 2043-2044, 2044-2045, 2045-2046, 2046-2047, 2047-2048, 2048-2049, 2049-2050, 2050-2051, 2051-2052, 2052-2053, 2053-2054, 2054-2055, 2055-2056, 2056-2057, 2057-2058, 2058-2059, 2059-2060, 2060-2061, 2061-2062, 2062-2063, 2063-2064, 2064-2065, 2065-2066, 2066-2067, 2067-2068, 2068-2069, 2069-2070, 2070-2071, 2071-2072, 2072-2073, 2073-2074, 2074-2075, 2075-2076, 2076-2077, 2077-2078, 2078-2079, 2079-2080, 2080-2081, 2081-2082, 2082-2083, 2083-2084, 2084-2085, 2085-2086, 2086-2087, 2087-2088, 2088-2089, 2089-2090, 2090-2091, 2091-2092, 2092-2093, 2093-2094, 2094-2095, 2095-2096, 2096-2097, 2097-2098, 2098-2099, 2099-2100, 2100-2101, 2101-2102, 2102-2103, 2103-2104, 2104-2105, 2105-2106, 2106-2107, 2107-2108, 2108-2109, 2109-2110, 2110-2111, 2111-2112, 2112-2113, 2113-2114, 2114-2115, 2115-2116, 2116-2117, 2117-2118, 2118-2119, 2119-2120, 2120-2121, 2121-2122, 2122-2123, 2123-2124, 2124-2125, 2125-2126, 2126-2127, 2127-2128, 2128-2129, 2129-2130, 2130-2131, 2131-2132, 2132-2133, 2133-2134, 2134-2135, 2135-2136, 2136-2137, 2137-2138, 2138-2139, 2139-2140, 2140-2141, 2141-2142, 2142-2143, 2143-2144, 2144-2145, 2145-2146, 2146-2147, 2147-2148, 2148-2149, 2149-2150, 2150-2151, 2151-2152, 2152-2153, 2153-2154, 2154-2155, 2155-2156, 2156-2157, 2157-2158, 2158-2159, 2159-2160, 2160-2161, 2161-2162, 2162-2163, 2163-2164, 2164-2165, 2165-2166, 2166-2167, 2167-2168, 2168-2169, 2169-2170, 2170-2171, 2171-2172, 2172-2173, 2173-2174, 2174-2175, 2175-2176, 2176-2177, 2177-2178, 2178-2179, 2179-2180, 2180-2181, 2181-2182, 2182-2183, 2183-2184, 2184-2185, 2185-2186, 2186-2187, 2187-2188, 2188-2189, 2189-2190, 2190-2191, 2191-2192, 2192-2193, 2193-2194, 2194-2195, 2195-2196, 2196-2197, 2197-2198, 2198-2199, 2199-2200, 2200-2201, 2201-2202, 2202-2203, 2203-2204, 2204-2205, 2205-2206, 2206-2207, 2207-2208, 2208-2209, 2209-2210, 2210-2211, 2211-2212, 2212-2213, 2213-2214, 2214-2215, 2215-2216, 2216-2217, 2217-2218, 2218-2219, 2219-2220, 2220-2221, 2221-2222, 2222-2223, 2223-2224, 2224-2225, 2225-2226, 2226-2227, 2227-2228, 2228-2229, 2229-2230, 2230-2231, 2231-2232, 2232-2233, 2233-2234, 2234-2235, 2235-2236, 2236-2237, 2237-2238, 2238-2239, 2239-2240, 2240-2241, 2241-2242, 2242-2243, 2243-2244, 2244-2245, 2245-2246, 2246-2247, 2247-2248, 2248-2249, 2249-2250, 2250-2251, 2251-2252, 2252-2253, 2253-2254, 2254-2255, 2255-2256, 2256-2257, 2257-2258, 2258-2259, 2259-2260, 2260-2261, 2261-2262, 2262-2263, 2263-2264, 2264-2265, 2265-2266, 2266-2267, 2267-2268, 2268-2269, 2269-2270, 2270-2271, 2271-2272, 2272-2273, 2273-2274, 2274-2275, 2275-2276, 2276-2277, 2277-2278, 2278-2279, 2279-2280, 2280-2281, 2281-2282, 2282-2283, 2283-2284, 2284-2285, 2285-2286, 2286-2287, 2287-2288, 2288-2289, 2289-2290, 2290-2291, 2291-2292, 2292-2293, 2293-2294, 2294-2295, 2295-2296, 2296-2297, 2297-2298, 2298-2299, 2299-2300, 2300-2301, 2301-2302, 2302-2303, 2303-2304, 2304-2305, 2305-2306, 2306-2307, 2307-2308, 2308-2309, 2309-2310, 2310-2311, 2311-2312, 2312-2313, 2313-2314, 2314-2315, 2315-2316, 2316-2317, 2317-2318, 2318-2319, 2319-2320, 2320-2321, 2321-2322, 2322-2323, 2323-2324, 2324-2325, 2325-2326, 2326-2327, 2327-2328, 2328-2329, 2329-2330, 2330-2331, 2331-2332, 2332-2333, 2333-2334, 2334-2335, 2335-2336, 2336-2337, 2337-2338, 2338-2339, 2339-2340, 2340-2341, 2341-2342, 2342-2343, 2343-2344, 2344-2345, 2345-2346, 2346-2347, 2347-2348, 2348-2349, 2349-2350, 2350-2351, 2351-2352, 2352-2353, 2353-2354, 2354-2355, 2355-2356, 2356-2357, 2357-2358, 2358-2359, 2359-2360, 2360-2361, 2361-2362

On the 15th of the month, the following members of the International
Association, have been elected to the office of the President
and Secretary. The 1st President, William W. Brown, and the 1st
Secretary, John W. Brown, were elected. The 1st Treasurer, John W.
Brown, and the 1st Auditor, John W. Brown, were elected. The 1st
Clerk, John W. Brown, and the 1st Librarian, John W. Brown, were
elected. The 1st Corresponding Secretary, John W. Brown, and the
1st Recording Secretary, John W. Brown, were elected. The 1st
Executive Committee, John W. Brown, and the 1st Executive Committee,
John W. Brown, were elected. The 1st Executive Committee, John W.
Brown, and the 1st Executive Committee, John W. Brown, were elected.

program.

Also during the IPHC meeting in late January we intend to explain the IFQ landing system with a "hands-on" demonstration of the transaction terminal.

In cooperation with the NMFS Enforcement Division, additional workshops are being planned (as is attendance at the Kodiak Fish Expo next March) to insure that buyers and fishermen are well apprised of the mechanics of the new system that governs fishing under IFQs and landing IFQ halibut and sablefish.

NMFS COMPUTER BULLETIN BOARD

As part of our effort to insure that the public can access the necessary information to work with the program, we have placed three reports on the NMFS computer Bulletin Board. One lists the name and business address of all persons that currently hold QS, by type of QS; one lists all current QS holders in a format suitable for generating mailing labels; and the last lists all persons who are currently transfer-eligible (i.e., were initially-issued QS, or have obtained a TEC from NMFS/RAM.

As time goes on, we will periodically update information on the Bulletin Board -- it would be helpful for us to hear from the affected public so that we can insure that the information we are providing is both timely and of some value to users.

SCHEDULES AND TIME FRAMES

We continue to believe that the program implementation is substantially "on track" and do not foresee any major impediments to full implementation next spring.

We are continuing to meet the time-table provided to the Council in September, with the full expectation that QS will be issued to all eligible applicants by the end of January, and the transfer, appeals, and other elements of the program proceeding as scheduled.

CONCLUSION

Thank you for your continued interest in, and support for, the IFQ implementation effort. Please feel free to let us know if you have any questions or comments.

Sincerely,

For Mr. Smith
Philip J. Smith
Chief, Restricted Access
Management Division

cc: Steven Pennoyer
Director, Alaska Region

IFQ opponents consider possibility of appeal

By SUE JEFFREY
Mirror Writer

The Individual Fishery Quota system is still on track for Alaska's 1995 sablefish and halibut fisheries.

Last week a federal judge ruled against the lawsuit that sought to stop implementation of the IFQ program.

Plaintiffs say they may appeal the decision to the Ninth Circuit Court of Appeals.

"The judge made sweeping statements. We're looking at an appeal," said Paul Seaton, a plaintiff in the lawsuit and legal liaison for the Anti-IFQ Alliance.

Seaton said federal district court judge James Singleton set a significant and dangerous precedent by ruling against the lawsuit.

The IFQ system issues quota shares for halibut and sablefish only to those fishermen who owned or leased vessels and fished those species between 1988 and 1990.

The anti-IFQ group says the exclusion of skippers and crew for quota shares is against the Magnuson Act because it is not a fair and equitable distribution of the fisheries among fishermen.

Seaton said the judge dismissed the fair-and-equitable count, saying that it was administratively difficult to allocate quota shares to crew.

"That means that an agency can thwart the will of Congress if the agency finds it ad-

ministratively inconvenient to uphold the law," Seaton said.

"Even though Congress told us to allocate fisheries fairly and equitably among fishermen, the judge is saying the Secretary of Commerce does not need to because it is difficult for the agency (National Marine Fisheries Service) to do so," he said.

"That is significant and it is extremely dangerous for the courts to rule that an agency or the secretary can use administrative convenience as a basis for decisions," Seaton said.

The judge also ruled on the allocation of CDQs, Community Development Quotas.

CDQs allocate halibut and sablefish quota shares to Native villages in Western Alaska. Native American Indians enjoy special status under Congress, which allows discrimination in favor of Native Americans, Seaton said.

However, the judge ruled that the Secretary of Commerce does not need to use Indian Law to issue CDQs, Seaton said.

"He said that economic hardship and social disruptions are enough of a basis for allocation programs like CDQs."

"That means coastal communities could go to the council and get CDQs by claiming social disruption and economic hardship," Seaton said.

The judge also dismissed a property issue point.

Plaintiffs asked whether the federal gov-

ernment would pay individuals for IFQs if it decided to end the quota share system.

Judge Singleton ruled that the government would not be obligated to pay individuals for their shares because IFQs are non-compensable property, Seaton said.

"The judge said that since the federal government is the party issuing IFQs, it can take them away without paying the IFQ owners for them," he said.

Finally, the decision changes the rules on how the federal government pre-empt state fisheries.

Under the Magnuson Act, the federal government can only take over fisheries in state waters in specific instances.

The state must be creating adverse impact on fisheries in federal waters and the majority of those fisheries must be in federal waters, Seaton said.

The IFQ plan manages halibut and black cod fisheries in some state waters, including areas in the Aleutians and off the Kenai Peninsula.

The judge has allowed federal pre-emption of state fisheries even though the state does not create a significant adverse impact on the sablefish and halibut fisheries, Seaton said.

Under the Magnuson Act, the federal government has to go through pre-emption hearings before taking over state fisheries, Seaton said.

The judge's ruling allows a federal take-over without pre-emption hearings, he said.

"Hopefully people realize this ruling could essentially eliminate state control of salt-water fisheries," Seaton said.

"It's just like the Bolt decision."

The Bolt decision allowed the federal government to take over Washington state's salmon fisheries and is now being applied to other Washington fisheries.

Seaton said the basis for the judge's decision remains unclear.

"One thing was questionable at the end—a question of standing."

"The judge said there was a serious question as to whether citizens have a right to raise the federal pre-emption of state fisheries issue or whether the state needs to raise the issue," Seaton said.

Whether he based his decision on the merits of the lawsuit or on the question of standing is unclear, Seaton said.

Alaska's attorney general was not at the hearing to address the question of standing or the pre-emption question so the judge did not receive oral comments from the state, he said.

The state filed a brief stating there is no state conflict on federal management of halibut and sablefish fisheries, Seaton said.

The Anti-IFQ group will get a copy of the transcript and the judge's intentions will become clearer, Seaton said.

12/27/94

programs). The State does not object to these regulations and their enforcement. The State objects to the manner by which the federal defendants' defend the regulations in their brief. The difference may very well be a difference of interpretation. Questions regarding the federal government's eventual interpretation and enforcement of the new regulations must be raised by the State of Alaska.⁸ If the State of Alaska later enacts legislation contrary to these regulations, in waters not specifically excluded from coverage, the issue may then be ripe for review. At such time, the validity of the regulations will not be at issue, but rather only specific sections of the regulations because they are severable. See *Alaska Airlines v. Brock*, 480 U.S. 678, 685 (1987). Accordingly, Plaintiffs fail to convince the Court to set aside the promulgated regulations on grounds that the preemptive hearings were necessary.

⁸ Notwithstanding the Court's position that there exists no controversy, there is also an issue regarding standing. A litigant "must assert his own legal rights and interest, and cannot rest his claim to relief on the legal rights or interests of third parties." *U.S. Dept. of Labor v. Triplett*, 494 U.S. 715, 720 (1990). At this juncture, the State of Alaska is the only party with the right to object; it did not.

Dear Sirs and Madams,

The following is a partial list of the representatives of the people in coastal communities that have passed resolutions either opposing the North Pacific Fisheries Management Council's Individual Fishing Quota (IFQ) plan or calling for a detailed socioeconomic impact study before such a plan is considered. Most are based on the anticipated major detriment to employment and local economies. Many recognize problems with the fishery management but call for use of other management tools before resorting to giving the resource to select private individuals.

City of Homer, Homer, Alaska
Seldovia City Council, Seldovia, Alaska
Seward City Council, Seward, Alaska
City of Kodiak, Kodiak, Alaska
Cordova City Council, Cordova, Alaska
Anchorage Municipal Assembly, Anchorage, Alaska
Sitka City Assembly, Sitka, Alaska
Whittier City Council, Whittier, Alaska
Old Harbor, Alaska
Sand Point, Alaska
Valdez City Council, Valdez, Alaska
Unalaska City Council, Unalaska, Alaska
Yakutat City Council, Yakutat, Alaska
Pelican City Council, Pelican, Alaska
City of Hoonah, Hoonah, Alaska
Sitka Borough
Kodiak Island Borough
Kenai Peninsula Borough
Aleutians East Borough
City of False Pass

The following is a partial list of the Native Associations and Native Corporations that have opposed IFQs or requested detailed Socioeconomic analysis before these IFQ plans are adopted.

Sealaska Corporation
Seldovia Native Corporation
Seldovia Village Tribe

Ounalaska Native Corporation
Wrangell Cooperative Association
Tlinget and Haida Native Association
Alaska Native Brotherhood
Alaska Native Sisterhood
Afognak Native Corporation
Bay View, Inc., (a Native Village Corporation for Ivanoff Bay)
Huna Traditional Tribal Council

The following is a partial list of other governmental and non-governmental forums that have passed resolutions opposing the IFQ plans or calling for more studies prior to IFQ adoption.

1992 Alaska State House of Representatives - unanimous vote
Alaska Municipal League - unanimous vote
Alaska State Chamber of Commerce
Southwest Alaska Municipal Conference (Aleutian Islands and Alaska Peninsula communities)
Seward Chamber of Commerce
Sitka Chamber of Commerce
Sitka Fish and Game Advisory Board
Adak Commercial Fishermen's Association
Tenakee Springs Fish and Game Advisory Board
Rural Alaska Community Action Program, Inc.
Haines Chamber of Commerce
Kodiak Chamber of Commerce
North Pacific Fisheries Protection Association
Southcentral Alaska Longline Enterprises
Kodiak Longline Vessel Owners Association
United Fishermens Marketing Association

If you need a copy of any of the resolutions, you may contact that body or contact the NPFMC in Anchorage as all were submitted as public testimony, or I can furnish you a copy.

Paul K. Seaton
58360 Bruce Drive
Homer, Alaska 99603
Ph. & Fax (907) 235-6342

ALLIANCE AGAINST IFQs FILES APPEAL

On Friday, January 13, 1995, the Alliance Against IFQs filed a Notice of Appeal of a December 20 decision by the United States District Court on the Alliance's challenge to the rule issued by the U.S. Department of Commerce to implement the IFQ plan for halibut and sablefish. The Alliance will ask the Ninth Circuit Court of Appeals to review the District Court's decision on at least four of the issues raised by the Alliance in its court challenge:

1. THE IFQ RULE CANNOT BE UPHELD BECAUSE THE SECRETARY'S CHANGE IN THE PORT CLEARANCE SYSTEM TO ADD BELLINGHAM, WASHINGTON AS A "PRIMARY PORT" WAS UNILATERALLY PROMULGATED BY THE SECRETARY WITHOUT PROPER AUTHORITY.

The Alliance believes the Secretary of Commerce had no power to change the enforcement mechanism for the IFQ plan.

Furthermore, the Alliance believes Judge Singleton misunderstood the change that the Secretary made. The Secretary not only added Bellingham as a "primary port," but, in addition, allowed for clearance in ANY other port, with previous written notice to NMFS.

The Alliance believes this is an important conservation issue. Without effective monitoring and enforcement, there can be no effective fishery management.

2. THE SECRETARY VIOLATED THE MAGNUSON ACT IN FAILING TO HOLD PREEMPTION HEARINGS UNDER 16 U.S.C. § 1856(b) WHEN EXTENDING THE REACH OF THE IFQ PROGRAM INTO STATE WATERS.

The Alliance believes that it has legal standing to present this important issue.

If the rule does NOT conflict with state law, it cannot be applied in state waters. Judge Singleton found no conflict, but stated that the rule would apply in state waters.

If the rule does conflict with state law, NMFS was required to hold a preemption hearing.

3. THE SECRETARY VIOLATED THE MAGNUSON ACT BY NOT ALLOCATING RIGHTS TO PARTICIPATE IN THE FISHERIES TO THOSE WHO DEMONSTRATE PRESENT PARTICIPATION.

67% of the quota share have issued to individuals or businesses that had not fished in the last five years.

4. THE SECRETARY VIOLATED THE MAGNUSON ACT BY ALLOCATING RIGHTS TO PARTICIPATE IN THE FISHERIES TO ONLY VESSEL OWNERS, WITH NO ALLOCATION TO CREW MEMBERS.

Judge Singleton stated that the Secretary had the legal right to allocate rights to participate in the fishery to vessel owners only, because it would be "administratively difficult" to identify crew members. The Alliance disagrees. First we question whether administrative convenience justifies this allocation. Second, the Alliance asserts that crew members easily could have verified their participation in the fishery, through crew licenses, IRS records and affidavits -- the same kinds of records that have been used to support applications filed by vessel owners for QS.

The Alliance is not asking the Ninth Circuit to review other statements it questions in the judge's order. For example, the Alliance questions whether the Council has the authority to use fishery allocation to benefit coastal communities, based on economic hardship alone. It also questions the judge's comment that no one will be able to convince a court that QS are "property," if they are taken away later for any purpose (whether to change the program or to further benefit coastal communities).

The December 1994 ruling by Judge Singleton has implications far beyond the halibut and sablefish IFQ plan. He made several sweeping policy statements. If the ruling stands unchallenged these can fundamentally change the interpretation of the Magnuson Act in Alaska. This ruling could have as broad an implication for Alaska as the 'Bolt decision' had for the inshore fisheries of Washington. The relation of the federal and state governments fundamentally changes whenever federal regulations are enforced in State waters.

The Magnuson Act has precluded the application of federal regulations in state water fisheries, except in the case where action or inaction of the state significantly and adversely impacts the ability of the Secretary to manage the federal fishery. Only if this fact is established at an adjudatory hearing and only if the majority of the fishery occurs in federal waters can the required official Secretarial finding be issued and federal preemption occur. Further, as soon as the action or inaction by the state is changed so that the Secretary is no longer significantly impaired in the ability to manage the federal fishery, the Secretary must return management to the state.

Judge Singleton ruled that since the State of Alaska had not identified potential conflicts, the Secretary had to do NOTHING before making federal regulations applicable in state waters. (It must be noted that in the State's amicus brief an objection to defacto preemption of State waters management was raised.)

By this ruling the judge has given federal fisheries managers the basis to interpret the Magnuson Act so that federal regulations can be applied to Alaskan waters if no significant conflict exists. The federal government can already preempt state management if significant conflict exists. Thus, federal regulation can cover any circumstance. The salt water commercial fisheries are effectively subject to federal regulation unless the feds decide to limit the scope of any particular regulation.

The judge questioned standing for citizens of the State to raise the preemption issue. He also discussed the merits of the claim and discussed substantive issues with plaintiffs' attorney, then asked if there was anyone present to represent the State (none in attendance) before deciding to maintain his tentative ruling against the plaintiffs. We believe he ruled on the basis of the merits of the issues rather than standing. Judge Singleton made statements that should be of grave concern to the State and all residents. After all, fish and game management was one of the prime motivations for statehood.

Submitted by Paul Seaton

Amy: 4956 - there is also a Senate Version
SJR 38.

CSHJR 61(RES)

2/7/92

Referred: Labor & Commerce

Sponsor(s): REPRESENTATIVES DAVIDSON, Navarre, Jacko, Mackie,
Kubina, Brown, Ivan, Zawacki, Hudson
BY THE HOUSE RESOURCES COMMITTEE

Opposing Individual Fishery Quota management systems for the
Alaska halibut and sablefish fisheries and other Alaska
fisheries.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS the Alaska commercial fishing industry merges an
established system of biological management of fishery resources,
a social foundation for Alaska coastal communities, and unique
and productive livelihoods for many thousands of Alaskans; and

WHEREAS International Pacific Halibut Commission and North
Pacific Fishery Management Council (NPFMC) studies show that the
Alaska halibut and sablefish resources are generally in a
biologically healthy condition under the current open access
management system; and

WHEREAS the NPFMC has identified problems in the halibut and
sablefish fisheries without developing a comprehensive option
based on the flexible management actions available under the open
access management system that may address those problems, such as
gear restrictions, tank inspections, flexible time frames for
fishery openings to accommodate weather, et cetera; and

WHEREAS the NPFMC is seeking to implement an Individual
Fishery Quota (IFQ) management system in the Alaska halibut and
sablefish fisheries; and

WHEREAS an IFQ management system will initially allocate
shares consisting of a percentage of the annual total allowable
catch of a fishery resource to individual fishermen; and

WHEREAS implementation of an IFQ management system will
instantly create permanent, exclusive, and salable access rights
to the halibut and sablefish fishery resources of the North
Pacific Ocean; and

WHEREAS the value of quota shares as salable property will
make an IFQ management system irreversible; and

WHEREAS an IFQ management system will, through attrition,
eventually concentrate ownership of the right to harvest the
fishery resource into the hands of those with the greatest wealth
and financial advantages; and

WHEREAS the implementation of IFQ management systems will

create a privileged class of fishermen based on their fortuitous involvement in the fishing industry during a particular period of time and will seriously inhibit those fishermen who wish to enter those fisheries in the future; and

WHEREAS an IFQ management system will seriously inhibit the ability of fishermen to diversify among fisheries as resource and market conditions fluctuate and will therefore hinder the ability of fishermen to operate stable and successful fishing businesses; and

WHEREAS the NPFMC has not given adequate consideration to or realistically estimated the practical enforcement costs, strategies, or funding sources required to ensure effective at-sea and shoreside fishery conservation measures to prevent illegal fishing, highgrading, false reporting, black marketing, et cetera of fish caught under an IFQ management system; and

WHEREAS the NPFMC has not given sufficient consideration to the economic and social effects that IFQ management systems will have on Alaskans and Alaska coastal communities; and

WHEREAS testimony given to the NPFMC on IFQ management systems by individual fishermen, industry, municipalities, and organizations overwhelmingly opposed such management systems; and

WHEREAS while problems exist under the open access management system, it has provided for proven, effective, and cost-efficient administration and enforcement of resource conservation efforts, while allowing fishermen and the fishing industry the flexibility to diversify among existing fisheries and to develop new fisheries as conditions and markets change; and

WHEREAS implementation of IFQ management systems in any Alaska fishery will result in serious, compound, negative effects for individual fishermen, the Alaska commercial fishing industry, Alaska coastal communities with a fishing-based economy, and the overall economy of the state; BE IT RESOLVED that the Alaska State Legislature respectfully requests the Secretary of Commerce to direct the North Pacific Fishery Management Council to contract for extensive independent socio-economic impact studies of any management system for the Alaska fishing industry and to seriously consider the full scope of such a system before considering any allocative management measure for any fishery; and be it

FURTHER RESOLVED that the Alaska State Legislature respectfully requests the North Pacific Fishery Management Council to aggressively seek and carefully consider public comment from all segments of the commercial fishing industry in

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order to develop an equitable, comprehensive management plan for the Alaska halibut and sablefish fisheries utilizing the flexible management tools available under the current open access management system; and be it

FURTHER RESOLVED that the Alaska State Legislature respectfully requests the Secretary of Commerce, the Administrator of the National Oceanic and Atmospheric Administration, and the Director of the Office of Management and Budget to disapprove any Individual Fishery Quota management system that the North Pacific Fishery Management Council recommends for the Alaska halibut and sablefish fisheries, or any other Alaska fishery.

COPIES of this resolution shall be sent to the Honorable Barbara Franklin, Secretary of the U.S. Department of Commerce; the Honorable John A. Knauss, Administrator, National Oceanic and Atmospheric Administration; the Honorable Richard G. Darman, Director of the Office of Management and Budget; the Honorable Richard Lauber, Chair of the North Pacific Fishery Management Council; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress.

ALASKA

REVIEW OF SOCIAL AND ECONOMIC CONDITIONS

UNIVERSITY OF ALASKA ANCHORAGE, INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH

NOVEMBER 1994, VOL. XXIX, NO. 2

On the Eve of IFQs: Fishing for Alaska's Halibut and Sablefish

By Matthew Berman and Linda Leask

This year, anyone with a boat, longline gear, and a \$50 permit could try for halibut in Alaska's commercial fisheries. But that open access will likely end in 1995, when the federal government introduces Individual Fishing Quotas (IFQs).

Quotas—shares of the catch—will be issued just to those who owned or leased vessels that fished for halibut between 1988 and 1990. An IFQ system for sablefish (black cod) under federal management will start at the same time.

The IFQ plan is not popular with the men and women who fish for halibut: 68 percent of captains (permit holders) believe IFQs will unfairly allocate halibut, even though 78 percent agree they will make fishing safer.

Groups opposed to IFQs are trying to stop the program in court. If the courts uphold IFQs, the commercial season for halibut and sablefish will likely be from March through November. Fishery managers cite advantages of IFQs:

- Safer fishing, with no more of the short, hectic, and often dangerous openings known as derby fisheries
- Smaller, more efficient fleets; the current fleets can take many times the available fish
- Fresh fish available to consumers most of the year

IFQs will create a whole new set of problems, but they will take away some of the danger.

—Alaska longliner

But the IFQ system could also cause big changes in wealth, income, and jobs in Alaska's coastal communities, which rely heavily on fishing. Some of the issues are:

- IFQs could be worth \$500 million or more to the recipients. But anyone else who wants to get into the fisheries will have to buy or lease quotas.
- Fleet consolidation could lead to less fleet spending and fewer jobs—but fishermen will likely get higher prices, because fresh fish is more valuable than frozen.
- There might be fewer crew jobs—but the remaining jobs could be nearly year-round.
- The fleets might change where they land their catch and spend money for bait, fuel, and other expenses.
- It's uncertain how processors will adjust to a longer season, with fish marketed fresh instead of frozen.

ISER is studying the potential effects of IFQs, especially on small coastal towns, under a Saltonstall-Kennedy grant (see back page).

As a first step we surveyed captains (most of whom were also owners) of vessels with longline gear. This publication reports our survey findings.

It's important to say that we're *not* taking sides for or against IFQs—we're presenting survey results and introducing our larger research project.

FIGURE 1. WHAT DO BOAT CAPTAINS THINK ABOUT HALIBUT IFQs?
Will the IFQ System Allocate Halibut Fairly? Will the IFQ System Make Fishing Safer?



The survey is the first phase of our larger study of the potential effects of IFQs. As our study continues, we'll use the survey results and other sources to answer a series of research questions (as discussed on page 20). This publication presents a picture of the Alaska halibut and sablefish fleets as they are today, just before the IFQ system goes into place. On pages 2 and 3 we briefly discuss IFQs and summarize some of our most interesting survey findings. The rest of the publication is in several parts:

- Broad descriptions of the sablefish and halibut fisheries
- Changes in the halibut fleet over time
- Snapshots of the Alaska halibut and sablefish fleets
- Existing halibut markets and potential changes
- Spending and income of the halibut and sablefish fleets
- Estimated potential value of IFQs

WHO MANAGES HALIBUT AND SABLEFISH?

Halibut is under the jurisdiction of the International Pacific Halibut Commission, created in 1923 by a joint treaty between the U.S. and Canada. The commission decides how much halibut the American and Canadian fleets can harvest each year and draws up regulations for the fishery. Management agencies in the U.S. and Canada decide how the catch will be taken. The North Pacific Fisheries Management Council manages halibut in Alaska waters; the Secretary of Commerce has to approve the council's management policies.

The North Pacific Fisheries Management Council also manages sablefish in federal waters off Alaska. The new IFQ program will apply only to sablefish taken with longline gear in federal waters. Sablefish within the three-mile limit are managed by the state government.

ABOUT THE SURVEY

In early 1994 we selected a random sample of commercial fishing boats with longline gear from the state's vessel license file. We tried to call the permit holders—who were the captains and in most cases also the owners—of boats that fished for halibut or sablefish in 1993.

We completed 391 interviews, which was a 69 percent completion rate. The results for the sample as a whole have a potential margin of error of ± 4 percentage points. When we break the sample down into smaller groups, the potential margin of error gets larger. In particular, we were only able to interview a small number of captains of the largest boats—so the results presented for the largest boats are less reliable.

IFQs may be the best of worst worlds... I don't think a group of people should own all the resources in the ocean.

—Alaska longliner

WHY IFQs?

For years, federal fishery managers have been cutting the commercial seasons and taking other measures to protect halibut and sablefish stocks as the fishing fleets grew. Today the seasons are down to two or three single-day openings a year. Nearly everyone recognizes that these very brief openings—often called derby fisheries—where thousands of boats go out, regardless of the weather, are inefficient and dangerous. Derby fisheries can also disrupt local economies because they produce an intense burst of activity followed by months of inactivity.

More than a decade ago federal managers wanted to limit access to sablefish and halibut fisheries—not only to protect the stocks but to deal with the economic problem of too many boats going after too few fish. But limiting access to a public resource is always a controversial move, and it is only recently that the U.S. Department of Commerce approved the management council's IFQ plan.

The two most common ways of limiting access to fisheries are limited entry—which limits the number of permits issued but not the catch of any given vessel—and individual quotas, which assign specific shares of the catch to each operator. There are other potential methods—for example, imposing taxes high enough to force less profitable vessels out of the fishery. However, the 1976 Magnuson Act (which extended U.S. jurisdiction to 200 miles offshore) prohibits federal managers from collecting revenues from fisheries. Even if federal law allowed such taxes, it's doubtful the management council would advocate them. It is, by design, an industry-dominated group that tries to protect the financial interests of its constituents.

Federal managers have cited several reasons for choosing IFQs, including the improved safety, efficiency, and product quality mentioned earlier. Halibut and sablefish are also better suited to an IFQ system than some other species. Stock levels can be predicted fairly well in advance, and so managers can determine individual quotas. Also, halibut and sablefish can be harvested during much of the year—unlike, for instance, salmon and herring, which have to be harvested during brief, concentrated runs whose timing and size are less predictable.

Whatever they do, somebody's going to get mad!

—Alaska longliner

HIGHLIGHTS OF FINDINGS

- Three quarters of captains (permit holders) who fished for halibut in 1993 expect to get IFQs.
- Captains—both those who expect to get IFQs for halibut and those who don't—are sharply divided about what kind of halibut management system they'd prefer. Nearly 30 percent opt for IFQs, but 19 percent prefer the current open-access system and 17 percent limited entry. One quarter are divided among many choices.
- More than 40 percent of halibut boat captains (again including both those who expect to get IFQs and those who don't) believe the new system will leave them worse off, while only about one-quarter expect it to improve their finances.
- Ex-vessel prices (prices paid fishermen) for halibut in British Columbia in 1994 have averaged close to \$1.00 more per pound than in Alaska. An individual quota system began in B.C. in 1991, and much of the halibut there is now sold fresh.
- Prices in Alaska are not likely to increase as much as they did in B.C. Alaska produces about five times more halibut—and the market effects of that much fresh halibut are unknown. Also, B.C. is closer to markets.

FIGURE 2. PERCENTAGE OF HALIBUT CAPTAINS WHO EXPECT TO RECEIVE IFQs

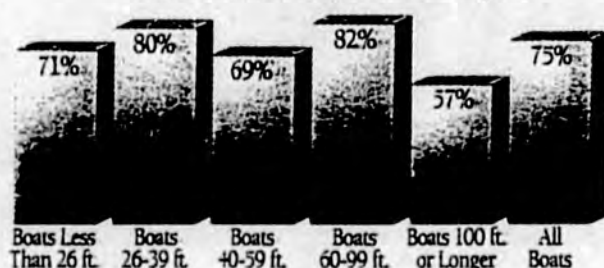


FIGURE 3. BOAT CAPTAINS' PREFERENCES AND EXPECTATIONS

What Management Option Would You Prefer?



FIGURE 4. AVERAGE HALIBUT EX-VESSEL PRICE, ALASKA AND BRITISH COLUMBIA



Sources: Alaska Department of Fish and Game; British Columbia, Ministry of Agriculture, Fisheries and Food. 1994 prices estimated.

HOW IMPORTANT ARE HALIBUT AND SABLEFISH TO ALASKA'S COASTAL COMMUNITIES?

- Halibut openings in 1993 created more than 9,000 short-term jobs for residents of coastal towns. Sablefish openings created another 1,800 jobs.
- Crew members from coastal places were paid about \$21 million during halibut openings in 1993 and sablefish crews a roughly similar amount.
- The halibut and sablefish fleets in 1993 spent about \$65 million in coastal towns during all the fisheries they took part in (including not only halibut and sablefish but salmon, crab, and others).
- Halibut and sablefish landings at Alaska ports also create more jobs and income in processing plants, vessel equipment, supply, and repair businesses, and other sectors of the coastal economies.

How Do You Expect IFQs to Affect Your Finances?

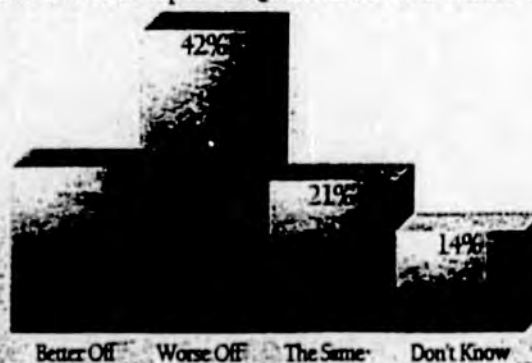
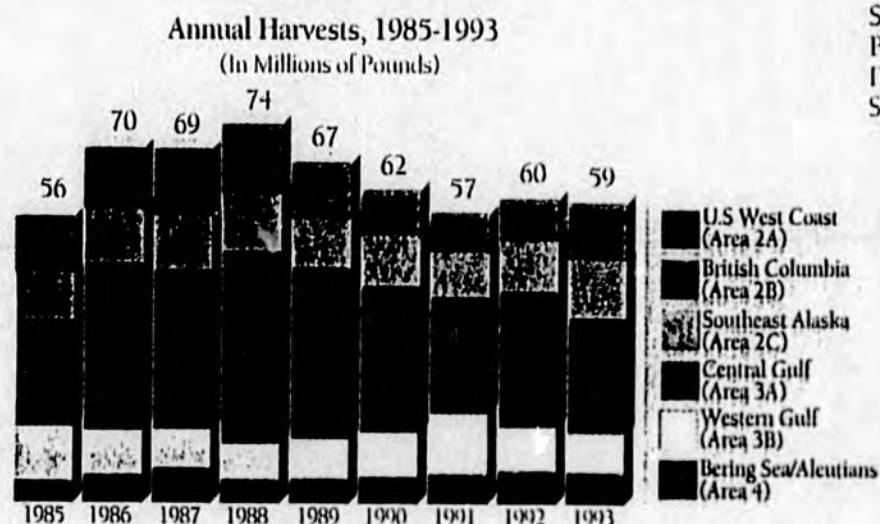


FIGURE 5. PACIFIC HALIBUT IN THE 1990s

Most of the world's supply of Pacific halibut (close to 85 percent) comes from the waters off Alaska, with the richest halibut grounds in the Gulf of Alaska. About 15 percent is taken off British Columbia and less than 1 percent along the U.S. west coast. Halibut are among Alaska's most valuable fish; the recent ex-vessel value has ranged from \$50 to \$100 million.

The adjacent map shows the boundaries of the halibut management areas. Recent annual harvests by U.S. and Canadian longline fleets have mostly ranged between 60 and 70 million pounds. Close to half the catch comes from the central Gulf of Alaska. The top port of delivery for halibut in the 1990s is Kodiak.



Source: International Pacific Halibut Commission

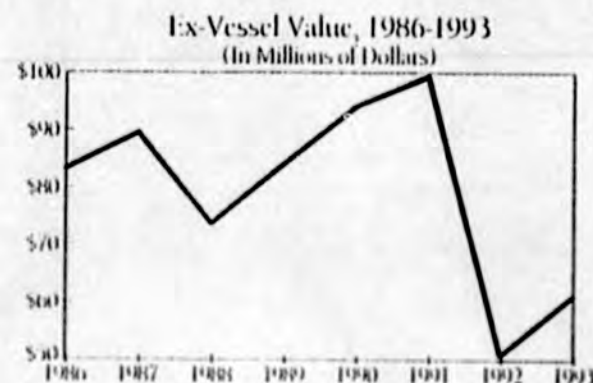
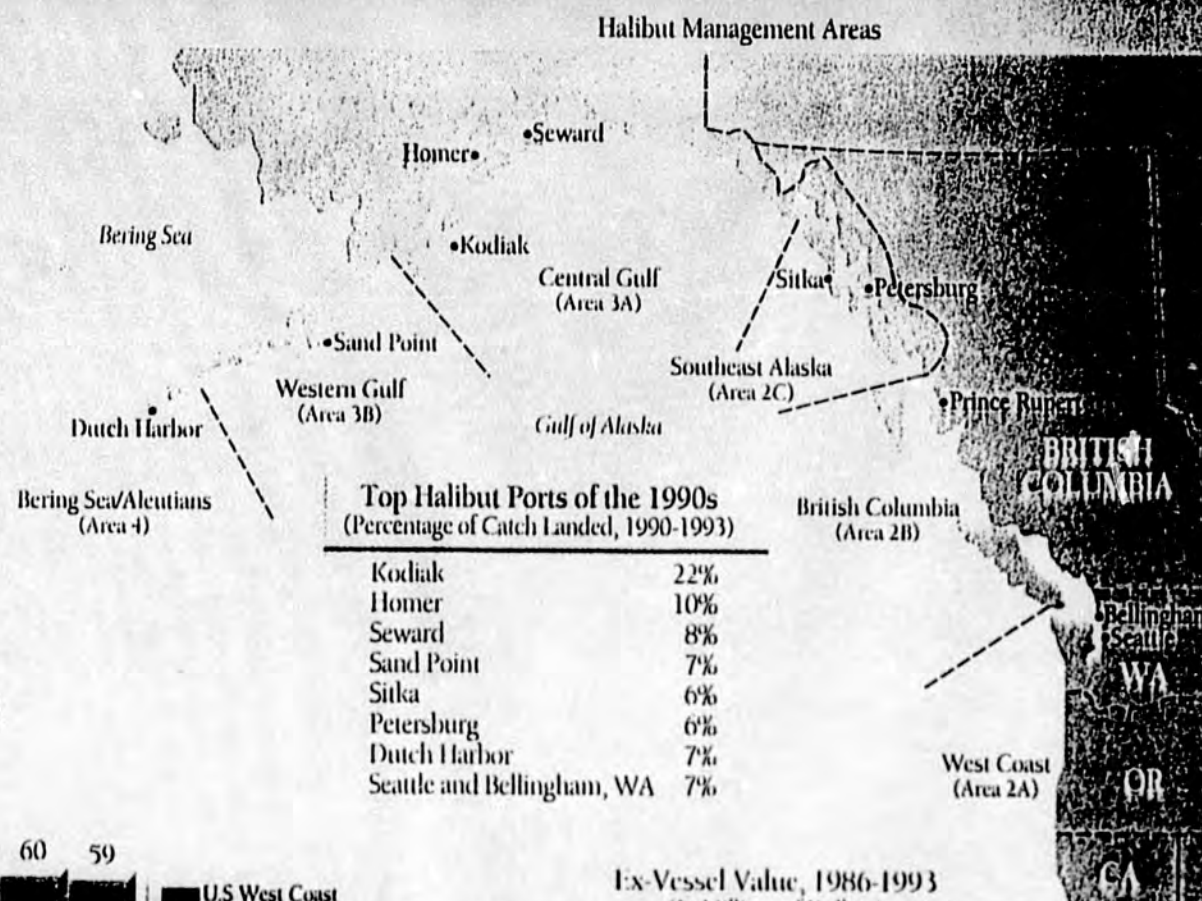
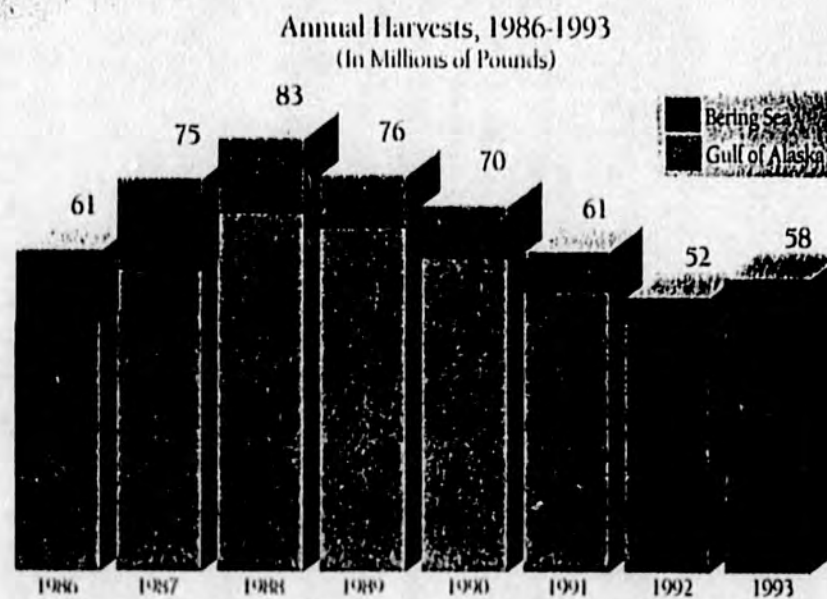
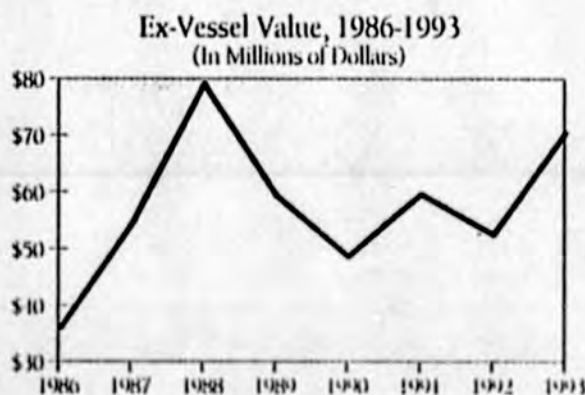


FIGURE 6. ALASKA SABLEFISH IN THE 1990s

Sablefish (black cod) is found in deep waters of Southeast Alaska's Inside Passage, the Gulf of Alaska, and the Bering Sea. As of the late 1980s, Alaska supplied about three fourths of the U.S. sablefish catch and more than half the world catch. It commands much higher prices than most groundfish. In recent years the annual Alaska harvest has ranged from 50 to 80 million pounds and the ex-vessel value from \$40 to \$80 million. Much of the U.S. sablefish catch is exported to Japan.

Most sablefish in Alaska is under the jurisdiction of the U.S. government; federal management areas are shown in the adjacent map. (Some sablefish is within the 3-mile limit and falls under state jurisdiction.) About 90 percent of Alaska sablefish is taken with longline gear.



Note: Bering Sea includes Aleutian Islands management area. Gulf of Alaska includes East Yakutat, West Yakutat, and Western and Central Gulf management areas.

Source: U.S. Department of Commerce, National Oceanic and Atmospheric Administration, National Marine Fisheries Service

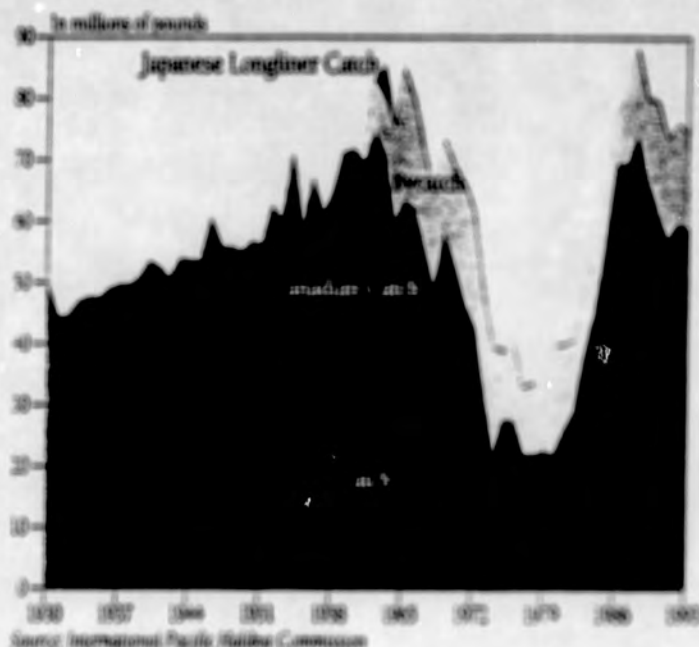
THE PACIFIC HALIBUT FISHERY CRASH, 1970

Early in the century the annual halibut catch ranged above 70 million pounds, but by the early 1930s it had dropped below 50 million pounds. After that it began climbing; in 1960 it was again near 70 million pounds. But then the catch fell into a steep decline, and by 1974 U.S. and Canadian fleets brought in barely 20 million pounds.

Halibut stocks do naturally fluctuate, but the International Pacific Halibut Commission has also attributed the 1970s crash in halibut stocks to several causes: (1) overfishing by the Japanese longline fleet, which was allowed to fish in the eastern Bering Sea in the mid-1960s under terms of an international treaty; (2) a sharp increase in incidental catch—bycatch—of halibut by foreign and domestic vessels harvesting other kinds of fish; (3) a growing and more efficient halibut fleet; and (4) the commission's failure to cut the allowable catch quickly enough and sharply enough, in part because it lacked information about the growing bycatch and other changes. In the late 1970s stocks began to recover and the catch reached a peak of 74 million pounds in 1988. Stock recovery was helped by changes in fishing regulations and reduced catch limits and by the extension of U.S. territorial waters to 200 miles offshore. How much bycatch to allow—and how to accurately monitor that catch—remain controversial today.

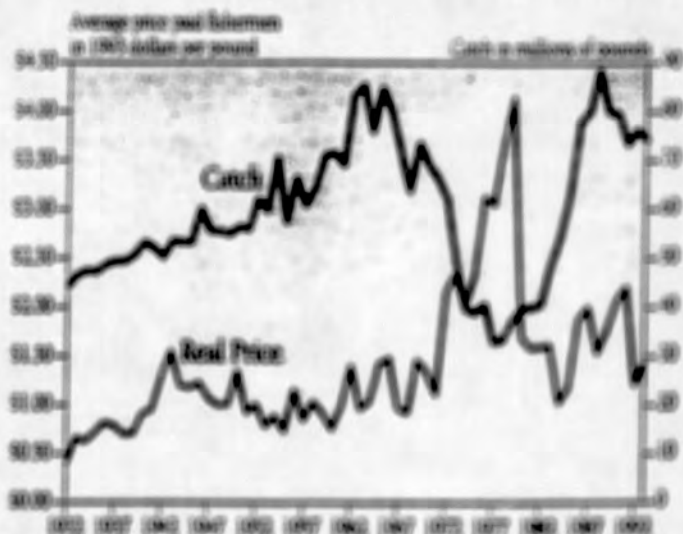
These prices are an average of real (adjusted for inflation) prices paid U.S. and Canadian fishermen. Prices more than doubled as the depression of the 1930s ended, but after that stayed within a fairly narrow range until the 1970s. Then the crash in halibut stocks quadrupled prices. Those very high prices didn't last long. In the 1980s prices mostly averaged about 30 percent more than in the 1960s. Average prices were down sharply in 1992—but that average conceals a sharp price increase in British Columbia, where an individual quota system has been in place since 1991 (as discussed on page 13).

FIGURE 7. PACIFIC HALIBUT CATCH, 1930-1993



The proportions of the catch taken by the U.S. and the Canadian fleets changed dramatically in the 1970s, when both countries extended their territorial jurisdictions to 200 miles offshore. Canadian vessels, which had formerly fished off Alaska, were restricted to British Columbia waters; their share of the catch dropped from nearly 50 percent in the 1960s to around 15 percent today.

FIGURE 8. HALIBUT CATCH AND PRICES, 1932-1993

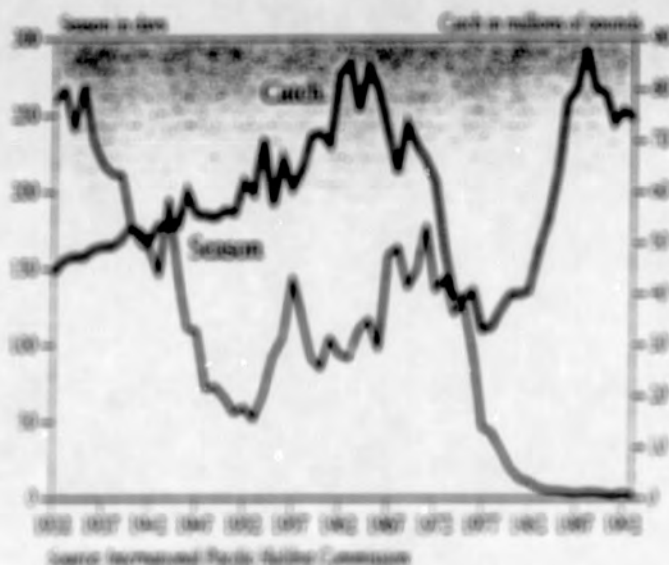


Note: Catch includes bycatch. Price an average of price paid U.S. and Canadian fishermen. Source: International Pacific Halibut Commission.

Many years ago, the commercial halibut season lasted most of the year. Even in 1970 the season lasted 150 days. After that, halibut stocks crashed, the fleet grew rapidly, and gear became more efficient. In recent times halibut stocks have recovered but the fleet takes the allowable catch in two or three days. The season shown in Figure 9 is for the central Gulf of Alaska region. Open periods are set for each management region, but changes in the Gulf of Alaska season reflect a general pattern in Alaska waters. In British Columbia, the Canadian halibut fleet has been under an individual quota program since 1991. Vessels can harvest their quotas any time between March and October.

For some of the time between the 1930s and the early 1970s, fishermen's organizations set up voluntary programs to keep the halibut catch from being taken too quickly. They agreed to stay in port a specific number of days between trips and in some cases to limit their catch, depending on crew size. But the halibut commission reports that such voluntary programs ended in the 1970s, as more and more vessels came into the fishery.

FIGURE 9. HALIBUT CATCH AND SEASON, 1932-1993
(CENTRAL GULF REGION)

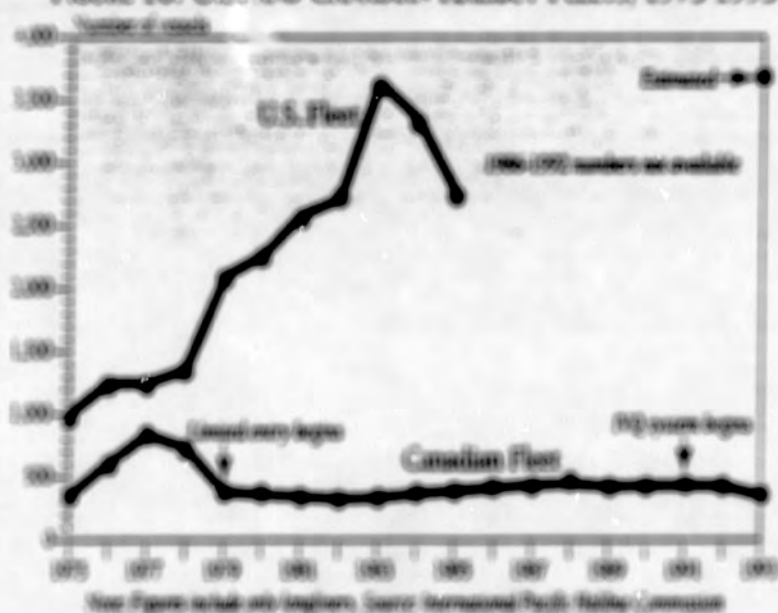


Source: International Pacific Halibut Commission

The number of longline vessels in the U.S. halibut fleet doubled between 1975 and 1979, increasing from 1,330 to more than 2,300. High prices drew boats into the fleet during that time, but other factors also contributed. Both the U.S. and Canada extended their territorial waters to 200 miles offshore. Canadian vessels that had formerly fished in Alaska waters could no longer do so—which American fishermen probably saw as an opportunity. Also, the State of Alaska established a limited entry program for the salmon fishery—and it's likely that some fishermen who could not enter the salmon fishery turned to halibut. The American fleet continued to grow sharply into the early 1980s, peaking at more than 3,600 vessels in 1983 and then dropping the following year as halibut prices plunged. After 1983 the halibut commission stopped reporting total U.S. fleet size. IBER estimates that in 1993 about 3,700 vessels fished for halibut in Alaska and off the U.S. west coast.

The Canadian fleet, like the U.S. fleet, grew sharply in the late 1970s, jumping from about 350 vessels to nearly 850 just between 1975 and 1977. Then, when Canadian vessels were excluded from U.S. waters, the Canadian government

FIGURE 10. U.S. AND CANADIAN HALIBUT FLEETS, 1975-1993



Note: Figures include only longliners. Source: International Pacific Halibut Commission

limited entry to the B.C. fishery. By 1979, the B.C. fleet had dropped to around 400. The fleet size remained near 400 until 1993, when it dropped to 250. The B.C. fleet has been under an individual vessel quota (IVQ) system since 1991. The drop in fleet size might mean some quota holders are leasing their quotas to others rather than fishing.

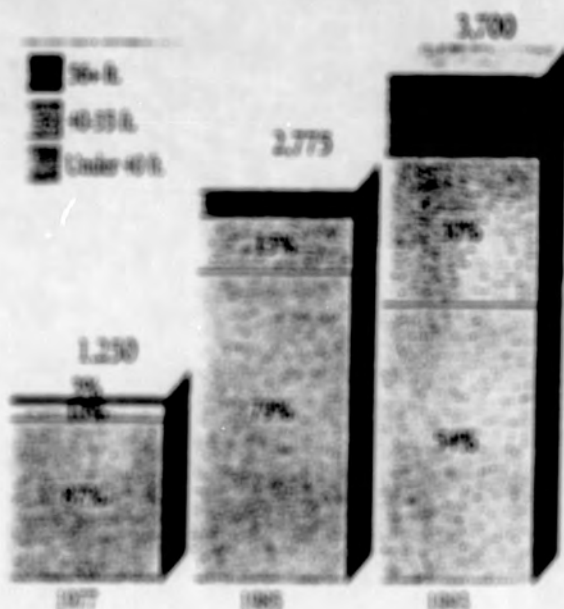
The Pacific Halibut Fishery Outlook

More vessels of all sizes joined the U.S. halibut fleet over the past 15 years, but it was numbers of the biggest vessels—those 56 feet or longer—that increased the most. In 1977, the largest vessels made up just 3 percent of the U.S. fleet. By 1985, the big boats had doubled their share to 7 percent. By 1993, they made up an estimated 16 percent of the fleet—five times more than in 1977.

Numbers of mid-size vessels (40 to 55 feet) also increased rapidly, growing from 10 percent in 1977 to 15 percent in 1985 and an estimated 30 percent in 1993. Still, that growth was not as rapid as that in the bigger boats.

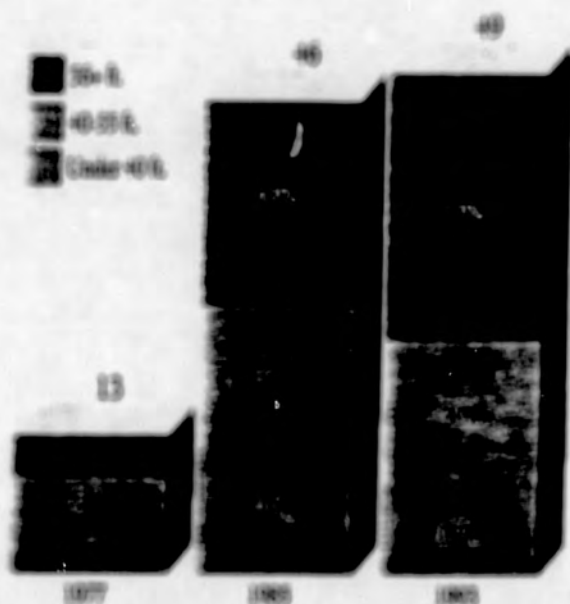
The smallest boats (under 40 feet) still made up more than half the fleet in 1993, but that was down from roughly 87 percent in 1977. Also, while there were more small boats in 1993 than there had been in 1977, there were fewer than in 1985—so between 1985 and 1993 both the number and the percentage share of small boats dropped.

FIGURE 11. ESTIMATED COMPOSITION OF U.S. HALIBUT FLEET



Source: International Pacific Halibut Commission

FIGURE 12. U.S. HALIBUT CATCH BY SIZE OF VESSEL (In Millions of Pounds)



Note: Composition of halibut fleet and catch by vessel size are assumed for 1977 and 1985 (but 1985 for International Pacific Halibut Commission reported vessel size by size and after 1985 for fleet). We converted catch in feet based on vessel weight and length information from 1993 vessel license. The 1993 fleet composition is an IITB estimate based on adjusted FHC figures.

Source: International Pacific Halibut Commission

The U.S. halibut catch in 1977 (when halibut stocks were still in decline) was only 13 million pounds. It was divided almost evenly among small, medium, and large vessels.

By 1985, when stocks had recovered, the total catch was three times higher, and the larger boats had the biggest share of the catch (43 percent), while the mid-size boats took 31 percent and the smallest 26 percent.

By 1993, the larger vessels brought in more than half the catch, the mid-size boats 30 percent, and the smallest boats 17 percent.

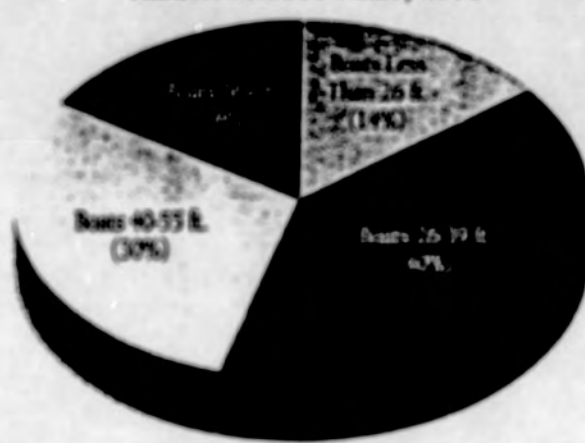
THE ALASKA HALIBUT FLEET TODAY

About 3,460 vessels fished for halibut in Alaska waters during the brief open periods in 1993. Many halibut boats are small—an estimated half are under 40 feet—but the share of bigger vessels increased rapidly in the past 15 years.

The size and composition of the Alaska halibut fleet in 1993 are estimates we arrived at by adjusting regional vessel counts published by the International Pacific Halibut Commission. The commission doesn't provide a total estimate for the fleet that takes into account boats that fished in more than one region. ISER plans to refine our estimate later, after more analysis of data on landings.

In 1993 about 85 percent of the vessels in the fleet had home ports in Alaska and 15 percent outside the state, largely in Washington.

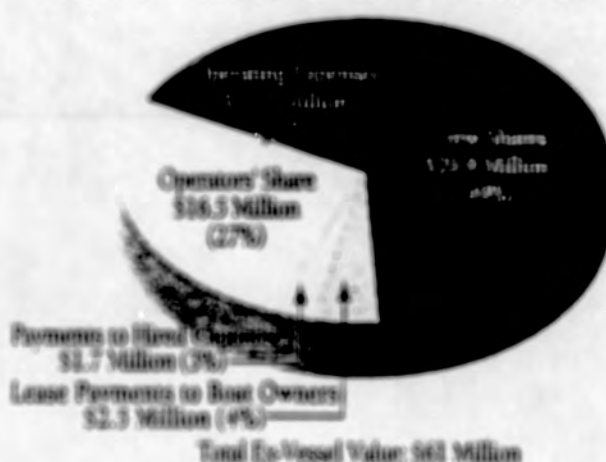
FIGURE 13. ESTIMATED COMPOSITION OF ALASKA HALIBUT FLEET, 1993*



Total Estimated Boats: 3,457

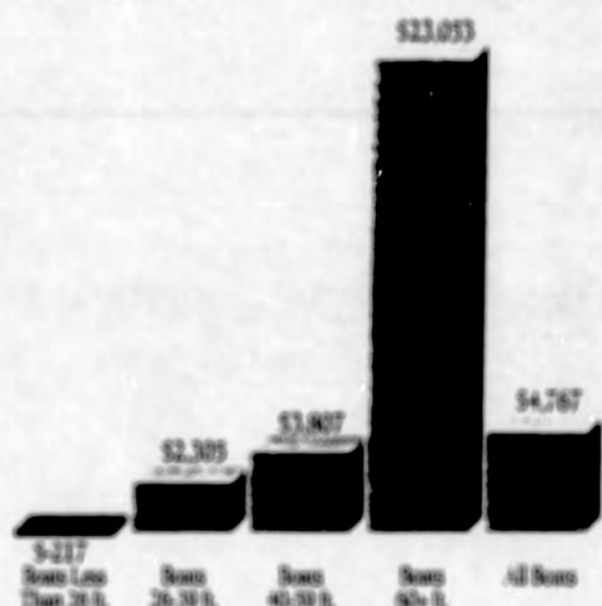
*Based on the International Pacific Halibut Commission's 1993 count of boats by region. We used ISER 1993 survey results to estimate fleet size.

FIGURE 14. HALIBUT EX-VESSEL VALUE, 1993



In 1993, the ex-vessel value of Alaska halibut was \$61 million. Crew payments (crews are mostly paid in shares) took nearly half. Operating expenses—fuel, gear, bait, and food—took 17 percent. Boat owners pay most of the operating costs, but crew members pay some. What crew members pay has been deducted from their share and included under expenses in Figure 14. Another 3 percent was paid to hired captains, and captains who leased boats paid owners 4 percent. The rest—about 27 percent—was the operator's share. Out of that 27 percent, operators (captains who are also mostly owners) still have to pay their fixed costs like boat payments and insurance.

FIGURE 15. AVERAGE OPERATOR'S SHARE, 1993



Operators of small boats didn't make much from halibut fishing in 1993. We estimate that on average, after paying crew shares and other expenses, operators of the smallest boats (under 26 feet) actually lost money. That's an average—it doesn't mean that all small boat operators lost money. Operators of boats between 26 and 60 feet made on average a few thousand dollars. Operators of the largest boats made on average more than \$23,000.

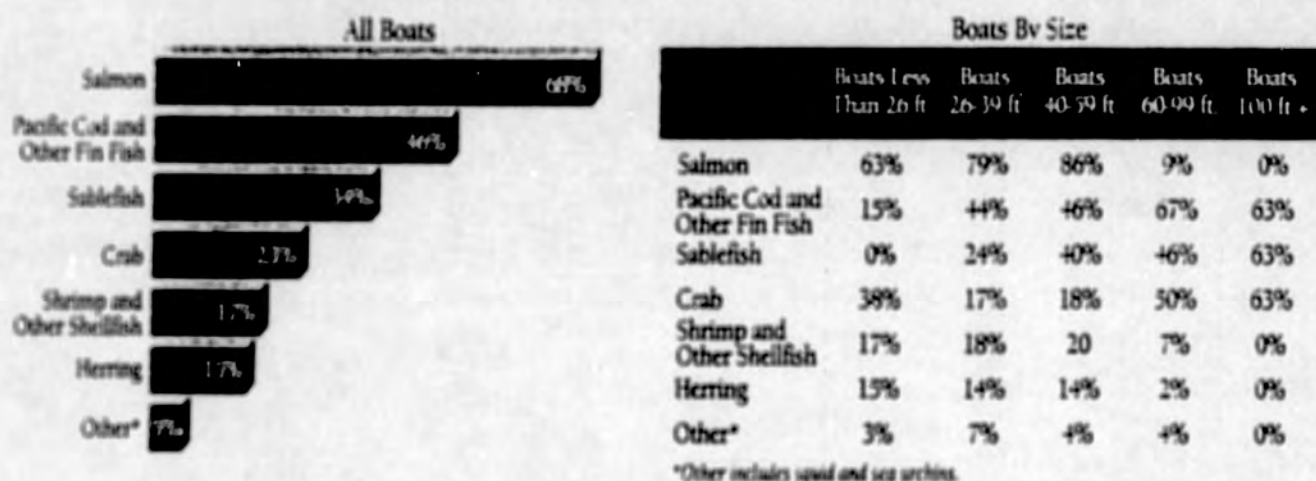
THE ALASKA HALIBUT FLEET TODAY

With the halibut season open only a few days per year, most halibut vessels—especially the larger ones—fish for a number of other things besides halibut. Figure 16 shows what percentage of halibut boats fished for various other species in 1993. Nearly three quarters of halibut boats also fished for salmon, close to half

for Pacific cod, a third for sablefish, and nearly a quarter for crab. More than 15 percent also fished for shrimp and other shellfish and herring.

What else halibut boats fish for varies a lot among boats of different sizes. Most of the smaller boats fish for salmon and the largest boats for sablefish, Pacific cod, and crab.

FIGURE 16. WHAT ELSE DO HALIBUT BOATS FISH FOR?
(PERCENTAGE OF HALIBUT BOATS THAT ALSO FISH FOR OTHER SPECIES)

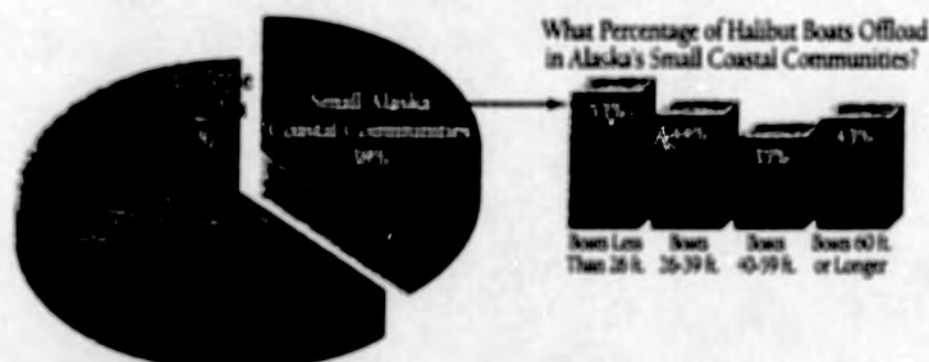


In 1993 more than half of halibut landings were made in Alaska's larger coastal communities, and close to 40 percent were made at ports in small coastal towns. About 5 percent of landings were made outside Alaska, mostly in Seattle or Bellingham. The share of halibut landings made in small coastal places varied with the size of the vessel. Mid-

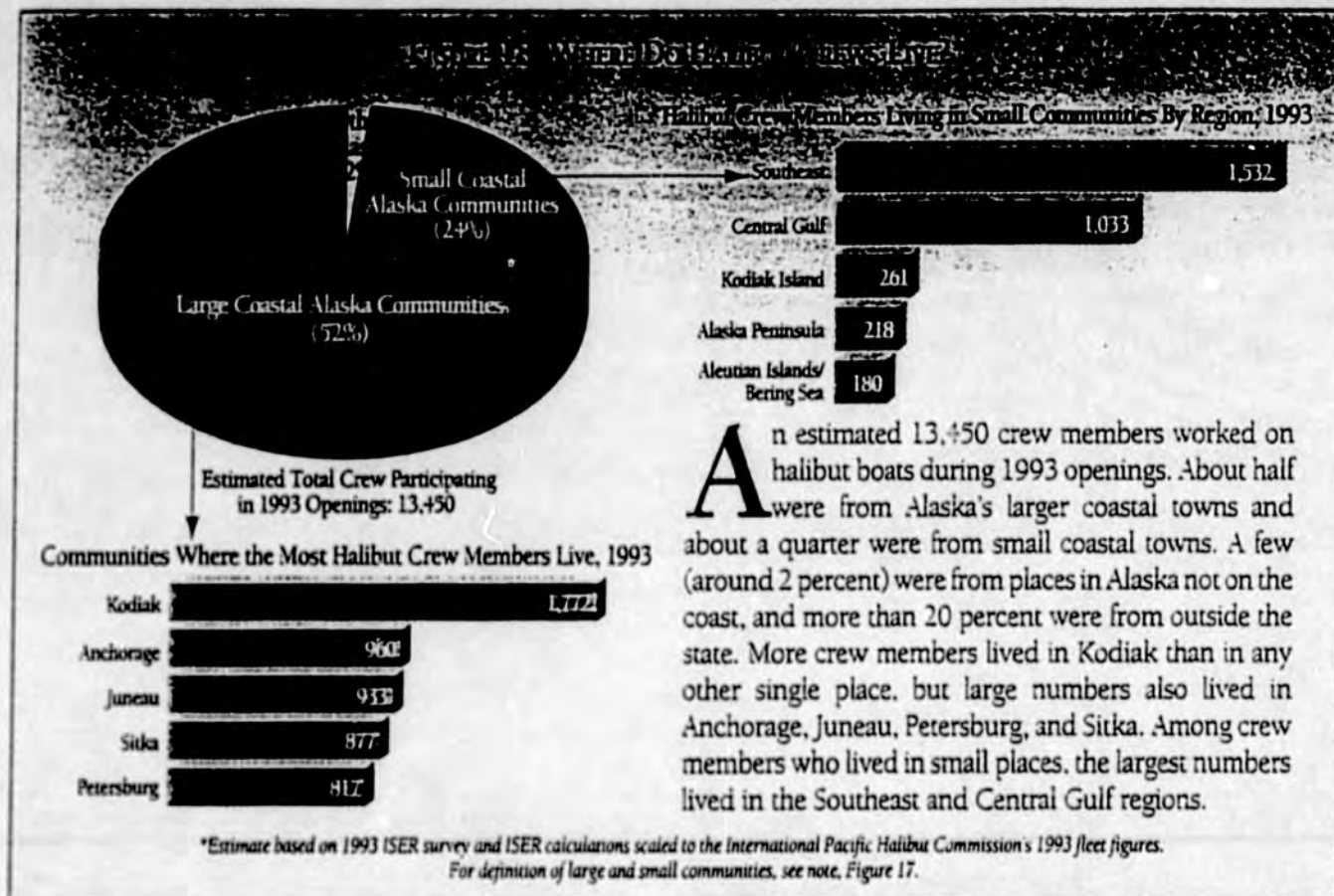
size vessels made about a third of their landings in small places and the smallest boats made more than half. Notice that the share of landings is not the same as the share of the total catch. Most of the catch is delivered to large ports. What we see in Figure 17 is that many landings, but of smaller quantities of halibut, go to small ports.

FIGURE 17. WHERE DO HALIBUT BOATS OFFLOAD THEIR CATCH?*

(PERCENTAGE OF LANDINGS DURING 1993 OPENINGS)



*Large coastal communities are Kodiak, Homer, Seward, Anchorage, and Kenai in Southcentral Alaska; Juneau, Ketchikan, Petersburg, and Sitka in Southeast Alaska; and Dutch Harbor in Western Alaska. All other coastal towns are included in the category of small coastal communities.



An estimated 13,450 crew members worked on halibut boats during 1993 openings. About half were from Alaska's larger coastal towns and about a quarter were from small coastal towns. A few (around 2 percent) were from places in Alaska not on the coast, and more than 20 percent were from outside the state. More crew members lived in Kodiak than in any other single place, but large numbers also lived in Anchorage, Juneau, Petersburg, and Sitka. Among crew members who lived in small places, the largest numbers lived in the Southeast and Central Gulf regions.

Almost everybody on boats of all sizes was paid by crew share in 1993. Some of the smallest boats had no crew. Some crew members—mainly on small boats and mostly related to the captain—weren't paid at all.

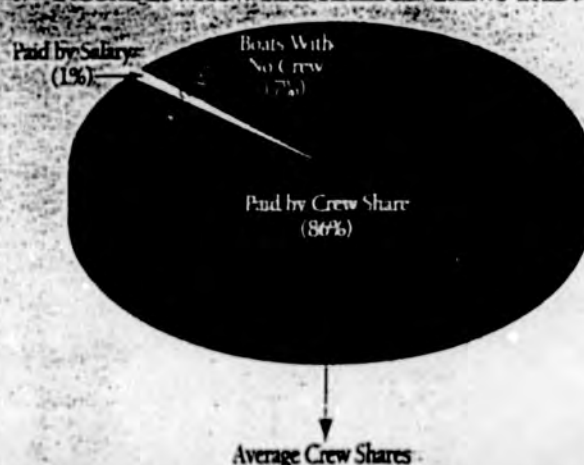
On average 2 to 6 crew members were paid with shares. Shares ranged from 27 percent of the gross on the smallest boats to 9 percent on the largest. Many crew members also paid some operating expenses from their shares.

Many crew members (35 to 54 percent) had relatives who fished before they did. Half the crew members on small boats and one quarter on mid-size boats in 1993 were related to the captain. On the largest boats, only about 5 percent of the crew members were related to the captain.

TABLE 1. HOW ARE HALIBUT CREWS RELATED?

Boats Less Than 26 ft	Boats 26-39 ft	Boats 40-59 ft	Boats 60-99 ft	Boats 100 ft or Longer	All Boats
57%	22%	9%			
54%	50%	35%			

FIGURE 19. HOW ARE HALIBUT CREWS PAID?



MARKETS FOR ALASKA'S HALIBUT

How might the IFQ program change markets for Alaska's halibut? The two biggest issues are how the program is likely to affect the price of halibut, and whether people will eat more halibut when it's available fresh for much of the year.

We can't answer those questions comprehensively, but as our research continues we'll be examining them more. We can describe current markets for Alaska halibut, talk about the effects of the halibut quota system in British Columbia, and discuss what might happen in Alaska.

The biggest difference (and it's a very big one) between the Alaska and the British Columbia halibut fisheries is that much more—five times more—halibut comes from Alaska. That means the amount of fresh halibut on the market will be much larger when Alaska's program goes into effect.

Figure 20 shows where Alaska's halibut goes today. In 1992—the most recent year for which we have complete figures—more than 80 percent was eaten in the U.S. and just 2 percent was exported, mostly to Japan. (What doesn't show up in the figure is the exchange of halibut between the U.S. and Canada: we export some of ours to them, but import more of theirs.)

FIGURE 20. WHERE DOES ALASKA HALIBUT GO?

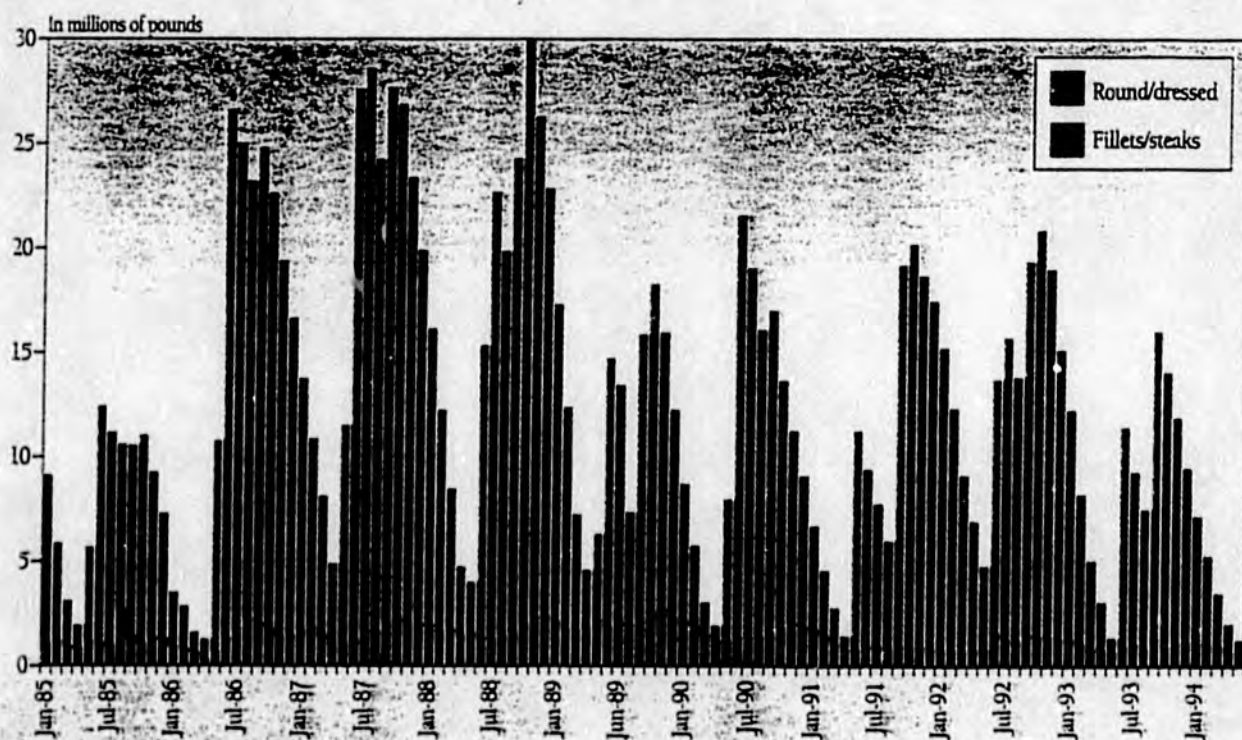


1992 Alaska Harvest: 51 million pounds

*Most recent year for which we have production figures.

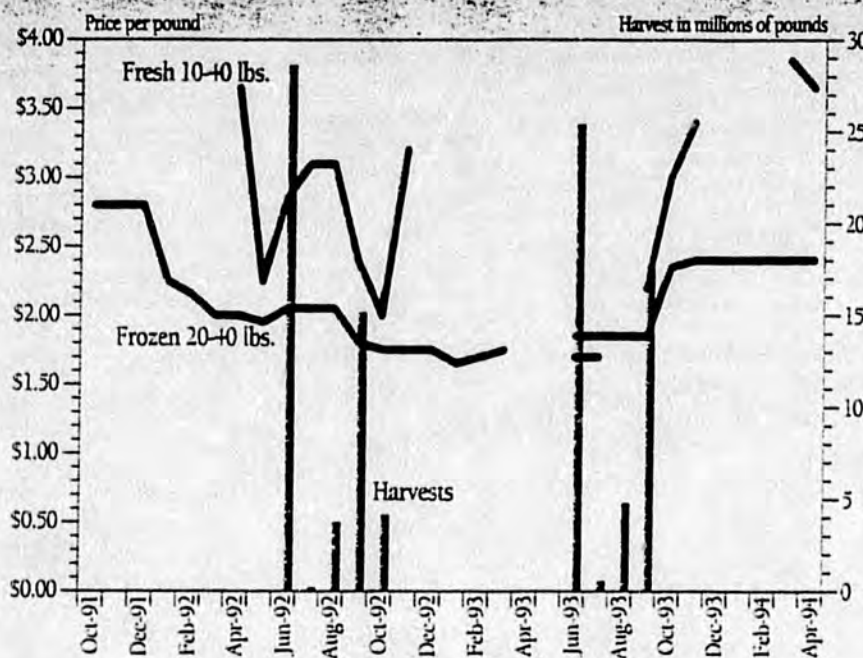
Only a small share—an estimated 10 percent—of Alaska's halibut is eaten fresh; most is frozen because millions of pounds are caught in single-day openings. Figure 21 shows how U.S. holdings of frozen halibut peak right after the brief summer and fall openings and then steadily decline until the next openings, dropping to near zero every spring.

FIGURE 21. MONTHLY U.S. HOLDINGS OF FROZEN HALIBUT, 1985-1994



Source: U.S. Department of Commerce Frozen Fishery Products bulletins

FIGURE 22. MONTHLY WHOLESAL PRICE OF HALIBUT COMPARED WITH HALIBUT HARVESTS, 1991-1993



Sources: Urner Barry Publications Inc., Seafood Price Current; International Pacific Halibut Commission.

Variation in the year-to-year supply of halibut isn't as great as it is for, say, salmon or crab. Recently the annual catch has ranged between 60 and 70 million pounds.

The supply of halibut naturally influences the price: the price paid fishermen quadrupled in the late 1970s when halibut stocks hit all-time lows. Figure 22 looks at how the monthly wholesale price of fresh and frozen halibut varies with the supply, as measured by the harvest in specific months. The price of fresh halibut dips during peak U.S. harvest times. (Fresh halibut from British Columbia is available from March to October). The price of frozen halibut climbs higher in the winter, as the supply drops.

Figure 23 compares ex-vessel prices (prices paid fishermen) for halibut in Alaska and British Columbia from 1980 through 1994. Historically, prices in Alaska and British Columbia were close, although they were usually a bit higher in British Columbia. That's because British Columbia is closer to U.S. and Canadian markets—so transportation costs from British Columbia are lower, which has often meant higher prices for B.C. fishermen.

But since 1991 there has been a much bigger difference between Alaska and Canada prices. That's when Canada started an individual quota system for British Columbia halibut. Fresh fish sells for more than frozen, and a big share

of the British Columbia catch is now sold fresh—since it's taken over a period of months rather than days. We estimate that in 1994 B.C. fishermen were paid nearly a dollar more per pound.

So what can Alaska fishermen expect? That's impossible to predict, because there's no precedent for so much fresh fish suddenly coming on to the market. Economic theory suggests that several things are most likely to happen in the short run: (1) prices paid Alaska fishermen will increase somewhat, since fresh fish is more valuable; (2) wholesale prices of fresh halibut will decline somewhat, since the supply will be greater; and (3) prices for frozen halibut may increase, since there will be less of it.

It's unlikely that prices in Alaska will increase as much as they did in British Columbia—because Alaska

halibut will add so much to the market. In fact, the much bigger supply of fresh halibut will probably push down ex-vessel prices in British Columbia. Over the long term, it's possible that when fresh halibut is available most of the year, the market for halibut will grow. People might eat more, creating more demand and helping increase prices.

FIGURE 23. AVERAGE HALIBUT EX-VESSEL PRICE, ALASKA AND BRITISH COLUMBIA

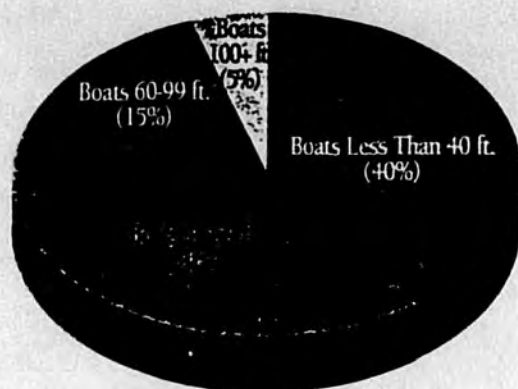


Sources: Alaska Department of Fish and Game; British Columbia; Ministry of Agriculture, Fisheries and Food; 1994 prices estimated.

THE SABLEFISH FLEET TODAY

FIGURE 24. ESTIMATED COMPOSITION OF SABLEFISH FLEET, 1993

The sablefish fleet has fewer and generally larger boats than the halibut fleet. Only 40 percent of the boats that fished for sablefish in 1993 were under 40 feet, as compared with 54 percent of boats that fished for halibut. (Almost all sablefish boats also fish for halibut, but only about a third of the boats that fish for halibut also fish for sablefish.) In 1993, an estimated 740 boats fished for sablefish in Alaska waters under federal regulation. Additional boats fished for sablefish within the three-mile limit, in waters managed by the state government. Those state fisheries will not be affected by federal IFQs.



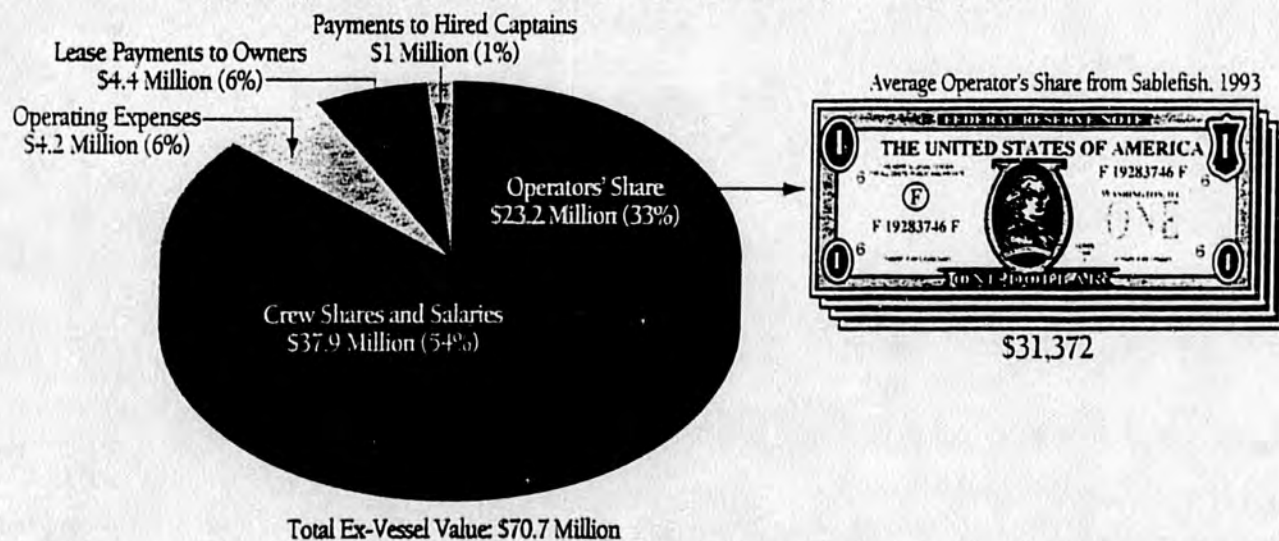
Estimated Number of Boats: 740

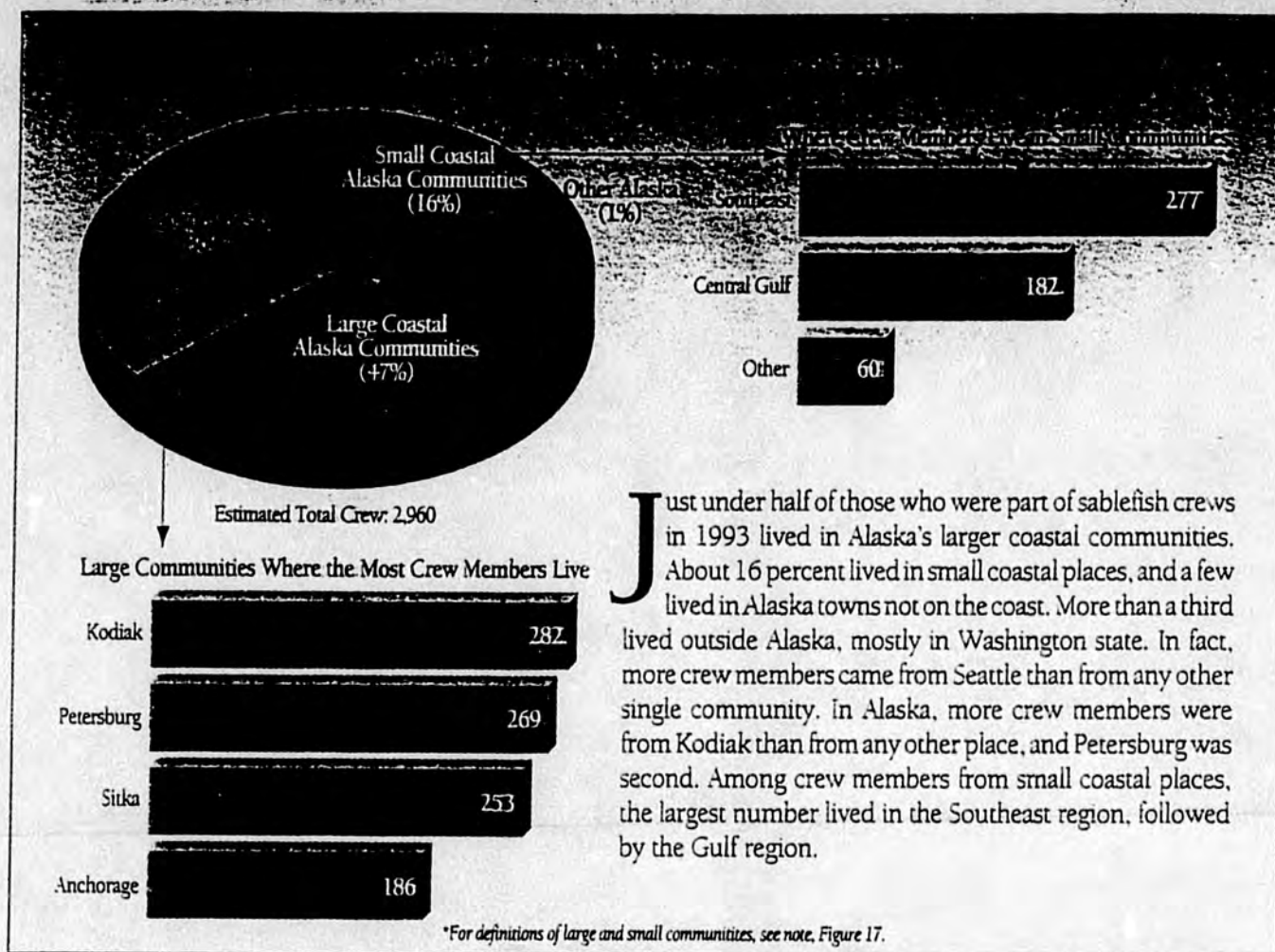
The ex-vessel price of sablefish nearly doubled between 1990 and 1993, and early information shows another sharp increase in 1994. The ex-vessel value of sablefish from Alaska waters was close to \$71 million in 1993. More than half that value went for crew payments. Operating expenses (fuel, bait, gear, and food) took about 6 percent. Payments to hired captains and lease payments captains made to owners made up another 7 percent. The remaining 33 percent was the operators' (captains who were also mostly owners) share. The average operator's share from the 1993 season was \$31,400. Out of that share, the operators still had to meet fixed expenses like boats payments, maintenance costs, and insurance.

FIGURE 25. EX-VESSEL PRICE OF SABLEFISH FROM ALASKA WATERS, 1986-1993



FIGURE 26. HOW EX-VESSEL VALUE OF SABLEFISH WAS DIVIDED IN 1993



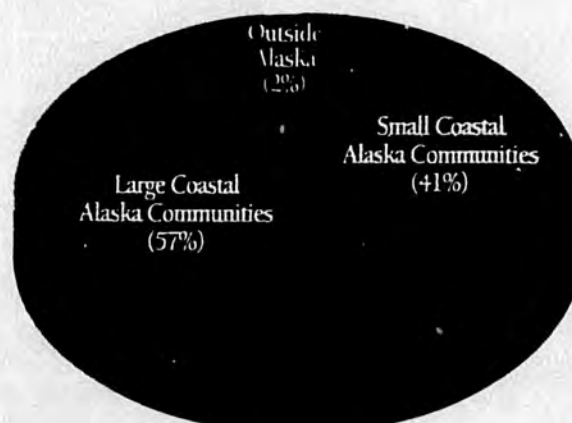


Just under half of those who were part of sablefish crews in 1993 lived in Alaska's larger coastal communities. About 16 percent lived in small coastal places, and a few lived in Alaska towns not on the coast. More than a third lived outside Alaska, mostly in Washington state. In fact, more crew members came from Seattle than from any other single community. In Alaska, more crew members were from Kodiak than from any other place, and Petersburg was second. Among crew members from small coastal places, the largest number lived in the Southeast region, followed by the Gulf region.

Almost all crews fishing for sablefish were paid shares of the catch. The average number receiving crew shares was 4, and they were paid an average 13 percent of the vessel's gross income from sablefish. Many crew members also pay some of the operating expenses from their shares. Figure 28 shows where sablefish boats made landings in 1993. Note that the share of landings is not the same as the share of catch.

FIGURE 28. WHERE DO SABLEFISH BOATS LAND THEIR CATCH?*

(PERCENTAGE OF LANDINGS IN 1993)



**Includes catch initially delivered to floating processors.*

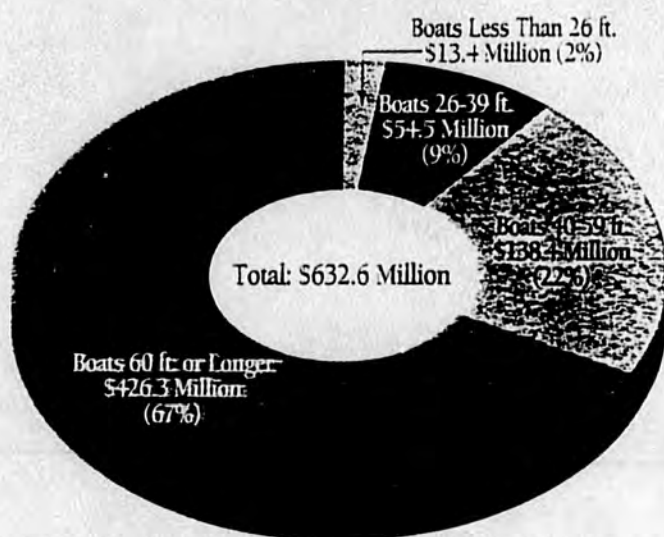
TABLE 2. HOW ARE SABLEFISH CREWS PAID

Average Crew Share	13%
Average Crew Size	4.2
Average Percent Paid By Crew Share	99%

INCOME AND EXPENSES OF THE HALIBUT AND SABLEFISH FLEETS

How much fishermen earn from Alaska fisheries and how much they spend in Alaska communities are important issues for the state's coastal towns. In 1993 the halibut and sablefish fleets earned an estimated \$633 million in gross income from all the Alaska fisheries they took part in—including not only halibut and sablefish but also salmon, crab, Pacific cod, and others. The

FIGURE 29. GROSS INCOME OF HALIBUT AND SABLEFISH FLEETS FROM ALL FISHERIES, 1993*



*Including not only halibut and sablefish but also other fisheries they participated in.

biggest boats earned nearly two-thirds of that total and the smallest only about two percent.

For operators of the smallest boats, income from all types of fishing represented just over half their total 1993 income, as Figure 30 shows. Operators of larger boats earned almost all their 1993 income from fishing.

FIGURE 30. HOW MUCH OF THEIR GROSS INCOME DID BOAT OPERATORS GET FROM FISHING IN 1993?*

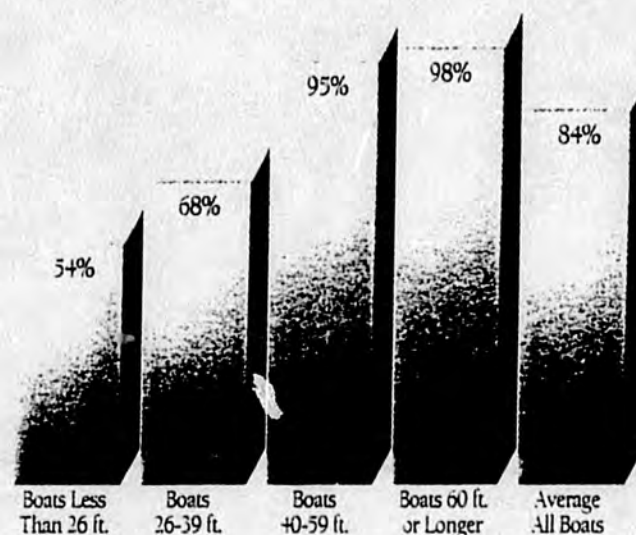
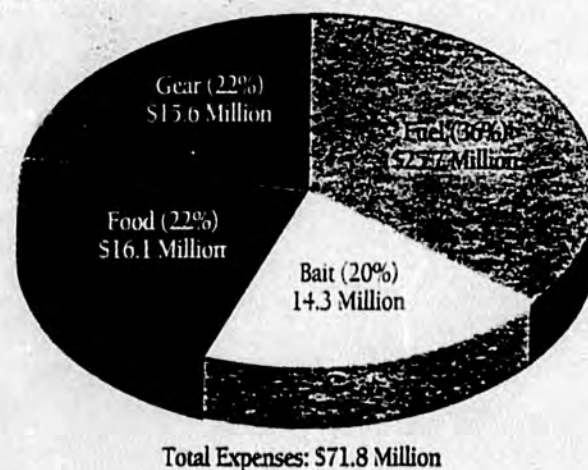


FIGURE 31. OPERATING EXPENSES OF THE HALIBUT AND SABLEFISH FLEETS, 1993*
(IN MILLIONS OF DOLLARS)

The halibut and sablefish fleets spent about \$72 million for gear, fuel, food, and bait in 1993. Fuel was the biggest single expense, accounting for 36 percent; the other three big expenses each accounted for around 20 percent. As Figure 32 on the adjacent pages shows, about \$65 million of that spending was in Alaska and the remaining \$7 million outside the state. A big share of the spending outside Alaska was for gear.



*Including not only halibut and sablefish but also other fisheries they participated in.

About 65 percent of the spending in 1993 was in Alaska's large coastal communities, 26 percent in smaller coastal towns, and 9 percent outside. Dutch Harbor and Kodiak saw by far the most spending—the fleets spent more than \$12 million in each of those places. Petersburg, Sitka, and Homer were other large coastal places where the halibut and sablefish fleets spent the most. Among smaller coastal places, fleet spending was highest in communities in Southeast Alaska, followed by small communities on the Alaska Peninsula. Much of the spending outside Alaska was in Seattle, Washington.

Another way of looking at fleet spending is how much boats of different sizes spent, and how much they spent in Alaska's larger and smaller communities (Figure 33). Boats of all sizes spent the most in large coastal places—anywhere from 54 to 88 percent of total spending. But they also spent significant amounts—from 6 to 37 percent—in Alaska's small coastal towns. Smaller boats in particular spent a bigger share in small towns. Boats of all sizes spent relatively little outside Alaska, mostly for gear.

FIGURE 32. WHERE DO HALIBUT AND SABLEFISH FLEETS SPEND MONEY?*

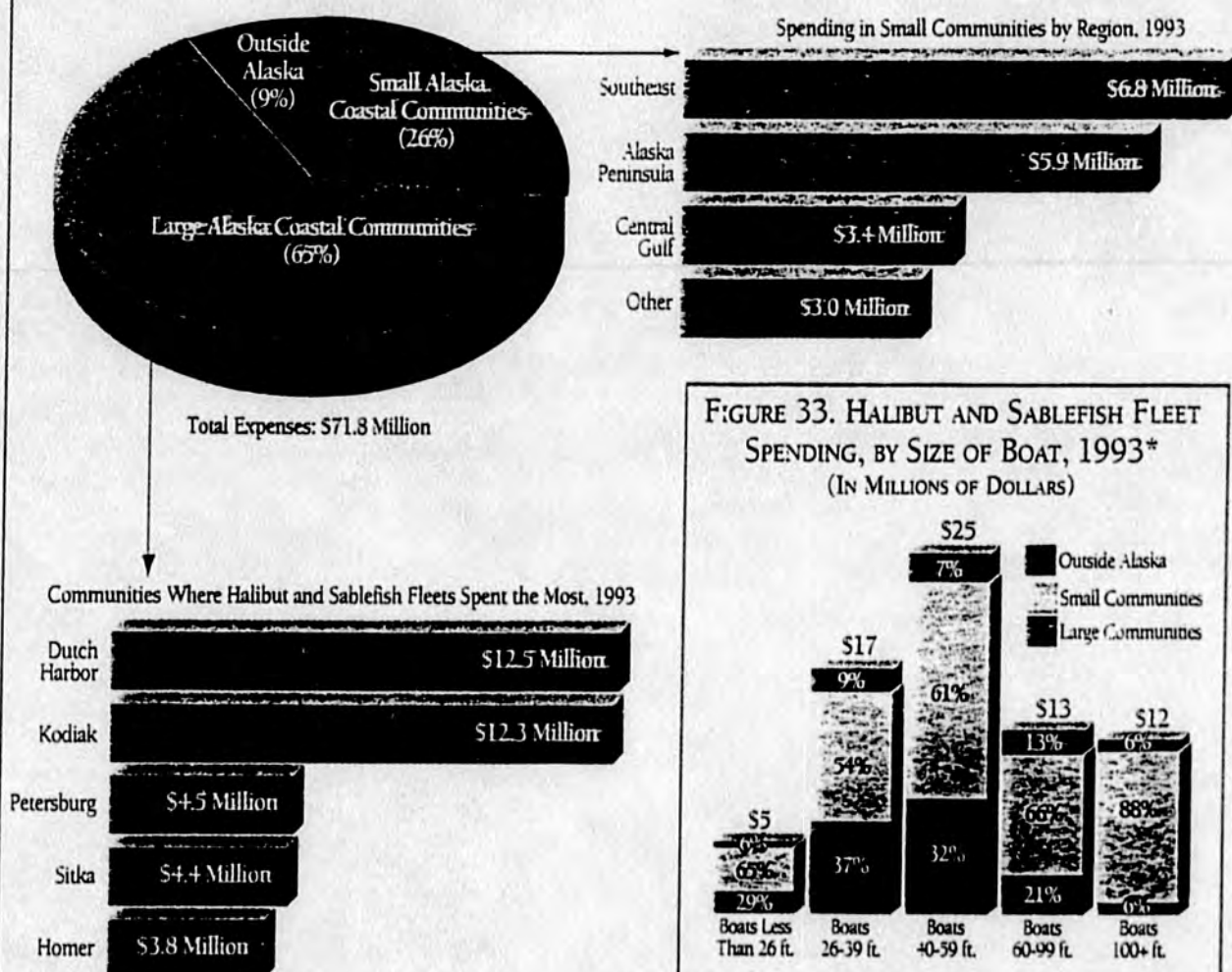
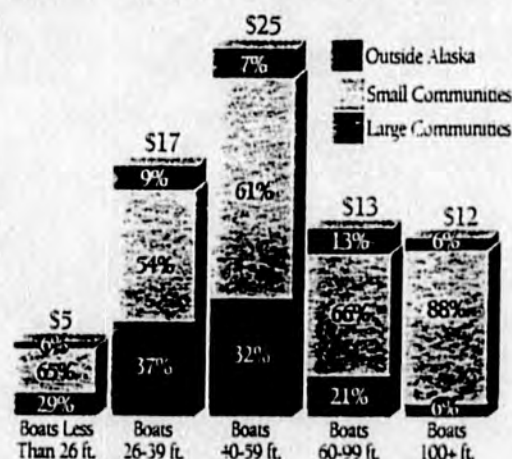


FIGURE 33. HALIBUT AND SABLEFISH FLEET SPENDING, BY SIZE OF BOAT, 1993*
(IN MILLIONS OF DOLLARS)



*Not only for halibut and sablefish but all fisheries they participate in.

POTENTIAL VALUE OF HALIBUT IFQs

When halibut quota shares are issued, they will be for fishing in specific management areas (as shown on the map on page 4) and for specific boat sizes—boats under 35 feet, 35 to 60 feet, and over 60 feet. Those who receive shares will be able to sell or lease them within the same management area and for use on boats in the same size category.

Quota shares are rights to a percentage of the harvest. The halibut commission sets the annual harvest. Each year's harvest level, and an individual's quota share, will determine the IFQ—the number of pounds a quota holder can take in a given year.

How much might halibut IFQs be worth to the recipients? Whatever the value of IFQs turns out to be, they will be a gift from the public to the recipients: exclusive rights, at no charge, to a public resource.

In British Columbia—where an individual share system for halibut was established in 1991—halibut quota shares are selling at roughly three times the price of halibut (that is, a pound of quota share is selling for roughly three times the market price for a pound of halibut). Alaska's program and circumstances are somewhat different from British Columbia's, so that ratio might differ in Alaska.

We used our survey results to estimate the range of potential values of Alaska IFQs for halibut. Our survey didn't include everyone who might receive or want to buy quotas (since we interviewed only those who had fished for halibut recently), but the results still allow us to make a ballpark estimate of the potential value of halibut IFQs. Of course their value will be much clearer after the program has been underway for a while.

Different survey questions provided the lower and the upper bounds for potential values. The lower bound estimate comes from the prices fishermen said they would pay to buy additional quota shares. The upper bound estimate comes from the prices fishermen said they would have to get to induce them to sell some or all of their quota shares.

When the market for halibut IFQs has stabilized, quota prices will probably fall closer to the lower range of the estimate, since some people who are not fishing now—but who fished during the qualifying period—will probably be willing to sell their quotas at lower prices than current fishermen would ask. Another factor tending to keep quota prices lower is that some people who want to get into the fishery in the future will also have to buy boats and gear.

Our survey also included questions about leasing quotas—whether quota recipients would be willing to lease some of their quota to others, and whether they would be interested in leasing additional quota from others.

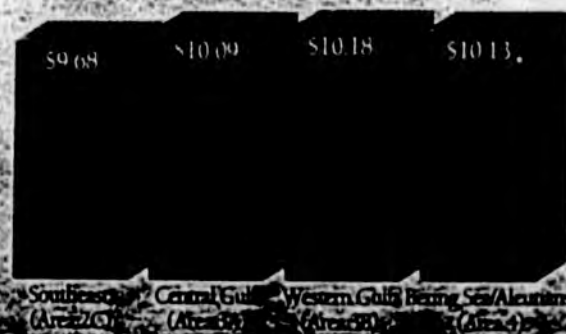
How much fishermen would pay to buy or lease quota, and how much they'd expect when they sold quota, would depend on the current price of halibut. We told our survey respondents to assume halibut was selling for \$2 per pound. That's higher than Alaska prices were in 1993, but it's reasonable to assume prices of \$2 per pound under the IFQ program. Because IFQs are specific to management regions, the value of a pound of halibut caught in one region differs from that caught in another. We would expect fishermen to be willing to pay more for the right to catch halibut closer to home and closer to product markets. With halibut selling for \$2 per pound, we estimated:

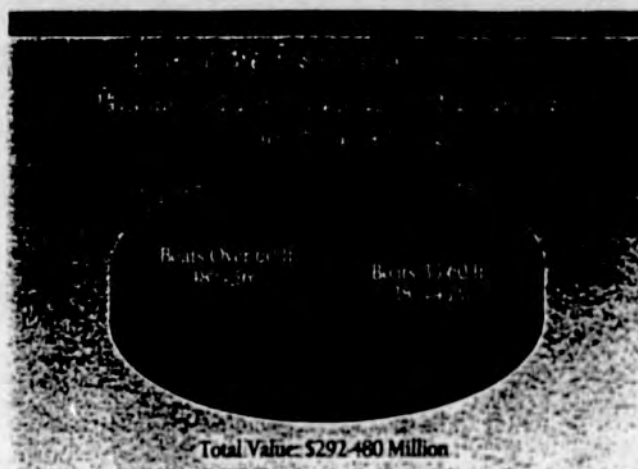
- Fishermen looking for additional quota shares would pay from \$5.59 per pound in Southeast Alaska to \$7.24 per pound in the Western Gulf of Alaska (Figure 34).
- Fishermen selling quota shares would ask similar prices in all regions—from \$9.68 in Southeast Alaska to \$10.18 in the Western Gulf (Figure 35).
- These estimated values per pound would convert to a total potential IFQ value of between \$292 million and \$480 million for the halibut fishery as a whole (Figure 36).

FIGURE 34. HOW MUCH WOULD YOU PAY PER POUND FOR ADDITIONAL QUOTA SHARES?*



FIGURE 35. HOW MUCH WOULD YOU ASK PER POUND TO SELL SOME OF YOUR QUOTA SHARES?*



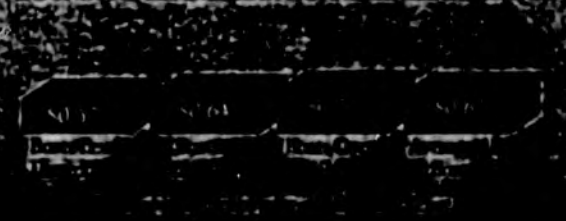


- Boats under 35 feet would get roughly 6 to 8 percent of the total IFQ value, boats 35 to 60 feet would get somewhere around 38 to 45 percent, and boats over 60 feet would get in the range of 48 to 56 percent.
- Few fishermen said they would want to lease any of their quota to others. But many said they were interested in leasing additional quota from others. We estimate that on the average, fishermen would be willing to pay about one third of the market price of halibut to lease additional quota (Figure 37).
- If the federal government were to collect royalties from the halibut fishery (which is currently prohibited under the Magnuson Act), it could collect as much as \$30 million annually, if the price of halibut were \$2 per pound. That's an estimate based on how much boat operators said they would pay to lease additional shares.

We also attempted to estimate values for sablefish IFQs, but were unable to because of the smaller number of respondents and the great uncertainty about future sablefish prices. Sablefish prices more than doubled in 1994, from the 1993 average of around \$1.26 per pound.

Although we can't provide a dollar figure, we expect that sablefish IFQs will be worth nearly as much as halibut IFQs. The combined value of public resources awarded to fishermen in the two IFQ programs almost certainly exceeds half a billion dollars.

FIGURE 37: How Much Would You Pay Per Pound to Lease Additional Quota IFQs?



CONCLUSIONS

The information we've presented in this report gives us a start toward assessing the likely effects of the IFQ program. The principal advantage of the program—that it will make it easier to control the problem of too many boats going after too few fish—raises some issues about its long-term effects on Alaska's coastal communities.

As some quota holders sell out, the halibut and sablefish fleets will likely get smaller. The North Pacific Fisheries Management Council has estimated that a few hundred boats fishing year-round could take the entire allowable harvests of halibut and sablefish. The fleets (which have several times that many boats) will not get that small, because of restrictions in the IFQ program.

There are for instance, caps on how much quota a single boat can accumulate—1 percent or less of quota in each category. Quota will be issued for specific management areas and specific boat sizes, and can't be sold outside those categories. Restrictions on transferring quota from one size boat to another are intended to help insure a place in the fleet for small boats (which tend to be more concentrated in smaller communities). Also, the program reserves a small share of the quota for rural communities in western Alaska.

Another effect of the IFQ program is that it will exclude some people who are fishing now. An estimated one quarter of those who captained halibut boats in 1993 don't expect to get quotas. Some won't be able to buy the quotas they need to keep fishing. Many people are worried that only well-financed owners of the largest boats will be able to afford quota shares.

With smaller fleets and higher costs of getting into the fisheries, Alaska's coastal communities could lose jobs and income. Those potential losses are especially worrisome for the smallest communities, where there are very few alternatives to fishing. The box on the next page shows some measures of the importance of the halibut and sablefish fleets to Alaska's small coastal towns.

IFQs will save lives and boats. The problem is who gets stomped out in the process.

I made \$30,000 in gross and probably \$40,000 in sablefish because of the overcrowded, short openings. Four other boats came right behind me and had your own quota.

—Halibut Fishermen

...from small communities collected more than \$5 million in crew shares during halibut openings and a similar amount during sablefish openings.

- The halibut and sablefish fleets spent about \$19 million in small coastal towns during all the 1993 fisheries they took part in—including not only halibut and sablefish but also salmon, crab, and others.

- Landings of millions of pounds of halibut and sablefish at small ports create many additional jobs in processing plants, equipment supply and repair businesses, and others parts of the coastal economies.

On the other hand, IFQs could benefit some coastal communities. That's because prices fishermen get for halibut and sablefish are likely to increase when high-quality fresh fish are available throughout most of the year.

The main issues we'll be looking at in our continuing research can be summarized in a set of questions:

Who will want—and be able—to buy IFQs, and which owners will want to sell?

How will transfers of IFQs affect the composition of the fleet—for example, the numbers of big and small boats and the proportions owned by Alaskans and non-residents?

How will the numbers of jobs and income in coastal communities change as a result of changes caused by the

IFQ program? In particular, how will IFQs affect small coastal communities?

How successful are provisions of the IFQ plan likely to be in mitigating the losses of jobs and income under IFQs? And what are the costs to society as a whole of those provisions?

SALMONSHELL KENNEDY GRANTS PROGRAM

ISER is studying the potential effects of Individual Fishing Quotas (IFQs) under a grant from the Salmonshell Kennedy Grants Program. This is a national program funded by the National Oceanic and Atmospheric Administration sponsoring research that could benefit the fishing industry.

Matthew Berman and Gunnar Knapp are the principal investigators for the study at ISER. We expect the project to be completed in 1995.

ABOUT THE AUTHORS

Matthew Berman is an associate professor of economics at ISER. Linda Leask is ISER's editor. Monette Dahlquist designed the publication and prepared the graphics.

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ALASKA REVIEW OF SOCIAL AND ECONOMIC CONDITIONS

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X V As noted above, a range of numbers of vessels or fishermen could be associated with these estimates of vessel and fisherman days. If each vessel is fully employed in the halibut fishery, there would be 72 to 94 halibut vessels and 376 to 494 halibut fishermen. However, if on average, each vessel spends only 50 days per year in the halibut fishery instead of 200 days, there would be 288 to 376 halibut vessels and 1,504 to 1,976 halibut fishermen. These are in comparison to estimates of 3,796 vessels and 14,721 fishermen without an IFQ program. The redistribution of catch and effort to the most profitable vessel class for each area reduces the required numbers of vessel and fisherman days because landings per vessel day or fisherman day are higher for the most profitable vessel class than for most other vessel classes.

The sablefish model estimated that, at the extreme, an IFQ program in 1989 would have: (1) reduced the number of sablefish vessels from 580 to 47; (2) reduced the number of sablefish fishermen from 2,925 to 256; (3) decreased the number of fishermen days from 83,251 to 58,252; and (4) increased fishermen income per day from \$213 to \$315. As noted above, these estimated reductions in vessels and fishermen are based on the assumption that the vessels and fishermen in the sablefish fishery will be fully employed in that fishery. Therefore, they greatly overstate the actual reductions that will occur with an IFQ program if the sablefish fishery remains one of several fisheries in which most sablefish vessels and fishermen participate. The estimated percentage reduction in fishermen days may provide a better estimate of the expected reduction in fisherman employment.

There are two reasons why the model may under estimate the effect of an IFQ program on employment opportunities in the halibut fishery. First, no adjustment is made in the number of crew members for a vessel class. Currently, there may be additional crewmen, who are only justified by the need to fish more rapidly. Second, a larger percentage of the halibut quota will be taken as bycatch in other hook and line fisheries. The former would result in a decrease in harvesting cost that is not captured by the cost model and, therefore, not included in the cost savings listed above. An estimate of the latter saving is presented in Section 2.2.21.

Each year the halibut fishery provides very brief employment opportunities for a large number of fishing vessels and a larger number of fishermen. It provides longer employment opportunities for a very small number of vessels and fishermen. With an IFQ program, the halibut and sablefish fisheries will tend to provide longer employment opportunities but for fewer vessels and fishermen.

Some have suggested that IFQs would also reduce employment opportunities by increasing the use of automated gear. It is not clear that this would occur. With IFQs there would be a much lower premium on gear handling speed and a higher premium on product quality. These changes would tend to decrease the advantages of automated gear and increase labor intensive activities, such as bleeding, heading and gutting, and icing.

This change will obviously benefit some and impose costs on others. The magnitude of the cost will on average be relatively small due to the large number of fishermen and vessel owners who receive a small part of their annual income from the halibut fishery. It is difficult to determine whether the cost of eliminating a brief employment opportunity for a large number of people is offset by the benefit of providing a smaller number of people a longer employment opportunity. The same holds true for the sablefish fishery, except that, for most vessels and fishermen, the current employment opportunity is much shorter in the halibut fishery.

In considering the employment effects of an IFQ program, it should be remembered, that many fishermen take a break from other fishing or non-fishing activities to participate in the halibut fishery. Therefore, their alternative to participation in the halibut fishery is not unemployment. For others,

Chapter 2
The historical dependence of specific communities and regions on the halibut and sablefish fisheries and the potential changes as a result of the proposed IFQ program are discussed more fully in

communities with those who have IFQs. community as such a part, they could secure continued landings by obtaining IFQs or otherwise. If halibut and sablefish landings were sufficiently important to a processor as subjects landing area. It is possible that the change in competitiveness will eliminate some processors and processors of landings after each year opening will tend to be less competitive with an IFQ for an advantage in obtaining landings or processors that are competitive primarily due to the competitiveness. It is not known which will prevail. The processors that have relied heavily on market the competitiveness of processors to the halibut grounds but other efforts will decrease that processor when the distribution of landings will be. Some of the effects of an IFQ program will increase to secure that the distribution of landings reflects more benefits and costs; however, it is difficult to program can change the geographical distribution of landings. The sustainability of IFQs will tend by increasing the flexibility fishermen will have in determining fishing and landing strategies, an IFQ

2.2.15 Effects of an IFQ Program on the Geographic Distribution of Halibut Landings

The initial distribution of quota shares will have an effect on the ability of individuals to obtain IFQs. Those who are given Qs are made wealthier and more able to control IFQs. Therefore, an IFQ program will increase the wealth and bargaining strength of the initial recipients of the Qs.

As an IFQ program will increase the relative bargaining strength of whoever controls the IFQ. This is because the IFQ will be a required input for landing halibut. If IFQs are easily transferable, a fisherman, vessel owner, or processor could increase his bargaining strength by obtaining an IFQ. The fact that anyone could do this decreases the gain in bargaining strength that an IFQ will provide to any one group.

Processor

2.2.14 Effects of an IFQ Program on the Bargaining Strengths of Fishermen, Vessel Owners, and

Over time, as crewshare agreements are changed to reflect the cost of obtaining IFQs or the opportunity cost of using them, some of the benefits that an IFQ program will provide initially to fishermen will be captured by those who own the IFQs. This adjustment could occur very rapidly.

In addition to providing longer periods of employment for the fishermen who remain in the halibut fishery, an IFQ program will increase their daily earnings. There are two reasons for this. One is the previously mentioned increase in fishing days per total operating days and the resulting increase in landings per operating day. The other is the increase in the vessel price and in the percentages of halibut of landings will increase due to increases both in vessel prices and in the percentages of halibut, and other species removals that are landed.

There will be a transition cost for those whose immediate alternative is unemployment. That cost will be high for an individual who had been heavily dependent on the halibut or sablefish fishery employment opportunity and as a result would have to move or change substantially the way he supports himself and his family.

The alternative is a short period of unemployment. This is also true for the sablefish fishery, but to a lesser extent because typically the sablefish season are much longer than the halibut season.

2.2.16 Effects of an IFQ Program on the Stability and Use of a Community's Residential Labor Force

An IFQ program would provide greater flexibility in making use of a community's residential labor force. Landings and processing could be scheduled to make the best use of the residential labor force and decrease the use of transient labor. However, it is not known to what extent an IFQ program would change the use of resident and transient labor forces.

2.2.17 Effects of an IFQ Program on the Ability of Additional Communities to Participate in the Halibut and Sablefish Fisheries

Some rural communities adjacent to the halibut and sablefish resources are not yet participating in these fisheries. The residents of these communities typically lack the expertise and financial backing necessary to invest in large fishing vessels and they also may lack convenient access to processing facilities. The shorter the season the more difficult it is for these communities to attract processors or interest existing processors in the landings. Without local processors, local fishermen are unable to use their smaller fishing vessels for halibut or sablefish fishing. Three possible examples of communities such as this, in regards to the halibut fishery, are Atka, St. George, and St. Paul, all in the BSAI area. These communities have shown interest in longline fisheries and two are expanding harbor facilities. However, they have not participated fully in the halibut or sablefish fishery yet.

Rural coastal community involvement in the halibut fishery, with relatively few exceptions, is not perceived to be a problem at this time. Most of the communities whose residents do not participate are likely to be in areas where the halibut grounds are offshore and out of range of their traditional vessels. These areas are also those with longer seasons so that these residents could have participated in the past if they had been prepared. While they might become interested in the future, the increases in effort from larger vessels is expected to shorten seasons, thereby decreasing the opportunities for new involvement by these communities.

It is important to note that there are many rural Alaska coastal communities that rely heavily on halibut for subsistence purposes. These communities also rely, to some extent, on halibut for income in a commercial sense.

2.2.18 Effects of an IFQ Program on the Economic Stability of the Halibut or Sablefish Fishery and Fishing Communities

On a year to year basis, industry members have no firm idea of whether or not they will be able to secure sufficient product. This is the case in terms of both short and long-term planning. In areas with only a few very short openings, if a vessel breaks down, a fisherman might miss all or a substantial portion of the season. Likewise, increased fishing effort does not allow processors to plan for consistent or orderly processing. The short-term discontinuities make planning difficult. Long-term plans can be made but, unlike some other industries, participants are not guaranteed access to halibut or sablefish. Several towns in southeast Alaska, especially Petersburg, traditionally had longline fleets. These fleets now are partially diversified into other fisheries as a result of short halibut and sablefish seasons. Likewise, with an increase in the number of vessels and stable or decreasing stocks, fishermen who had relied on halibut or sablefish have had to turn to other fisheries in order to maintain their income. In some instances, increased effort or decreased stocks will cause fishermen to leave the fishery or the occupation. As fishermen switch fisheries or occupations their living standards may suffer. This is especially true in communities which offer few alternatives to fishing. In these communities, especially along the Alaskan coast, communities could experience reduced income and population.

FEDERAL FISHERIES CONCERNS

- Resolution of the subsistence issue is the single most important concern for the management of Alaska's fish and wildlife.

IMMEDIATE ACTION: Bring the state into compliance with federal subsistence law.

- Promote community stability by maintaining state resident and community access to Alaska's fisheries. Recognize the importance of the small boat fishery to communities and the state.

IMMEDIATE ACTION:

- Defend state management of fisheries and prepare to make legal responses as necessary to maintain state authority over fisheries, including the Pacific Salmon Treaty issues, Glacier Bay commercial and subsistence fishing, and active involvement in the "Lummi" court case.
- Promote small boat fleet access to fisheries.
- Support the existing Community Development Quota (CDQ) and inshore/offshore allocation programs.
- Establish a state government liaison to the fishing public and federal agencies and panels in order to coordinate efforts to protect Alaskans' access to fisheries.

LONG-TERM ACTION: Make ADF&G information available on a computer bulletin board.

- Maintain an active state presence on the Magnuson Fishery Conservation and Management Act reauthorization and promote provisions which are in Alaska's interest.

IMMEDIATE ACTION:

- Amend current federal law regarding harvest practices in order to make conservation of fish a higher priority than "economic efficiency".
 - Promote environmentally sound fishing practices and discontinue within five years those fisheries resulting in environmentally and economically destructive fishing practices.
 - Reduce bycatch and waste, for example, through a system of escalating fees.
 - Maintain an Alaska majority on the North Pacific Fisheries Management Council.
- Continue and adequately fund the Citizen's Advisory Group process used to develop the state's position on the Endangered Species Act (See public policy paper #35 regarding ESA).

OTHER FISHERIES CONCERNS

- Establish a statewide fisheries resource policy.

IMMEDIATE ACTION: Convene a group to look at statewide fisheries issues, including an Organic Act for the Board of Fisheries, BOF ethics, allocation criteria, waste/bycatch and coastal community stability.

DRAFT January 24, 1993

WHEREAS tens of thousands of Alaskans derive all or part of their income from commercial fishing within Alaskan waters; and

WHEREAS the economic value of commercial fisheries conducted within Alaskan waters is significant to the State of Alaska and is directly related to the health of those fisheries; and

WHEREAS it is the duty of the State of Alaska Department of Fish and Game to plan "all aspects of the state's fisheries for the perpetual use, benefit, and enjoyment of all citizens" of the State of Alaska; and

WHEREAS it is the duty of the Alaska Commercial Fisheries Entry Commission to "promote the conservation and sustained yield management of Alaska's fishery resource and the economic health and stability of commercial fishing in Alaska"; and

WHEREAS if the federal government managed fisheries within State waters, Alaskans could lose an essential right of statehood that will have far reaching consequences for the state's economy and lifestyle; and

WHEREAS recent court decisions have called into question the state's right to manage fisheries within state waters;

BE IT RESOLVED that the Alaska Legislature encourages the Governor to direct the Attorney General to vigorously protect the state's exclusive right to manage fisheries within state waters.



JAN 25 1995

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WHEREAS the local right to manage the fisheries within its territorial waters was a prime motivation for the people to form the State of Alaska;

and WHEREAS local management was specifically incorporated in the Alaska Constitution Art. 8, Sec. 15 - "No exclusive right or special privilege of fishery shall be created or authorized in the natural waters of the State";

and WHEREAS creeping federalism on many fronts is eroding that basic tenet of Statehood;

and WHEREAS the North Pacific Fisheries Management Council and the Secretary of Commerce have adopted a special harvest privilege management plan known as Individual Fishing Quotas (IFQ) for the federal Exclusive Economic Zone (3 to 200 mile EEZ) off Alaska;

and WHEREAS the Magnuson Act specifically states that "...nothing in this Act shall be construed as extending or diminishing the jurisdiction or authority of any State within its boundaries."

and WHEREAS extension of federal regulations into State waters is allowed only for statutorily specified conditions established at a public preemption hearing and after issuance of a Secretarial Finding;

and WHEREAS the IFQ regulations allocate 100% of the Total Allowable Catch (TAC) of salmon for the federal EEZ and the State waters to this IFQ special harvest privilege, effectively preempting local state fisheries management;

and WHEREAS this IFQ plan extends the applicability of those federal regulations into State waters;

and WHEREAS the US District Court in *The Alliance Against IFQs vs. Sec. of Commerce* ruled that this federal extension was allowable without hearing or finding if the State identified no objection;

and WHEREAS this ruling if applied to other fisheries could allow extension of federal management regulations into any saltwater commercial fisheries of the State;

and WHEREAS the US District Court ruled that only the State of Alaska has standing to raise preemption issues;

and WHEREAS the State has filed an amicus brief on this point, but was not represented in court to argue its case;

WHEREFORE BE IT RESOLVED that the House of Representatives of the Alaska Legislature request the Governor of Alaska to vigorously protect the State's exclusive right to manage the resources within State waters;

BE IT FURTHER RESOLVED that the House of Representatives of the Alaska Legislature requests the Governor to have the State present at the Court of Appeals in the above case to argue 'standing' so the preemption of the State's fishery management authority can be overturned.