Rationalization, Coops and Risk Management

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The Role of Rationalization

Commonly understood as improving the methods and means of production to improve efficiency

Racing for fish induces excess investment; allocating harvest shares allows participants to optimize harvesting and processing capacity, reducing costs of production

Allocating harvest shares also makes more precise catch management possible, reducing the risk that an annual catch limit (ACL) will be exceeded

By reducing uncertainty regarding projected catch, harvest shares may contribute to a higher acceptable biological catch (ABC)

Rationalization 2.0 - Whiting Conservation Cooperative (WCC)

- The controversy surrounding halibut and sablefish individual fishing quotas (IFQ), coupled with

- An appropriate setting in the catcher/processor sector of the Pacific whiting fishery

- Led to the development of private ordering arrangements to capture rationalization's benefits

From Harvest Shares to Bycatch Management

Harvest shares reduce incentives to hoard fishing strategy information

Incidental catch of non-target species becomes increasingly important

The catch monitoring, reporting and enforcement structure developed for allocating harvest shares is a ready platform for bycatch avoidance collaboration

From Simple Avoidance to Complex Management – Bering Sea Pollock and Salmon

- Low rates of encounter, high degrees of variability in amounts, locations and periods

- Salmon are very important in the Western Alaska Native culture; that value confounds market formation

- Strong desire for governmental action, but obvious that traditional command and control approaches will not work

The Bering Sea Salmon Bycatch Co-Management Arc – The Numbers

1992-2001 – Average bycatch of 32,482 Chinook

2002-2007 – Average bycatch of 74,067 Chinook (52 per 1,000 metric tons of pollock)

2007 – Bycatch of approximately 122,000 Chinook

The Responses

1995 – Amendment 21b – “Chinook Salmon Savings Area” (CSSA) closes until April 15 on bycatch reaching 48,000 Chinook “trigger”

2000 – Amendment 58 - Redefined CSSA, trigger reduced to 29,000 Chinook, closure periods changed

2002 – The pollock “Intercooperative” implements the “Voluntary Rolling Hot Spot” (VRHS) program

2005 – Amendment 84 – Incorporates the VRHS into bycatch regulations

2009 – Amendment 91 – Three tiered regulatory cap on Chinook bycatch, with rewards for adopting “Salmon Savings Incentive Plans”

Pacific Coast Groundfish IFQ Program

Inshore sector managed under a fairly traditional IFQ allocations for approximately 20 species

Thin and patchy allocations of constraining species (CS) coupled with very small TACs result in poor setting for pure market model approach for CS exchange

Insurance pool model meets several fishery objectives, and The Nature Conservancy provides resources

The California Risk Pool

- Members are Central California Seafood Marketing Association, Fort Bragg Groundfish Association and Half Moon Bay Groundfish Marketing Association
- Members appoint a Risk Pool Advisory Committee; it approves Fishing Plans that specify vessels, masters, regional boundaries, target catch volume, constraining species usage rates, and time, area, method and means
- Fishing Plans must be amended as appropriate if CS use exceeds projections; Restricted Fishing Orders are adopted as place-holders
- Fishing Plans contain Regional Rules – time and area restrictions, gear restrictions, depth restrictions, careful handling requirements

California Risk Pool - Continued

- The Risk Pool establishes CS quota pound (QP) holding accounts. Member transfer CS QP to holding accounts
- Private spatial monitoring/data collection tool (eCatch) is used for information sharing and compliance monitoring
- Vessels that comply with Regional Rules during an entire fishing trip have their CS catch covered with Risk Pool CS QP.
- The Risk Pool Advisory Committee may provide CS QP coverage for a non-compliant vessel, but has no obligation to do so
- Very low compliance audit thresholds; no coverage until compliance is verified
- Excess CS QP is released from the Risk Pool holding accounts as the Risk Pool Advisory Committee determines there is surplus

Risk Pool Benefits

Smooths the thin and patchy distribution of CS IFQ; promotes equity among fishermen and fishing communities

Promotes sharing of bycatch information to reduce risk of pool exhaustion

Shared bycatch information promotes attainment of target species ACLs and reduces risk of reaching coastwide bycatch limits

CS avoidance accelerates CS stock rebuilding

Accomplishments

Rationalization has reduced excess harvesting and processing capacity and promoted attainment of optimum yield

Pacific and North Pacific fishery rationalization has evolved to a blended and layered combination of government action and private ordering (co-management) that addresses broader issues of equity and community stability

Looking Forward

- Co-management is essential for addressing complex issues in dynami systems – the command and control regulatory cycle is not sufficiently adaptive
- Co-management is proving effective for addressing complex social issues that are not readily susceptible to regulation
- Co-management can offset the impact of budget measures affecting NMFS capacity
- So make fishery co-management an explicit MSA tool and provide guidance concerning its use