

STACKING TRAWL PERMITS

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INTRODUCTION

The history of Federal Management of Groundfish on the West Coast is that of an evolving system of trip limits. Limits were first imposed on species where fishing effort was increasing and little was known about the stocks. Many of these species were thought to have been near virgin biomass levels only a few years earlier and the trip limits were imposed to constrain the catch from continuing to increase. For some species such as Widow rockfish the landings had increased so dramatically in just a few years that the price was driven down to very low levels.

With trip limits, fishermen could no longer attempt to overcome the lower gross revenue, caused by lower prices, simply by landing more fish. These trip limits immediately impacted those operations that had the greatest overhead and the least flexibility in reducing cost. Most often these operations were at the higher end of the spectrum, which operated the larger vessels in the fleet and often had the capability to catch and land more fish. The result of these restrictions was that some fishermen left the area for Alaska or went broke.

The nature of trip limits is that not everyone will catch all of the fish that they are entitled to. This may be due to different fishing strategies (deepwater versus nearshore flatfish), participation in other fisheries (shrimp, crab, or going to Alaska), or down time when the vessel is in the boat yard for repairs. Because of this trip limits are greater than the amount that would be available simply by dividing the available fish among all the permit holders. This difference is called "overhead".

As new stock assessments were produced which indicated that the stocks were being fished down to sustainable levels, trip limits also were reduced. This gradual, or sometimes not so gradual, reduction in trip limits incrementally began to impact more vessels that were lower down on the production spectrum. Those vessels that have never landed a full trip limit have remained un-impacted by trip limits. However, the trip limits in effect today on Shortspine Thornyheads are so low that a very high percentage of the fleet is achieving a full limit and assumably are impacted by the limit.

BIRTH OF A CONCEPT

Prior to Limited Entry being implemented, fishermen began talking a concept that grew out of a blending of ITQ's and trip limits. Originally referred to as "transferable trip limits" the concept is now called "stacking" or the "stacking of permits". The basic concept is that for each permit held, the vessel can have one trip limit.

This concept was first conceived as a mechanism by which operators at the higher end of the production spectrum could begin to offset some of the negative impacts of trip limits. Someone who had the desire and capability to harvest more fish could acquire additional permits to do so. This would tend to reduce the size of the fleet as well.

In more recent years the management concerns have had less to do with improving the economics of the fishery than ways to reduce discards. Stacking has been viewed by managers as a way to increase the amount of fish available to anyone fisherman so that discards could be reduced.

CONCERNS

Early concerns about stacking focused on the assumed need to somehow scale the additional trip limits to the size of the associated permit, or to somehow link the fishing history of a permit to the allowed trip limit. These types of adjustments certainly could be constructed, but in the end they seem extremely complex and tend to penalize the owners of larger boats. Larger boat owners would have to acquire more points to be able to land the same amount of fish in a trip limit as a smaller boat.

Another real concern was that a stacking program would reduce overhead and thus accelerate the rate of landings and cause additional reductions in trip limits or premature closure of the fishery. If a vessel would land more fish with an additional permit, than the vessel from which the permit was removed, the rate of landings would accelerate.

ISSUES

The need to reduce the base trip limit could be offset by allowing each stacked trip limit to be a fraction of a full trip limit. For example each additional trip limit could be 50% of the full value. This type of "penalty" reduces the possibility that a boat would land more

fish than the boat from which an additional permit was obtained, but it also reduces the desirability of obtaining additional permits.

Since groundfish permits are transferable several issues are raised surrounding the stacking issue. First it should be clear that trip limits would need to be associated with the permit rather than with the boat. This would eliminate double dipping. Second, freely transferable permits in a stacking arrangement would tend to make it easier to move permits around between vessel owners and this would have the effect of reducing overhead.

The transferability of permits is a very important issue. Fully and freely transferable permits, with the trip limit assigned to the permit have the potential to eliminate all overhead. At that point the trip limit would be set at the base limit (quota divided by the number of permits). A permit holder that would not be taking the entire available trip limit could transfer the permit to another fisherman to harvest. If it is estimated that some fish would be unharvested, fishermen could acquire additional permits to access the fish at the end of the year.

The alternative approach would be to restrict transfer of permits and maintain overhead as it currently exists. With restrictions some fishermen would not be taking all of their fish and they would be unable to transfer the permit to someone else. This would tend to result in the base trip limit being set at a higher level early in the year and relying upon inseason trip limit adjustment through out the year.

In either case there will need to be changes made in how landings are tracked. Landings will be tied to the permit. If a person has only one permit that is not different from the current situation. However as people begin to fish with multiple permits a new tracking system will be required. In the case of fully transferable permits, a system that can keep track of the remaining fish available on the permit will be needed. If permits are fully transferable and the trip limit is set at the base level, then a "permit exchange" will be required to handle the transfer of permits with remaining trip limits.

Many fishermen are apprehensive about stacking. They are concerned that a few individuals or companies could acquire a large number of permits. Some suggest that a limit be established on how many permits can be fished and how many permits could be owned. Currently the groundfish plan does not place a limit on how many permits any individual or corporation may own.

Related to the issue of how many permits someone owns is the issue of who owns the permits. There is a fear by some fishermen that large fish companies will purchase groundfish permits and enter into "share-cropping" arrangements with fishermen.

Therefore suggestions have surfaced that permits may be stacked only by the owner of the boat.

Lastly the issue of stacking permits with other gear endorsements has surfaced as a way fishermen can ensure that they have sufficient fish in a mixed stock fishery to access all of the fish they are entitled to and minimize discards. This is a controversial issue since it involves other gear types and should not be considered at this time.

SUMMARY OF ISSUES

- A) Trip limit assigned to the permit, base permit is specific to vessel
Trip limit assigned to boat (this is a no stacking option)
- B) Full trip limit with additional permits
Partial trip limits with additional permits
- C) Length endorsement on additional permits to be +/- 5 feet of vessel length
No length requirement on additional permits
- D) Stacking of permits is permanent
Stacked permits may be unstacked and retain the length endorsement
- E) No restriction on frequency of transferring permits to different vessels
A stacked permit may be transferred once per _____ {cumulative period, calendar year}
- F) No caps on the number of permits that can be stacked
A limit of _____ permits may be stacked
- G) No restriction on ownership of stacked permits
Person stacking permits must own the vessel that will fish the permits

STRAWMAN TRAWL PERMIT STACKING PROGRAM

Fully transferable permit stacking scenario:

1. Trip limits are assigned to permit, base permit is specific to vessel
2. Full trip limits are associated with each permit
3. Additional permits are not required to be identical length as base permit
4. Permits may be "unstacked" and they retain their endorsed length
5. No restriction on frequency of transferring permits to different vessels
6. No caps on the number of permits that can be stacked
7. No restriction on ownership of stacked permits

Restricted-transfer permit stacking scenario:

1. Trip limit assigned to the permit, base permit is specific to vessel
2.
 - a. Full trip limit with additional permits, OR
 - b. Partial trip limits with additional permits
3.
 - a. Length endorsement on additional permits to be +/- 5 feet of vessel length, OR
 - b. No length requirement on additional permits
4.
 - a. Stacking of permits is permanent. OR
 - b. Stacked permits may be unstacked and retain the length endorsement
5. A stacked permit may be transferred once per _____ {cumulative period, calendar year}
6.
 - a. No caps on the number of permits that can be stacked, OR
 - b. A limit of _____ permits may be stacked
7.
 - a. No restriction on ownership of stacked permits, OR
 - b. Person stacking permits must own the vessel that will fish the permits