

# 1 Introduction

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## 1.1 The Purpose of This Study

This report uses administrative and harvest data from the Restricted Access Management Program (NMFS-RAM) of the National Marine Fisheries Service-Alaska Region (NMFS-AK) and other ancillary data to report on the first four years of the new sablefish individual fishing quota (IFQ) program

These new IFQ programs in Alaska's halibut and sablefish fisheries are administered by NMFS-RAM and were first implemented in 1995. The programs had been developed by the North Pacific Fishery Management Council (Council) and approved by the United States Secretary of Commerce.

The new sablefish IFQ program represents a dramatic change from the open access fishery that preceded it. The growth in fishing effort under open access had necessitated large reductions in the length of the fishing seasons.

The congestion on the fishing grounds during the relatively short openings also led to gear conflicts, gear loss, and wastage. The fact that the harvest occurred during short periods of time caused short-term market gluts and forced frozen product to be held and marketed over long periods of time. These factors resulted in lower ex-vessel prices for fishermen.

The Council hoped that the sablefish IFQ program would spread out the season, allow fishermen to harvest their individual quotas at times opportune to them, and lead to improved ex-vessel prices and economic profits. They also hoped that the IFQ program would reduce safety problems, congestion on the grounds, gear loss, and wastage of resources.

Many of the Council's objectives have been realized during the first four years of the program. The season has been spread out, ex-vessel prices have improved and congestion on the grounds has been reduced. Fishermen can and do choose the times that they will harvest their IFQs. There is also evidence that the program has served the other Council objectives.

However, despite these successes, many people continue to have concerns about long-term changes that might occur under the program. This is particularly true in Alaska where there are many coastal communities that depend heavily on commercial fishing for their economic base. The transfer of IFQ use-privileges to persons outside a local area or a radical change in harvest and delivery patterns under the program might have deleterious impacts on some communities. Some persons are also concerned about the potential to disrupt traditional patterns of social relationships.

Because of this, many parties have an interest in closely monitoring the changes that are occurring under the IFQ program. In 1995, the State of Alaska, NMFS-RAM, and the Council formed an interagency study team to evaluate changes occurring under the new IFQ program. Several studies were initiated and completed through this process.

NMFS-RAM administers the IFQ programs and is committed to continuing this monitoring effort. The main purpose of this study is to use data collected and maintained by NMFS-RAM to document, analyze, and report on changes that occurred during the first four years of the new sablefish IFQ program.

The report includes data and information that should help in the evaluation of how different program features are working. A brief description of the sablefish fishery and the IFQ program can be found below. An overview of the main topics covered in this report can be found in Chapter 2.

## **1.2 The Sablefish Fishery**

Sablefish are demersal, living in waters on or near the bottom. Adults are typically found in waters from 400 to 1,000 meters on the continental slope and in or near underwater canyons and gullies. Sablefish have been subject to directed fisheries by hook-and-line, longlines, pots, and trawls. Allocations of sablefish total allowable catch (TAC) among gear groups have been made since the eighties. Sablefish has also been taken as by-catch, particularly in trawl fisheries. There is little or no recreational fishery for sablefish. Sablefish from the directed fishery typically are landed in Alaska or processed offshore by floating processors or catcher processors.<sup>1</sup>

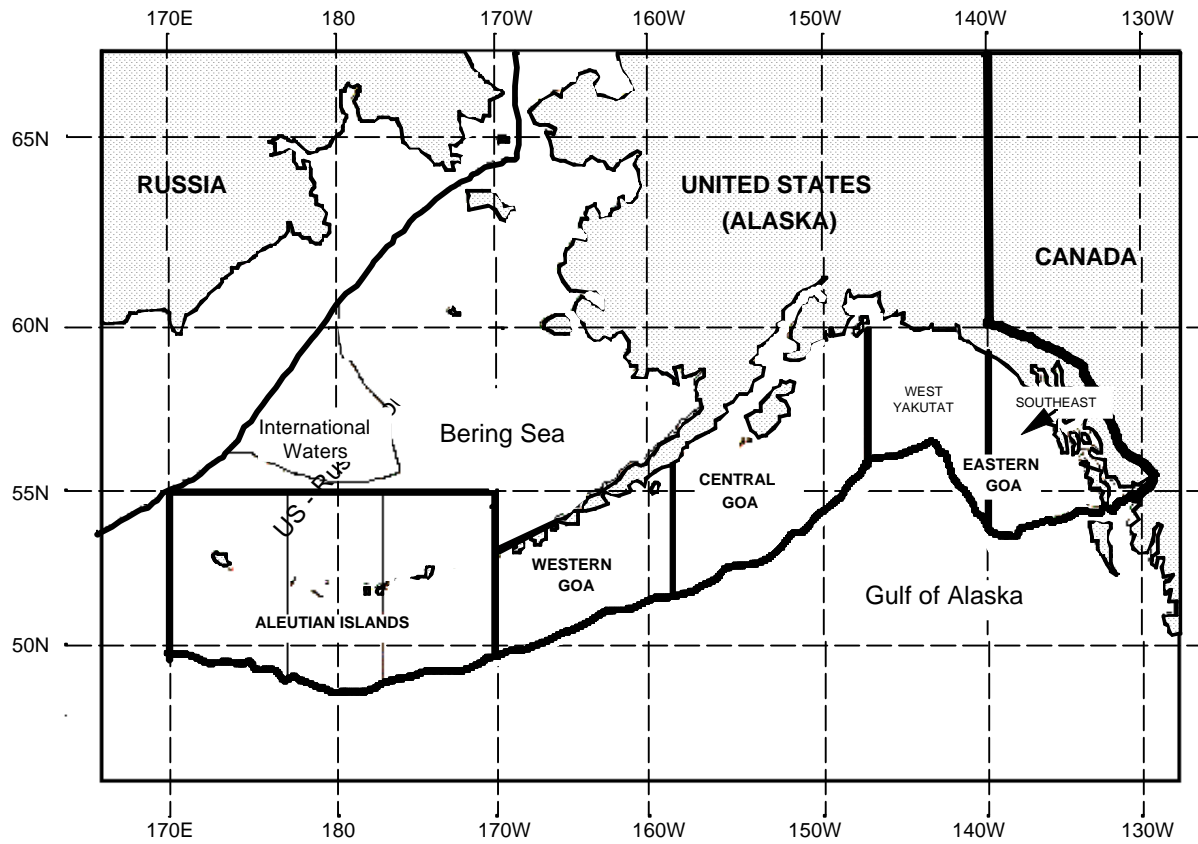
The responsibility for the management of the sablefish fisheries in the waters off of Alaska rests with the NPFMC and the U.S. Secretary of Commerce. Actual management is carried out by NMFS-AK.

The Alaska Department of Fish and Game (ADF&G) manages sablefish within waters under the jurisdiction of the State of Alaska under regulations and guidelines established by the Alaska Board of Fisheries. Some significant sablefish fisheries within state waters have been placed under limited entry programs by the Alaska Commercial Fisheries Entry Commission (CFEC). Other sablefish fisheries occurring in state waters remain open access although IFQ permit holders who participate in these open access state fisheries must record their landings under the sablefish IFQ program and any harvest is subtracted against their IFQ.

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<sup>1</sup> *Longline and Pot Gear Sablefish Management in the Gulf of Alaska and the Bering Sea/Aleutian Islands; Draft Supplemental Environmental Impact Statement and Regulatory Impact Review/Initial Regulatory Flexibility Analysis to the Fishery Management Plans for the Gulf of Alaska and the Bering Sea/Aleutian Islands*; NPFMC, November 16, 1989; pages 15, 27, and 35.

# SABLEFISH MANAGEMENT AREAS



1996

Figure 1. Sablefish IFQ Management Areas

### 1.3 Background on the Sablefish IFQ Program

In December 1991, the Council recommended an Individual Fishing Quota (IFQ) Program for management of the “fixed gear” sablefish and halibut fisheries off of Alaska. For sablefish, fixed gear in the Gulf of Alaska (GOA) areas was defined to include all hook and line fishing gear and fixed gear in the Bering Sea and Aleutians Islands (BSAI) areas was defined to include all hook and line and all pot gear.<sup>2</sup> The development of the program took place over a long time period. The Council's IFQ plan for sablefish was approved as a regulatory amendment by the Secretary of Commerce in early 1993.

Quota shares (QS) are the basic use-privileges that were established under the program. QS were issued to qualified applicants who owned or leased a vessel that made legal fixed gear landings of sablefish at any time during 1988, 1989, and 1990. The regular QS units issued to a person in a management area were equal to the person's qualifying pounds for that area. Qualifying pounds were the sum of the person's best five years of landings (pounds) over the six year period from 1985 to 1990.<sup>3</sup>

The QS that were issued are specific to one of six sablefish management areas and one of three vessel classes. The management areas are Southeast, West Yakutat, Central Gulf, Western Gulf, Bering Sea, and Aleutians Islands (see Figure 1). The three vessel classes include a harvester- processor vessel class (designated “freezer” herein) and two catcher vessel classes. The two catcher vessel classes are “60 feet or less,” and “greater than 60 feet.”

In the BSAI areas, 20% of the fixed gear total allowable catch (TAC) was allocated to Community Development Quotas (CDQs) for groups of communities in western Alaska.<sup>4</sup> The Council compensated QS holders in these CDQ areas for the reductions in TAC due to CDQs by issuing them additional “CDQ compensation QS” in the four non-CDQ areas. The Southeast, West Yakutat, Central Gulf, and Western Gulf areas are the four non-CDQ areas. The CDQ compensation QS increased the total QS pool in these areas.

Each year, the amount of QS in the QS pool as of January 31 and the TAC allocated to the sablefish IFQ fishery are used to determine the basic QS/IFQ ratio that will be used in each management area for the year.<sup>5</sup> These data for 1995 through 1998 are shown in Table 1.

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<sup>2</sup>In the GOA, for purposes of determining initial IFQ allocations, fixed gear included all pot gear that had been used to make a legal landing. See 50 CFR 679.2.

<sup>3</sup>“QS” will be used in this report to represent both “quota share” and “quota shares.” “QS units” and “unit of QS” also will be used depending when greater clarity is needed.

<sup>4</sup>50 CFR 679.31(c)

<sup>5</sup>See 50 CFR 679.40 (c).

Note that the sablefish TACs devoted to IFQs fell in all areas in 1996 relative to 1995. In the Southeast, West Yakutat, Central Gulf, and Western Gulf areas, sablefish TACs fell further in 1997 and further still in 1998. In 1998, the sablefish TACs devoted to IFQs rose in the Bering Sea and Aleutian Islands areas.

In contrast, the QS pool was larger at the beginning of 1996 than it was in 1995 in all areas as new appeals or initial allocations exceeded administrative revocations. In 1997, the QS pool rose again in the Bering Sea and Aleutian Island areas but fell in the Southeast, West Yakutat, Central Gulf, and Western Gulf areas.<sup>6</sup> In 1998, the QS pool declined in Southeast but rose in the West Yakutat, Central Gulf, Western Gulf, and Aleutian Islands areas.

The net result of these factors was a rising QS to IFQ ratio over the 1995 through 1998 time period in the Southeast, West Yakutat, Central Gulf and Western Gulf areas. This ratio also rose in the Bering Sea and Aleutian Island areas over the 1995 through 1997 time period, but fell in 1998 due to the increase in TACs in these areas. The pounds of sablefish IFQ associated with a QS unit fall as the QS to IFQ ratio rises.

A person's IFQ for an area in a given year is determined by multiplying the person's fraction of the total QS units outstanding in the area by the total allowable catch (TAC) allocated to the area's IFQ fishery for the year. Adjustments for the person's underharvest and/or overharvest from the previous year are then made to determine the person's final IFQ for the year.

The QS that were issued are permanently transferable and, in some cases, leasable under conditions discussed in the report. The Council wanted to achieve some of the benefits associated with IFQ management but did not want the program to lead to radical changes that would be deleterious to communities dependent upon the fishery. As a result, the Council adopted several complex rules in an effort to constrain the changes that could occur under the program.

These rules include limits on who may buy QS, limits on the amount of QS that may be held by any one person, constraints on the amount of QS that may be fished from any one boat, and restrictions placing some QS holdings into “blocks” that can only be transferred on an “all or nothing basis.”

These rules represent an effort by the Council to achieve economic efficiency gains under the program while preserving some of the traditional character of the fishery and the diversity of the fishing operations. These rules are outlined in more detail in Chapter 2 and are discussed in subsequent chapters of this report.

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<sup>6</sup>NMFS-RAM will include QS that is on appeal in the QS pool at the beginning of the year. If the case is resolved in the applicant's favor then the QS and the associated IFQ can be issued. If it is determined that the applicant does not qualify for the QS in dispute, that QS will not be included in the QS pool in subsequent years.

**Table 1-1. Quota Share Pools and IFQ TACs by Sablefish Management Area  
1995-1998**

<b>Sablefish Management Area</b>	<b>Year</b>	<b>Quota Share Pool (# of QS Units)</b>	<b>IFQ TAC in Round Pounds (CDQs excluded)</b>	<b>Ratio of QS/IFQ</b>
<b>Southeast</b>	<b>1995</b>	68,528,249	12,985,094	5.277
	<b>1996</b>	68,848,467	10,346,188	6.654
	<b>1997</b>	65,961,362	8,042,381	8.202
	<b>1998</b>	65,938,762	7,687,440	8.587
<b>West Yakutat</b>	<b>1995</b>	55,222,648	8,586,917	6.431
	<b>1996</b>	55,254,522	6,366,885	8.678
	<b>1997</b>	53,189,319	5,048,534	10.536
	<b>1998</b>	53,224,850	4,795,005	11.100
<b>Central Gulf</b>	<b>1995</b>	110,855,516	15,167,648	7.309
	<b>1996</b>	112,098,331	12,169,392	9.211
	<b>1997</b>	110,793,607	11,305,189	9.800
	<b>1998</b>	111,020,282	11,146,458	9.960
<b>Western Gulf</b>	<b>1995</b>	37,318,847	4,585,568	8.138
	<b>1996</b>	37,566,440	3,880,096	9.682
	<b>1997</b>	35,918,873	3,280,445	10.949
	<b>1998</b>	36,030,477	3,245,171	11.103
<b>Bering Sea</b>	<b>1995</b>	16,388,151	1,410,944	11.615
	<b>1996</b>	17,708,130	970,024	18.255
	<b>1997</b>	18,602,398	970,024	19.177
	<b>1998</b>	18,602,398	1,146,392	16.227
<b>Aleutian Islands</b>	<b>1995</b>	31,126,431	2,910,072	10.696
	<b>1996</b>	31,496,242	1,587,312	19.842
	<b>1997</b>	31,518,176	1,587,312	19.856
	<b>1998</b>	31,570,557	1,825,409	17.295