

TMGC Quota Trading Mechanism

Guiding Principles

Objective

Quota trading should provide an additional source of flexibility for the U.S. and Canada and create additional fishing opportunities. Increased fishing opportunities through quota trades would provide mutual benefit while also maintaining consistency with TMGC harvest strategies.

1. Trades Country to Country

Trades would occur between countries as opposed to between U.S. and Canadian business entities. Initial drive for quota trade would occur at the industry level, and the GOMAC or the Council would approach NMFS or DFO about the possibility of a trade. A request for a quota trade would then be made to the respective country.

2. Respective Management Body Approval

Quota trade mechanism would be presented to Steering Committee. Mechanism would have to be approved by the Council and would likely require a revision to the Fishery Management Plan. For Canada, a trading mechanism would be approved by GOMAC and then forwarded to DFO/Minister for final approval.

Approval of quota trades for Canada would occur at GOMAC/DFO. U.S. approval would need Council/NMFS approval. If Steering Committee approved TMGC annual guidance, quota trades would likely not have to go back to the Steering Committee.

3. Separate Process

Trades would be agreed to separate from the TAC-setting process.

4. Trades could occur prior, during, or after fishing year

As experience is gained in trading, all of these options could be utilized. Initially, the pilot project will determine the next steps.

5. Trades could occur between fishing years

Trade could be made for adjacent fishing years (after annual guidance was set for upcoming fishing year). The TMGC does not recommend multi-year trades at this time.

6. Mutually beneficial

Any quota trades would be mutually beneficial to the respective fishing industries.

7. No impact to catch history or sharing

Quota trades would not impact the catch histories of either country. The TMGC does not intend for quota trades to impact the current sharing agreement or influence catch histories.

8. Biological considerations

The TMGC recommends exploring the implications of temporal and spatial differences in fishing mortality. There may be finer scale biological implications of quota trades;

however, these implications would be difficult to discern, and may not be measurable. Quota trades could also exacerbate assessment issues (e.g., retrospective pattern). Other factors that should be considered include changes in selectivity, survey distributions, and potential spawning aggregation implications.

9. Only TMGC stocks

Trades would only be considered for Eastern GB cod and haddock and GB yellowtail.

10. Pilot project

A pilot project could be used to initiate quota trading and explore the process and implementation of a trading mechanism. During the pilot project, the TMGC would review the trading mechanism and recommend refinements/modifications to the process, as required. This review would be completed before the end of the pilot project.

Next Steps:

1. Quota trading guiding principles/concepts reviewed by Steering Committee
2. Develop pilot project and select candidate stocks
 - a. For the purposes of providing a detailed example, a GB yellowtail and EGB haddock trade could be outlined using the 2013/2014 fishing seasons.
3. Outline implementation process for both countries