



New England Fishery Management Council

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MEMORANDUM

DATE: June 14, 2016
TO: Whiting Committee
FROM: Whiting PDT
SUBJECT: Considerations for developing limited access in the small-mesh multispecies fishery to improve management of bycatch and potential choke species

The Small-Mesh Multispecies Committee and the Council are currently re-evaluating the Council decision to address, through limited access alternatives, the potential that increases in small-mesh multispecies fishing effort could cause bycatch and non-target choke species to exceed limits and close the fishery to traditional fishery participants. At the April 5, 2016 committee meeting, the PDT expressed its concern that limited access alternatives by themselves may not be effective to achieve this goal without additional alternatives to manage and monitor bycatch more directly. Based on this advice and other issues at the April Council meeting, the Council remanded the decision to develop limited access alternatives back to the committee for further consideration.

To help the committee sort out the issues, the PDT developed the following arguments against and in favor of further development of limited access alternatives in Amendment 22 to address the goals and objectives of the amendment.

There are many important reasons why a limited access program is an important tool for fishery management, but it does come with some cost to the industry and to the government. It also tends to reduce flexibility to fish for fishermen that occasionally participated in the fishery, if the qualification criteria are set at a high level to admit only current fishermen that target whiting on relatively frequent trips.

While it is important to balance fishing capacity with sustainable yield, we don't have a very good handle on what long-term sustainable yield is. Furthermore the productivity of stocks appears to be changing in response to new climate-driven oceanic conditions. Examples of this in the whiting fishery are evident in the disappearance of the NJ whiting resource and regulatory restrictions (such as exemption areas) to protect other species with distributions that overlap traditional whiting fishing areas (e.g. Ipswich Bay).

Until we have a better understanding of long-term sustainable yield, the following factors should be taken into consideration in the context of implementing a limited access program to existing participants:

Some factors to consider are that:

1. Part of the argument for the need for Amendment 22 is “Additional entrants into the small-mesh multispecies fishery would make it more difficult for management to keep catches below specifications for these species and other non-target species. It may also become difficult to manage catches if future red hake and whiting specifications decline due to decreasing stock biomass” (scoping document).
2. From an economic efficiency perspective, the efficient level of effort in the small-mesh multispecies fishery would be the one that maximizes economic rent (i.e., where net social benefit, the difference between total social benefits and total social costs) is maximized. The economic, socially efficient level of effort is lower than the maximum sustainable yield. As long as the change in total revenue from harvesting small mesh multispecies exceeds total change in costs from harvesting small mesh multispecies to the fisherman, there is economic rent or surplus profit that provides an incentive for new effort in the fishery. Total costs should reflect the sum of fixed costs and variable costs, including the opportunity costs of human capital, physical and natural capital. With an open access fishery, a fisherman considering entering the fishery or increasing effort in the fishery, does not have to consider the full opportunity cost of harvesting additional fish. Therefore, all else equal, there is more of an incentive under open access management to enter the fishery than there would be under limited access management.
3. So far, there has been little observed increase in small-mesh multispecies fishing effort despite increasing whiting stock biomass, stable or increasing fish prices, declining fuel prices, and more restrictive groundfish regulations. If the argument for moving ahead with a limited-access amendment is that there might be an increase in effort in the whiting fishery as a result of the condition of the groundfish fishery, increases in effort may be unlikely given the current constraints on demand, existing marketing infrastructure, and the necessary special knowledge to participate in the fishery.
4. Although the industry has experienced negative effects on price when landings increase during short periods of time (a short run increase in supply), the realized effect on price will depend on the relative elasticities of supply and demand, which may be different than they had been in the past.

Rationale against developing a limited access program:

1. It seems that the industry and the Council itself are somewhat divided on the need for a limited access in the fishery. Are we creating a solution to a problem that does not currently exist? Is the status-quo alternative failing? Are we willing to impose additional barriers to fishery participation and flexibility to adjust to changes in the resources, in order to err on the side of precaution (e.g. being proactive rather than reactive?)

2. Is the Council willing to support and provide the resources to develop limited access alternatives where a) the draft amendment might not be supported by the public who could be in favor of the status quo and b) the final amendment might be disapproved if the limited access alternatives by themselves do not efficiently address the purpose and need. What are the trade-offs to using staff resources to develop this Amendment? What would the NEFMC have to give up?
3. In general, limited access programs can dramatically increase costs to new entrants in the fishery. While this is an intended outcome to prevent an influx of fishing effort, it makes it more difficult for young fishermen to enter the fishery, particularly if they do not have adequate capital to purchase a permit. However, the value of a small-mesh multispecies limited access permit has not been established and may not be prohibitive, depending on demand for the permits.
4. As noted by the PDT, a limited access program alone will not eliminate by-catch issues. Either increases in fishing effort by existing directed fishermen or liberal limited access qualification criteria that only 'freeze the fishery' may not be very effective in this regard. Freezing the fishery could mean that a larger number of occasional (or historic) fishery participants qualify for a limited access permit, which could allow them to increase directed fishing for whiting.
5. There are many other options for controlling fishing effort and bycatch in the fishery, including accountability measures, possession limits, more selective gear development, bycatch monitoring and avoidance rules, and/or better defined exemption areas and seasons.

Rationale for developing a limited access program:

1. Limited access may help the Council to balance maximum fishing capacity with the productive capability of the managed species. Whether it limits future catch at sustainable levels or not, limited access can make other measures to manage catch (such as possession limits) more effective because without limited access, new entrants to the fishery could otherwise mitigate the intended effect of the regulation.
2. Limited access can protect the value and return on capital currently invested in the fishery. It can also limit negative effects on communities that benefit from the activities of current fishery participants (although at the potential expense of other communities that could benefit from new fishing activity).
3. Limited access could avoid a potential race to fish (sometimes or often under less than ideal circumstances) if the industry anticipates a fishery closure as catches approach annual catch limits for target or non-target species.

4. Amendment 22 could be seen as a proactive move by the Council before there is an urgent problem. Development of limited access alternatives does not need to be rushed (at this point), allowing time for careful development and consideration of alternatives. However, there is also a downside to this (see Con #2).

5. Vessel owners that would qualify for a limited access permit would essentially benefit from being given an asset, the value of which would depend on qualification criteria, the rules that apply to limited access categories, market and stock conditions. This is likely to be seen as a “pro” by those that would qualify. Another way of looking at the dynamic is that it is a wealth transfer from future fishery participants that might buy a limited access permit to those that qualify for a limited access permit based on their history.