

# 1 Introduction Halibut

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## 1.1 The Purpose of This Study

This report uses administrative and harvest data from the Restricted Access Management Program (RAM) of the National Oceanic Atmospheric Administration (NOAA) National Marine Fisheries Service (NMFS) and other ancillary data to report on the first seventeen years of the Halibut individual fishing quota (IFQ) program in Alaska. The purpose of this report is to provide accurate information on particular topics of interest concerning the program.

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

The IFQ fishery management programs represent a dramatic change from fishery management under open access. The growth in fishing effort under open access had resulted in large declines in the length of the fishing seasons, and caused a host of undesirable effects.

In some areas the halibut fishery, in particular, had been reduced to a few short "derby-like" openings each year. These short hectic openings sometimes caused safety problems, particularly for small vessels during openings with bad weather and rough seas. The congestion on the fishing grounds during the short openings also led to gear conflicts, gear loss, and wastage. The fact that the harvest occurred during short periods caused short-term market gluts and forced frozen product to be held and marketed over long periods. These factors led to lower ex-vessel prices for fishermen.

The Council anticipated that the halibut IFQ program would lengthen 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 expected the IFQ program to reduce safety problems, congestion on the grounds, gear loss, and wastage of resources.

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

However, despite these successes, some 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 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 harmful effects on some communities.

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

The NMFS Restricted Access Management Program (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 RAM to document, and report on changes that occurred during the first seventeen years of the new halibut IFQ program. The information contained in this report will help inform policy discussions on proposals for new IFQ programs or proposals to alter the existing IFQ programs.

The report includes a brief description of the halibut fishery, the IFQ program, data and information that should assist in the evaluation of the program features.

## **1.2 The Halibut Fishery**

Halibut are demersal, living on or near the bottom. Typically they are harvested in waters from 100 to 600 meters in the winter and less than 200 meters in the summer.

In the years before the IFQ program, the directed commercial harvest of halibut was prosecuted with hook-and-line gear, including longline, handline, mechanical jig, and troll. Halibut from the directed fishery tended to be landed in Alaska, and to some extent in British Columbia, Washington, and Oregon.<sup>1</sup> Halibut are also harvested as bycatch in groundfish trawl fisheries, pot fisheries for crab, and longline fisheries for sablefish and Pacific cod. A subsistence halibut fishery bias occurred for many years; currently NMFS recognizes more than 10,000 rural and tribal subsistence halibut users. A recreational halibut fishery in Alaska for halibut has grown considerably due to large increases in tourism, particularly in Southeast Alaska and the South Central Gulf of Alaska. In 2011 the Council implemented a new halibut charter IFQ program would give halibut charter boat fishermen charter operators quota based on their fishing history.

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<sup>1</sup>This discussion of the halibut fishery is from Chapters 2 and 3 of *Draft for Public Review Environmental Impact Statement, Regulatory Impact Review, Initial Regulatory Flexibility Analysis for Proposed Individual Fishing Quota Management Alternative for the Halibut Fisheries in the Gulf of Alaska and Bering Sea/Aleutian Islands*. North Pacific Fisheries Management Council. Anchorage: July 19, 1991.

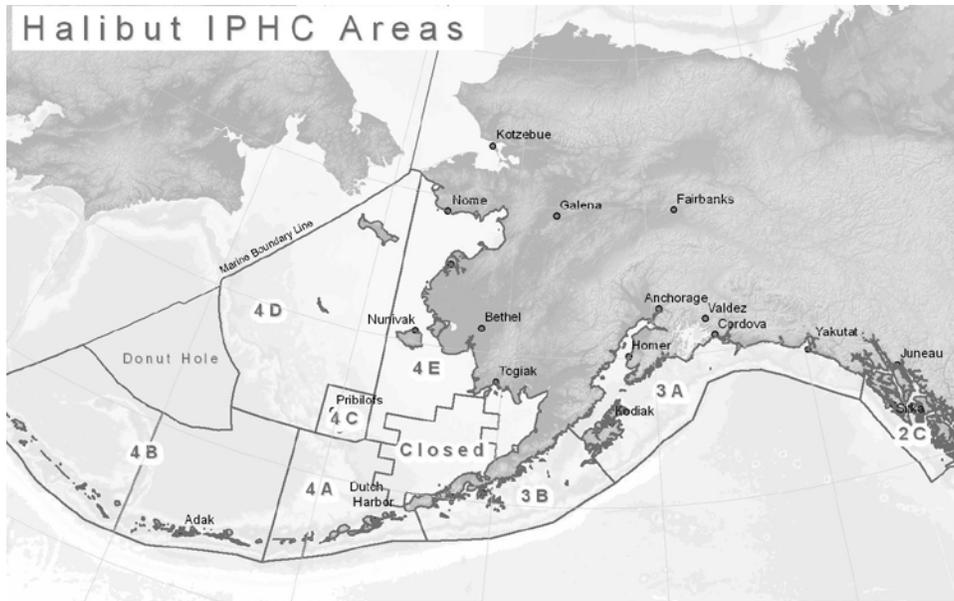


figure 1. IPHC Halibut Management Areas

The International Pacific Halibut Commission (IPHC) was established by a convention between the United States and Canada and since 1923 has been responsible for the biological management of the fishery. The IPHC has authority to establish regulatory areas, limit catch by area, license vessels, regulate gear types, protect nursery areas, collect statistics, and conduct scientific research. The IPHC has defined eight management areas off Alaska, and designated annual Total Allowable Catch (TAC) for these areas. The areas are shown in Figure 1.

In 1982 the U.S. government added to the management tools available for halibut by delegating additional regulatory authority to the geographically responsible Fishery Management Councils.<sup>2</sup>

The North Pacific Management Council (Council) has authority under the Magnuson-Stevens Fishery Conservation and Management Act and the North Pacific Halibut Act to regulate entry into the Alaska halibut fishery, although the Council must defer to the IPHC on biological management issues. The authority of the IPHC and Council extends the management of halibut within Alaska's waters.

### 1.3 Background on the Halibut IFQ Program

<sup>2</sup> See the Northern Pacific Halibut Act of 1982, P.L. 97-176.

In December 1991 the Council recommended an Individual Fishing Quota (IFQ) Program for management of the fixed gear sablefish and halibut fisheries off Alaska. For halibut, “fixed gear” includes all fishing gear comprising lines with hooks attached, including one or more stationary, buoyed, and anchored lines with hooks. Longlines, jigs, handlines, and troll gear are examples of halibut fixed gear. After many years of development, the Council’s IFQ plan for halibut was approved as a regulatory amendment by the Secretary of Commerce in early 1993, and final implementing regulations became effective in November 1993<sup>3</sup>.

Quota shares (QS) are the basic use-privileges that were established under the program.<sup>4</sup> QS were issued to qualified applicants who owned or leased a vessel with legal fixed gear landings of halibut 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, the sum of the person’s best five years of landings (pounds) in the area during the seven-year period from 1984 to 1990.

The issued QS are specific to one of eight halibut management areas and one of four vessel classes. The management areas are 2C, 3A, 3B, 4A, 4B, 4C, 4D, and 4E as defined by the IPHC. The four vessel classes include a harvester-processor vessel class and three catcher vessel classes. The three catcher vessel classes are “35 feet or less,” “36 to 60,” and “greater than 60 feet.” The harvester-processor vessel category is called “freezer” or “freezer processor” within this report.

Portions of the total allowable catches (TACs) in areas 4B, 4C, 4D, and 4E were allocated to Community Development Quotas (CDQs) for groups of communities in western Alaska.<sup>5</sup> In Area 4E the entire TAC was allocated to CDQs and there has been no IFQ fishery. The Council compensated QS holders in these CDQ areas for reductions in TACs due to CDQs by issuing them additional “CDQ compensation QS” in non-CDQ Areas 2C, 3A, 3B, and 4A. CDQ compensation QS increased the total QS units (the “QS Pool”) in these areas.

Each year, the amount of QS in an area’s QS pool as of January 31 and the TAC allocated to the area’s IFQ fishery determines the basic QS/IFQ ratio that will be used in each management area for the year.<sup>6</sup> Table 1 shows these data from 1995 through 2011.

A person’s IFQ for an area in a given year is determined by multiplying the person’s fractional holding of the total QS pool in the area by the total allowable catch (TAC) allocated to the area’s IFQ fishery for the year. Adjustments for underharvest or overharvest of the IFQ from the previous year determine the QS holder’s final IFQ for the start of the new year.

From the beginning of the program the quota share pools stabilized after 2006 and the TACs’ fluctuated over the entire first 17 years. Area 2C TAC dropped in the past three years due to changes in how the IPHC calculated the halibut stocks.

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<sup>3</sup> See 58 FR 59373, November 9, 1993

<sup>4</sup> “QS will be used to represent both “quota share” and “quota shares” in this report, depending upon the context. “QS units” and “unit of QS” will also be used for greater clarity.

<sup>5</sup> 50 CFR 679.31 (c)

<sup>6</sup> 50 CFR 679.31(c)

Quota shares are permanently transferable and in some cases can be leased under regulations discussed in the report. The Council wanted to achieve some of the benefits associated with IFQ management but did not want the program to radical changes that would be harmful to communities and industries dependent on the fishery. As a result, the Council adopted several complex rules to constrain changes that could occur under the program.

These rules include limits on who may buy QS and the amount of QS that a person may hold. Rules also include constraints on the amount of QS that may be fished from a single vessel, restrictions placing some QS holdings into “blocks” that can only be permanently transferred on an “all or nothing basis,” and restrictions on the number of “blocks” a person can hold in an area. 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 diversity of the fishing operations. These rules are outlined in more detail and are discussed in subsequent chapters of this report.

**Table 1.1 Quota Share Pools and IFQ TACs by Halibut Management Area, 1995-2011**

[Click to download table for chapter one](#) 

Note: “NA” means not applicable. All of the TAC in Area 4E has been devoted to Community Development Quotas (CDQs) and none has been available to the IFQ fishery.

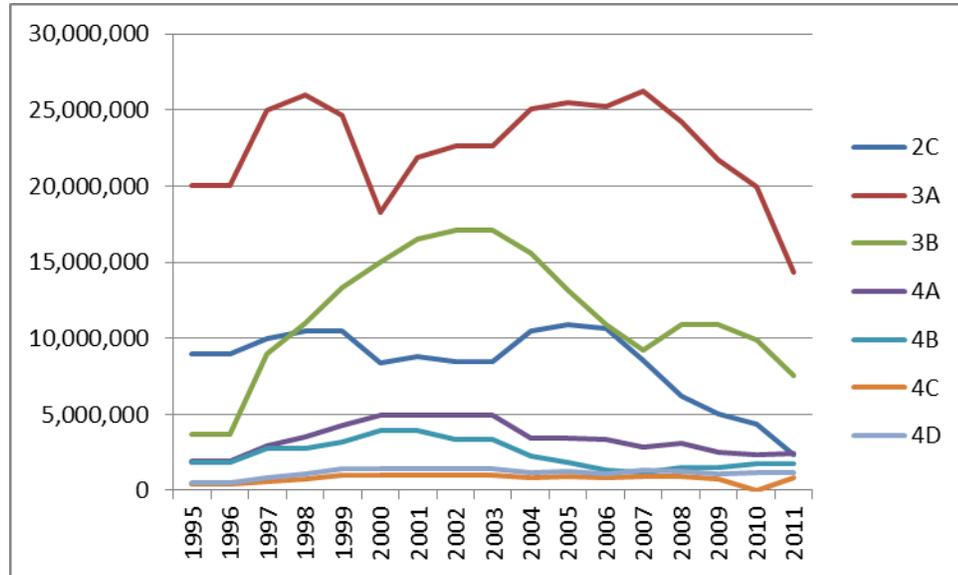


Figure 2 Quota share Pool (# of pounds) by halibut management area 95-2011 (CDQ excluded)

This graph shows the amount of total allowable catch that has been allocated to each area from 1995 to 2011. The graph represents a drop in allocations for most areas as the stock fluctuates each year so does the allocation.