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ON
CATCH SHARES

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Madam Chairwoman and members of the Committee, thank you for the opportunity to testify before you today on NOAA's draft Catch Share Policy. My name is Eric Schwaab and I am the Assistant Administrator of the National Marine Fisheries Service, within the National Oceanic and Atmospheric Administration (NOAA).

Catch shares are a fishery management tool that has been recommended for consideration by the National Research Council and the U.S. Commission on Ocean Policy, as well as several Members of Congress. In appropriate circumstances, catch share programs can play an essential role in meeting our national goal of rebuilding and sustaining our fishery resources. Such outcomes are a key ingredient to achieving our larger objective of healthy and resilient marine ecosystems.

On December 10, 2009, NOAA released a draft national policy encouraging the use of catch shares, a powerful tool for managing fisheries. The draft policy encourages but does not require the use of well-designed catch share programs. In appropriate circumstances, these programs can help end overfishing, rebuild fisheries, and sustain fishing jobs and fishing communities. In the development of the draft policy, NOAA received individual input from representatives of each of the eight regional fishery management councils (Councils) as well as NOAA experts. NOAA has also worked with individuals from key stakeholder groups before and after the issuance of the draft policy to get their input on this important policy initiative.

In catch share programs, a portion of the scientifically-based, total allowable catch for a species is apportioned to individual fishermen or groups, according to the allocation rules recommended by the regional fishery management councils and approved by NOAA. Each holder of a catch share must stop fishing when his/her specific quota is reached.

Catch share programs, which include a variety of approaches like individual fishing quotas and Limited Access Privilege Programs, authorized by the Magnuson-Stevens Fishery Conservation and Management Act (MSA), have operated successfully in the United States since 1990. Currently, there are 15 different catch share programs in place, stretching from Alaska to Florida, and several additional programs are expected to start over the next year.

NOAA's goals in developing a national policy on the use of catch shares are to: (1) reduce administrative or organizational impediments to the Councils' consideration of catch shares; (2) inform and educate stakeholders of the different options and capabilities of catch share programs; and (3) help organize collaborative efforts among interested councils, states, communities, fishermen and other stakeholders on the design and implementation of catch share programs. The draft catch share policy itself is quite simple. It states that: To achieve long-term ecological and economic sustainability of the Nation's fishery resources and fishing communities, NOAA encourages the consideration and adoption of catch shares wherever appropriate in fishery management and ecosystem plans and amendments, and will support the design, implementation, and monitoring of catch share programs.

While the draft policy encourages the careful consideration of catch shares, it does not mandate catch shares be used in any specific fishery or sector (e.g., commercial vs. recreational fisheries). In fact, we believe that catch shares may not be the best management option in some fisheries. Catch shares are but one tool among several for effectively managing fisheries, and they are not a panacea. The key to developing any successful fishery management program is active involvement from fishermen and other stakeholders in the regional fishery management council where the programs are designed.

Under traditional fishery management approaches, a scientifically-based total allowable catch is established for a species overall, and is not allocated to specific individual fishermen or groups. Under this approach, anyone who wants to participate in the fishery can fish, until the overall total allowable catch limit is reached. This can lead to a competitive environment, with fishermen racing each other to catch as many fish as they can before the total allowable catch is reached and the fishery is closed for the season. We have also seen this approach result in more boats and gear in the water than is either biologically or economically necessary to catch the available harvest. The results of this type of management system often are shorter fishing seasons, unsafe fishing practices and high levels of bycatch. Finally, one other serious drawback to this system is that too many fish may be brought to market at once, depressing the price of fish for fishermen and coastal communities.

Conversely, catch share programs allow fishermen to plan their fishing seasons and be more selective about when and how they catch their allotment, knowing their individual shares are secure. Fishermen participating in catch share programs are able to plan their fishing effort around the weather, markets, or other business considerations. Because they are allotted a share in a fishery, fishermen gain an economic incentive to catch their

allocation at the least cost and without going over their allotment because as a fish stock rebuilds the holder's share increases in value. In addition, fishermen need not take unnecessary risks because they can fish whenever they want, and they can fish at times when there is not a glut in the market.

Catch share programs have a proven track record of success in many fisheries in the United States and around the world. Here are a few examples:

- The Crab Rationalization Program allocates Bering Sea and Aleutian Islands (BSAI) crab resources among harvesters, processors, and coastal communities. The program was implemented in 2005 when overcapacity in BSAI crab fisheries had resulted in a frenzied race for crab. Harvesting and processing capacity had expanded to accommodate highly abbreviated seasons, encouraging unsafe fishing practices and resulting in significant portions of the capacity to be idle between seasons. Under the rationalization program, season lengths have increased from 3-5 days to 93-230 days, revenues from the fishery have increased by 40 percent (in constant dollars) in just three years, and fatalities and U.S. Coast Guard search and rescue cases have declined to historic lows.
- The Halibut Individual Fishing Quota Program in Alaska, now more than a decade old, eliminated a dangerous derby fishery that lasted less than a week per year and replaced it with a program allowing for a longer, more profitable and much safer fishing season, and has helped sustain local fishing-dependent communities and jobs.
- Gulf of Alaska rockfish were historically caught in a limited entry derby fishery during 3 weeks in the middle of the busy Alaska salmon season. Product quality was low, and bycatch and discard rates were high. In 2005 the North Pacific Council adopted a catch share-based management program which permits harvesters to form voluntary cooperative associations. Revenues for northern rockfish and Pacific perch have since doubled (in constant dollars) as a longer fishing season (7 months) allows fishermen to produce more high value products, and deliver their catches to processors at times that do not conflict with the salmon season. Notably, the incidental catch of halibut has been reduced substantially, as have discards of other species. Participants report that cooperative management has allowed them to adopt conservation-minded practices without sacrificing their overall opportunity in the fishery.
- A two-year old catch share program in the Gulf of Mexico is helping rebuild Gulf of Mexico red snapper fish stocks, reducing overcapacity in the fishery and boosting profits for participating fishermen. NOAA scientists announced that overfishing has ended in the Gulf of Mexico red snapper fishery after more than two decades of overfishing. The use of catch shares in the commercial fishery has helped maintain the fishing industry while strict management measures have been in place to end overfishing and move toward rebuilt stocks.
- In British Columbia, the multispecies groundfish fishery use of individual vessel quotas for all species has resulted in sustainable catch levels, greatly reduced bycatch, improved cooperation among fishermen, and safer fishing practices.

While catch shares have been a successful tool in many instances, it is important to note that catch shares are not appropriate for every fishery, and we need to remain mindful of the negative impacts these programs can have. By their nature, catch shares can result in some consolidation of the harvesting sector because some fishermen holding shares make a willing business decision to lease or sell their privileges to someone else. While they are compensated for their exit, others are impacted by their decisions. For example, in the Bering Sea crab fishery noted above, the rate and extent of vessel consolidation surprised many observers, and the traditional number of crew positions was reduced significantly in the first year as vessel owners sold their shares and their vessels left the fishery. Many part-time crew jobs were lost, although catch shares typically lead to an increase in the number of full-time jobs. There have also been other concerns expressed about how catch shares programs might affect recreational fisheries, contribute to job losses on shore, or threaten the sustainability of small boat communities as shares are transferred among vessels, ports and sectors.

NOAA's draft policy encourages the regional fishery management councils to carefully design catch share programs to effectively avoid or mitigate these issues, using the tools available in the MSA. With the development of any new catch share program, there is a great deal of design flexibility to allow fisheries to support diverse fleets of both small and large vessels, encourage owner-operated fleets, set aside shares for specific sectors such as recreational participants, and provide opportunities for new entrants to enter the fisheries.

NOAA recommends that Councils pay particular attention to the following critical design issues:

- Set Specific Goals: Identification of specific management goals for each catch share program is critical, such as eliminating overfishing; ending a race for fish; reducing bycatch; or creating socio-economic stability for fishermen and communities. The more specific the goals, the more precisely a catch share design can be structured to attain them.

- Define Transferability: Councils need to work directly with harvesters and the larger fishing community to choose whether, when, and to whom to allow transfers of catch shares to ensure the long-term success of the program. This is a balance between promoting maximum flexibility for fishermen's business decision making and controlling the rate and scale of change in a fishery to address harvesting, processing and community sustainability goals.

- Consider New Entrants: Councils need to evaluate catch share designs that allow new generations of fishermen or small businesses into the fishery. Besides set-asides and proper design of initial allocation and transfer criteria, loan programs and permit banks can help ensure continued fishery access in traditional ports.

- Help Communities: Thoughtful catch share design can promote sustainable fishing communities, including good jobs, preservation of wharfs, processing facilities, fuel and ice suppliers and other coastal businesses essential to a working waterfront. There are several recently added provisions in the Magnuson-Stevens Act to help sustain fishing communities and small owner-operator fleets via catch shares. These provisions include special allocations to fishing communities and regional fishing associations, and loan programs for small vessel- and entry level-fishermen.

- Consider Recreational Impacts: Councils allocate the total allowable catch among sectors in all fisheries, regardless of whether a catch share is used to further distribute the allocation among eligible participants in a sector. Councils can opt to manage the commercial sector with catch shares and manage the recreational sector by other means. The draft policy states that where catch shares are proposed for the commercial sector but not the recreational sector, Councils should evaluate the effects of catch shares on all sectors associated with a fishery.

- Improve Data: A key component in any well designed fishery management system, catch shares or otherwise, is accurate and credible data in which managers and stakeholders have confidence. Every limited access privilege program collects a fee of up to 3 percent of the ex vessel value of the landings to support management, data collection and enforcement. Additional appropriated funds have been requested to support expanded data collection, monitoring and observer programs. These funds will support both the science and management needs of catch shares in the areas of stock assessments, catch and bycatch monitoring, research, and catch share compliance and management.

- Review Progress: Councils should periodically review all catch share and other fisheries programs to gauge whether they are meeting the goals and objectives; no program will be perfect the first time and Councils should plan for making adjustments over time. Getting feedback on management plan performance and being adaptive makes good sense, and already is required by law for limited access privilege programs.

NOAA has already and will continue to meet with stakeholders and seek broad input on these and other aspects of its draft policy, and we welcome your feedback as well, to ensure the policy addresses any concerns your constituents may have. We continue to schedule constituent briefings, and are traveling to all eight Councils to present the policy and take public comments. We are accepting comments through April 10, 2010.

The President's fiscal year (FY) 2011 budget request a total of $54 million to accelerate and enhance the implementation of catch shares nationwide. The request supports analysis and evaluation of fisheries for catch share programs, development of fishery management plans and regulations, observing and monitoring at sea and on shore, and enforcement activities.

I want to assure you that this catch share funding is not requested at the expense of other fisheries research and management programs. The FY 2011 budget sustains funding for Fisheries Research and Management and adds to investments to implement the Magnuson-Stevens Fishery Conservation and Management Reauthorization Act. The National Marine Fisheries Service Operations, Research, and Facilities budget request increased from $724.2 million in fiscal year 2009 to $907.8 million in FY 2011; this $183.6 million increase demonstrates that fisheries research and management has been, and continues to be, a clear priority for NOAA.

In addition, to collect the foundational data required for fisheries research and management NOAA has invested significantly in its fleet of fisheries survey vessels (FSV). In 2007, *Henry B. Bigelow* was commissioned and started fisheries research in the northeast in FY 2008. Since then NOAA has received delivery of *Pisces* and *Bell M. Shimada* to support fisheries science efforts in the near future. The FY 2011 budget includes requested funds for two fisheries survey vessels, FSV5 and FSV6.

In closing, many Councils face extremely difficult management choices as we work to rebuild stocks and improve economic profitability. NOAA is committed to working with Councils to take the necessary steps to recover these resources and ensure we are on the path to long-term sustainability of both the resource and the fishing community. Whether catch shares are ultimately the option chosen for a fishery or another tool is selected, NOAA is committed to keeping fisheries viable and helping to ensure a future for fishermen, fishing communities and working fishery waterfronts. NOAA will be there supporting and coordinating the science and management actions necessary to attain this shared goal of sustainable fisheries, but we can't do it without help, and we need everyone's support.

Thank you for allowing me to speak with you this afternoon. At this time, I would be pleased to take your questions.