

TESTIMONY

Before

**Congressman Wayne Gilchrest, Chairman
Subcommittee on Fisheries Conservation, Wildlife and Oceans**

Presented By
W. Peter Jensen
Wallace & Associates
1142 Hudson Road
Cambridge, MD 21613
410 376 3200

For

North Atlantic Clam Association
Testimony on the Reauthorization of the Magnuson Stevens Act

Mr. Chairman and Members of the Subcommittee, thank you for inviting Wallace and Associates to this hearing on Individual Fishing Quotas (IFQ's). I am W.P. Jensen, an associate of Wallace and Associates.

The issue of whether to allow Individual Fishing Quotas or Individual Transferable Quotas in the management of our nation's fisheries does not exist in isolation. A large number and variations of Individual Fishing Quotas have been utilized in virtually every fishery in the United States and in some international management regimes. Some examples are daily catch limits, size limits, trip limits, limited entry permits, time limits, and gear specifications. They are all intended to limit the total catch and allocate the catch among participants while achieving the objectives of sustainable fisheries but they have not been effective in dealing with over capacity and excess fishing power that exists in many fisheries. The result is an ever changing, often complicated, and frequently controversial mixture of allocation of and control of fishing privileges, which is expensive and complex to administer. To date, the available management measures being utilized are not achieving the full intent of the Magnuson-Stevens Conservation and Management Act.

The idea for Individual Transferable Quotas emanates from the well-known and documented management problems of insufficient fish stocks to support the capacity of recreational and commercial fisheries to catch fish and the difficulty in achieving biological stability of the fish stocks and economic stability of the fisheries. So the questions are; "What is the objective to be achieved through the implementation of another form of Individual Fishing Quotas or Individual Transferable Quotas that cannot be achieved with the traditional forms of allocation and control of fishing privileges? Are there current and future fishery management objectives which are and will be frustrated by the problems of over-capacity and too many fishermen that cannot be effectively and efficiently achieved without some new form of Individual Transferable Quotas?

We believe so. Individual Transferable Quotas are necessary in some fisheries to deal with over

capacity and over capitalization. Participants in an Individual Transferable Quota regime are able to determine the level of investment and capitalization appropriate to the available catch quotas. However, it is clear that each application of Individual Transferable Quotas must be specifically tailored to the circumstances of the fishery being managed and the specific objectives to be achieved for that fishery (including the fish stocks involved). There is no "one size fits all" Individual Transferable Quota recipe.

Unless we have misunderstood the debate and concerns that surround Individual Transferable Quotas there is limited debate that there have been desirable benefits achieved from the implementation of Individual Transferable Quotas for surf clams/ocean quahogs, halibut, and wreckfish. The major debate seems to be centered around concerns over unknown or anticipated undesirable effects such as consolidation/control of Individual Transferable Quotas, foreign and absentee ownership, fair and equitable allocation and access (especially by individual fishermen who would be considered small businesses, and processors), community impacts, and who will benefit by recovery of over fished stocks.

At a minimum Congress should remove the moratorium on Individual Transferable Quotas along with whatever criteria is felt necessary to deal with the extant concerns but not deny the Management Councils and the National Marine Fisheries Service the ability to employ Individual Transferable Quotas in appropriate situations. We would counsel against attempting to define the utilization of Individual Transferable Quotas in extensive detail other than to protect against identified unwanted results, some of which have been identified. To attempt narrow definitions and guidelines would, in our view, stifle the innovation and ideas that we believe will emerge from the Councils, the fishing industry and the public. Certainly, everyone has had full opportunity during the moratorium to consider the pros and cons of Individual Transferable Quotas and should now be prepared to engage in a public discourse on the specific applications. In some fisheries Individual Transferable Quotas may not be workable, but we believe that those will be obvious as the Councils, industry, and the public debate options and proposals.

Because Wallace and Associates has been closely and substantively involved in the successful development and implementation of the Individual Transferable Quota system for surf clams and ocean quahogs we believe that Individual Transferable Quotas can work in other fisheries as well as they have worked in the clam fishery.

When the clam fishery was on a limited access time allocation system, because the clam stocks had been reduced due to fishing and environmental events, fishermen raced to fish. When clams were in short supply each vessel was allowed to fish 96 hours per week, 52 weeks per year to catch a fixed quota. By the time clam stocks recovered each vessel was fishing six hours every other week. None of the participants were making any money when the regulations required them to fish on a given day and time regardless of the weather. The vessels were not being properly maintained, crews were having to work on as many as four vessels just to earn a living and vessels were being lost to such an extent the clam fishery was considered the most dangerous fishery in the U.S. Compared to the safety record before the Individual Transferable Quota system went into effect, the clam fishery is much safer

today. The surplus fishing capacity left the fishery, the best vessels remained, and the crews are fully employed. Enforcement is not a big issue because few rules are necessary and most rules can be enforced at the dock or in the processing plants. This industry can now plan on a reliable basis and is considered one of the best-managed fisheries in the U.S. It is a fishery that is largely self-regulated with minimal regulatory process and enforcement costs, and clearly sustainable.

In particular, we would point out that even though there were some consolidations of allocations when the management plan was first implemented that might have been considered an unwanted effect, the open market for allocations has resulted in a wide variety of quota holders, most of which are small businesses, individuals, and families who have been in the fishery since before there were regulations.

The choices on how to regulate and control fishing pressure on fish stocks that are limited are difficult. But, the choices that are being made in the absence of the availability of a full array of management tools are no less difficult and in some cases unsuccessful or ineffective. Unfortunately, it is the fishermen who pay the price for the resulting complex and expensive form of management that results. Individual Transferable Quotas can assist the Congress and management agencies in achieving better management and better outcomes for our fisheries.

We believe that the Councils should have Individual Transferable Quotas in their arsenal of management tools to help solve some of the problems in fishery management if they deem them appropriate for a given fishery.

We have no specific wording for guidelines to suggest today, however, we would be pleased to submit suggestions at the invitation of the Subcommittee.

Thank you for the opportunity to testify and offer our views on Individual Fishing Quotas.

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