



REGULATORY PROPOSAL 2018

TITLE: LEASING IFQ TO CDQ GROUPS IN IPHC REGULATORY AREA 4

SUBMITTED BY:

UNITED STATES OF AMERICA

(GLENN MERRILL; NOAA-FISHERIES

AFFILIATION: NMFS, ALASKA REGION

USA

Explanatory Memorandum

A description, including relevant background, on why this proposal is being presented for the Commission’s consideration.

- Indicate which IPHC Regulatory Areas may be affected.
- If it aims to revise an existing IPHC Regulation, then highlight the key changes and justify each.
- Provide a description of which sectors you expect this proposal will affect (positive and negative).
- Indicate which, if any, section of the IPHC Regulations would require modification (provide language under “Suggested Regulatory Language” section below).

All Regulatory Areas All Alaska Regulatory Areas All U.S. Regulatory Areas

2A 2B 2C 3A 3B 4A 4B 4C 4D 4E

In June 2017, the North Pacific Fishery Management Council (Council) took final action to allow Western Alaska Community Development Quota (CDQ) groups to lease (to receive by transfer) halibut catcher vessel individual fishing quota (IFQ) in regulatory areas 4B, 4C, and 4D in years of low halibut catch limits. This action would provide additional harvest opportunities to CDQ groups and provide IFQ holders with the opportunity to receive value for their IFQ when the halibut catch limits may not be large enough to provide for an economically viable fishery for IFQ holders. Under current NMFS regulations, CDQ groups cannot receive by transfer any IFQ derived from catcher vessel quota share. These restrictions limit the options for CDQ groups to expand opportunities for halibut fishing for residents in times of low halibut abundance. The Council’s action would authorize CDQ groups to receive IFQ by transfer in IPHC Regulatory Areas 4B, 4C, and 4D in years of low Pacific halibut catch limits in IPHC Regulatory Areas 4B and 4CDE, consistent with Council’s final motion in June 2017 under [Agenda Item C3](#) and listed in Attachment 1.

Low Pacific halibut catch limits triggering this provision would be:

- Area 4B – 1M pounds (453.59 t)
- Area 4CDE – 1.5M pounds (680.39 t)

A CDQ group may lease catcher vessel IFQ only in areas it is allocated Pacific halibut CDQ. Only vessels equal to or under 51 feet length overall would be eligible to harvest the leased IFQ. Vessels must comply with IFQ use restrictions for all IFQ received by transfer.

Additional information is included in the Council's analysis on the action available here: [Halibut IFQ Leasing by CDQ Groups](#) (June 2017).

The Council's recommendation will be implemented in federal regulation by the National Marine Fisheries Service (NMFS) and international regulation by the IPHC. As part of its action, the Council recommended that any Area 4D IFQ transferred to a CDQ group may be fished in Area 4E by vessels less than or equal to 51 feet in LOA when the low catch limit threshold in Area 4CDE is triggered. The Council recommended this provision to provide additional harvest opportunities for CDQ residents to use Area 4D IFQ in Area 4E consistent with regulations that allow Area 4D CDQ to be used in Area 4E. Based on the Council's motion, the proposed IPHC Regulation revisions are listed in the section below.

Suggested Regulatory Language

Use this section to place new or revised IPHC Regulation text. For revised text, please include the current IPHC Regulation text (email us for the original, if needed: Regproposal@iphc.int) and indicate modifications. On the website is an example showing a proposed modification to the Fishing Periods (season dates), Section 8 of IPHC Regulations, to commence on 1st April and close on 1st November.

7. Fishing in Regulatory Area 4E and 4D

(1) Section 7 applies only to any person fishing for, or any vessel that is used to fish for, Area 4E Community Development Quota (CDQ) halibut, ~~or Area 4D CDQ halibut~~, or Area 4D IFQ received by transfer by a CDQ organization provided that the total annual halibut catch of that person or vessel is landed at a port within Area 4E or 4D.

(2) A person may retain halibut taken with setline gear ~~in Area 4E CDQ and 4D CDQ fishery~~ that are smaller than the size limit specified in section 13, provided that no person may sell or barter such halibut.

(3) The manager of a CDQ organization that authorizes persons to harvest halibut in the Area 4E or 4D CDQ fisheries or IFQ received by transfer by a CDQ organization must report to the Commission the total number and weight of undersized halibut taken and retained by such persons pursuant to section 7, paragraph (2). This report, which shall include data and methodology used to collect the data, must be received by the Commission prior to 1 November of the year in which such halibut were harvested.

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11. Commercial Catch Limits

(8) Notwithstanding paragraph (1), the total allowable catch of halibut that may be taken in the Area 4E directed commercial fishery is equal to the combined annual catch limits specified for the Area 4D and Area 4E CDQ fisheries and any Area 4D IFQ received by transfer by a CDQ organization. The annual Area 4D ~~CDQ~~ catch limit will decrease by the equivalent amount of ~~halibut CDQ~~ and IFQ received by transfer by a CDQ organization taken in Area 4E in excess of the annual Area 4E ~~CDQ~~ catch limit.

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Attachment 1

C-3 Area 4 Halibut IFQ Leasing by CDQ Groups**June 9, 2017****Council motion**

The Council recommends Alternative 2, with the following options, as its preferred alternative. Changes from Preliminary Preferred Alternative: new language in **bold and underlined**, deleted language in ~~strikethrough~~.

Alternative 2. Allow CDQ groups to lease halibut IFQ in Areas 4B, 4C and 4D in years of low halibut catch limits in regulatory Areas 4B and 4CDE. **A CDQ group may lease IFQ only in areas it is allocated halibut CDQ.** Any IFQ transferred to a CDQ group under this provision would be added to their available halibut CDQ, ~~intended to be leased from non-residents for use only by residents of a CDQ community with a halibut CDQ permit and a CDQ hired master permit.~~ No vessel over 51 feet LOA would be eligible to harvest the leased IFQ and vessels would have to comply with IFQ use restrictions.

Option 1. Defining 'low catch limits' for the purpose of allowing leases. Designation of low catch limits is independently determined for Areas 4B and 4CDE. The threshold for designating a year of low halibut catch limit in each area is less than:

Sub-option 1. 1 million pounds for area 4B

Sub-option 3. 1.5 million pounds for area 4CDE

Option 2. Leased Area 4D IFQ, may be fished in Area 4E.

Sub-option 2. Any **CDQ owned or non-CDQ owned Area 4D A Class IFQ** leased by a CDQ group may be fished in Area 4E **by vessels less than or equal to 51 feet** when the ~~abundance~~ **catch limit** threshold in Area 4CDE is reached.

Option 3. Any Area 4B, 4C, or 4D catcher vessel QS transferred after December 14, 2015 may not be leased as IFQ to CDQ groups under this action for a period of:

Sub-option 1. 3 years

Option 4. No individual halibut QS holder may lease catcher vessel halibut IFQ to any CDQ group, on a consecutive basis, for more than:

Sub-option 1. 2 years

Option 5. Limit the ability to lease Area 4B catcher vessel halibut IFQ to CDQ groups under this action to quota holders that own less than the following total area 4B holdings, inclusive of all class and blocked or unblocked categories:

Sub-option 3. 7,500 lbs

Sub-option 4. **Convert** ~~Sub-options 1 through 3 using the~~ **to 2016 QS pool units**

Option 6. Require CDQ groups **to submit a report for each year the group leases IFQ. The report must specify** the criteria used to select IFQ holders leasing to a CDQ group, the criteria used to determine who can receive leased IFQ, and the amount and type of IFQ leased. **A CDQ group will not be eligible to lease halibut IFQ until a timely and complete report is submitted.**

The Council intends for IFQ to be leased from non-residents for use only by residents of a CDQ community.