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Monkfish Plan Development Team (PDT)
Monkfish Plan Problem Statement
PDT meeting
October 21, 2011

Attending: Matt Gates, Doug Christel, Tammy Murphy, Jim Armstrong, Katie Richardson, Jerome Hermsen, Jason Berthiaume, Phil Haring, Trish Clay, Anne Richards, Jonathan Peros (not PDT, GMRI)

Purpose: The Monkfish Oversight Committee tasked the PDT with drafting a problem statement to be used as a basis for developing goals and objectives for Amendment 6.

PROBLEM STATEMENT:

Introduction:

The Monkfish Plan Development Team (PDT) recognizes that the Monkfish Oversight Committee and Advisory Panel, as well as some members of the public, have identified specific issues that they would like to see addressed through changes to the Monkfish Fishery Management Plan (FMP). However, the PDT does not find that any major fishery-wide issues exist that would necessitate immediate action or wholesale changes to the FMP; all of the issues identified to date could be addressed through revisions to existing measures under the current management regime. Further, there does not appear to be any issue that conflicts with the legal requirements of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act) or the stated goals of the FMP. Nonetheless, this situation does not preclude the Councils from considering more substantive changes to the current management program to address the identified issues and concerns, or to achieve other management objectives. Such proactive changes could include the adoption of innovative or alternative management regimes or measures, such as catch shares.

Individual Issues and Problems Identified:

The list of issues and concerns identified by the Committee and the Advisory Panel during previous meetings, and by the public during scoping for Amendment 6, are listed below:

1. Latent effort
2. Lack of continuous supply to processors
3. Wasteful discards

4. Inefficient vessel operation
5. Lack of flexibility
6. Geographic restrictions for permit Category H vessels (vessels limited to fishing off the Virginia/North Carolina coast.)
7. Full utilization of catch targets (achieving optimum yield), and
8. Protected species interactions.
9. Coordination of management regimes within geographic areas.

The PDT has discussed and analyzed these issues to varying degrees based on the information available, as described below. As noted above, the PDT did not find that these issues caused the fishery to be out of compliance with the Magnuson-Stevens Act, or to be contrary to the FMP goals.

Latent Effort:

The term "latent effort" refers to available, but unused opportunity for a vessel participate in the directed monkfish fishery. In terms of current management measures, that means unused monkfish days-at-sea (DAS) that are allocated on a yearly basis. There are three types of latency observed in the monkfish fishery: (1) Vessels that have a limited access monkfish permit, but have no landings of any species during a fishing year; (2) Vessels that have a limited access monkfish permit and landings of other species, but do not use a monkfish DAS (including vessels that have both limited access monkfish and Atlantic sea scallop permit, but elect not to use a scallop DAS to target monkfish on a monkfish DAS); and (3) Vessels that have a limited access monkfish permit, that fish exclusively in the Southern Management Area and do not use their remaining complement of monkfish DAS in the Northern Management Area. DAS allocated to active monkfish vessels have the highest likelihood of re-entering the fishery. However, it is unlikely that monkfish DAS currently allocated to vessels that have not landed any species in recent years or to those also issued a limited access scallop permit will be activated anytime soon.

The latent effort report (Attachment 1) prepared by the PDT reveals that while there are a large number of allocated monkfish DAS that are not used in each fishing year, the PDT concluded that about half of the allocated monkfish DAS are unlikely to be activated in the foreseeable future. The DAS usage rate has been consistent year over year, even following substantial changes to the groundfish fishery in 2010; therefore, it seems unlikely that the patterns will change unless circumstances outside of the fishery change substantially. Furthermore, the PDT bases the specifications model on recent DAS usage patterns on a periodic basis (usually, every

three years), and, each time specifications are designated, any changes to that pattern are reflected in development of the applicable management measures to prevent overfishing and achieve optimum yield.

Lack of a Continuous Supply to Processors:

The PDT has conducted an interview survey of the major monkfish processors in the region (see attachment 2). Understandably, processors have commented that they would prefer to have more overall volume of fish to compete on the international markets. Historically, monkfish landings were significantly higher than now, at a time when the fishery was not regulated and when the scallop fishery was targeting monkfish to supplement significantly lower scallop landings. This historical perspective may be shaping current concerns about the market supply of monkfish. Simultaneous with the control of fishing effort under the FMP, fisheries in Brazil and China emerged which have been competing with reduced U.S. landings in world markets.

The PDT contends that the lack of supply is mostly constrained by the overall catch targets (not specifically trip limits and DAS), and by fish availability to the fishery over the course of the year. The PDT notes that while some processors are concerned that there is a lack of continuous supply, current market conditions (i.e., seasonal demand periods) may reduce the potential for a more steady supply of landed product to influence processor profitability, as fishermen target monkfish during higher priced periods, which also happen to coincide with times of greatest availability of fish.

The PDT observed that there may be two competing market incentives involved with this issue. On the one hand, for a given quantity of fish that can be landed throughout the year, many vessels operators have commented that they prefer to land smaller amounts of fish over an extended period of time (realizing a higher or more stable price structure). This is why the FMP has retained the SMA trip limit and increased allocated DAS over the past five years. In contrast, processors would prefer to buy more fish in fewer large lots at a lower price to capitalize on efficiency of processing effort and reduce operational costs – though processors also often prefer to avoid a huge glut and would like a mild degree of spreading product out across the year. These competing market forces would exist regardless of the management program, since both buyers and sellers are trying to maximize their profitability, so it is the Councils' policy decision as to how to allow those forces to work out within the context of FMP goals and all the national standards.

Wasteful Discards:

According to the stock assessment analyses, discards of monkfish vary by area and gear, and range from 10-20% of the catch. Data from the observer program (interviews with vessel operators) suggests that the reasons for those discards also vary by area and gear. For example, in the trawl fishery, in both areas, most discards are due to the fish being too small, either for the market or by regulation (the PDT notes that one of the goals of the FMP is to "prevent increased fishing on immature fish"). In the Northern Management Area, where trawl vessels catch monkfish in conjunction with groundfish, some operators have reported that they discard monkfish when they have exceeded the incidental limit, but not sufficiently to warrant using a monkfish DAS. These reports do not, however, make up a substantial proportion of the reasons for discards provided by the operators to the observers.

The majority of discards in the Northern Management Area gillnet fishery are attributed to product quality (hagfish or sand fleas), followed by fish being below the minimum size. In the Southern Management Area, while product quality is also a major reason for discards in the gillnet fishery, the trip limit has also been cited as an equally significant reason for monkfish discards. According to fishermen's comments, however, this situation may have been mitigated by the trip limit overage provision in Amendment 5, but it is too early to quantify any change. In the scallop fishery, no reason ("unknown") is provided for the vast majority of monkfish discards, followed by "too small."

Additionally, there are indications that vessel operators in the groundfish fishery, particularly in sectors, are discarding amounts of monkfish that exceed incidental catch limits, but are insufficient to warrant the use of a monkfish DAS and additional fishing operations to increase monkfish landings. However, the PDT has noted that existing data sources are insufficient to confirm these suggestions or other possible reasons for discarding.

Inefficient Vessel Operation:

Communications with fishery participants suggest that "efficiency" is defined differently within the fishing community, and in comparison to conventional fishery economics. Each operator is likely to consider efficiency in terms of their own individual operational costs, while fishery economics considers costs and benefits across the entire fishery. Concerns raised by owners of multiple vessels suggest that efficiencies could be gained by reducing operational costs (insurance, maintenance, dockage, etc.) for a given amount of fish that they can catch by consolidating fishing effort onto fewer operational platforms. Large vessel operators, including

those who used to trawl for monkfish offshore Southern New England, have commented that the trip limits constrain their ability to profitably target monkfish due to the need to cover fuel and other operational costs. Single, and small vessel operators, on the other hand, view efficiency differently and consider important other factors, such as extending the fishing season and obtaining the highest prices per pound (i.e., more days at sea vs. higher trip limits), purchasing less gear, and having a steady and predictable business planning horizon.

Inefficient vessel operations typically are associated with overcapitalization. Flexibility of regulations also plays a part in affecting operational efficiency. For example, the ability to land what they catch on a particular trip could not only reduce discards, but also increase economic efficiency. The PDT notes that while there is evidence to characterize efficiency of vessel operations, there may not be sufficient information to determine what may be the appropriate level of efficiency in this fishery at this time. Overall, there currently does not appear to be a large volume of concern about efficiency, based on comments received during scoping. While some people have determined that they could operate more efficiently under another management system, it does not appear that the current system can be characterized as inefficient from a fishery-wide standpoint. Due to these limitations, fishery efficiency may represent a broader policy question for the Councils to address, rather than attempting to address fishery efficiency across individual FMPs due to the interrelatedness of fishery regulations and the associated social and economic implications and distributional impacts of decisions impacting efficiency in each FMP.

Lack of Flexibility:

The PDT recognized that lack of flexibility issues are in many cases interrelated to other stated issues and problems, particularly inefficient vessel operations, coordination of management regimes within geographic areas, and wasteful discards. For example, in the context of inefficient vessel operations, the inability to lease monkfish DAS or stack permits results in a both an inflexible and inefficient situation for some vessel owners. This and other issues are discussed further in their respective sections. Furthermore, many possible flexibility issues were noted to stem from regulatory inconsistencies and interactions with the NE multispecies FMP. This does not appear to be an issue with the Atlantic sea scallop FMP. Specific examples are provided below.

- Sector vessels must choose to declare a NE multispecies DAS from the dock, unlike the 'monkfish DAS declaration option' which can be done at-sea. If the vessel doesn't declare a NE multispecies DAS at the dock and exceeds the incidental limit, the vessel

may not change to a NE multispecies DAS and must discard monkfish. (flexibility, wasteful discards)

- Monkfish vessels have a 15-hour DAS charging rule for gillnet gear as well as a DAS adjustment for trip limit overages. These rules are not consistent with similar rules in the NE multispecies fishery. Instead, NE multispecies common pool vessels are charged NE multispecies DAS in 24-hour increments and sector vessels are charged NE multispecies DAS in real time. This is a general point of confusion and, combined with the nature of commercial fishing, can result in vessels not being able to fully utilize their monkfish DAS allocations. (flexibility, inefficient operations, geographic, utilization of catch targets)
- The NE multispecies restricted mesh area gear restrictions (mesh size and quantity of gillnets) apply only to vessels on a sector trip or on a NE multispecies DAS. Vessels that have run out of NE multispecies DAS and fishing on a 'monk-only DAS' no longer have to comply with these restrictions but are restricted to fishing only in Monkfish Exempted Fishery Areas established by the Multispecies FMP. (coordination of management regimes, wasteful discards)
- For vessels with a NE multispecies permit, multispecies and monkfish DAS must be used together as long as the vessel has sufficient multispecies DAS. The effects of this are highly situational, but can require some vessels to lease multispecies DAS to be able to use their full allocations of monkfish DAS because Monkfish Fishery Exempted Areas are not accessible, particularly in the Northern Management Area. This is viewed as an unnecessary administrative and financial burden. (flexibility, inefficient operations, utilization of catch targets)
- With the advent of sectors, the frequency of multiple port landings for a single trip appears to have increased. This is problematic for sector vessels (and common pool vessels) fishing on any combination of NE multispecies and monkfish DAS because the DAS clock must stop at the first point of landing and a new DAS trip started for the transit to the next point of offloading. For example, after the first landing event, when transiting to the next port a new trip must be initiated which requires an additional DAS charge, observer and reporting requirements, even if no fishing will occur. Although this is not a new problem, sector management appears to have elevated this issue. (flexibility, inefficient)

The PDT notes that these issues are specific to sector and common pool NE multispecies vessels, which fish predominantly in the monkfish Northern Management Area. While these issues could be addressed within the existing management system, such as by removing the multispecies DAS

usage requirement for sector vessels that declare a monkfish DAS (at sea, or before starting a trip), they could also be addressed in a broader management system change.

Geographic Restriction for Permit Category H Vessels:
The PDT report on this issue is provided in Attachment 3. The seven vessels issued a Category H permit are currently restricted to fishing south of 38° 40' N latitude. This group raised concerns that the current regulations restrict their ability to operate due to seasonal variability in access to monkfish and measures designed to reduce the take of turtles by gillnet gear. The Monkfish Advisory Panel met in July 2011 to discuss this issue and recommended reclassifying Category H permits as Category A or B permits, and the Committee subsequently supported that recommendation. Any change to implement this recommendation could be integrated into the FMP and existing regulations through the next regulatory action.

Full Utilization of Catch Targets (Achieving Optimum Yield):
Landing and discard data do not suggest that regulations themselves are preventing the fishery from achieving optimum yield, particularly in the Southern Management Area. There may be other factors that reduce the achievement of optimum yield, including fuel costs, availability of fish (e.g., catch rates), and incentives to participate in other fisheries. For example, the high price of scallops reduces incentives for scallopers to target, process, and land monkfish may contribute to a reduction in the capacity of the fishery to achieve optimum yield. Measures that reduce the level of regulatory discards, such as the recent trip limit overage provision and the Northern Management Area at-sea DAS declaration provision, contribute to achieving optimum yield within the existing management system, but that does not preclude exploration of other methods based on output controls.

Protected Species Interactions:
A decision to list distinct population segments of Atlantic sturgeon under the Endangered Species Act should be completed shortly. Once that listing decision is made, reasonable and prudent alternatives and/or measures may be necessary to reduce sturgeon mortality caused by operations in the monkfish fishery. Any necessary alternatives or measures must be integrated into the FMP through the next available Council action. Protected species interactions and mitigation measures are independent from the type of tool used to manage the catch of monkfish. Therefore, these measures could be integrated into Amendment 6. However, because the effectiveness of these measures is dependent upon the timing of their implementation, an intermediate action separate from Amendment 6 might be necessary.

Coordination of Management Regimes within Geographic Areas:

There are a number of issues resulting from the overlap of regulations between the groundfish FMP (both sector and common pool) regarding DAS charging and accounting (see discussion above under "Lack of Flexibility"), exempted fisheries, gear requirements, observer requirements, and reporting requirements. The PDT acknowledges the existence of these concerns, but there is little information to document the extent of these concerns or the impacts to vessels in the monkfish fishery. Therefore, it is difficult to determine the extent of these concerns. The PDT notes that this is not a new concern, and has been increasing in complexity over time.

Potential Solutions:

Based on the issues that PDT outlined above, discrete and specific changes to existing measures may be adequate to address the identified problems and issues. However, alternative management regimes such as catch shares (regardless of form) may also address the identified concerns, while achieving other policy objectives. In other words, while the current set of issues does not mandate a complete change to the management program, is not necessarily a sufficient reason for the Councils to avoid exploring other approaches. If the Councils express specific social, economic, administrative or policy objectives that are consistent with the national standards, those objectives may be sufficient to further develop alternative management systems, such as catch shares.

Attachment 1 - Latent Effort

The term "latent effort" has a range of meanings to fishermen and fishery managers. Generally, it refers to the available but unused opportunity for fishing vessels to participate in a fishery. If such "latent" effort is included in calculating the allocation of opportunity, such as days-at-sea (DAS), but it is not used, then the fishery will underperform its targets and not achieve optimum yield, since DAS allocated to active vessels will be reduced by the amount that is allocated to vessels that do not use them. On the other hand, if the allocation of DAS to all limited access permit holders (including those that haven't been using their DAS in the past) is calculated based only on the current pattern of DAS usage by active vessels, as it is in the monkfish fishery, and vessels that have not been active begin to use their DAS, then there is an increased risk that the fishery will overshoot its catch targets, resulting in future reductions in DAS or other restrictions to account for the overage. If the catch targets are close enough to the catch limits (ACLs) that the overage results in catch exceeding the ACL, accountability measures are mandated.

This paper will characterize the latent effort in the monkfish fishery, and provide the Councils the information with which they can determine whether, and how big a problem latent effort is in the monkfish fishery. The table below describes the pattern of active and inactive vessels and DAS usage rates. Row 1 is the number of permits issued each year, and Row 2 is the number of permit rights; Row 1 is higher because if a vessel is replaced or upgraded it is issued a new permit number. Row 2 is the actual number of potential limited access participants. Rows 3 and 4 show the number of permits (shown in Row 1) charged/not charged a DAS in each of the last 4 years. The numbers are fairly consistent during that period.

The first category of latent effort is the group of vessels that have a limited access permit but have no landings of any species during the year. Row 5 shows that the number of such vessels with monkfish limited access permits has increased steadily from 110 in 2007 to 151 in 2010. These data are derived by a query of the permits, dealer, moratorium qualification review system, and DAS allocation management system databases; it looks at the rights/permits that were given a monkfish DAS allocation for a fishing year and pulls the permits that had no landings associated with them. This group includes permits with a confirmation of permit history (no vessel), as well as vessels that have permits but are not fishing in this region. The number of monkfish DAS allocated to the permits in Row 5 is shown in Row 15, and shows a steady increase from 3,651 DAS in 2007 to 4,667 in 2010.

Another category "latent effort" is the group of limited access scallop vessels that also have a limited access monkfish permit, but do not use any monkfish DAS because they choose not to expend a scallop DAS to target monkfish. Row 6 is the number of LA monkfish vessels that also have a scallop LA permit. Nearly all of those vessels do not use any monkfish DAS (Row 7), and the 3 that have used monkfish DAS (in 2009 and 2010) are combination boats, likely using a groundfish DAS when on a monkfish DAS (or vice versa). Given the consistency throughout the period in the number of scallop vessels that do not use their monkfish DAS, the DAS allocated to them have a low probability of being activated in the near term. Row 14 shows the number of DAS allocated each year (including any carryover DAS) to limited access monkfish/scallop vessels. The number of DAS allocated to vessels that also held a

monkfish permit declined from 7,223 DAS in 2007 to 6,208 DAS in 2008, and has remained relatively constant since then.

The next step in the analysis is to look at DAS allocated and used by vessels that used at least one monkfish DAS, Row 8. The number of allocated DAS has decline since 2007, due in part to the reduction in target TAC and associated specifications implemented under Framework 4 as well as the increased number of vessels in Row 5 discussed above (no landings of any species). Both the DAS allocated and the overall DAS used declined about 30% over the period, although DAS charged in the NMA declined by nearly 40% while DAS charged in the SMA declined by 20%, Rows 11 and 12, respectively.

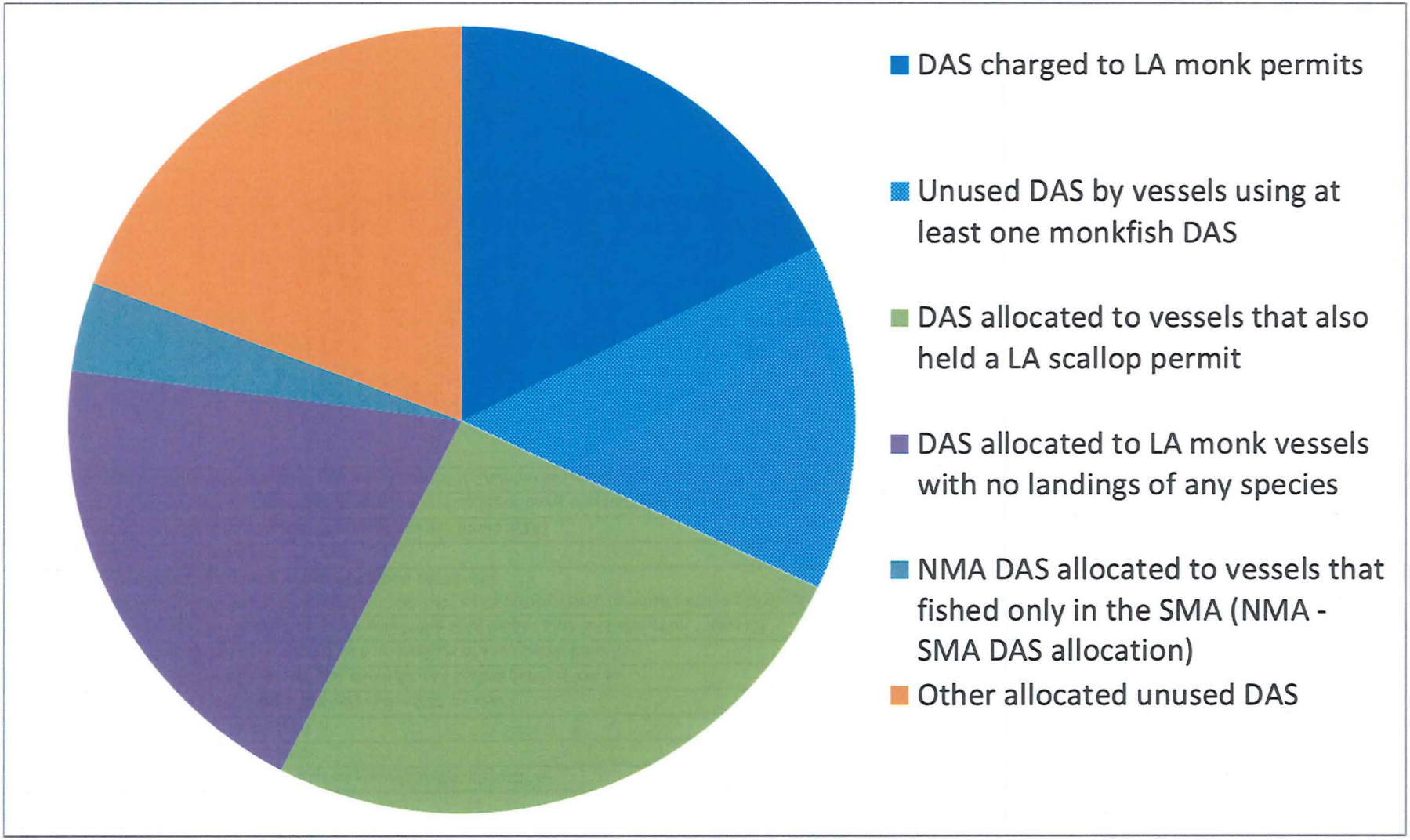
One potential source of "latent effort" is the DAS allocated to vessels that fish exclusively in the SMA. Under the specifications process, all limited access vessels are allocated the same number of DAS, but up to now only a portion of those DAS are available for use in the SMA. A vessels that wants to use its entire monkfish DAS allocation, would need to use the Total DAS – SMA DAS in the NMA; in effect, all of the DAS allocation above the amount available for use in the SMA can be considered NMA DAS. Row 13 shows that the number of vessels fishing exclusively in the SMA during the 2007-2010 ranged from 151 to 119. Row 16 shows the "latent effort" associated with the NMA DAS allocated to those vessels which has declined slightly in the last two years in proportion to the fewer number of vessels fishing exclusively in the SMA.

The discussion above presents three categories of "latent effort", DAS allocated to monkfish vessels that also have a LA scallop permit, to vessels with no landings of any species, and NMA DAS issued to vessels that fished exclusively in the SMA. The sum of these DAS is shown in Row 17. These DAS can be considered as having a low probability of being used. Row 18 is the total number of DAS allocated, and Row 20 is the percentage of the total allocated DAS that have a low probability of being charged. Both the number and percentage of the total DAS in this category has remained constant at about 11,700 DAS during the period 2007-2010.

Row 19 is the total number of DAS that were charged each year. The percentage of the total allocated DAS that were charged is shown in Row 19. Despite the declining number of allocated DAS, the percentage of the total DAS there were charged each year in 2007-2010 has remained constant at about 18%. For vessels that used at least one DAS, the percentage of allocated DAS that were charged also remained fairly constant at about 55%, Row 21.

The bottom line is that about half of the allocated DAS have a low probability of being used. Of the remaining half, slightly more than half (i.e., about 30% of the total) are unused each year, but since those vessels are active in the fishery, have a greater likelihood of being used in the future. As noted above, however, the usage rate by these active vessels does not indicate a trend toward greater or less usage over the past four years.

	FISHING YEAR	2007	2008	2009	2010
1	Number of distinct LA permits by year	781	769	763	741
2	Number of permit rights (vessels and/or CPH) allocated DAS by year	732	742	742	743
3	Number of LA vessels **charged** a DAS by year	289	276	253	243
4	Number of LA vessels **not charged** a DAS by year	492	493	510	502
5	Number of permits rights (vessels and/or CPH) allocated DAS with no landings of any species	110	126	138	151
6	Number of LA vessels that also have a LA scallop permit	189	185	183	183
7	Number of LA vessels that also have a LA scallop permit and did not use a monkfish DAS	189	184	180	180
8	DAS allocated to vessels that used at least one monkfish DAS	11,013	9,078	8,128	7,683
9	Monkfish DAS charged to LA permits	5,765	5,345	4,350	4,264
10	Unused DAS by vessels using at least one monkfish DAS (Row 8 - 9)	5,247	3,732	3,778	3,419
11	Monkfish DAS charged in the NMA	1,821	1,315	1,097	1,123
12	Monkfish DAS charged in the SMA	3,945	4,026	3,253	3,141
13	Number of vessels that fished exclusively in the SMA by year	135	151	119	121
14	Monkfish DAS allocated to vessels that also held a LA scallop permit (Row 6)	7,223	6,208	6,215	6,151
15	Monkfish DAS allocated to LA vessels with no landings of any species (Row 5)	3,651	4,306	4,573	4,667
16	NMA DAS allocated to vessels that fished only in the SMA (NMA - SMA DAS allocation * Row 13)	986	1,102	869	883
17	Total allocated monkfish DAS to vessels that also held a LA scallop permit, to vessels with no landings of any species, and NMA days issued to vessels that fished exclusively in the SMA (Rows 14+15+16)	11,859	11,616	11,657	11,701
18	Total monkfish DAS allocated	30,585	25,354	25,083	24,020
19	Percent of monkfish DAS allocated that were charged (Rows 9/18)	19%	21%	17%	18%
20	Percent of monkfish DAS allocated with very low probability of being charged (Row 17/18)	39%	46%	46%	49%
21	Percent of monkfish DAS allocated that were charged to LA monkfish vessels that used at least one DAS (Row 9/8)	52%	59%	54%	56%



Monkfish DAS allocated and used in 2010

Attachment 2

Report on Monkfish Processor Issues and Perspectives

By Patricia M. Clay, Anthropologist
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There are approximately 20 companies processing monkfish in the Northeast, ranging from companies that processed less than 1,000 lbs. of monkfish in 2010 to companies that processed over 1, 000,000 lbs. The majority of monkfish processors are located in Massachusetts, though important processors are also located in other states. The 10 individuals interviewed for this report represent 8 separate companies. Their contact information was acquired by beginning with a set of 4 recommendations from someone within the fishing industry, and then asking each of those people for additional suggestions, and so on, in a method called chain referral, until no new names were mentioned. All of them depend on monkish as either a major or minor component of the group of species they process in a year.

The baseline message is that they need more fish. When asked about the fact that fishermen are not even taking the full TAL now, they primarily respond that this is an artifact of the low trip limits. The TAL is being taken in the southern area, but in the northern area – given the prices for scallops (especially) and groundfish, trip limits are so low that it is not worth making a separate trip and burning a monkfish DAS to catch this amount of monkfish. One processor representative described it this way: "When there were no scallops, people caught monkfish. But now that scallops are there for $9-10/lb and monkfish are $2[1], who will target monks? 400lbs won't pay for gas." Another processor noted that "25% of the monkfish quota is held by the scallop fishery, and they aren't using it. They need to re-allocate or let them sell." Another said, "Given that it's been rebuilt for 2 years, it's shocking that some trip limits are so low."

Processors reported that they are losing market share to China and Brazil, though one said that Brazil is not as active right now so there's some opportunity to take back that market for fresh monkfish. Prices are so high (due to low supply) that whether the foreign market is feasible depends on each day's exchange rate. Some have gotten out of the fresh market altogether because with supply so low, prices are too high to make any money on fresh monkfish. Others are selling fresh, but only whole fish; tails are too expensive. But, at least one processor said he is still selling fresh tails. One said, "The fresh trade is basically gone, and the frozen trade is hurting." But another said the fresh trade is currently as large as the frozen trade. Overall, though, everyone felt there was a larger market for both fresh and frozen monkfish than they were able to fill. Several said if supplies don't improve they may have to lay off some employees. Some are losing jobs already. Of course, it is unclear how direct the connection is to monkfish in all cases. One processor noted that there had been large reductions in fishery after fishery, so each new reduction was harder to cope with.

With regard to seasonality and the question of continuity of landings, late winter and early spring seem to be the prime seasons. Monkfish are in the southern area in winter and then move north. By deep summer, July and August, they are in Newfoundland. Processors also have to juggle the timing for monkfish with other species that come online in spring, so they don't want big landings too late in the season. Though several processors would like to see vessels able to land larger amounts when

[1] Another processor disagreed with this price for monkfish, saying it's more like $4. Prices from the 2010 NMFS Processed Product Survey were closer to $4 than to $2.

monkfish are running, though one specifically noted that he would not want it all in too short a period; spread out through the year is better. You need a certain minimum amount to make processing economically feasible, but for the fresh market you want some continuity through the year. A couple of processors also said they prefer landings to be somewhat spread out in order to maintain employment. They don't like laying people off or firing them and then re-hiring months later. It's bad for business and for the community.

Even those who deal primarily in frozen product spoke about the need for certain minimum levels of product at a time. They agreed that one can accumulate smaller amounts until there is enough to make a shipment, but that approach is not good, financially, for the business. If a vessel or vessels bring in enough to make a sale, they can process, freeze, and ship a container without having to store the fish. Exporting processors pay the fishermen up front and it takes a few weeks to get payment from foreign buyers, but it's a relatively short time between paying out and getting paid. If one has to accumulate small amounts, it's less efficient to process and freeze, plus there are storage fees. This approach also lengthens the time between paying out and getting paid. That represents a financial loss – more money paid out plus the need to carry the costs for a longer period of time.

Some suggested rather than waiting to deal with this in Amendment 6 it would be simplest to just raise trip limits under Amendment 5. Suggested amounts to raise the trip limits varied, ranging from 2,000 lbs to 20,000 lbs, though not everyone had a specific amount to suggest. Two processors specifically noted the need for better science, in order to know better what safe and reasonable trip limits are. Several people mentioned the fact that dogfish, pollock, skate and other species have recently had TACs raised significantly, as proof that the precautionary approach has led to over-restrictive TACs. One suggested that cooperative research was the best route: "I think everybody would give up 3% of their landings to reduce uncertainty by 50% from having better data – probably leading to an increase of maybe 15% in TAL (keeping all things constant). If the numbers say we actually need to lower TAL by 10%; better 10% now than 30% in a few years."

A few processors felt that some form of catch share might be a way to allow vessels to take larger amounts at a time. Those in this camp were more likely to support ITQs than sectors. One noted that he is "not a big fan of sectors, the more overlay of administration you put on things the worse, but a groundfish sector with monkfish folded in would work better than today." Some processors were against catch shares altogether, based on some combination of what their fishermen are telling them about sectors, and/or NOAA statistics and reports, academic scientists in and out of government, and from discussions with other processors. One mentioned his concern that any form of catch share could lead to his community losing vessels and ultimately shoreside employment and community character. He worries about a loss of traditional landing sites. One suggested that if the fishery went to ITQs processors should also be granted quota, not separate processor quota necessarily but harvester quota that they could lease out. He suggested in such a case there could be a cap on the amount of quota any one processor could own. Other processors said they really don't know enough about catch shares to comment.

Another expressed a concern over NGOs potentially buying quota and either pulling it out of circulation or putting further restrictions into any sale or lease. If some form of catch share were implemented, one processor felt that the northern area permits would get an unfair amount: "Before, when they said it was 2 stocks, there were no landing limits in the north. Then with 1 stock, the history in north is higher, so they get higher trip limits." This person also asserted that people with northern area permits were fishing in the south, where monkfish were more plentiful, but claiming they came

from the north - thus unfairly inflating their catch histories. "Many folks told law enforcement but were ignored."

One suggested that the H permits should just be transferred to A or B permits, to get rid of a political issue – or maybe they could be given ITQs. He noted, though, that he thought ANY catch share (including sectors) should need a referendum; actually, 2 referenda: one to ask if catch shares should even be explored and – if that one was positive, a later one where maybe 2 specific alternatives were offered for vote. This individual was also very concerned about who would get to vote: would crew and hired captains be included? Would owners of multiple vessels get multiple votes?

Several processors expressed a desire to be more regularly brought into the discussions over management strategies, based on the fact that they create and maintain markets, as well as provide employment in the community. "A lot of guys wouldn't have the catch shares they do if it weren't for the investments that processors make." They would be happy to sit down with the Council or the committees to talk.

Attachment 3 - Geographic restrictions for permit Category H vessels (vessels limited to fishing off the Virginia/North Carolina coast.)

Permit Categories G and H were established in Amendment 2 (effective May 1, 2006) to qualify vessels that did not obtain a limited access permit in the original FMP due to a variety of circumstances. The trip limits and DAS allocation for G and H vessels are the same as permit category A and B, respectively, but G and H vessels are limited to fishing south of 38º40' N Lat (see Figure 1). There are seven category H vessels and no category G vessels.

The monkfish fishery in this area is prosecuted exclusively with gillnets, primarily out of Chincoteague, VA. In 2002, NMFS adopted a series of large mesh gillnet closures to protect sea turtles under the authority of the Endangered Species Act, and amended the closures in 2006, as shown in (Figure 1). Large-mesh gillnet vessels are also subject to the Harbor Porpoise Take Reduction Plan gear restrictions and a closure from February 15-March 15. Also shown is the state waters large-mesh gillnet closure to protect bottlenose dolphin.

The availability of monkfish in this area is highly seasonal and transient, as monkfish migrate out of deep water in the spring and proceed northward. Turtle closures notwithstanding, fishermen report a monkfish season lasting only 2-3 months, from April through June. This seasonality is reflected in the monthly landings data, with May accounting for over 60% of the total by category H vessels for 2005-2010 (Figure 2).

As a group, permit category H vessels use about half of their allocated monkfish DAS (Table 1). Within the group, however, there is a wide range of usage rates, with some vessels using up to 80% of their allocation in a given year. The average usage rate and distribution are approximately the same as found among active monkfish vessels in the broader southern management area fleet.

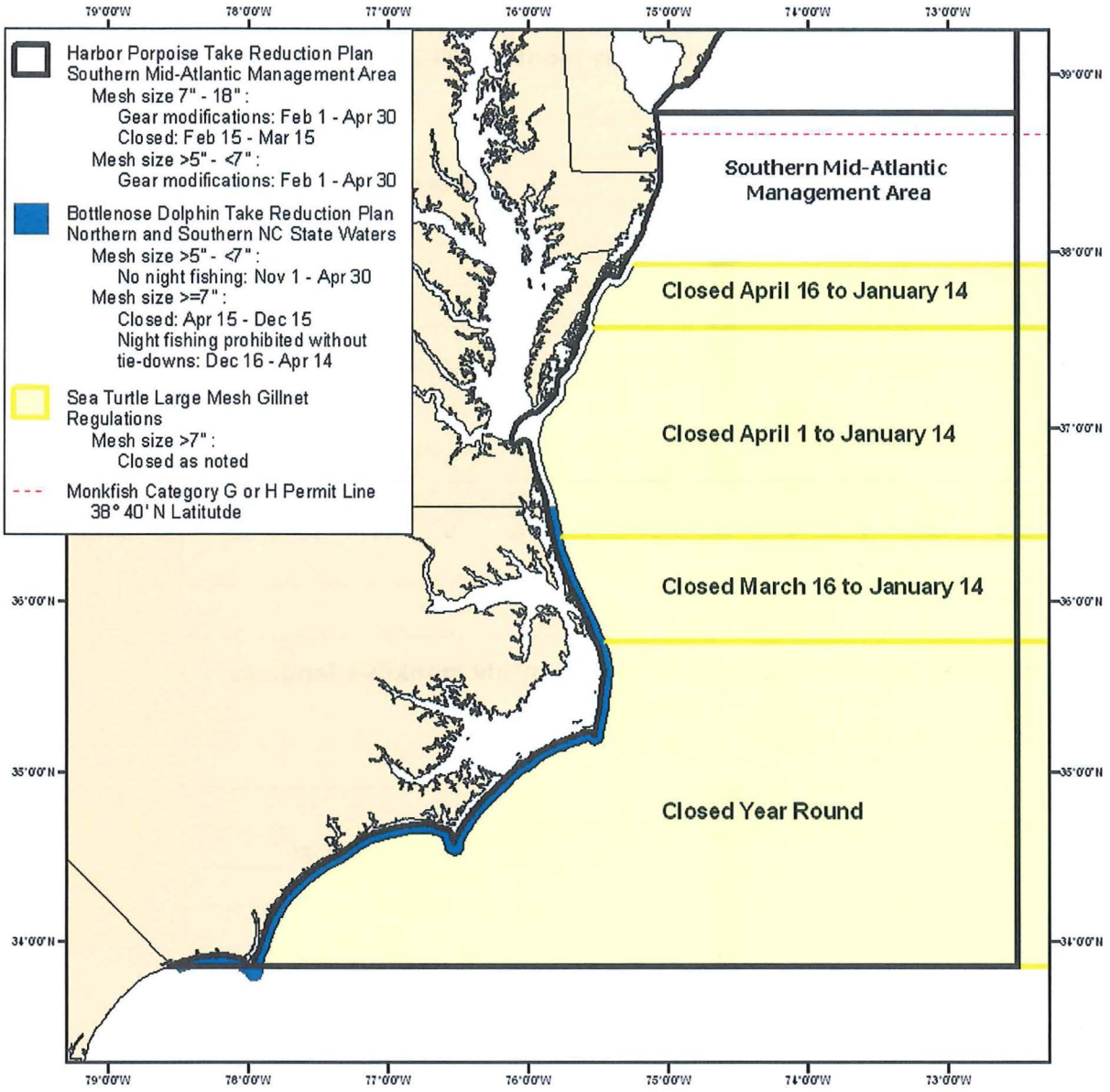
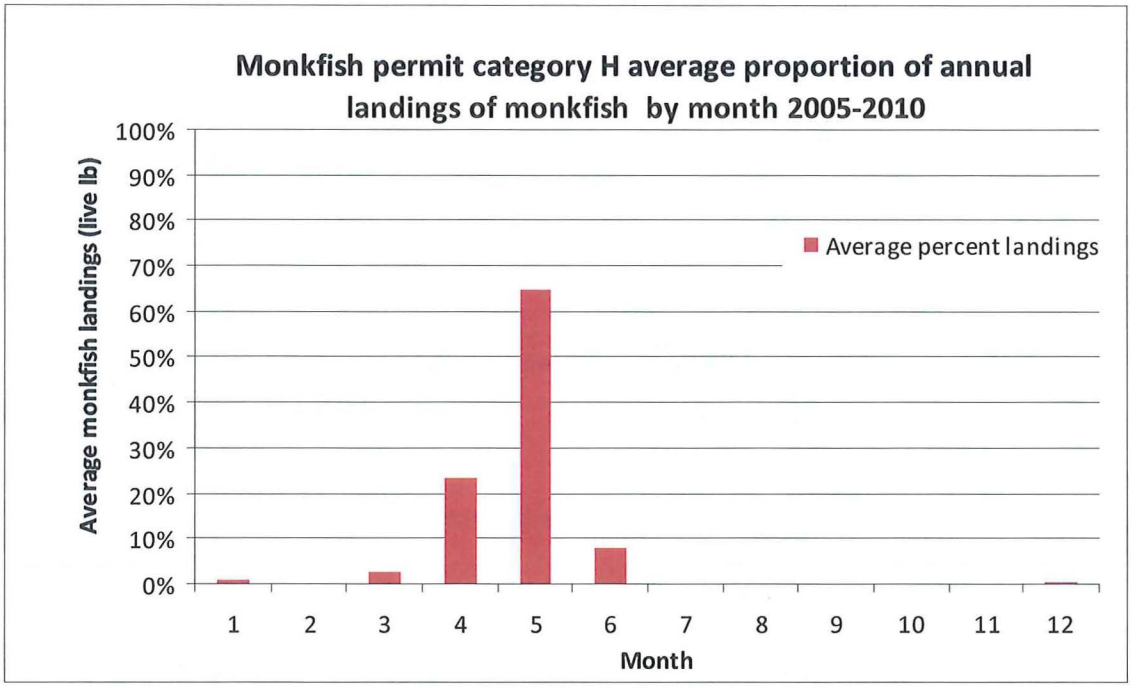
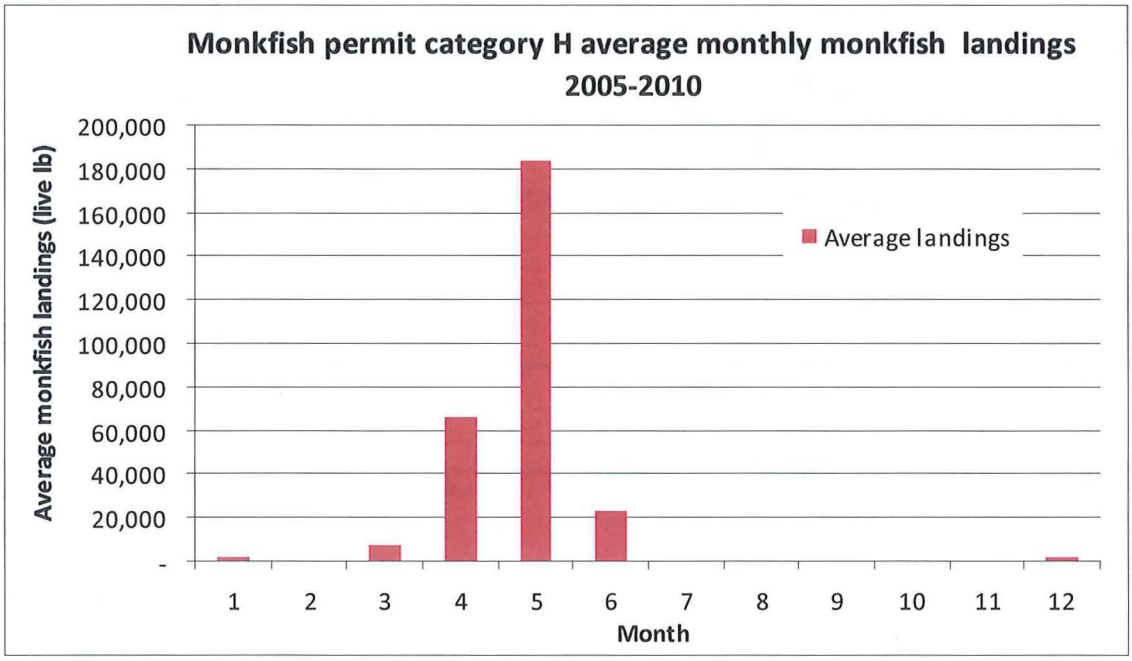


Figure 1 Chart of Monkfish Permit Category H fishery, showing Harbor Porpoise, bottlenose dolphin, and sea turtle closure areas/seasons.



(a)



(b)

Figure 2 Monkfish permit category H average proportion of annual landings (a), and average monthly landings (b) for 2005-2010.

	2005	2006	2007	2008	2009	2010
H Permit DAS Allocation	196.5	121.0	162.0	185.0	189.0	189.0
H Permit DAS Usage	103.9	86.9	103.1	101.9	91.8	85.7
H Permit DAS Percent Used	52.9%	71.8%	63.6%	55.1%	48.6%	45.3%

Table 1 Monkfish permit category H days-at-sea (DAS) allocation and usage, 2005-2010.