

# **Update:**

# Development of Amendment 18 to the Multispecies FMP

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# Outline

- Review decision timeframes
- Overview of analyses in support of A18
- A18 development check-in
  - What is in A18 to date?
  - What is not in A18?
  - What is pending discussion?
- A18 goals check-in



# Timeframe

2013	Nov. 18-19	Committee mtg.	A18 on 11/18.
	Nov. 20	NEFMC mtg.	A18 update.
	Dec. 9	Committee mtg.	Focus on FW51.
	Dec. 16-18	NEFMC mtg.	FW51 only.
2014	Jan. ??	Committee mtg.	A18 focus.
	Jan. 28-30	NEFMC mtg.	Approve A18 range of alternatives to be analyzed in DEIS.
	Apr. 22-24	NEFMC mtg.	Approves A18 DEIS with range of alternatives.
	Jul.-Aug.	NMFS review, 45-day public comment period.	
	Sept. 23-25	NEFMC mtg.	Approve final EIS.
	Fall	NMFS review, 60-day public comment period.	
2015	Jan.-Mar.	NMFS review cont.	
	May	Implementation.	



# Supporting Analyses

## **Fleet Diversity**

NEFSC SSB presented a draft analysis of fleet diversity in June.

## **Fishery ownership concentration**

NEFSC SSB presented a draft analysis of fishery ownership concentration June. Database is being improved (CPH permits included). Revised analysis was presented Nov. 18.

## **Excessive shares/Market power**

Additional expertise in economics from an external consultant is necessary to help determine if and how market power exists in this fishery. NEFMC contracted with Compass Lexecon, which presented preliminary results Nov. 18. Final report due Dec. 31.

## **Additional PDT support**

Permit/PSC splitting, vessel upgrade restrictions, permit banks, access to capital, NEHFA proposal, accumulation limits, legal considerations.



# Supporting Analyses

## NEFSC Preliminary outcomes FLEET DIVERSITY

- From 1994-2001, 30 fishermen “species” persisted through the time series.
- Since 2008, rate of fleet size decline has outpaced rate of fishermen species decline.
- So, there is declining diversity, but the fishery hasn’t redistributed to favor a particular niche, with two exceptions:
  - Since 2005, drop in proportion of Maine-based species.
  - In 2009, slight uptick in proportion of large vessel species.



# Supporting Analyses

## NEFFC SSB preliminary outcomes FISHERY CONCENTRATION

**CAUTION:** Database improvements ongoing, so the data presented could be incomplete and inaccurate. They are presented for discussion only.

- However, trends identified in June largely hold.
- Consolidation occurred between 2007-2010 and has been relatively stable since.
- Stock-wide, the largest individual owners hold 2-6% of all PSC.
- For stock-level allocations, the largest individual owners hold 10-12.5% (*GB winter fl*). All other stocks range between 4-7.5%. GOM cod is the least concentrated stock.
- A 5% permit cap would be ~60 MRIs, and would unlikely force divestiture.



# Supporting Analyses

## **Compass Lexecon Analysis - EXCESSIVE SHARES/MARKET POWER**

### **Methods**

- Looking for evidence of market power in: the market for fish, leasing of ACE at sector and individual levels, and permit acquisition.
- Using NMFS data, and qualitative data from surveys, interviews, and a webinar.

### **DRAFT Outcomes**

- Stakeholder inquiry generated fairly consistent qualitative information.
- The market for fish appears to be highly competitive, with no evidence of market power.
- Fishery ownership is unconcentrated, but large permanent holdings (permits) could allow the exercise of market power.
- Allocation of ACE is unconcentrated, and it would be difficult for the lease market to become anticompetitive.



# Supporting Analyses

## Compass Lexecon Analysis - EXCESSIVE SHARES/MARKET POWER

Remaining Timeline	
Dec. 11	CL submits draft final report.
Dec. 16-23	Public comments to CL.
Dec. 31	CL submits final report.
Early 2013	SSC panel review.



# A18 development check-in

## What's in A18 so far?

### **Permit cap**

Alternative to limit the holdings of entities other than permit banks to having an ownership interest in no more than 5% of Northeast multispecies permits, grandfathered to the control date (April 7, 2011).



# What's in A18 so far?

*(pending Council motion today)*

## **Defining non-profit permit banks**

### **Alternative definition:**

1. It is a partnership, voluntary association, or other non-profit entity established under the laws of the U.S.;
2. It is eligible to hold Northeast Multispecies permits/MRIs;
3. It maintains transparent qualification criteria and application processes for the distribution of ACE to fishermen;
4. It must distribute ACE to at least three distinct business entities in any fishing year;
5. ACE must be leased at below market values.

### **Other conditions:**

Non-profit permit banks must enroll in a sector.



# What's not in A18?

*(pending Council motion today)*

## Limiting the holdings of permit banks collectively

### November OSC motion:

Move that *Section 4.2.2.2 Alternatives to Limit the Holdings of Permit Banks Collectively* move to the *Considered but Rejected* section. (5/3/3)

## Limiting the use of fishing access privileges

A November OSC motion failed to insert alternatives to limit the use of fishing access privileges.



# What's not in A18?

*(pending Council motion today)*

## Vessel upgrade restrictions

### August OSC motion:

“To consider revisions to vessel upgrade restrictions to allow more flexibility for the fleet and improved safety.” (6/0/1)

### NERO-proposed omnibus amendment:

- Remove the gross and net tonnage restrictions from baseline and upgrade restrictions.
- Remove the one-time upgrade restriction.

NERO is not proposing to change:

- The vessel length or horsepower provisions.
- The upgrade restrictions for baseline length (10%) and horsepower (20%).

### November OSC motion:

Not consider for A18, but develop via an omnibus amendment with NERO.  
Wants to remove/change vessel length and horsepower provisions. (6/0/1)



# What's not in A18?

*(pending Council motion today)*

## NEHFA proposal

### NEHFA proposal core:

- Create a sub-ACL for each groundfish stock with Handgear A permit history from 1996-2006.
- Specify that this sub-ACL may be used by:
  - Handgear fishermen harvesting in a program distinct from sectors or the common pool.
  - Sector fishermen if using handgear (supports grandfathering).
- This distinct program would, in part:
  - Have an annual vs. the current trimester catch limit.
  - Not be subject to the March 1-20 Handgear fishing closure.
  - Would be exempt from all commercial groundfish closures except cod spawning closures.



# What's not in A18?

*(pending Council motion)*

## NEHFA proposal

### **November OSC motion:**

“That the Committee has considered the NEHFA proposal and decided not to include it in Amendment 18.” (10/0/1)

### **November OSC consensus statement:**

Request that the Council task the Enforcement Cte to consider the NEHFA proposal to remove the requirement that vessels fishing under an HA permit must carry a fish tote onboard.



# What is pending discussion?

Compass Lexecon report will inform this work.

## Individual permit bank permit caps

### **June OSC motion:**

To task PDT to develop permit bank permit caps (6/3/1).

## Accumulation limits for entities other than permit banks

- Northeast multispecies permits;
- MRI with associated PSC; and
- Stock-specific PSC.

Control date exceptions would apply.

### **November OSC motion:**

“To postpone Motion #4 until the Compass Lexecon report is received.” (6/3/1)



# What is pending discussion?

## US/CA quota trading

### **November OSC consensus statement:**

Ask PDT to evaluate whether the FW51 US/CA TAC measures Options 3 and 4 (4.2.3.3 and 4.2.3.4) would be appropriate for A18, require additional scoping, and how the A18 timeline would be impacted.

### **The options:**

Groundfish quota received in an in-season trade with Canada would be distributed:

- Across groundfish sectors.
- To the specific sectors (or common pool) that gave away quota in the trade.

These ideas cannot be accomplished through a framework.



# A18 goals check-in

1. Promote a diverse groundfish fishery, including different gear types, vessel sizes, ownership patterns, geographic locations, and levels of participation through sectors and permit banks;

**Out:** Permit/PSC splitting, vessel upgrades, NEHFA proposal

**In:** Non-profit permit bank definition?

**Pending:** Revising US/CA trading?

2. Enhance sector management to effectively engage industry to achieve management goals and improve data quality;

**Out:**

**In:**



# A18 goals check-in

3. Promote resilience and stability of fishing businesses by encouraging diversification, quota utilization and capital investment; and

**Out:** Permit/PSC splitting, vessel upgrades

**In:**

**Pending:** Revising US/CA trading?

4. To prevent any individual(s), corporation(s), or other entity(ies) from acquiring or controlling excessive shares of the fishery access privileges.

**Out:** limit permit banks collectively, limit use of fishing access privileges

**In:** 5% permit cap, defining non-profit permit banks

**Pending:** Other accumulation limits

