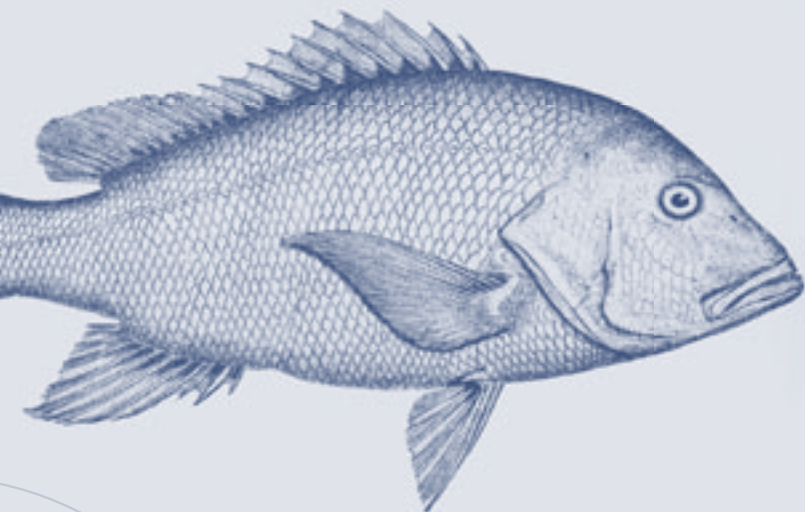




**INDIVIDUAL
FISHING QUOTAS:**
Potential and Risk



GULF RED SNAPPER

Alaskan Halibut
© Monterey Bay Aquarium
by Ann Caudle

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BACKGROUND & CURRENT STATUS

Individual Fishing Quota (IFQ) programs allow fishermen to catch a percentage of the total quota for a species of fish or shellfish in a defined area within a specific time. This privilege allows fishermen to catch their quota anytime during a fishing season.

Advocates of IFQ programs offer them as the solution for many of the problems facing our fisheries, including over-exploitation, poor market prices, and unsafe conditions. Although IFQ programs can provide some of these benefits, many fishermen and conservationists are concerned that poorly developed and poorly regulated programs will undermine conservation efforts and economically harm fishermen and fishing communities.

Because of those concerns, Congress placed a four-year moratorium on new IFQ programs in 1996 and commissioned an exhaustive study of these programs by the National Research Council (NRC). In 1999, the NRC published a report called *Sharing the Fish*, which documented the benefits and risks of IFQ programs and identified a number of safeguards to assure that such systems advance conservation and do not disadvantage fishermen and fishing communities. In 2000, Congress extended the moratorium for two years so that national standards could be developed to address the risks of IFQ programs.

In September 2002, the moratorium on IFQ programs expired without Congress adopting standards. There are currently two bills in Congress that would establish national standards for IFQ programs.

The first, the "Fishing Quota Act of 2003," S.1106, was introduced by Senators Snowe (R-ME) and Kerry (D-MA) in May 2003 and contains a minimal set of IFQ standards. The second, the "Fishing Quota Standards Act of 2003," H.R. 2621, was introduced by Representatives Allen (D-ME), Delahunt (D-MA), and Simmons (R-CT) in June 2003 and includes a complete set of national standards, which the Marine Fish Conservation Network strongly supports.

THE CASE FOR NATIONAL STANDARDS

As documented by the NRC study and in additional peer-reviewed scientific studies, poorly regulated IFQ programs pose risks to marine ecosystems, family fishermen, and the public ownership of fish resources. IFQs can affect ecosystems by promoting “high grading,” a process by which fishermen discard the low-value fish of the species for which they have quotas. In addition, IFQs provide little incentive to fish selectively or to protect ocean habitats from damaging fishing practices. Even worse, IFQs can impede efforts to adopt ecosystem-based management measures because quota shares are allocated for individual species and such allocations do not consider the needs of the ecosystem (for example, food for predator species).

Poorly regulated IFQ programs put family fishermen at risk because quota shares are often allocated based on the amount of fish a fisherman has caught in the past. This results in large-scale fishermen getting more quota and small fishermen receiving little or no quota and often being forced to leave the fishery. An IFQ can also be sold; it is “transferable,” which favors large-scale fishermen or corporations who have the financial resources to buy large amounts of quota. If there are no caps on consolidation, corporate interests can gain control over large segments of the fishery.

While federal law states that IFQs are not compensable private property, many people fear that if the quotas are held for long periods of time (10 or more years) they will become *de facto* property. In fact, some banks have seized quota shares that have been used to secure loans. This may force the government to compensate fishermen for making changes to their quotas, such as reducing the size or number of quota shares.

To address these potential problems, Congress must adopt a broad set of national standards that will not prevent regional councils from enacting IFQ programs, but will provide protections for marine ecosystems, family fishermen, and the public trust. The “Fishing Quota Standards Act” provides those protections.

SUMMARY OF FISHING QUOTA STANDARDS ACT OF 2003, H.R. 2621

Provide Additional Conservation Benefits

IFQ programs and shareholders will be reviewed every seven years. Decisions regarding whether to renew the system or quota shares, or how to improve them, must be based upon the outcome of those reviews. Decisions to renew or modify IFQ programs or shares will be based on evaluations of whether the system or shareholder is providing additional and substantial conservation benefits. Additional and substantial conservation benefits are scientifically measurable improvements in avoiding bycatch, preventing high-grading, reducing overfishing, rebuilding overfished stocks, and protecting essential fish habitat. This will ensure that IFQ programs and individual shareholders will enhance conservation

No Compensable Property Right

The bill retains current law stating that IFQ programs are not compensable property rights and are therefore revocable. Additionally, the bill strengthens this principle by limiting IFQ programs and shares to a period not to exceed seven years, after which time they may be renewed subject to satisfying defined criteria. Having a limited duration for IFQ programs and shares will reinforce the fact that IFQs are not private property.

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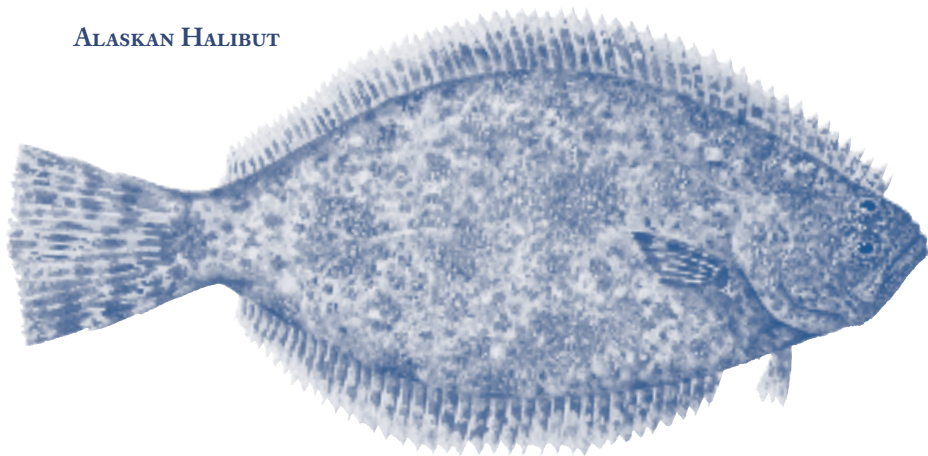
Protection for Individual Fishermen and Fishing Communities

To ensure that IFQ fisheries have broad participation, the bill requires there be a limit on the number of shares any one person may control. In initial allocations preference is given to fishermen who are engaged in fishing and have long-term participation in the fishery. An IFQ program must set aside a portion of each annual allocation for new entrants. Finally, decisions regarding whether to develop or approve an IFQ program must be approved by a two-thirds majority of the fishermen in the fishery, to prevent the consolidation of quota shares into the hands of a few.

Independent Review of IFQ Programs and Shareholders

The bill establishes a national IFQ review panel, consisting of individuals knowledgeable about fisheries management, to review IFQ programs. In addition, each fishery management council must establish and maintain an individual fishing quota review committee, consisting of individuals with knowledge in fisheries management, to conduct reviews of IFQ shareholder performance. Independent review will ensure that the new IFQ standards are implemented as intended.

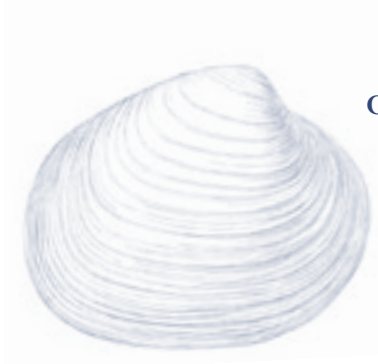
ALASKAN HALIBUT



FREQUENTLY ASKED QUESTIONS

How are fishermen and fishing communities hurt by the lack of national standards for IFQ programs?

Without strict rules regulating allocation of shares or setting limits on consolidation, larger fishing operations could easily amass huge shares and run family fishermen out of business.



OCEAN QUAHOG

This happened when the surf clam and ocean quahog IFQ programs off the coast of New Jersey initially gave quota shares to fishermen based on the amount of shellfish each fishing operation caught in the past. Once distributed, these quota shares were transferable. The result was that the number of fishing vessels declined by 74 percent for surf clams and 40 percent for ocean quahogs. The number of shareholders declined by 34 percent for ocean quahogs and 17 percent for surf clams. The General Accounting Office recently found that one entity now controls 27 percent of the surf clam quotas.

If family fishermen are swept aside by corporate control of our fisheries, the rich heritage of fishing in coastal communities could be lost. Instead of an equitable distribution of fish (a public resource) among coastal communities struggling to recover from decades of over-fishing, IFQ programs could concentrate the wealth of the sea in the hands of a few.

How are marine ecosystems hurt by the lack of national standards?

Because IFQ programs often allocate quotas based on the amount of fish a fisherman has caught in the past – his or her “catch history” – smaller, often more conservation-minded, fishermen are excluded. Instead of rewarding these small-scale fishermen with allocations, previous programs often rewarded the large-scale fishermen responsible for past overfishing.

Another problem comes from the fact that quota shares are usually allocated for individual species. Setting aside a portion of a total quota for ecosystem purposes, such as supplying food for other fish in the ecosystem, may require managers to buy quotas from existing shareholders.

Finally, current levels of at-sea and dockside observer coverage are inadequate to monitor whether IFQ programs are having adverse environmental impacts. National standards requiring observer coverage would allow for documenting whether IFQ programs are improving environmental conservation, and would provide information to inform renewal decisions.

How is the public trust hurt by the lack of national standards?

By law, America’s fish are a public resource. While existing law states that fishing is a privilege, not a right, IFQ programs further the impression that it is a right because the quota shares are usually allocated permanently. Quota shares held for 10 to 20 years may become *de facto* property, thereby forcing the U.S. government to compensate fishermen should quota shares be reallocated.

When Congress last debated sunsets for IFQs in 1996, shareholders in the South Atlantic wreckfish fishery flooded Congressional offices with faxes decrying the taking of their private property. To guard against this, IFQ programs and shares should sunset after seven years, after which time they could be renewed if shareholders were improving conservation.

What is a referendum provision and why is it necessary in an IFQ program?

A referendum is a mechanism to ensure a fair and equitable distribution of quota shares. The permit holders for a particular fishery vote to determine if an IFQ program should be developed and whether they support the specific provisions of the proposed program. A two-thirds majority is usually necessary for the proposal to go forward. This mechanism ensures broad program support within the fishing community.



WRECK FISH

Why is a sunset provision necessary?

A sunset provision requires IFQ programs and shares to end after a certain period of time. They may only be renewed after being reviewed for ecological, economic, and public trust impacts, and it is determined that these impacts are minimal.

This review is critical for two reasons: Because a sunset prevents the impression that a quota share is a property right, and because the review ensures an opportunity for the agencies safeguarding this public resource to analyze performance of IFQ programs for ecological, economic, and public trust concerns.

For example, the IFQ program for groundfish in British Columbia is reviewed every three years. Such reviews allow managers to modify the program as fish populations fluctuate, and they allow for the removal of shareholders who are not meeting conservation objectives, the review of consolidation patterns, and the introduction of new entrants to the fishery.

Why are conservation standards necessary?

The privatization of natural resources in the U.S. has rarely led to enhanced stewardship of those resources. Our extensive national forests, parks, recreation areas, and seashores have all been set aside to protect the long-term health of America's natural resources from exploitation for private economic interests.

Allocating quotas creates an immediate profit motive, an initial windfall for recipients. Without requiring improved conservation, quotas encourage shareholders to accelerate the harvest for short-term economic gain.

Is the Marine Fish Conservation Network opposed to IFQ programs?

No. The Network wants to ensure that IFQ programs enhance conservation and do not economically damage fishermen and fishing communities. To accomplish this, Congress must adopt national IFQ standards similar to those contained in the "Fishing Quota Standards Act of 2003," H.R. 2621.

What can you do?

Contact your Congressional representatives in person or send a personalized letter asking him or her to support the national standards contained in H.R. 2621 to protect fishermen, fishing communities, marine ecosystems, and the public trust.



TO LEARN MORE ABOUT IFQ PROGRAMS AND THE NEED FOR NATIONAL STANDARDS

www.conservefish.org
Marine Fish Conservation Network

www.pewscienceseries.org
Who Owns America's Fisheries
A peer-reviewed report on the ecological, economic, public policy and social problems associated with IFQ programs.

www.pewoceans.org/oceanfacts/2003/01/13/fact_31400.asp
Rights-based fishing: the wrong concept and the wrong solution for the wrong problem.

Peer-reviewed article describing the mistaken belief that IFQ programs will automatically lead to sustainable fishing practices.

SABLEFISH





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