This year, anyone with a boat, longline gear, and a $50 permit could try for halibut in Alaska’s commercial fisheries. But that open access will likely end in 1995, when the federal government introduces Individual Fishing Quotas (IFQs).

Quotas—shares of the catch—will be issued just to those who owned or leased vessels that fished for halibut between 1988 and 1990. An IFQ system for sablefish (black cod) under federal management will start at the same time.

The IFQ plan is not popular with the men and women who fish for halibut: 68 percent of captains (permit holders) believe IFQs will unfairly allocate halibut, even though 78 percent agree they will make fishing safer.

Groups opposed to IFQs are trying to stop the program in court. If the courts uphold IFQs, the commercial season for halibut and sablefish will likely be from March through November. Fishery managers cite advantages of IFQs:

- Safer fishing, with no more of the short, hectic, and often dangerous openings known as derby fisheries
- Smaller, more efficient fleets; the current fleets can take many times the available fish
- Fresh fish available to consumers most of the year

But the IFQ system could also cause big changes in wealth, income, and jobs in Alaska’s coastal communities, which rely heavily on fishing. Some of the issues are:

- IFQs could be worth $500 million or more to the recipients. But anyone else who wants to get into the fisheries will have to buy or lease quotas.
- Fleet consolidation could lead to less fleet spending and fewer jobs—but fishermen will likely get higher prices, because fresh fish is more valuable than frozen.
- There might be fewer crew jobs—but the remaining jobs could be nearly year-round.
- The fleets might change where they land their catch and spend money for bait, fuel, and other expenses.
- It’s uncertain how processors will adjust to a longer season, with fish marketed fresh instead of frozen.

ISER is studying the potential effects of IFQs, especially on small coastal towns, under a Saltonstall-Kennedy grant (see back page).

As a first step we surveyed captains (most of whom were also owners) of vessels with longline gear. This publication reports our survey findings.

It’s important to say that we’re not taking sides for or against IFQs—we’re presenting survey results and introducing our larger research project.
The survey is the first phase of our larger study of the potential effects of IFQs. As our study continues, we’ll use the survey results and other sources to answer a series of research questions (as discussed on page 20). This publication presents a picture of the Alaska halibut and sablefish fleets as they are today, just before the IFQ system goes into place. On pages 2 and 3 we briefly discuss IFQs and summarize some of our most interesting survey findings. The rest of the publication is in several parts:

- Broad descriptions of the sablefish and halibut fisheries
- Changes in the halibut fleet over time
- Snapshots of the Alaska halibut and sablefish fleets
- Existing halibut markets and potential changes
- Spending and income of the halibut and sablefish fleets
- Estimated potential value of IFQs

WHO MANAGES HALIBUT AND SABLEFISH?

Halibut is under the jurisdiction of the International Pacific Halibut Commission, created in 1923 by a joint treaty between the U.S. and Canada. The commission decides how much halibut the American and Canadian fleets can harvest each year and draws up regulations for the fishery. Management agencies in the U.S. and Canada decide how the catch will be taken. The North Pacific Fisheries Management Council manages halibut in Alaska waters; the Secretary of Commerce has to approve the council’s management policies.

The North Pacific Fisheries Management Council also manages sablefish in federal waters off Alaska. The new IFQ program will apply only to sablefish taken with longline gear in federal waters. Sablefish within the three-mile limit are managed by the state government.

IFQs may be the best of worst worlds....I don't think a group of people should own all the resources in the ocean.

—— Alaska longliner

WHY IFQs?

For years, federal fishery managers have been cutting the commercial seasons and taking other measures to protect halibut and sablefish stocks as the fishing fleets grew. Today the seasons are down to two or three single-day openings a year. Nearly everyone recognizes that these very brief openings—often called derby fisheries—where thousands of boats go out, regardless of the weather, are inefficient and dangerous. Derby fisheries can also disrupt local economies because they produce an intense burst of activity followed by months of inactivity.

More than a decade ago federal managers wanted to limit access to sablefish and halibut fisheries—not only to protect the stocks but to deal with the economic problem of too many boats going after too few fish. But limiting access to a public resource is always a controversial move, and it is only recently that the U.S. Department of Commerce approved the management council’s IFQ plan.

The two most common ways of limiting access to fisheries are limited entry—which limits the number of permits issued but not the catch of any given vessel—and individual quotas, which assign specific shares of the catch to each operator. There are other potential methods—for example, imposing taxes high enough to force less profitable vessels out of the fishery. However, the 1976 Magnuson Act (which extended U.S. jurisdiction to 200 miles offshore) prohibits federal managers from collecting revenues from fisheries. Even if federal law allowed such taxes, it’s doubtful the management council would advocate them. It is, by design, an industry-dominated group that tries to protect the financial interests of its constituents.

Federal managers have cited several reasons for choosing IFQs, including the improved safety, efficiency, and product quality mentioned earlier. Halibut and sablefish are also better suited to an IFQ system than some other species. Stock levels can be predicted fairly well in advance, and so managers can determine individual quotas. Also, halibut and sablefish can be harvested during much of the year—unlike, for instance, salmon and herring, which have to be harvested during brief, concentrated runs whose timing and size are less predictable.

Whatever they do, somebody’s going to get mad.

—— Alaska longliner
HIGHLIGHTS OF FINDINGS

• Three quarters of captains (permit holders) who fished for halibut in 1993 expect to get IFQs.
• Captains—both those who expect to get IFQs for halibut and those who don’t—are sharply divided about what kind of halibut management system they’d prefer. Nearly 30 percent opt for IFQs, but 19 percent prefer the current open-access system and 17 percent limited entry. One quarter are divided among many choices.
• More than 40 percent of halibut boat captains (again including both those who expect to get IFQs and those who don’t) believe the new system will leave them worse off, while only about one-quarter expect it to improve their finances.
• Ex-vessel prices (prices paid fishermen) for halibut in British Columbia in 1994 have averaged close to $1.00 more per pound than in Alaska. An individual quota system began in B.C. in 1991, and much of the halibut there is now sold fresh.
• Prices in Alaska are not likely to increase as much as they did in B.C. Alaska produces about five times more halibut—and the market effects of that much fresh halibut are unknown. Also, B.C. is closer to markets.

HOW IMPORTANT ARE HALIBUT AND SABLEFISH TO ALASKA’S COASTAL COMMUNITIES?

• Halibut openings in 1993 created more than 9,000 short-term jobs for residents of coastal towns. Sablefish openings created another 1,800 jobs.
• Crew members from coastal places were paid about $21 million during halibut openings in 1993 and sablefish crews a roughly similar amount.
• The halibut and sablefish fleets in 1993 spent about $65 million in coastal towns during all the fisheries they took part in (including not only halibut and sablefish but salmon, crab, and others).
• Halibut and sablefish landings at Alaska ports also create more jobs and income in processing plants, vessel equipment, supply, and repair businesses, and other sectors of the coastal economies.