

# Sector Allocation

# What is a Sector?

“A Sector means a group of persons holding limited access vessel permits who have voluntarily entered into a contract and agree to certain fishing restrictions for a specified period of time and which has been granted a TAC (s) in order to achieve objectives consistent with applicable FMP goals and objectives.”

# How is Quota Allocated

- Generally quota is allocated to a sector or sectors based on aggregate catch histories of harvested stocks for vessels participating in the sector
- Years used to determine allocation vary from region to region
- Dealer reported landings data are usually used to determine catch history

# Regulations

- MSA does not set parameters for sector allocations, rather regulations are specific to the region
- In New England, sector allocations are regulated through the New England Council
- The Alaska Pollock fishery is regulated through the North Pacific Management Council
- The Pacific Whiting fishery is regulated through NMFS-Northwest Region and the shore-side sector of the fishery is managed cooperatively between NMFS and state fishery management agencies

# Examples

# Alaska Pollock Fishery

- Prior to the American Fisheries Act, quota was allocated 65 % offshore and 35 % onshore
- The 1998 American Fisheries Act paved the way for a three-sector allocation and the formation of a cooperative in the catcher/processor sector
- As of January 1, 1999, the American Fisheries Act allocated
  - 10% to Community Development Quota (of total TAC) with remaining 90% split between three sectors
    - 10% to mothership sector (large processing vessels)
    - 40% to catcher/processor sector (vessels that both catch and process)
    - 50% to on-shore sector (vessels harvesting for on-shore processing plants)
- Sector allocations (and cooperatives) were “created to rationalize fishing activities, promote conservation and enhance utilization of the fishing resource”

# Pacific Whiting

- 1997 regulations define sectors and allocated quota
  - 34% to the catcher/processor sector
  - 24% to the mothership sector
  - 42% to the shore-based sector
- Also in 1997 the four catcher/processor companies formed a cooperative to make optimal use of the allocated quota
- These regulations helped alleviate the “race to fish” in catcher/processor sector but NMFS is still considering ways to further reduce effort in the mothership and shore-based sectors

# New England Cap Cod Commercial Hook Fisherman's Association

- Formed in 1991
- It is a non profit 501 (c) 3
- Has over 1,400 members
- Executive Director, Paul Parker and Policy Analyst, John Pappalardo
- Focuses on maintaining a “healthy marine environment that supports a secure and viable future for sustainable commercial fisheries”
- Instrumental in forming Georges Bank Hook Sector



# New England Georges Bank Hook Sector

- Formed in 2004 with 58 fishing businesses signed into contract, the sector is allocated up to 20% of the TAC for Georges Bank cod
- Follows requirements as outlined in Amendment 13 to the NE Multispecies Fishery FMP
- Sector members determine how to harvest the cod
- Allows for relief from trip limits, but not days at sea limits

# New England Georges Bank Hook Sector

- Prevented derby
- Allowed for additional monitoring and research on bycatch
- Allowed for transfers and leases of days at sea
- Has unified fishermen and improved relationship between fishermen and the community at large and with the scientific community
  
- In 2006 a Georges Bank Fixed Gear Sector was approved and implemented
- In 2007 the Georges Bank Gillnet sector was approved. They also operate under days at sea limits

# New England-Current Rules

- Sectors must submit a proposal a year in advance
- Additionally, Sectors must submit an operations plan, an environmental assessment, and a binding contract governing the members
- NMFS and the Council approve proposals
- Allocations based on share of commercial catch the five years prior to the beginning of the sector
- Sectors shut down once TAC is reached
- Sectors, participating vessels, and individual operators and/or owners may be charged jointly or individually for civil penalties and permit sanctions

# New England – Under Consideration

- NEFMC looked at authorizing sectors in all northeast FMPs. They will introduce sector rules by fishery
- Looking at hard TACs for all species caught, fixed baseline for allocation and trading between sectors
- Sector Policy: NE Council Operating Policy adopted in June 2007
- There are over 17 new groundfish sectors proposed (Amendment 16)

# New England- Potential Future Regulations

- Amendment 17 would look at developing all other management options including but not limited to:
  - ITQs
  - Area management
  - DAS performance plan
  - Point system
  - Party/Charter limited entry, and
  - Approval of any new sector proposals or adjustments or modifications to existing sectors

# Potential Benefits of Sector Allocation

- Often seen as simpler and more responsive than traditional management
- Allows for flexibility in when, where, and by whom quota is harvested
- Some sectors have seen economic gain as a result of the sector
- Fishermen have more security as a part of a sector
- Sectors can also potentially help with marketing
- Sectors can help end the “race to fish” because they may lead to or are coupled with the formation of Cooperatives

# Potential Drawbacks of Sector Allocation

- Administrative time spent on setting up sectors, monitoring, and reporting requirements
- Potential for added management burden (monitoring, enforcement, operation plan review)
- Sectors have to organize and govern themselves
- Sectors can be punished for actions of one fisherman
- Monitoring and implementation costs can increase for fishermen
- Alone, Sectors often do not result in large economic benefits to fishermen because of lack of transferability