

# Catch Share Catastrophes

## Failures in Fishery Quota Programs



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Throughout the United States, regional fisheries are being forced to comply with new regulations that are dramatically changing the fishing industry and the livelihoods of fishermen. These regulations have been pitched as a way to end overfishing, motivate resource stewardship, and increase productivity, profits and long-term stability for fishermen. These controversial management tools, called “catch shares” or “individual fishing quotas” (IFQs), are being heavily promoted by the federal government as a way to better manage and monitor fisheries in the United States.<sup>1</sup>

Unfortunately, most catch share programs fall short of this goal, and instead turn public resources — our fish — into private property. Privatized catch share systems divide up the fish in our oceans and give access to them only to certain companies and individuals, putting fishing privileges in the hands of a few, often larger corporate interests.

Such programs have done little to encourage sustainable fishing practices or stop fish populations from becoming depleted and, in some cases, have actually worsened these problems. Smaller, historic fishermen are continually being forced out of fishing, and wages have plummeted for those able to find work. Worldwide, catch share programs that privatize fisheries have proven unsuccessful and even devastating for fishing communities, marine environments and consumers.

### What Are Catch Shares?

Catch shares determine the amount of fish that a fisherman is allowed to catch. Typically, they are in the form of a percentage of the total allowable catch (TAC) of a fishery, which is the amount of fish one is allowed to catch each year as set by scientists and managers. For example, one fisherman might receive 2 percent of a 1 million pound TAC of red snapper. This means that the fisherman can catch 20,000 pounds of red snapper for the year. The percentage of TAC a person receives is referred to as their “share” or “quota.”

Catch shares can be distributed in a number of ways, but the most common method — the one being implemented most often across the United States — involves giving away catch shares to fishermen based on their catch history and then allowing fishermen to lease or sell their quotas in a private market system. While this may sound like a fair approach, the reality is that smaller fishermen who fish more slowly and catch less are pushed out when the amount of annual catch to qualify for shares is set high. Wages for crews fall because many captains have to buy or lease quota to fish and can't pay their crew members as much. Ultimately, the industry is skewed toward industrial fishing vessels employing fewer people and using less sustainable fishing methods.

## Fishermen Lose Jobs, Boats and Wages

The small group of people and corporations that receive the largest initial distribution of shares — or have the most capital to buy and lease shares — often gain control over an entire fishery, pushing smaller fishermen out of fishing and even into bankruptcy. In the Alaskan halibut-sable program, 40 recipients received an average quota of \$2.5 million while the remaining 4,000 recipients received quota averaging only \$10,000.<sup>2</sup> The surf clam and ocean quahog fishery in the mid-Atlantic became so consolidated that one firm controlled 27 percent of the available quota.<sup>3</sup>

As a result of this subsidized consolidation, fisheries have lost well over half of their fishing fleets. In Alaska's Bristol Bay king crab fishery, only 89 out of 251 boats remained after catch shares were implemented in 2005.<sup>4</sup> In early 2010, New England implemented catch shares in the groundfish fishery through a "sector" program, and a prominent advisor to the fishery management council suggested that "50-75 percent of the fleet and thousands of jobs will be lost in a relatively short period of time."<sup>5</sup>

The same problems are occurring in other parts of the world that employ privatized catch shares systems. The southern bluefin tuna fishery in Australia had approximately a 70 percent reduction in the number of boats within the first two years of the initiation of the IFQ system.<sup>6</sup>

Those who use more intensive fishing methods like industrial trawlers often receive more of the initial quota because they caught more fish in the past. As this happens, smaller-scale fishermen are driven out of the industry because they cannot afford to lease or purchase additional shares from the corporate fleets in order to catch enough fish to stay in business. Many large-scale quota holders don't even fish themselves. Instead they become "armchair fishermen" or "fishery landlords" by leasing their quota for exorbitantly high prices. Often those that actually fish pay the price to the landlords to lease quota, and take that out of the profits they would otherwise make, reducing the wages they are able to pay their crews.

The Canadian halibut fishery switched to a privatized catch share system in 1991 and by 2006 a total of 79 percent of the quota was leased out instead of being fished by quota owners themselves.<sup>7</sup> A huge financial burden was placed on the fishermen who now had to pay rent to bring in their catch. Of the 182 active halibut vessels in 2006, 37 of them leased 90 percent or more of their quota, 67 leased 70 percent or more, and 91 leased 50 percent or more of their quota.<sup>8</sup> Quota leasing has become the single largest operating cost for these fishermen, driving some fishermen out of business.

Quota leasing also prevents new fishermen from entering the fishery. One study estimated that it can cost between

\$250,00 to \$500,000 for a new entrant to acquire enough quota for a single fishing trip in Alaska's halibut fishery. Fishermen who already have quota can use their existing quota as leverage for loans, but fishermen just starting out have to use personal assets, such as their homes, for the required downpayment (between a quarter and half of the loan, or \$62,500 to \$250,000) before they can even catch any fish.<sup>9</sup>

As a result, fishing captains cannot pass as much profit on to their crew and can only hire just enough people to bring in the catch. The skippers and crew received 10-20% of the catch value before catch shares, and now receive only 1-5 percent. Even the quota owners who still fish pay their crew less, arguing that paying higher wages would make leasing their quota more profitable than fishing it themselves. So while the overall value of the halibut fishery has increased by 25 percent, the crews' share of that value has dropped by 73 percent.<sup>10</sup> In the Bristol Bay red king crab and Bering Sea snow crab fisheries, some crew members report that pay has dropped from 5-6 percent of catch value to less than 1 percent,<sup>11</sup> while some 1,150 crew members lost their jobs entirely after IFQ implementation in the Bering Sea and Aleutian Islands crab fisheries.<sup>12</sup>

## Fleet Reduction Means Job Losses

"Fleet reduction" — meaning fishermen being cut out of fishing — is often highlighted as a success of IFQ programs.\* But every time a boat stops fishing, there are fewer jobs, resulting in struggling coastal communities.

IFQ Program	Boats in fishery prior to IFQ	Boats in Fishery after IFQ
Alaska Halibut	3450 boats in 1994	1156 boats in 2008
Alaska Sablefish	1404 boats in 1994	362 boats in 2008
Bering Sea and Aleutian Islands Pollock	100 catcher and 20 catcher-processors in 1998	90 catchers and 21 catcher-processors in 2005
Bering Sea and Aleutian Islands red king crab	251 boats in 2004	74 boats in 2007-2008
Bering Sea and Aleutian Islands snow crab	189 boats in 2004	78 boats in 2007-2008
Pacific Sablefish	328 boats prior to 2002	87 boats in 2008
Gulf of Mexico Red Snapper	546 permits in 2007	466 permits in 2008
Wreckfish	91 boats in 1990	10 boats in 2009
Surf clam	128 boats in 1990	50 boats in 2005
Ocean Quahog	92 permits in 1991	47 permits in 2005

\* All from NOAA Fisheries Office of Sustainable Fisheries. Current Catch Share Program Spotlights. Available at [http://www.nmfs.noaa.gov/sfa/domes\\_fish/catch-share/index.htm](http://www.nmfs.noaa.gov/sfa/domes_fish/catch-share/index.htm) except for Surf clam, from NOAA's Status of Fishery Resources off the Northeastern US: Atlantic Surfclam. <http://www.nefsc.noaa.gov/sos/spsyn/iv/surfclam/> and Ocean Quahog, from NOAA's Status of Fishery Resources off the Northeastern US: Ocean Quahog. <http://www.nefsc.noaa.gov/sos/spsyn/iv/quahog/>



The economic hardship and job loss among fishermen have widespread impacts — small processors, ports and communities reliant on them also suffer. Privatized catch shares encourage consolidation throughout all the support services for the fishing industry. In Alaska's IFQ program, a handful of major processors ended up with exclusive buying rights to a percentage of most crab deliveries. As a result, some processors were guaranteed an astounding 90 percent of crab deliveries, leaving fishermen with only 10 percent to deliver where they wanted.<sup>13</sup> The smaller processors and ports that cannot arrange deals with quota owners can be forced to close, hurting communities linked to small-boat fishing — often those holding the bulk of shares. Many will avoid the discomfort of dealing directly with struggling fishermen by leasing through processors instead, further consolidating the fishery and allowing processors to control pricing for landed fish.<sup>14</sup>

## Fishery Health Not Improved

Privatized catch shares also fail to deliver on the promise of improving the health and long-term sustainability of fish populations. Distributing shares based primarily on historical catch ignores fishermen's environmental performance; in fact, it can reward those that fish the hardest and fastest using gear associated with more environmental problems, but that boost catch quantity. For example, industrial-scale "factory fish" boats owned by corporations frequently use equipment that catches large amounts of fish quickly, but also damages the ocean floor and kills other wildlife unnecessarily in the process.



A fisherman in Iceland, where privatized catch shares were ruled a violation of international law. Photo by iStockphoto.com.

Many fisheries that implemented privatized catch shares have seen little to no improvement in fish population sustainability. In New Zealand, a national catch shares program failed to improve fish stocks in over 50 percent of the managed fisheries. After 20 years of catch share programs, 81 percent of New Zealand's fisheries were still considered to be below the targeted range or having an unknown population status.<sup>15</sup> In Norway, cod stocks dropped to their lowest quota ever available in 2006 after 15 years of catch share management.<sup>16</sup>

Stocks continue to decline because the very design of most catch share programs includes incentives to discard some of the catch. By restricting fishermen to the amount of fish in their quota and making it too expensive to acquire additional quota, fishermen may discard smaller fish that will bring in less profit at the dock. This process, called "high-grading," results in the death of many fish, which are tossed overboard, depleting fishing stocks while yielding no profit for fishermen. Similarly, "bycatch" — ocean wildlife that is unwanted or illegally caught while fishing other species — is also discarded and has undermined fishery recovery efforts.

Bycatch and high-grading are hard to quantify because fisheries monitoring is both expensive and time-consuming, and not a top government priority in times of economic struggle. The National Marine Fisheries Service (NMFS) only analyzed 66 fishing trips in the Gulf of Mexico red snapper fishery between July 2006 and December 2007. During the trips, 5,632 red snapper were kept while 3,400 were caught accidentally and then discarded, were discarded dead, or met some other unknown fate besides being sold at dockside. In these 66 fishing trips, discarded red snapper bycatch accounted for over a third of the total red snapper catch, indicating that catch shares do not minimize bycatch problems and might actually make it worse.<sup>17</sup>

## Catch Shares Violate Laws Protecting Fishermen

The legality of catch share programs that privatize fisheries is highly questionable. The Magnuson-Stevens Fishery Conservation and Management Act contains 10 standards to guide fishery management at a national level. Catch share programs appear to violate the eighth principle, which requires conservation and management measures to "take into account the importance of fishery resources to fishing communities in order to a) provide for the sustained participation of such communities, and b) to the extent practicable, minimize adverse economic impacts on such communities."<sup>18</sup> As described above, privatized catch shares can have myriad negative impacts on communities reliant on fishing.

These systems have even been ruled violations of human rights. The United Nations Human Rights Committee ruled in 2007 that Iceland's catch share program violated international law by transforming a public resource into individual

property. By forcing fishermen without quotas to pay money to a privileged group of citizens (the quota owners), Iceland's IFQ program violated the human rights of the fishermen.<sup>19</sup>

In their design and implementation, some IFQ programs in the United States have been passed through processes that exclude stakeholders. Laws about fishery management require that fishermen in some regions be given a vote for certain major management decisions, such as the implementation of privatized catch shares. Unfortunately, the process to determine who is qualified to vote is political and not every fisherman gets an equal say each time. In the Gulf of Mexico, the grouper and tilefish IFQ was passed by a vote of fishermen participating in the fishery, but approximately 63 percent of fishermen holding fishing permits were not allowed to vote. A survey by Food & Water Watch found that nearly 90 percent of the respondents would have voted against the plan if they had been included in the referendum. In New England, a "sector" plan for groundfish was passed with little public outreach to fishermen, even though it is really a modified catch share program that also required a fishermen's vote.<sup>20</sup>

## Fair Fish

Rather than subsidizing privatization and job loss in fishing communities by giving away catch shares to the biggest participants, our fishery management should maintain public control of fish and allocate them in the public interest and on fair terms to fishermen. We call this concept Fair Fish — the government rents fishing rights directly to eligible entities, such as community fishing associations and independent fishermen, and then invests rental revenues back into the fishery.

Fair Fish allows the government to control rental pricing so that the cost of fishing is always reasonable and inclusive of small fishermen. Flexible, fixed-term agreements allow the fishery to prioritize environmental, economic and social goals such as lower-impact gear types and local community employment.

To learn more and become involved in our Fair Fish campaign go to [www.foodandwaterwatch.org/fish](http://www.foodandwaterwatch.org/fish).

## Endnotes

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- 18 Magnuson-Stevens Fishery Conservation and Management Act. Sect 301 (a)(8).
- 19 United Nations, Human Rights Committee, International Covenant on Civil and Political Rights, (91st session). Communication No. 1306/2004. CCPR/C/91/D/1306/2004. December 2007, at 20.
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**About Food & Water Watch:** Food & Water Watch is a nonprofit consumer organization that works to ensure clean water and safe food. Food & Water Watch works with grassroots organizations around the world to create an economically and environmentally viable future. Through research, public and policymaker education, media and lobbying, we advocate policies that guarantee safe, wholesome food produced in a humane and sustainable manner, and public, rather than private, control of water resources including oceans, rivers and groundwater.

