



Individual Fishing Quotas (IFQs)

Review and Discussion

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Division of Marine Fisheries Management



This is a Review and Discussion of Individual Fishing Quotas (IFQs), with a focus on Gulf of Mexico red snapper and grouper IFQ programs.

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Definitions

Also Known As:

- Rights Based Management
- Dedicated Access Privileges (DAPs)
- Individual Vessel Quotas (IVQs)
- Individual Transferable Quotas (ITQs)
- Limited Access Privilege Program (LAPPs)

Magnuson-Stevens Definition:

- IFQ – “ a federal permit under a limited access system to harvest a quantity of fish, expressed by a unit or units representing a percentage of the total allowable catch of a fishery that may be received or held for exclusive use by a person”



Individual Fishing Quotas (IFQs) are also known as Dedicated Access Privileges (DAPs), Individual Vessel Quotas (IVQs), Individual Transferable Quotas (ITQs), and more recently, as Limited Access Privilege Programs (LAPPs). Throughout this presentation, IFQ will be used to refer to the concept of limiting access to a fishery by allocating individual privileges to harvest a set quantity of fish.

The Magnuson Stevens Fishery Conservation and Management Act defines an IFQ as “a federal permit under a limited access system to harvest a quantity of fish, expressed by a unit or units representing a percentage of the total allowable catch of a fishery that may be received or held for exclusive use by a person”.

In other words, IFQs grant exclusive access to someone to harvest a certain percentage of the total allowable catch of a species of fish or shellfish in a specific area within a specified time frame. The Magnuson-Stevens Act also specifies that federally-managed IFQs are limited privileges, not true property rights, and are therefore subject to modification or revocation without compensation to their holders.

Rationale for Implementation of IFQs

- Avoids the “race for fish” and its negative consequences
- Improves economic efficiency by providing incentives to reduce excess harvest and processing capacity
- Improves conservation through individual stewardship
- Improves safety by reducing incentives to fish in hazardous conditions



The intent of IFQ programs is to balance fishing effort and yield by allowing markets to drive an individual fisherman’s harvest strategy.

IFQ management reduces incentives for fishers to invest excess capital and labor in the fishery. Individual choices and decisions about fishing time and areas fished become possible. Without the “race for fish”, the fisher may also reduce the bycatch of non-target species if fishing gear is set more deliberately.

Proponents also believe that IFQ systems promote more individual stewardship and conservation practices.

IFQ proponents also believe it improves safety in a fishery because it allows fishers to choose when to fish, thus helping them avoid hazardous conditions such as bad weather.

Considerations when designing an IFQ

- Qualifying criteria
- Initial allocation of quota
- Transferability and accumulation
- Sunset or duration
- Re-evaluation following monitoring results
- Enforcement
- Cost recovery and fees



There are several important considerations in designing an IFQ. The initial allocation of quota shares should be transparent and must treat all industry participants in the fishery fairly. A decision should be made as to whether quota shares should be transferable. Transferability is generally desirable in order to accomplish the economic goals of the IFQ, with caveats that preclude any individual from accumulating an excessive share of the quota. Supporters of IFQs believe that to avoid instability, IFQs should not be subject to “sunset” provisions or have too-limited a duration. In order for an IFQ to function as intended, fishers argue that they should be assured of a long-term interest in the fishery, or they will be less likely to change their behavior. Periodic reviews would be essential to help ensure that programs are meeting their objectives and remain fair and equitable. Problems with enforcement increase in direct proportion to the geographic extent of the fishery, the number of fishing units, the number of landing or sale points, and the ability to sell fish to the retail market without processing. Enforcement is key because each participant’s landings must be carefully tracked and recorded on a real-time basis. Vessel monitoring system requirements greatly enhance enforcement of IFQ programs. Existing IFQs provide for minimal cost recovery for administration of the program. Federal IFQ programs now have the mandate to recover up to 3% of harvest revenues for administrative and enforcement costs, but none have yet implemented such cost recovery programs.

Potential Concerns of IFQs

- Qualification and initial allocation of quota shares
- “Highgrading”
- Enforcement and Monitoring
- Misreporting
- Consolidation of quota shares
- Social consequences – (e.g., changes fishing communities and processing plant businesses)
- Confusion about the nature of the privilege
- Increased management costs



One of the main concerns regarding IFQs is deciding who gets to participate and the equitability of the initial allocation of quota shares. Since allocations typically rely on an individual's catch-history, the initial share can become a critical point of debate and controversy.

Because IFQs provide an opportunity to conduct fishing more slowly, selective harvesting of higher-value fish, or “highgrading”, could occur.

Because monitoring and enforcement of harvest can be difficult, the incentive to misreport catches is sometimes higher than the risk of being caught.

Consolidation of quota shares is also a concern for its potential impact on small-scale participants.

Communities that were once dependent on traditional fishing activity may undergo economic changes in infrastructure and employment patterns.

A major concern of IFQ opponents is the potential for individual fishers to feel they have a vested right to the fishery. IFQ programs go to great lengths to specify that there are no permanent or vested rights to the fish. Nonetheless, opponents argue that share-based management programs such as IFQ programs privatize and unfairly allocate a public resource and allow only a chosen few to reap substantial economic benefits.

Lastly, the cost of IFQ programs may involve higher government costs than other types of management programs, usually associated with monitoring and tracking individual harvests.

Gulf Red Snapper IFQ



- 1990: Traditional quota management
- Shrinking quotas resulted in a “derby” mentality
- Social and economic problems developed as a result of the early closures after quotas were met
- Despite management, problems persisted.
- IFQ was approved and implemented on January 1, 2007



Gulf red snapper were managed by a quota starting in January 1990. At that time, a 3.1 million pound commercial quota was implemented in order to reduce fishing mortality by 20%. That quota was further reduced to 2.04 million pounds in 1991. This resulted in a “derby mentality”, or the “race for fish”. When the 1992 season opened, the fishery caught its 2.04 million pound quota in just 53 days and closed on February 22, 1992.

In an attempt to reduce this derby-like atmosphere, which resulted in a short fishing season that in turn caused social and economic problems, the Gulf of Mexico Fishery Management Council (Council) implemented trip limits to slow down the pace of the harvest. The 1993 red snapper commercial quota was set at 3.06 million pounds and this resulted in a season of 95 days. The same quota in 1994 and 1995 produced seasons of 77 and 50 days, respectively. Clearly the efforts to restrain harvest had not deterred the derby-like conditions, and a different form of effort management was judged necessary by the Council to slow down the red snapper harvest.

To alleviate these problems and to optimize the benefits of the red snapper resource, the Council began to develop an IFQ program. The IFQ program was approved in Amendment 26 to the Reef Fish Fishery Management Plan. The National Marine Fisheries Service approved the plan and it was implemented on January 1, 2007.

Gulf Red Snapper IFQ

- Share amount determine by historical landings
- 621 accounts issued to 546 individuals; 505 are active; 116 remain inactive



The IFQ share allocation to each participant was determined by the amount of red snapper landings during a specific time period. The program specifies that no single individual or corporation can own all of the available IFQ shares and monopolize the fishery.

At the beginning of the Federal IFQ program, 621 IFQ accounts were issued to 546 individuals. Individuals holding more than one red snapper license were issued multiple IFQ accounts. Of the 621 accounts, 505 of these are active, while 116 remain inactive. The red snapper IFQ program does not have a “use-it-or-lose-it” provision.

Gulf Grouper IFQ



- Council is developing an IFQ program for commercial grouper and tilefish fisheries
- Similar format as red snapper IFQ
- Council has not yet finalized the program



The Council is continuing the development of an IFQ Program for the commercial grouper and tilefish fisheries. The proposed grouper IFQ program is being developed in similar fashion as the red snapper IFQ.

Gulf Grouper IFQ



- Plan includes alternatives that address:
 - combining permits (permit stacking)
 - minimum harvest threshold for eligibility
 - qualifying landings years
 - incidental bycatch
 - definition of a substantial participant
 - initial apportionment of the quota
 - transfer eligibility requirements
 - caps on quota ownership
 - use-it-or-lose-it provision
 - cost recovery program
 - establishing certified landing sites
 - provisions for a referendum vote
- Possible approval in 2009; implementation in 2010



The Council's proposed IFQ plan presently includes alternatives that address:

- 1) combining permits (permit stacking)
- 2) minimum harvest threshold for eligibility
- 3) qualifying years
- 4) incidental bycatch
- 5) definition of a substantial participant
- 6) initial apportionment of quota
- 7) transfer eligibility requirements
- 8) quota ownership caps
- 9) a "use-it- -or-lose it" provision
- 10) a cost recovery program
- 11) establishing certified landing sites
- 12) provisions for a referendum vote.

It is expected that that an IFQ program could be accepted and approved sometime in 2009 with implementation in 2010.

South Atlantic Tilefish IFQ



- June 2008: Council approved the creation of a workgroup that will begin development of an IFQ program for Golden Tilefish
 - Will serve as a pilot program for implementing IFQs
- Efforts to develop a snapper/grouper IFQ program have been halted



At the South Atlantic Fishery Management Council's June 2008 meeting, the Council approved the creation of a workgroup that will begin development of an IFQ program for Golden Tilefish. This program will serve as a pilot program for the possible design of future IFQ programs in the South Atlantic Fishery Management Council. Efforts to develop a broader snapper/grouper IFQ program have been halted because there was no consensus among the Council's advisory panel members regarding how that program should operate.