

Catch Shares

For

Environmental Law Institute

March 17, 2011

By

David H. Wallace

Wallace & Associates

410 376 3200

dhwallace@aol.com

Catch Shares

The Surfclam and Ocean Quahog Fishery

A Case Study

Catch Shares

- SCOQ fishery pre MSA boom and bust
- Only Surfclams taken pre management
- Production high, vessel price low
- Production low, vessel price higher
- In both cases, vessels made little money

Catch Shares

- In 1974 surfclam production was 5.9 million bushels price was \$1.65 bushel
- There were about 40 active clam vessels
- There were 6 medium large processors and around 6 small operators
- In 1975 surf clam production collapsed and price went to \$12.00 per bushel

Catch Shares

- In 1977 under management surfclam production was 1.8 million bushels and \$12.00 per bushel
- That was the second year of the ocean quahog fishery
- Many in the fishery knew they were the problem
- Number of permitted vessels jumped to 168

Catch Shares

- In 1974 industry started meeting with state and federal officials to control overfishing
- A group of ideas were put together to manage the fishery and taken to NOAA
- NOAA suggested to wait and see if the FCMA would get out of Congress, it did
- The FCMA when into effect in 1976

Catch Shares

- The MAFMC was formed and at their first meeting started on the SCOQ FMP
- By 1977 the SCOQ FMP was in effect
 - Limited entry
 - Fixed quota
 - Catch it or loose it provision
 - Time and trip limitations to keep from exceeding the quota
 - Later closed areas and size limit were imposed

Catch Shares

- By mid 1980s the surfclam stock was rebuilt
- CPUE had in some cases increased 1000% as the catch limit was what the boat could carry
- The vessels hours allowed to fish when from about 1800 to 132 hours per year
- The quota was increased form 1.8 to 3.2+ million bushels per year
- At 132 hours vessels could not make a living
- The NMFS and MAFMC spent large amounts of time and money micromanaging the fishery

Catch Shares

- The SCOQ FMP was amended many times as the MAFMC and NMFS attempted to modify the regulation as the fishery rapidly changed
- The FMP was designed to deal with a low biomass, once rebuilt there was a large biomass
- The MAFMC and industry started considering an ITQ system to let industry, deal with the overcapitalization, become efficient and for them to manage the fishery

Catch Shares

- After years of haggling over the allocation formula a compromise was struck
- The independent vessel owners were not happy
- The processors were very unhappy
- The vertically integrated companies for the most part were the happiest
- January 1, 1990 the SCOQ ITQ system went into effect

Catch Shares

So What Happen?

- Many independent fleet owners had one crew running and maintaining four boat
- As of Jan 1, each crew only ran their best boat
- All of the old unsafe boat retired
- There was not need to fish in bad weather because the crews no longer had to race for the fish
- The fleet returned to profitability and safe operations

Catch Shares

So What Happen?

- Where does the industry stand today?
 - There are about 40 vessels catching clams
 - There are 5 medium and large processing plants
 - There are 3 small processing plants
 - The Clean Water Act put most of the small and a few large processors out of business
 - Today the waste water treatment plant in many cases is almost as large as the clam processing area and is costly to operate

Catch Shares

So What Happen?

- Where does the industry stand today?
 - After 21 years the price for the clams is still about the same in dollars but near an all time low in 1976 dollars
 - The big winner is the consuming public
 - The other big winner is the U.S. tax payer that does not have the cost of micromanaging the clam fishery, the industry manages itself