

THE GULF OF MEXICO COMMERCIAL GROUPEL INDUSTRY LIMITED ENTRY AND VOLUNTARY BUYBACK MANAGEMENT PLAN

I. GOAL

To reduce capacity (both active and latent) in the GULF OF MEXICO commercial grouper fishery via limited entry and voluntary buyback programs.

II. PROCESS

During the fiscal year 2005 federal appropriations cycle the U.S. Congress authorized the Secretary of Commerce (in this case the National Marine Fishery Service) to implement a limited access system and voluntary buyback program for the GULF OF MEXICO commercial grouper fishery. While the legislation provides flexibility for the Secretary of Commerce to include both vertical and longline gear sectors, it clearly gives preference for longline gear. This industry proposal includes an initial opportunity for both vertical and longline sectors to participate in the limited access and buyback programs.

The process of limiting entry and conducting a voluntary buyback in the GULF OF MEXICO commercial grouper fishery will be a multi-step process that is based on the needs of the commercial grouper industry. The process to implement the Management Plan Proposal (the "Plan") as envisioned by the Industry Steering Committee is as follows:

Step #1:

Conduct an industry-wide referendum (vote) on the proposed Plan.

If successful, proceed to Step #2.

If not successful, proceed to Step #1A.

Step #1A:

Conduct a longline-only referendum on the Plan. If successful, proceed to Step #2.

Step #2:

Implement the industry- approved Plan through Federal legislation. Limited entry fishery endorsements will then be issued by NMFS to qualified participants based on the permit grouper catch history and specific qualifying criteria voted in by the commercial industry.

Step #3:

Initiate a voluntary buyback program through a voluntary bid process whereby qualified buyback participants are invited to bid the value of their average catch history within parameters set by the Industry Steering Committee and voted in by the commercial industry.

Step #4:

The Federal funding used in the buyback program must be repaid by all the commercial fishing participants that choose to remain in the GULF OF MEXICO grouper fishery.

Therefore, the final step to complete the buyback program will require a successful industry referendum of the buyback qualified participants.

III. RATIONALE FOR THIS COMMERCIAL INDUSTRY PLAN

Under current management the GULF OF MEXICO grouper fishery is in a downward socioeconomic spiral. Restrictive quotas have created a derby fishery that will result in increasingly shorter fishing seasons and greater inefficiencies in the fleet (e.g., increasing number of months idle and market disruptions as imports displace the current fresh fish market during the ever lengthening closures).

Although it has been well recognized for the past 30 years that an IFQ type management structure would alleviate the aforementioned problems and even though the grouper fishery has been under a moratorium for 13 years -- it would take an estimated 4 to 5 years for the Council process to implement such a program, assuming it had the will to do so.

The GULF OF MEXICO grouper fishing industry can not afford to wait another 4-5 years for an IFQ. The substantial delay would allow the derby effect to result in substantial and irreversible socioeconomic disruptions and economically destroy the domestic fresh fish fleet.

The GULF OF MEXICO grouper fishing industry needs to quickly implement management measures to help stabilize the fishery until an IFQ system can be implemented at some point in the future. The Industry Steering Committee proposal contained herein should provide the necessary stabilization to prevent the derby fishery from developing further for at least the next 5 to 10 years, given unforeseen external disruptions such as an unusually large recruitment year class or further quota restrictions.

The immediate need is to halt the derby effect that leads to increasingly shorter seasons under a fixed quota. Once a derby fishery starts it tends to become a self-perpetuating positive feedback phenomenon. This "derby phenomenon" is described in the next paragraph.

With seasonal closures the cessation of fishing allows the fish population to grow in both weight of available fish and recruitment as undersized fish grow to harvestable size. During these closures fish densities increase above levels typically observed in areas where a fishery is conducted year round, thus increasing the catchability after a closure. Also, after a closure fishermen may fish harder than normal to make up for lost revenues. Thus, in each succeeding year the fish population size increases with increasing survival of recruits as the expanding population suffers reduced mortality due to fishing under a fixed quota system.

Over the long-term, since these seasonal closures occur in the early winter they also promote increased reproduction since a large portion of the grouper stock reproduces in the early winter months. Gag grouper are the key winter spawners (Feb-March), while red grouper produce later in the year (March-May, sometimes early June) and constitute the majority of the commercial longline harvest. The other important grouper species,

yellowedge, starts to spawn in mid-April, often extending into July or later, a fact that has yet to surface in the stock assessment process.

The purpose of this industry Plan is to reduce fishing effort and catch capacity to mitigate the derby effect so that the domestic fresh fish fishery can operate year round. The re-establishment of a year round fishery will be accomplished by implementing endorsement criteria to eliminate the major portion of latent capacity in the fishery and a voluntary buyback program to further reduce catch capacity/effort. The buyback will be funded by a loan to the fishery that will be paid by the participants that choose to remain in the fishery.

IV. Industry Referendum (Vote) on Limited Entry and Voluntary Buyback Plan

The objective of this referendum will be to determine if the Plan is to proceed in its current form. All commercial federal reef fish permit holders, regardless of gear type, whose permits were active or available for renewal during January 2005 will be invited to participate in an industry-sponsored referendum or vote.

Active commercial federal reef fish permit holders will be provided with a packet that includes a simple ballot sheet, a copy of the proposed Plan, and instructions regarding the voting process. The vote will be weighted and tallied by the NMFS Southeast Regional Office. The ballot packet will be clearly marked and contain simple instructions regarding the entire voting process including when/where to return the ballot.

The industry vote will require a super majority for Plan passage (i.e. 60 percent of counted votes). Due to the uneven distribution of federal fish trap, vertical line, and longline reef fish participants the industry referendum will be conducted using a weighted vote based on a given permit's grouper catch history derived from average federal logbook landings records for the permit's three most productive harvest years during the 2001-2004 period.

The objective of the weighted vote referendum is to ensure that each vote will influence the decision in direct proportion to each permit holders investment and impact on the fishery (i.e. landings) in the fishery during the recent four year period, 2001-2004. For example, a vote from a permit holder who's three best years averaged 2,000 pounds of grouper during 2001-2004 shall be worth 2000 votes.

Industry will conduct the referendum as specified above. In the event that this industry-wide referendum fails to achieve a 60 percent majority of counted weighted votes for passage, a second referendum shall be conducted for active federal reef fish permit holders with longline grouper landings only. The longline vote referendum shall be conducted exactly as specified in the initial reef fish industry-wide referendum.

If the second longline-only referendum is successful, NMFS will proceed to implement the limited access and buyback program for the longline sector only. This will require a specific commercial longline allocation of grouper using average commercial longline grouper harvest from 2001-2004 as a proportion of the total GULF OF MEXICO grouper harvest.

V. FISHERY ENDORSEMENTS

If either the initial industry-wide referendum or a subsequent longline-only referendum is successful, fishery endorsements will be implemented by NMFS as follows and in accordance with implementing legislation.

A. Qualifying Criteria

Non-longline gear: 4,000 lbs of grouper in any one of the four years 2001-2004 with a federal reef fish permit that was active or available for renewal during January, 2005.

Longline gear: 15,000 lbs of grouper in any two of four years 2001-2004 with a federal reef fish permit that was active or available for renewal during January, 2005, and where there are federal logbook longline landings recorded for the reef fish permit prior to July 12, 2000.

Longline vessels that do not meet the above longline landing criteria but do meet the non-longline poundage criteria with any gear will qualify for a non-longline endorsement.

Fish Trap gear: Federal reef fish permit holders that have recorded federal logbook landings using longline gear prior to July 12, 2000, and that have recorded fish trap landings of at least 15,000 lbs of grouper in any two of the four qualifying years 2001-2004 will qualify for a longline endorsement but will not participate in the voluntary buyback. All other fish trap permits which do not qualify under these criteria will be issued a non-longline endorsement.

A permit that qualifies for a non-longline grouper endorsement shall be permitted to use any legal gear to harvest grouper with the exception of longline gear. Similarly, a longline qualified permit shall be permitted to use all types of legal gear, including longline. Fish trap permits that qualify for the longline endorsement may harvest grouper using any legal gear. The Steering Committee recognizes that fish trap gear will no longer be considered legal gear for use in the GULF OF MEXICO reef fish fishery as of February 7, 2007.

B. Incidental Catch Criteria and Excluded Permits

Non-longline and longline permits that do not meet the endorsement criteria outlined above but have recorded federal logbook landings between 500 and 3,999 lbs of grouper in any one of the four years 2001-2004 will receive a 100 lb grouper trip limit incidental catch allowance.

Federal reef fish permits used to harvest less than 500 lbs of grouper in each of the four qualifying years 2001-2004 will be excluded from participating in the commercial grouper fishery but will retain their reef fish permit and be allowed to harvest other allowable non-grouper species in the reef fish FMP as specified by regulation.

C. Catch Histories

For the purposes of this Plan, the Steering Committee intends that the NMFS logbook catch history will follow the federal reef fish permit.

D. Transferability

Limited entry endorsements will be freely transferable provided the transfer does not violate the size and horsepower permit restrictions (see Subpart F). Incidental catch permits will be freely transferable with its associated federal commercial reef fish permit, or to another person who holds a valid federal commercial reef fish permit.

E. Appeals

After the initial industry-wide referendum is approved and NMFS initiates the fishery endorsements and limited access portion of the Plan, the Agency will make an appeals process available solely for the purposes of clarifying the accuracy of federal logbook data. The Steering Committee intends that the only source of data admissible in the appeals process will be federal log books. No other source of landings information shall be considered.

The Steering Committee intends for participants to have approximately 20 days to file an appeal with the Southeast Regional Office from the time (post mark) the participant receives both his/her permit notification and ballot packet in the same mailing. The Agency will then have approximately 45 days from date of receipt of the appeals request to render a final decision on the appeal.

F. Vessel Size and Horsepower Increase Restrictions

There will be a one-time allowance (effective January 1, 2005) for a vessel associated with a qualifying endorsement to increase documented length by up to 20%, and increase total shaft horsepower by no more than 25%. Fishery endorsements may be transferred provided the transfer does not violate the vessel size specified in the previous sentence relative to the size of the original vessel associated with the endorsement at the time the endorsement program is initiated.

VI. PERMIT BUYBACK

Based on the results of the industry-wide referendum on the Plan, NMFS will issue limited entry permits/endorsements and initiate a voluntary buyback of the grouper endorsed reef fish permits via a standard reverse bid process with the components listed below.

A. Voluntary Bid Procedures

NMFS Office of Financial Services will secure voluntary bids based on the average landings of a buyback-qualified federal reef fish permit using a combination of a permit's three most productive years for grouper landings during the period 2001-2004.

The gear type used to generate the grouper landings used to qualify for the fishery endorsements must be the same gear type and landings used in the voluntary bid process.

Individual bids are subject to maximum allowance of up to and including \$6.00 per pound, not to exceed a total bid value of \$350,000. For example, a permit with 3-year average grouper landings of 2,000 pounds during 2001-2004 can bid any value up to \$12,000, while a vessel with 50,000 pounds average grouper landings can bid up to \$300,000. A vessel with average grouper landings of 60,000 pounds could not bid the maximum \$6.00 per pound ($60,000 \times \$6.00 = \$360,000$), but could bid as high as \$5.83 ($60,000 \times \$5.83 = \$349,800$) to remain safely under the bid cap. Participants interested in successfully navigating the buyout process will need to be strategic in terms of the bid values since NMFS will select bids starting with the lowest price per pound.

The Industry Steering Committee envisions that NMFS will arrange these bids lowest to highest, in terms of price per pound. Starting at the lowest price per pound, NMFS will accept each bid in turn. In instances where bid price per pound is tied (i.e. longline gear and vertical line submit a tied bid price per pound), NMFS shall give priority to the longline bid. In the case of bids that are tied from the same gear type (i.e. longline v. longline; or vertical line v. vertical line) at the same price per pound, NMFS shall select the bid with the lowest poundage first. This process will continue until either the full loan amount is committed or no other responsive bid remains to be accepted.

B. Loan Repayment

All of the federal funding used to fund the buyback portion of the Plan shall be repaid by all commercial grouper participants choosing to remain in the commercial fishery and land/sell grouper caught in the GULF OF MEXICO, including grouper harvested under a commercial incidental endorsement.

All commercially-landed grouper will be subject to a maximum 5% landing fee of the total ex-vessel value. The fees will be collected, consistent with the Magnuson-Stevens Act provisions, at point of initial dockside ex-vessel sale. Fish buyers will be required to deduct the fees from landing vessels prior to paying a vessel for the net value of the trip. The collected fees will in turn be provided by the fish buyers to the NMFS in an appropriate manner determined by the Agency through the rulemaking process.

The following grouper species that are landed for commercial sale in the GULF OF MEXICO reef fish fishery will be subject to the loan repayment fee:

Rock Hind	(<i>Epinephelus adscensionis</i>)
Speckled Hind	(<i>E. drummondhayi</i>)
Yellowedge grouper	(<i>E. flavolimbatus</i>)
Red Hind	(<i>E. guttatus</i>)
Red grouper	(<i>E. morio</i>)
Misty grouper	(<i>E. mystacinus</i>)
Warsaw grouper	(<i>E. nigritus</i>)
Snowy/Brown grouper	(<i>E. niveatus</i>)
Marbled grouper	(<i>E. inermis</i>)
Black grouper	(<i>Mycteroperca bonaci</i>)
Yellowmouth grouper	(<i>M. interstitialis</i>)

Gag grouper	(<i>M. microlepis</i>)
Scamp	(<i>M. phenax</i>)
Yellowfin grouper	(<i>M. venenosa</i>)

C. Buyback Referendum

Once NMFS accepts the winning bids the Agency will conduct a final referendum to allow for the qualified participants to approve the industry fee system required to payback the loan. This referendum will include only those participants that have qualified for non-longline and longline grouper fishery endorsements (fish trap and incidental harvest participants will not be permitted to participate in the buyback referendum). The buyback referendum will be subject to the same requirements as the industry-wide referendum (i.e. 2001-2004 averaged grouper landings using three most productive years, weighted, with a 60% super majority of counted votes required for adoption).

D. Disposition of infrastructure and revocation of permits

Participants accepting funds through the voluntary buyback program will be subject to the following:

- (1) Revocation of the federal reef fish permit and grouper endorsement;
- (2) Revocation of all grouper catch history associated with the permit and endorsement;
- (3) The fishing vessel associated with the grouper qualifying catch history shall have its U.S. fishing privileges permanently revoked but may be sold into a foreign registry for fishing outside the U.S. jurisdiction;
- (4) A vessel owner that opts to destroy/scrap a vessel and gear rather than sell it into a foreign registry will be responsible for all such costs and may want to consider those costs in the buyout bid process;

VII. ESTIMATED IMMEDIATE REDUCTION IN FLEET CATCH CAPACITY

A. From the Non-longline vessel endorsement:

The Grouper Limited Entry Steering Committee voted to set the qualifying endorsement level for the non-longline fleet at 4000 pounds of grouper landings. The Committee had data for the 5000 pound category so in the following discussion it will be assumed that the numbers associated with the 5000 pound category will be an approximate estimate of the impacts of the 4000 pound endorsement qualifying criterion.

A 4000 lb grouper endorsement removes approximately 599 vessels from the fishery from a total fleet size of 834. These vessels accounted for about 710,000 pounds of harvest (Table 1). Adding the January 2005 active permit requirement in addition to the 4000 lb requirement removes a total of 636 vessels, leaving 234 active boats in the fishery. The vessels removed from the fishery accounted for about 1.17 million pounds of annual harvest (Table 4).

Table 1. Non longline vessels--Percent Reductions in vessels and harvested pounds from a baseline of no qualifying criteria.

Pound Cat.	0 lbs.	2500 lbs.			5000 lbs.		
	BASE # Ves	# Vessels	# reduced	% reduced	# Vessels	# reduced	% reduced
2000	755	279	476	63%	199	556	74%
2001	875	345	530	61%	241	634	72%
2002	858	355	503	59%	254	604	70%
2003	824	319	505	61%	215	609	74%
2004	777	320	457	59%	227	550	71%
Avg (01-04)	834	335	499	60%	234	599	72%
Avg (02-04)	820	331	488	60%	232	588	72%

Pound Cat.	0 lbs.	2500 lbs.			5000 lbs.		
	BASE Harvest	Harvest	# reduc	% reduct	Harvest	# reduc	% reduct
2000	4792349	4116287	676062	14%	3778999	1013350	21%
2001	4994088	4625776	368312	7%	4243569	750519	15%
2002	5357194	4996938	360256	7%	4647104	710090	13%
2003	3904965	3551772	353193	9%	3176932	728033	19%
2004	4295086	3968343	326743	8%	3642143	652943	15%
Avg (01-04)	4637833	4285707	352126	8%	3927437	710396	16%
Avg (02-04)	4519082	4172351	346731	8%	3822060	697022	16%

NOTE – The Committee cannot precisely calculate how much of the above potential savings in poundage will be realized because it will be partially offset by the allowance of an incidental trip limit.

For accounting purposes let's assume that the incidental trip limit of 100 pounds of grouper will allow about half of the excluded catch to continue to be caught and sold against the quotas. Thus, we can conservatively estimate that the non-longline endorsement will probably provide an additional 500,000 pounds for the endorsement fleet.

Table 4. Non longline vessels--Percent Reductions in vessels and harvested pounds from a baseline of no qualifying criteria + HAVE a permit on Jan. 2005

Pound Cat.	Zero Harvest			2500 lb qualifier			5000 lb qualifier		
	# Vessels	Diff. from Base	% red. from Base	# Vessels	Diff. from Base	% red. from Base	# Vessels	Diff. from Base	% red. from Base
2000	511	244	32%	217	538	71%	159	596	79%
2001	558	317	36%	256	619	71%	181	694	79%
2002	601	257	30%	281	577	67%	202	656	76%
2003	630	194	24%	276	548	67%	192	632	77%
2004	660	117	15%	300	477	61%	216	561	72%
Avg (01-04)	612	221	26%	278	555	66%	198	636	76%
Avg (02-04)	630	189	23%	286	534	65%	203	616	75%

Pound Cat.	Zero Harvest			2500 lb qualifier			5000 lb qualifier		
	Harvest	Diff. from Base	% red. from Base	Harvest	Diff. from Base	% red. from Base	Harvest	Diff. from Base	% red. from Base
2000	3753652	1038697	22%	3386181	1406168	29%	3151745	1640604	34%
2001	4004757	989331	20%	3779760	1214328	24%	3499814	1494274	30%
2002	4531804	825390	15%	4275173	1082021	20%	3998184	1359010	25%
2003	3488945	416020	11%	3209801	695164	18%	2911389	993576	25%
2004	4054218	240868	6%	3767594	527492	12%	3469340	825746	19%
Avg (01-04)	4019931	617902	13%	3758082	879751	19%	3469682	1168152	25%
Avg (02-04)	4024989	494093	11%	3750856	768226	17%	3459638	1059444	23%

B. From the Longline vessel endorsement:

The 2-year 15,000 pound grouper longline landings requirement, valid permit requirement, and landings recorded prior to July 12, 2000 collectively result in a universe of approximately 82 active longline endorsements. The average annual harvest of this fleet is on the order of 3,408,318 pounds of grouper. The net result of this action is a savings of approximately 2,250,309 pounds of grouper and permanent removal of 82 longline vessels from the fleet. (Table 2, Table 3, and data reported by J. Poffenberger to R.E. Marks, NMFS Southeast Fishery Science Center, 7.14.05)

NOTE -- The Committee cannot precisely calculate how much of the above potential savings in poundage will be realized since it may be partially offset because many or all of the longline vessels that did not get an endorsement may continue to fish with a less efficient gear so they will presumably still catch some part of the quota.

For relative accounting purposes let's assume the longline portion of the effort control date will provide 75% of the estimated savings equal to approximately 1,600,000 additional pounds for the endorsement fleet.

Therefore, from just the combined longline and non-longline limited entry endorsement actions an additional 2,100,000 pounds of grouper may be available for the remaining qualified fleet.

Table 2. Longline vessels--Percent Reductions in vessels and harvested pounds from a baseline of no qualifying criteria.

Pound Cat.	0 lbs. (Base)	5000 lbs.			10000 lbs.			15000 lbs.		
		Number Vessels	Number Vessels	Difference from Base	% reduction from Base	Number Vessels	Difference from Base	% reduction from Base	Number Vessels	Difference from Base
2000	156	120	36	23%	102	54	35%	90	66	42%
2001	164	125	39	24%	113	51	31%	105	59	36%
2002	166	128	38	23%	112	54	33%	102	64	39%
2003	165	135	30	18%	118	47	28%	105	60	36%
2004	159	130	29	18%	115	44	28%	107	52	33%
Avg (01-04)	164	130	34	21%	115	49	30%	105	59	36%
Avg (02-04)	163	131	32	20%	115	48	30%	105	59	36%

Pound Cat.	0 lbs. (Base)	5000 lbs.			10000 lbs.			15000 lbs.		
		Harvest	Harvest	Difference from Base	% reduction from Base	Harvest	Difference from Base	% reduction from Base	Harvest	Difference from Base
2000	5153925	5021901	132024	3%	4842599	311326	6%	4528374	625551	12%
2001	5643083	5566905	76178	1%	5480759	162324	3%	5380637	262446	5%
2002	5478459	5407126	71333	1%	5283213	195246	4%	5161646	316813	6%
2003	5803779	5757836	45943	1%	5625687	178092	3%	5468642	335137	6%
2004	5709185	5673813	35372	1%	5567229	141956	2%	5472041	237144	4%
Avg (01-04)	5658627	5601420	57207	1%	5489222	169405	3%	5370742	287885	5%
Avg (02-04)	5663808	5612925	50883	1%	5492043	171765	3%	5367443	296365	5%

Table 3. Longline vessels--Percent Reductions in vessels and harvested pounds from a baseline of no qualifying criteria and with the July 2000 control date

Pound Cat.	0 lbs. w/date			5000 lbs.			10000 lbs.			15000 lbs.		
	Year	# Vessels	Difference % reduction	# Vessels	Difference % reduction	# Vessels	Difference % reduction	# Vessels	Difference % reduction	# Vessels	Difference % reduction	
		from Base	from Base	from Base	from Base	from Base	from Base	from Base	from Base	from Base	from Base	
2000	151	5	3%	120	36	23%	102	54	35%	90	66	42%
2001	146	18	11%	119	45	27%	108	56	34%	100	64	39%
2002	142	24	14%	116	50	30%	104	62	37%	95	71	43%
2003	132	33	20%	116	49	30%	102	63	38%	91	74	45%
2004	122	37	23%	105	54	34%	94	65	41%	89	70	44%
Avg (01-04)	136	28	17%	114	50	30%	102	62	38%	94	70	43%
Avg (02-04)	132	31	19%	112	51	31%	100	63	39%	92	72	44%

Pound Cat.	0 lbs. w/date			5000 lbs.			10000 lbs.			15000 lbs.		
	Year	Harvest	Difference % reduction	Harvest	Difference % reduction	Harvest	Difference % reduction	Harvest	Difference % reduction	Harvest	Difference % reduction	
		from Base	from Base	from Base	from Base	from Base	from Base	from Base	from Base	from Base	from Base	
2000	5148402	5523	0%	5021901	132024	3%	4842599	311326	6%	4528374	625551	12%
2001	5364709	278374	5%	5308236	334847	6%	5227532	415551	7%	5127410	515673	9%
2002	5164997	313462	6%	5111332	367127	7%	5013585	464874	8%	4904451	574008	10%
2003	5170203	633576	11%	5142819	660960	11%	5034721	769058	13%	4903112	900667	16%
2004	4881661	827524	14%	4855071	854114	15%	4776614	932571	16%	4715870	993315	17%
Avg (01-04)	5145393	513234	9%	5104365	554262	10%	5013113	645514	11%	4912711	745916	13%
Avg (02-04)	5072287	591521	10%	5036407	627400	11%	4941640	722168	13%	4841144	822663	14%

C. From the Permit Buyback:

One possible extreme scenario is that the commercial grouper industry uses \$14,000,000 to purchase and retire catch histories and that all qualifying participants bid the maximum of \$6 per pound. If this were to occur, it is possible that an additional 2,333,000 pounds could be available for the remaining commercial grouper endorsement fleet that does not participate in the buyback. If the industry were to utilize just \$7,000,000 for the buyback at the maximum bid level, an additional 1,166,000 pounds could be made available.

In summary, from both the limited entry endorsement actions and the voluntary buyback an additional 3.0-4.0 million pounds of grouper could possibly be available to the remaining commercial grouper fleet in the GULF OF MEXICO.

VIII. LATENT EFFORT CONCERNS

A. Worst Case Scenario:

NMFS staff at the Southeast Fisheries Center calculated a worst case scenario for full actualization of all latent fishing effort in the commercial GULF OF MEXICO grouper fishery. This analysis defined a full time vessel as one that caught some amount of grouper on every trip. The analysis indicated there was an 18-30 percent potential increase in harvest if all latent capacity was activated to the average harvest levels of the full-time vessels. This equates to a 1.7 to 3.0 million pound potential increase in harvest level which is still below the estimated poundage benefit to the remaining fleet post limited entry and buyback.

However, this scenario is highly unlikely as the Plan proposed herein is not likely to increase grouper price per pound or catch rates sufficiently to attract redeployment of that amount of effort from the currently low producers. Limitations on vessel upgrade and horsepower will help to maintain the fleet at roughly its limited entry and post-buyback level of fishing capacity.

B. Latent Effort to be reduced by the endorsement criteria

1. All gear types

By limiting the buyout bid cap (below) to \$350,000 the highline boats with the best crews will be encouraged to remain in the fishery. Otherwise, a highline vessel could be sold in the buyout and the crew—who are responsible for the boat being a highline vessel—would simply transfer to a lower producing boat and thus increase latent capacity. By targeting low and medium producers for buyout any crew transfers would represent less of a latent capacity threat and these crews would more likely find employment in other fisheries or landside businesses.

2. Longline gear:

- a. The 2-year, 15,000 pound grouper longline qualifying criteria removes approximately 52% of the longline vessels in the fleet. Many of these vessels are the lower producing vessels with only about 11,400 pounds per vessel average annual landings (Personal communication, reported by D. Gregory to Steering Committee, 6/2005). These excluded vessels have catch rates that are 33% less than the current 163 vessel fleet average annual catch of 34,700 pounds per vessel (Table 1). The 82 vessels that remain in the longline endorsement fleet have an average annual catch of about 41,564 pounds per vessel.
- b. The longline vessels that qualify for the endorsement have approximately a 77% average (weighted by vessel number) dependency on grouper for their total annual harvest whereas the excluded non-qualifying vessels have only a 32% average (weighted) dependency on grouper for their total annual harvest (Table 6; 2002-2004 averages). All longline poundage categories of 15,000 pounds or more exceeded 50 percent dependency on grouper for their total harvest. In fact, 69 of the 76 vessels with annual poundage over 15,000 pounds of grouper had a 79% dependency on grouper.

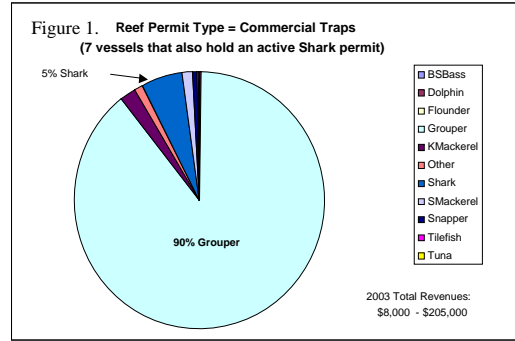
Table 6. Bycatch/multispecies operation: Grouper harvest as a percent of total species harvested

Year	2002				2003				2004			
	Longline Boats		Non LL Boats		Longline Boats		Non LL Boats		Longline Boats		Non LL Boats	
	% Grp.	# boats	% Grp.	# boats	% Grp.	# boats	% Grp.	# boats	% Grp.	# boats	% Grp.	# boats
1-1500	1%	7	5%	379	1%	9	5%	394	1%	8	5%	362
1500-2500	100%	1	13%	86	38%	3	13%	76	30%	3	10%	72
2500-5000	45%	6	16%	94	23%	3	12%	98	13%	1	20%	89
5000-10000	36%	8	31%	84	56%	8	32%	96	38%	10	28%	89
10000-15000	56%	5	46%	47	44%	9	75%	36	64%	5	75%	39
15000-20000	47%	3	59%	26	70%	7	71%	21	46%	11	85%	23
20000+	80%	69	85%	73	80%	69	73%	48	77%	70	77%	60
Totals		99		789		108		769		108		734

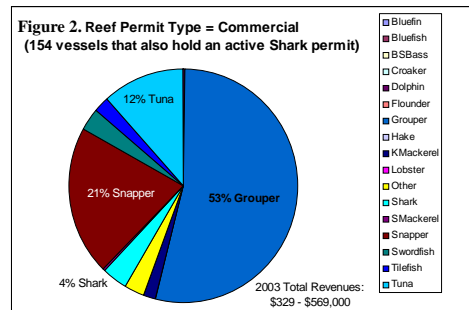
02-04 Avg percent grouper harvest

Qualifying Criteria	Longlines		Nonlonglines	
	%	# boats	%	# boats
1-1500	1%	8	5%	378
1500-2500	43%	2	12%	78
2500-5000	35%	3	16%	94
5000-10000	43%	9	31%	90
10000-15000	52%	6	64%	41
15000-20000	54%	7	71%	23
20000+	79%	69	79%	60

Another indicator of the potential of latent effort among longline vessels is available from examination of the dependency of shark longline vessels that also hold Gulf reef fish or South Atlantic snapper-grouper federal permits on bottom fish for their total annual revenue (personal communication, Sherry Larkin and Chuck Adams, University of Florida). Figure 1 shows that in 2003, the 7 reef fish trap fishermen who also have a shark longline permit are already 90 percent dependent on grouper harvest.



The total number of 154 vessels with both reef fish or snapper-grouper and shark permits are, as an aggregate, also largely dependent on bottom fish for total revenue (Figure 2). They exhibit a 53% dependency on grouper alone and over a 75% dependency on bottom fish (grouper, snapper, and tilefish).



These revenue numbers include vessels that may be excluded by the grouper longline endorsement criterion but, even so, they reinforce the estimates of dependency in Table 6 indicating that those vessels with both shark and reef fish permits are already more than 75% dependent on bottom fish for their revenue and thus there is not a lot of potential latent effort in the shark longline fleet.

3. Non-longline gear:

- a. The qualifying requirement for 4,000 pounds of grouper of non-longline landings removes approximately 79% of the non-longline vessels in the fleet. These vessels are the lower producing vessels with only about 1,700 pounds per vessel average annual landings for the 2002-2004 time period (Table 4). These vessels have catch rates that are 69% less than the current 820 vessel fleet average annual catch of 5,511 pounds per vessel (Table 1). The 203 vessels that remain in the non-longline endorsement fleet have an average annual catch of 17,000 pounds per vessel that is about 300% greater than the original base pre-endorsement fleet.
- b. The non-longline vessels that qualify for the 4,000 pound grouper endorsement have a 54% average (weighted by vessel number) dependency on grouper for their total annual harvest whereas the excluded non-qualifying vessels have only an 8% average (weighted) dependency on grouper for their total annual harvest (Table 6; 2002-2004 averages). All non-longline poundage categories of 10,000 pounds or more exceeded the threshold of 50 percent dependency on grouper for their total harvest.