



Highlights of [GAO-03-159](#), a report to the Chairman and Ranking Minority Member, Subcommittee on Oceans, Atmosphere, and Fisheries, Committee on Commerce, Science, and Transportation, U.S. Senate

INDIVIDUAL FISHING QUOTAS

Better Information Could Improve Program Management

Why GAO Did This Study

To assist in deliberations on individual fishing quota (IFQ) programs, GAO determined (1) the extent of consolidation of quota holdings in three IFQ programs (Alaskan halibut and sablefish, wreckfish, and surfclam/ocean quahog); (2) the extent of foreign holdings of quota in these programs; and (3) the economic effect of the IFQ program on Alaskan halibut and sablefish processors.

What GAO Recommends

GAO recommends that the Secretary of Commerce require

- the National Marine Fisheries Service to collect and analyze information on quota holders, including who actually controls the use of the quota;
- the regional fishery management councils to define what constitutes an excessive share for a particular fishery in future IFQ programs; and
- the National Marine Fisheries Service to provide guidance to the regional councils on the factors to consider when determining what constitutes an excessive share.

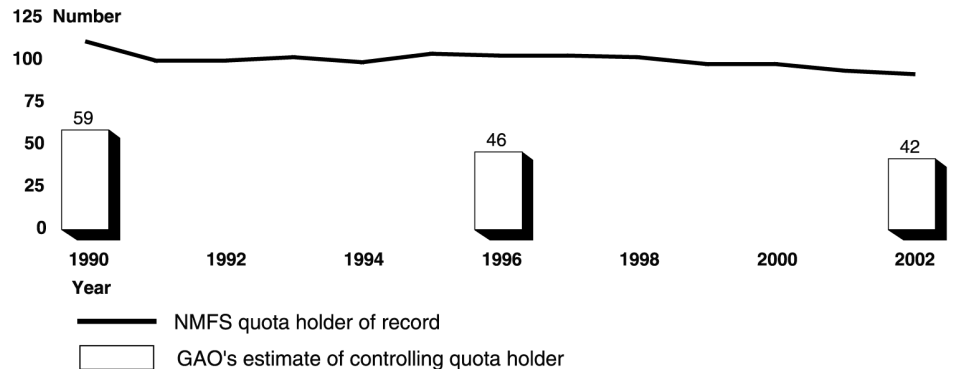
What GAO Found

All three IFQ programs have experienced some consolidation of quota holdings. Further, consolidation of surfclam and ocean quahog quota is greater than National Marine Fisheries Service (NMFS) data indicate, because different quota holders of record are often part of a single corporation or family business that, in effect, controls many holdings. Program rules may affect the extent of consolidation in each IFQ program. While the Alaskan halibut and sablefish program set specific and measurable quota limits, the surfclam/ocean quahog and wreckfish programs did not, relying instead on federal antitrust laws to determine whether any quota holdings are excessive. Without defined limits on the amount of quota an individual or entity can hold, it is difficult to determine if any holdings would be viewed as excessive.

GAO did not identify any instances where foreign entities currently hold or control quota. While NMFS requires transfer applicants in the halibut and sablefish program to declare themselves to be U.S. citizens or U.S. entities, there is no similar requirement for the surfclam/ocean quahog and wreckfish programs. As a result, in these programs, the potential exists for the transfer of quota to foreign entities.

The economic effects of the halibut and sablefish IFQ program are not uniform. Some processors were adversely affected by the IFQ program, while others benefited; however, it is difficult to quantify the actual effects. The only estimate of the program's economic effect on processors is a 2002 study commissioned by the state of Alaska. This study estimated that halibut processors experienced a 56 percent loss in gross operating margins. While GAO could not validate or replicate the study's results, its analysis of public data and the study's methodology raised several concerns about the reliability of the study's estimates. Also, the study did not take into account other factors that may affect profits, such as the diversity and value of other species processed.

Fewer Surfclam Quota Holders Than NMFS Data Indicate



Source: GAO's analysis of NMFS data.

www.gao.gov/cgi-bin/getrpt?GAO-03-159.

To view the full report, including the scope and methodology, click on the link above. For more information, contact Barry Hill at (202) 512-3841 or hillb@gao.gov or Keith Oleson at (415) 904-2218 or olesonk@gao.gov.