

DRAFT SCOPING DOCUMENT FOR Shrimp 17 – Permit Moratorium

The Gulf of Mexico Fishery Management Council (Council) has directed staff to begin development of an amendment to address the expiration of the Gulf of Mexico (Gulf) shrimp permit moratorium in October 2016. This scoping document is intended to stimulate ideas on what actions to consider in the amendment. After scoping, the Council will consider all comments and create actions and alternatives to be analyzed and further considered. After the analysis is completed, the Council will take more public comment that will help them make decisions about which alternatives they will recommend the National Marine Fisheries Service (NMFS) implement.

The options outlined below are only a preliminary list of items to be considered in Amendment 17 and do not represent any decision by the Council. The public is encouraged to suggest other options for the Council's consideration.

Background

The Council and NMFS began managing the shrimp fishery in the Gulf in 1981. Four species are included in the fishery management plan: brown shrimp, *Farfantepenaeus aztecus*; pink shrimp, *Farfantepenaeus duorarum*; white shrimp, *Litopenaeus setiferus*; and royal red shrimp, *Pleoticus robustus*.

In 2001, the Council established a federal commercial permit for all vessels harvesting shrimp from federal waters of the Gulf through Amendment 11. Approximately 2,951 vessels had been issued these permits by 2006. After the establishment of the permit, the shrimp fishery experienced economic losses, primarily due to high fuel costs and reduced prices from competition with imports. These economic losses resulted in the exodus of vessels from the fishery, and consequently, reduction of effort. The Council determined that the number of vessels in the offshore shrimp fleet would likely decline to a point where the fishery again became profitable for the remaining participants, and new vessels might want to enter the fishery. That additional effort could negate or at least lessen profitability for the fleet as a whole. Consequently, the Council established a 10-year moratorium on the issuance of new federal shrimp vessel permits through Amendment 13 (2006). The final rule implementing the moratorium was effective October 26, 2006.

To be eligible for a commercial shrimp vessel permit under the moratorium, vessels must have been issued a valid permit by NMFS prior to and including December 6, 2003. An exception was made for owners who lost use of a qualified vessel, but who obtained a valid commercial shrimp vessel permit for the same vessel or another vessel prior to the date of publication of the final rule. NMFS estimated 285 of the 2,951 vessels would not meet the control date; thus, the number of permitted vessels under the moratorium would be 2,666. Of those 285 ineligible vessels, 126 were inactive during 2002 (the last year of data available during the time the Council deliberated on this issue). Of the remaining 159 active vessels, only 72 operated in federal waters and were excluded under the moratorium. Of those vessels, 45 were large and 27 were small. The large vessels were expected to be the most affected because the small vessels could continue to fish in state waters.

Vessel owners had one year to obtain the new permit; NMFS issued 1,933 moratorium permits in that time. As of the end of 2014, 1,470 moratorium permits were valid or renewable (within one year of expiration); therefore, the number of permits has decreased by 463 since the moratorium began (Table 1). These permits have been permanently removed and are no longer available to the fishery.

Table 1. Number of valid or renewable Gulf commercial shrimp permits at the end of each year since implementation of the moratorium.

Year	Number of Permits	Number of Permits Terminated
2007	1,933	
2008	1,907	26
2009	1,723	184
2010	1,633	90
2011	1,580	53
2012	1,533	47
2013	1,500	33
2014	1,470	30

The permit moratorium will expire October 26, 2016. The Council may choose to: 1) allow the moratorium to expire and revert all federal shrimp permits to open access; 2) extend the moratorium for another period of time; or 3) establish a permanent limited access system for Gulf shrimp permits. The Council may also discuss creating reserve permits instead of allowing permits to expire, establishing qualification requirements to eliminate latent permits, and changing the status of the royal red shrimp endorsement.

Purpose and Need

The purpose of this amendment is to determine if limiting access to permits is necessary for the Gulf shrimp fishery to prevent overcapacity and promote economic stability, and to protect shrimp stocks. The need for this action is to maintain efficiency of the Gulf shrimp fishery, help achieve optimum yield, and conserve the Gulf shrimp resource.

Discussion

Option 1: Moratorium expires

If the Council allows the moratorium to expire without any additional action, the federal shrimp vessel permit will become open access, meaning any person could purchase a permit from NMFS. Open access permits cost \$25 for the first permit, and \$10 for each additional permit. The Council could add qualification requirements, such as minimum annual landings or income. If the Council chooses this option, a plan amendment may not be needed, although they should discuss how circumstances have changed such that a moratorium is no longer necessary.

Option 2: Moratorium extended

If the Council extends the moratorium, they would need to set a new expiration date. The Council would also need to decide if vessels must requalify for the permit (see below). If the

Council chooses this option, they should discuss why the moratorium is still needed, and why a permanent limited access system is not necessary.

Option 3: Limited access system implemented

A limited access system for shrimp permits would be the same as the moratorium, except that it would not have an expiration date. If the Council establishes a limited access system for Gulf shrimp permits, they could include all current moratorium permit holders or set new qualification requirements (see below). The Council would also need to affirm the conditions of the permit, such as annual renewals, transferability, and reporting requirements. If the Council chooses this option, they should discuss why a permanent limited access system is necessary for this fishery.

Reserve Permits

Under either Option 2 or 3, if permits are not renewed, they would normally be terminated and no longer available to the fishery. However, the Council could choose to make those permits available to new entrants by putting those permits on a reserve status instead of a terminated status. This procedure would cap the number of permits at a set number, but not continue the passive reduction in permits currently occurring. The Council would need to choose the number of permits for the cap, or choose a date on which the permits would be capped at the number of valid and renewable permits at that time.

A system to re-issue the reserve permits would need to be established. Reserve permits could be available only to applicants who meet some criteria, such as low income, minority, veteran status, or citizenship; however, verification of such criteria could be difficult. Applicants could also be required to have a vessel of a certain size or other specification. To ensure only individuals intending to shrimp receive reserve permits, anyone granted a reserve permit could be required to land a certain level of shrimp within a set time after receiving the permit.

Another option is for NMFS to make reserve permits available once per year, and hold a lottery if more individuals applied than the available permits. Most simply, NMFS could issue reserve permits on a first-come-first-served basis to applicants.

Qualification Requirements

If the Council chooses to extend the moratorium or establish a limited access system, they could also consider removing latent permits i.e., permits with little or no activity. To do this, qualification requirements could be established that must be met for a permit to qualify for annual renewal.

In the past, some federal commercial permits had an income requirement that needed to be met for renewal each year; however, the Council recently removed the income requirements for most of these permits (reef fish, king mackerel, and Spanish mackerel) because the requirements are easily circumvented. Only the spiny lobster permit still has an income requirement to match a requirement for the Florida spiny lobster permit.

Qualification could depend on landings. The Council would need to choose the time period to use, number of years to use (e.g., best 9 of 10 years, drop 2010), and landings level. Table 2 shows the number of permits with varying amounts of landings for a recent four-year period.

Any permit with landings during the chosen time period lower than the chosen threshold could be considered latent and not renewed.

Because of the passive decline in permits (see Table 1), fishery participants have indicated the permit number is sufficiently reduced, and further reductions are not needed. Thus, if the Council does not intend to eliminate latent permits, qualification requirements should not be included in Amendment 17.

Table 2. Number of permits by landings, 2009-2012 based on 1,423 permits as of October 2013.

Landings (lbs)	Number of permits with average landings in each category	Number of permits that would be eliminated at this landings threshold
0	211	211
1-1,000	41	252
1,001-10,000	126	378
10,001-50,000	340	718
50,001-100,000	326	1044
100,001-150,001	292	1336
150,001-200,000	80	1416
>200,000	7	1423

Source: Shrimp database, SEFSC-Galveston. Note: This data is preliminary and does not include all permits.

Royal red shrimp endorsement

Currently, any person with a valid Gulf commercial shrimp permit can obtain a royal red shrimp endorsement. As of March 12, 2015, 288 vessels had valid royal red shrimp endorsements; however, only an average of nine vessels per year, with a maximum of 17 vessels per year, landed royal red shrimp in the last ten years. The royal red shrimp stock has an annual catch limit that is above the current level of harvest; however, an endorsement that is available to all shrimp permit holders may allow increased effort. The Council could consider additional requirements for obtaining the endorsement or eliminate the endorsement. If the Council does not intend to change the endorsement requirements, this issue should not be included in Amendment 17.

Current Regulations

§ 622.50 Permits, permit moratorium, and endorsements.

(a) Gulf shrimp permit. For a person aboard a vessel to fish for shrimp in the Gulf EEZ or possess shrimp in or from the Gulf EEZ, a commercial vessel permit for Gulf shrimp must have been issued to the vessel and must be on board. See paragraph (b) of this section regarding a moratorium on commercial vessel permits for Gulf shrimp and the associated provisions. See paragraph (c) of this section, regarding an additional endorsement requirement related to royal red shrimp.

(b) Moratorium on commercial vessel permits for Gulf shrimp. The provisions of this paragraph (b) are applicable through October 26, 2016.

(1) Moratorium permits are required. The only valid commercial vessel permits for Gulf shrimp are commercial vessel moratorium permits for Gulf shrimp. In accordance with the procedures specified in the Fishery Management Plan for the Shrimp Fishery of the Gulf of

Mexico (Gulf Shrimp FMP), all commercial vessel moratorium permits for Gulf shrimp have been issued. No additional permits will be issued.

(2) Permit transferability. Commercial vessel moratorium permits for Gulf shrimp are fully transferable, with or without the sale of the vessel. To request that the RA transfer a commercial vessel moratorium permit for Gulf shrimp, the owner of a vessel that is to receive the transferred permit must complete the transfer information on the reverse of the permit and return the permit and a completed application for transfer to the RA. Transfer documents must be notarized as specified in § 622.4(f)(1).

(3) Renewal.

(i) Renewal of a commercial vessel moratorium permit for Gulf shrimp is contingent upon compliance with the recordkeeping and reporting requirements for Gulf shrimp specified in § 622.51(a).

(ii) A commercial vessel moratorium permit for Gulf shrimp that is not renewed will be terminated and will not be reissued during the moratorium. A permit is considered to be not renewed when an application for renewal, as required, is not received by the RA within 1 year of the expiration date of the permit.

(c) Gulf royal red shrimp endorsement. For a person aboard a vessel to fish for royal red shrimp in the Gulf EEZ or possess royal red shrimp in or from the Gulf EEZ, a commercial vessel permit for Gulf shrimp with a Gulf royal red shrimp endorsement must be issued to the vessel and must be on board.