



IFQs/ITQs An Overview

What are IFQs and ITQs?

An **Individual Fishing Quota (IFQ)** is commonly described as a fishery management program that allows an individual or entity the privilege to harvest a percentage of the **Total Allowable Catch (TAC)**. For our purposes, TAC would likely refer to the commercial quota. An **Individual Transferable Quota (ITQ)** describes an IFQ program that allows individual quota to be *transferred* from one person or entity to another. That is, the owner of the individual quota can *sell* his quota to another person permanently or *lease* his quota to another person for a temporary period of time. There are often restrictions on who can purchase or lease individual quota. For example, in order to purchase quota, it may be required that an individual or entity own a permit for the relevant fishery.

The use of the term **Dedicated Access Privilege (DAP)** or **Limited Access Privilege (LAP)** programs, in general, refer to the same thing. These terms have recently been used in place of the terms IFQ and ITQ since these new terms encompass allocation of a portion of the TAC or commercial quota to communities *and* groups of individuals.

How do they work?

A percentage of the TAC is allocated to each qualifying individual or business entity when the IFQ/ITQ program is implemented. Allocation has been accomplished in several different ways within the U.S. and in other countries. The allocation formula usually includes the historical landings associated with a permit or vessel, but also could include other considerations such as allocating a portion of the quota equally among qualifying fishermen. The percentage of the TAC allocated to an individual is called the "**quota share**". The quota share multiplied by the TAC for a particular year is called the "**annual pounds**." In many cases, but not all, once allocation takes place, it is prohibitively expensive for individuals or entities that were not allocated quota to enter the fishery. For this reason, a special program often is designed with a small amount of quota set aside for distribution to or purchase by new entrants and/or non-qualifying small-scale fishermen (those with landings too small to be allocated quota). IFQ/ITQ programs usually are designed so that individuals or entities are allocated quota for particular species. In this way, fishery managers can better and more easily manage species with small Maximum Sustainable Yields (MSYs) and TACs.

There is no single way to design an IFQ/ITQ program. In general, IFQ/ITQ programs are designed to serve the needs of the particular fishery and the communities they support. The Magnuson Stevens Act (MSA) requires consideration of certain factors and features by a regional fishery management council. For example, the MSA provides an upper limit on a cost recovery fee to pay for administrative and enforcement costs under an IFQ program, and guidance on how to specify the maximum percentage of IFQ/ITQ an entity or individual can own.

Where have IFQ/ITQ programs been used?

IFQ/ITQ programs have been implemented in U.S. federal waters in the Alaska halibut and sablefish fisheries, the south Atlantic wreckfish fishery, and the mid-Atlantic surfclam and ocean quahog fishery. IFQ/ITQ or DAP/LAPP programs are currently being developed and/or implemented in the Gulf of Mexico red snapper and grouper fisheries, Alaska groundfish trawl fishery, and the Pacific trawl groundfish fishery. Internationally, IFQ/ITQ programs have been implemented in several fisheries in Canada, Iceland, New Zealand, and Australia as well as several other places.

Why implement an IFQ/ITQ program?

Benefits of IFQs/ITQs include:

- Ending derby fishing in fisheries where a derby exists prior to implementation of an IFQ/ITQ program;
- Increasing flexibility for fishermen regarding when to fish during the year;
- Increasing the level of individual accountability;
- Achieving conservation goals such as fishing at or below the TAC; and
- Resulting in a more efficient (less overcapitalized), more profitable, and more sustainable fishery.

However, some common concerns with IFQs/ITQs implementation include:

- Redistribution of fishery infrastructure through market transfers, which often impacts communities economically and socially;
- Concentrated fishery resource usage through concentration of quota ownership; and
- Creation of a situation where new entrants and those who did not receive an allocation have difficulty entering the fishery due to the cost of quota.

In recent years, special features within an IFQ program have been incorporated at implementation to mitigate some of the negative impacts. In other cases, the fishery management entity has incorporated additional rules and special programs after implementation to try and mitigate the effects of negative impacts.