Community Fishing Trusts

The U.S. west coast experience

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Finding the ways that work
What I’ll talk about

• Relevant context and history of the U.S. west coast groundfish fishery
• Motivation for creating fishing community trusts
• Definition of community trusts
• Insights and performance metrics outlining impacts of trusts
• Where things are headed from here
Significant change in early 2000s

- Declared economic disaster
- Federal trawl vessel buyback
- Litigation
- Rebuilding plans for overfished groundfish species
- Essential Fish Habitat measures
- Rockfish Conservation Areas
- Groundfish bycatch reduction measures
- Groundfish trawl catch share program
Central California private trawl buy-out

- TNC offered to purchase several trawl operations

- Fishermen sought buy-out:
  - Identified sensitive habitat areas
  - Worked with PFMC and NOAA to protect these areas

- Some communities without groundfish industry

- Could assets be re-deployed differently?
The IFQ program

- Pacific Council established a catch share program for west coast
- Multi-species shore-side program governed by a market-based IFQ program
- Concern over possible social consequences:
  - Fleet consolidation
  - New entry challenges
  - Disparate impacts on communities
Groundfish activity in trust communities is low. The loss of even one vessel compromises the future of that port.
Ideas to address unexpected outcomes and community/social goals:

• Quota set-aside: temporarily allocate quota to different entities to address various concerns

• Community fishing associations/trusts/banks: hold fishing assets for community benefit
What is a community fisheries trust?

• Non-profit that owns fishing assets for community benefit
• Leases assets to local fishermen – often at below market rates
• Mitigates high cost barrier of entry to fishery
• Buffers against market forces pulling fishing assets to place of highest return (larger ports)
Trusts buffer communities against market forces, but they need help getting started

- Key assumption of fishery trusts is that they reduce the cost of fishing compared to alternatives
- They lease fishing assets to fishermen at below market rates
- Revenue to the trust is thus below market
  - Trusts can’t pay market rates for fishing assets themselves
- Infusion of capital needed!
Capital infusion models for fishing trusts along the U.S. west coast

• Fishing quota offered to trusts at below market rates
• Economic development funds
• Favorable private financing
• Others
Quota held by trusts is a significant portion of total quota in these places.

A combination of trust quota and their own quota allows fishermen in these communities to catch groundfish in quantities near the fleet average.
Quota lease rates for trusts vary by species when compared to market rates. Many key species tend to be lower, saving vessels money in total.

(species names hidden to protect confidential business agreements)
The trusts examined here all remain financially solvent and cash flow positive, but there are different business models

Model 1:
- Aggressive quota acquisition strategy
- High debt service
- Quota leases to highest bidder (to service debt)
- Low immediate benefit to local fishermen/community
- Goal is on longer term prospects

Model 2:
- Opportunistic quota acquisition strategy
- Low debt service
- Below market leases to local fishermen
- Large immediate benefit to local fishermen
- Focus on shoring up local industry in the short term
Unexpected developments

• Trusts are developing into a vehicle for economic development and marketing opportunities

• Economic development agencies are viewing trusts as a potential economic development partner
Bringing it all together

• West coast community trusts show promise for bolstering small-scale communities

• Their story is still being written

• Trusts having a positive impact, but only so much they can do on their own
  – Catalyst?
  – Partner for a broader set of economic development activities?