Title: Economic Evaluation of A Catch Share Program: Evidence From Rhode Island Fluke Fishery Sector Pilot Program

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Abstract: A new type of fisheries management approach termed catch share is set to be implemented in the US Northeast groundfish fisheries in May 2010. This approach gives a group of harvesters, called a sector, a portion of the TAC to manage independently - a hybrid of co-management and individual quota. The potential for economic gain in the catch share program comes from avoiding the inefficiencies inherent in the current command and control style regulations. Two important questions arise when evaluating this new program: (a) will sector members be better off, and (b) will non-sector members be adversely affected? To answer these two questions this paper utilizes the Rhode Island fluke (summer flounder) fishery catch share pilot program and examines how harvesters' revenues were affected. To fully understand the economic impacts of the program four sets of predicted revenues are needed; sector and non-sector boat revenues with and without a sector. First we developed a 24 equation empirical model of inverse demand functions for key groundfish species and market categories targeted by sector boats using total Rhode Island landing data from 2005-2008. With-sector predicted revenues were calculated using this model and actual 2009 landings; the counterfactual without-sector revenues were obtained by first simulating sector boat landings using a multivariate matching technique and then running our model. Our preliminary results show increases in revenues from fluke and other targeted species for all sector boats. Furthermore, beneficial price effects extended to non-sector boats and they were not adversely affected by the catch share program.