

CQE Purchase of Area 3A D Shares

In February, the Council reviewed a public review draft analysis evaluating the impacts of allowing Area 3A Community Quota Entities (CQEs) to purchase D category Area 3A halibut quota share (QS). CQEs are currently prohibited from purchasing D category QS in Areas 3A and 2C. The overall intent of the CQE Program is to allow community non-profit organizations (CQEs) representing small, rural communities in the Gulf of Alaska to purchase catcher vessel QS, in order to lease the annual IFQ to community residents and maintain long-term access to the halibut and sablefish fisheries. Community residents that are unable to finance their own purchase of quota share, or wish to work as crewmembers, may find the CQE lease arrangement a viable option to participate in the halibut and sablefish fisheries, and potentially a way to build equity in the fishery and purchase their own QS.

Upon review, the Council took action to allow Area 3A CQEs to purchase a limited amount of D category QS in Area 3A; the limit is equal to about 9.6% of the current D category QS pool in Area 3A, or about 1.2 million QS units ($\sim <100,000$ lbs). Currently, there are 14 Area 3A communities eligible to form a CQE and participate in the program, 8 of which have formed CQEs to date. Only one community in the program has purchased QS, of a limited amount. The intent of the action is to facilitate the purchase of QS by CQEs, by allowing them access to the least costly category of QS, and the type of QS that corresponds to vessels typically used in these communities. Should a CQE purchase D category halibut QS, it would have to be leased to a community resident and could only be used on a D category vessel ($\leq 35'$ LOA). Note that the existing program also prohibits CQEs from purchasing B and C category quota share that is in small blocks (blocks of QS less than the current sweep-up limit of about 5,000 lbs). Upon review of the data indicating that the majority of the Area 3A D category QS is in small blocks (62%), the Council explicitly allowed CQEs to purchase D category QS of any block size. The existing restrictions on the number of blocks that each CQE can purchase, as well as the individual CQE use caps and cumulative program use caps, continue to apply. Nicole Kimball is the staff contact on this issue. *(Excerpt from the February 2011 Council Newsletter)*