

INTER-AMERICAN TROPICAL TUNA COMMISSION
PERMANENT WORKING GROUP ON FLEET CAPACITY
19TH MEETING
La Jolla, California, USA
May 13th, 2018

REPORT OF THE CHAIR

AGENDA

	Documents
<ol style="list-style-type: none"> 1. Opening of the meeting 2. Adoption of the agenda 3. Review of changes in the utilization of fleet capacity in the EPO 4. Progress in the implementation of a Capacity Management Plan in the EPO <ol style="list-style-type: none"> a. Development of a pragmatic proposal to address the management of capacity in the EPO: progress report of the consultant b. Others 5. Review of pending capacity claims, disputes, adjustments, and requests according to the list presented at the 89th meeting of the IATTC and referred to in document CAP-17 INF-A REV (May 14th, 2016) 6. Recommendations to the Commission 7. Other business 8. Adjournment 	CAP-19-01

APPENDIX

1. List of attendees

The 19th meeting of the Permanent Working Group on Fleet Capacity was held in La Jolla, California on May 13th, 2018.

1. Opening of the meeting

Mr. Alfonso Miranda, from Peru, opened the meeting in his capacity as Chair of the Working Group.

2. Adoption of the agenda

The provisional agenda was adopted without changes.

3. Review of changes in the utilization of fleet capacity in the EPO

Dr. Guillermo Compeán, Director of the IATTC, presented document [CAP-19-01 Utilization of fleet capacity in the EPO \(Updated 31 March 2018\)](#) .

He reported that the active purse-seine capacity on the Regional Register as of 31 March 2018 was 283,419

m³. The capacity of inactive or sunk vessels is 5,532 m³, and the capacity available as a result of movements of vessels on the Regional Register is 13,410 m³, for a potential total of 302,361 m³. In June 2002, when Resolution C-02-03 entered into force, the active capacity was 218,482 m³, while the total sum of the active and inactive capacity, plus that included in paragraph 10 of the resolution, was 273,467 m³; although the current operative capacity is below that level, this represents an increase of 28,894 m³ in the potential total capacity.

Ecuador mentioned that capacity loans should be reviewed because, even though they are regulated and allowed, they affect the operative capacity. The Director pointed out that, indeed, capacity loans are regulated and he clarified that loaned capacity is accounted for as capacity in use and, if the Commission decided to establish capacity reductions on grounds of resource protection, it should be considered in the reduction exercise.

In response to a question from Ecuador regarding the use of cubic meters and metric tons and the conversion factor between these units, the Director recalled that, in 2005, the Commission agreed to use cubic meters for well measurements because they are more representative of the quantity of fish that a vessel can carry on board. With this purpose, an *ad hoc* working group was created for formalizing the process and establishing the appropriate parameters. However, several resolutions use tons, even for defining classes 1 through 6 of purse-seine vessels. When a conversion from tons to cubic meters was necessary, it was decided to use a 1.4 factor. Nevertheless, it is important to recall that since January 2017, as a result of the implementation of Resolution [C-15-02](#), these types of conversions are not necessary anymore because all well volumes reflected on the Register are considered confirmed and only those volumes act as reference both in the context of the implementation of Resolution C-02-03 and in the calculation of the contributions to the observer program.

4. Progress in the implementation of a Capacity Management Plan in the EPO

a. Development of a pragmatic proposal to address the management of capacity in the EPO: progress report of the consultant

The Director recalled the background of the hiring of a group of consultants in accordance with the Commission's decision that this group issue recommendations on how to address operationally the solution to existing aspirations, requests and claims of capacity, in conjunction with management measures in accordance with the conditions of the resource and the special circumstances and needs of developing countries, through the development of a pragmatic proposal to be considered by the Working Group on Fleet Capacity.

He also recalled the hiring of a group led by Dr. Dale Squires (USA) and Dr. Santiago Bucaram (Ecuador).

Dr. Squires provided information on the progress made so far. He first noted that the other experts that conform the group are Dr. Jenny Chin-Hwa Sun, from the National Taiwan Ocean University, Dr. Josh Graf-Zivin, from the University of California in San Diego, Dr. Liam Campbell, from the Queen Mary University of London, and Dr. Vishwanie Maharaj, from the World Wildlife Fund (WWF). The group has the financial support from the European Union. Dr. Squires explained that they intend to develop management options supported by an empirical economic analysis, in consultation with IATTC Members, the fisheries sector, relevant NGOs and other stakeholders. To that end, on-site visits will be conducted to learn about the ideas of the stakeholders involved in order to present provisional results and understand, first-hand, the tuna industry in the countries visited. Furthermore, in the context of the economic analysis, other analytical material will be used, which is comprised of the results from the project that is currently funded by the World Bank and carried out by Northern Economics and Dr. Bucaram, as well as other previous analyses and conclusions from environmental workshops held within the framework of the IATTC, FAO and the International Foundation (Seafood Sustainability Foundation).

The results of the project—options with economic analysis—will be presented at a workshop in August 2018 held before the IATTC meeting, in accordance with the terms of reference of the consultancy.

b. Others

The Working Group also listened to a presentation from Dr. Santiago Bucaram, who was previously hired—along with Northern Economics—by the WWF with funds from the World Bank.

The report prepared within the framework of this consultancy, as well as a summary prepared by the WWF, can be found on the Commission's website. In his presentation, Dr. Bucaram suggested four alternative courses of action to reduce fleet capacity in the EPO:

- a) *Capacity Buyback Program*. It is assumed that the buyback program would be funded with a long-term loan and that said loan would be repaid by the owners of the vessels that remain in the fishery in the years after the buyback; an annual fee would also be charged to the vessels remaining in the system.
- b) *Transferable Vessel Quotas*. It is expected that a Transferable Vessel Quota program with high levels of institutional certainty and permanence will result in market-based capacity reductions.
- c) *Voluntary Capacity Reduction Pilot Program*. This program would consider that countries could reduce, unilaterally and voluntarily, their capacity in exchange for a reduction in their closure days.
- d) *Annual Vessel Limits on Harvests of Small Bigeye Tuna (BET) and Yellowfin Tuna (YFT)*. The intent of the program would be to limit the effective capacity of a small number of operators that catch large quantities of small BET and YFT. Initial estimates based on harvest of BET and YFT indicate that a Small Tuna Vessel Limit could lead to sizeable decreases in the harvest of BET and YFT, and only directly affect a limited number of vessels.

After the presentation, several delegations expressed their satisfaction with the quality of both the presentation and the study as an example of the type of work that is required to make progress toward the management of capacity in the EPO.

In light of the comments from some delegations that mentioned that the study's approach was economic and that it should also consider legal, political and operational aspects, others emphasized that, in general, the recommendations were appropriate since an economic vision is crucial for simultaneously guaranteeing a profitable and sustainable operation and the recuperation of biomass and its appropriate conservation.

In terms of the possibility of establishing a Transferable Vessel Quota system, some delegations expressed their interest in conducting a further analysis of this system within the framework of the IATTC.

Several delegations expressed their satisfaction with the fact that the study highlighted the possibility and importance of establishing a quota system for juvenile bigeye and yellowfin tuna.

In terms of the establishment of a buyback program, one delegation—while still recognizing its potential value—expressed some doubts regarding the interest of the members to adopt a system characterized by its complexity when, additionally, many of them have budgetary problems and some have not even paid their contributions to the IATTC. Dr. Bucaram, besides reminding them that the sale of capacity within this system would be a voluntary decision from the owner of the vessel, recalled the specific benefits of a buyback program, like being able to reduce closure periods.

Some delegations asked why the study recommends 90 days of closure since closure days should be based on scientific and biological information, not only economic. Dr. Bucaram pointed out that, if all fishing

capacity is activated, the current closure period would fall short.

5. Review of pending capacity claims, disputes, adjustments, and requests according to the list presented at the 89th meeting of the IATTC and referred to in document CAP-17 INF-A REV (May 14th, 2016)

In order to consider them as reviewed by the Working Group and be able to take them directly to the IATTC, Ecuador made a presentation on the pending cases of the vessels Monteneme (908 m³), Ricky A (390 m³), Eli (220 m³) and María del Mar (281 m³).

El Salvador and Peru also recalled their claims—of 2,105 m³ and 5,851 m³, respectively—that had already been presented at previous meetings,

The United States and the European Union reaffirmed the position they had expressed previously under which all pending capacity claims should be considered and settled within the framework of an agreement on a capacity management plan together with tuna conservation measures. Mexico declared itself in favor of a global solution for the pending cases that have already been identified.

6. Recommendations to the Commission

There were no recommendations submitted to the Commission, considering that another meeting of the Working Group was scheduled immediately before the annual meeting of the IATTC.

7. Other business

No other business was presented.

8. Adjournment

The meeting was adjourned at 16:30 on May 13th, 2018.