



NOAA FISHERIES

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Saint Petersburg, FL 33701

CATCH UP ON CATCH SHARES

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Below you will find **2024 First Quarter Price Summary Data** for each species and share category in the Gulf Catch Shares programs.

Share Category	Species	Share Price (per 1lb equivalent)	Allocation Price (per/lb)	Ex-Vessel Price
Red Snapper	Red snapper	\$42.81	\$4.47	\$5.94
Deep Water Grouper	Snowy grouper	\$11.93	\$0.79	\$6.31
	Speckled hind			\$6.39
	Warsaw grouper			\$5.48
	Yellowedge grouper			\$6.95
Gag Grouper	Gag grouper	\$11.43	\$3.89	\$7.54
			multi-use: \$3.89	
Shallow Water Grouper	Black grouper	\$6.05	\$0.74	\$7.39
	Scamp			\$7.18
	Yellowfin grouper			-
	Yellowmouth grouper			\$7.21
Red Grouper	Red grouper	\$18.69	\$1.72	\$6.35
			multi-use: \$1.72	
Tilefish	Blueline tilefish	\$8.03	\$0.81	\$2.92
	Golden tilefish			\$3.55
	Goldface tilefish			\$3.50

- Insufficient data for yellowfin grouper ex-vessel price calculation.



Ex-Vessel Price Explained

Actual ex-vessel price is the price per pound at first purchase or reception of IFQ species. This is paid from the IFQ dealer to the IFQ fisherman and does not include any deductions for transferred (leased) allocation and goods and services (e.g. bait, ice, fuel, repairs, machinery replacement, etc.).

For example, if a fisherman leases 500 pounds of red snapper from another fisherman for \$3.00 per pound, then later lands and sells those fish to a dealer for \$4.50 per pound, the actual ex-vessel price reported per pound should be \$4.50 per pound and not \$1.50 per pound.

Similarly, if the fisherman purchases ice, fuel, or bait from the dealer they are landing with, this cost cannot be deducted from the ex-vessel price reported. For example, if a fisherman is paid \$4.50 per pound for 500 pounds of fish, the total ex-vessel value is \$2,250 (\$4.50/lb X 500 lbs). If the trip costs are \$200, the reported ex-vessel price is still \$4.50 per pound for a total value of \$2,250 and not reduced by the trip costs of \$200.

Why is this important?

Price data are used as indicators of program success and reflect the real economic value of the fishery. Under-reporting can devalue the fishery. Accurate price information, including accurate prices for shares and allocation, allow participants to make informed decisions about when to fish, sell, or trade their catch shares. Transparent price reporting ensures market information symmetry, where all participants have access to the same information (e.g., average ex-vessel, allocation, and share prices).

IFQ Economics Part I: Casting the Net into the Ocean of Economic Fisheries

by Jessica Stephen & Alexandria Taylor

In the world of fisheries, most people are familiar with the role that fishery biologists, statisticians, and stock assessment modelers play in managing sustainable fisheries. But did you know social scientists, like economists and anthropologists, also play a vital role in fisheries management by bridging the “science” and “society” divide? Fishery economists can provide insight on important issues like the value of a fishery, sale prices, revenue, stakeholder behavior, employment, market trends, and the potential economic effects of different management decisions.



In an effort to help explain some of the fundamental economic principles at play in the Gulf Individual Fishing Quota (IFQ) Programs, we sat down with the Southeast Region's Social Science and Economics Branch Chief, Dr. Michael Travis. Dr. Travis has been an economist with NOAA Fisheries for 31 years, and has been heavily involved in economic analyses of catch share programs.

As IFQ fishermen know, the catch shares online system collects price information for share and allocation transfers. The annual reports show that allocation and share prices per pound can differ by an order of magnitude (e.g., \$42/lb for shares vs \$4/lb for allocation). We asked Dr. Travis to talk to us about share and allocation prices and how this is used within catch share programs. Dr. Travis explained that the allocation prices should reflect the expected annual profit from harvesting a pound of quota or a short-term consideration. Share prices, since shares result in yearly allocation, reflect the expected profit from a pound of quota over the long-term. Dr. Travis said, “To use an

analogy, the allocation price is similar to the rental value of a home, while the share price is similar to the sale value of a home.”

Dr. Travis also spoke about competitive markets and how differences may occur in prices for the products being sold. Competitive markets require a relatively large number of buyers and sellers. “Perfectly competitive markets assume a homogeneous product (e.g., 1 lb of allocation is the same as any other pound of allocation).” When looking at our Catch Share program, we see differences in allocation across certain species: “One pound of tilefish is certainly not equivalent to, or a substitute for, a pound of red snapper. However, a pound of red grouper and a pound of gag grouper may be relatively close substitutes.”

In order for markets to be competitive, Dr. Travis explains, neither sellers nor buyers can have the ability to control the allocation or share price by controlling a relatively high percentage of the market. Dr. Travis informs that having such an ability “is commonly known as market power.” Almost all of U.S. Catch Share programs have an excessive share cap. Share caps are used to limit consolidation and ensure that people, entities, and corporations do not develop too much control over a fishery or market. However, direct ownership may not be necessary to gain market power. For example, a group of sellers who affiliated with each other through various types of business arrangements could collaborate to restrict the supply of or access to the supply of allocation. This can increase the allocation price above the price that would exist in a competitive market. Dr. Travis states, “This would be similar to how OPEC is able to exert influence over world oil prices.” When sellers or buyers can influence prices in this manner, the market is not competitive.

Dr. Travis informs us that “competitive markets either require perfect information, or at least the absence of asymmetric information.” Information asymmetry was recently discussed at a Gulf of Mexico Fishery Management Council meeting with respect to our IFQ program. Dr. Travis explains, “Asymmetric information is the term we use to describe a market where sellers have more information about the market than buyers or vice versa.” He goes on to explain that “If buyers are not aware of all the sellers in the market and how much they are willing to sell [allocation] for, they may pay a higher price for their allocation than if they were aware of other sellers and their prices.”

More information on Gulf IFQ fishery economic data can be found in the Grouper-Tilefish Program and Red Snapper Program [Annual Reports](#). Part II of this article discussing economic data and fisheries disasters will be published in Issue 13 of the Catch Up on Catch Shares Newsletter.

Loan Opportunities Available for Individual Fishing Quota Participants

The federal Fisheries Finance Program (FFP) is a direct government loan program that receives an annual loan authority from Congress to provide long-term loans to the commercial fishing and aqua/mariculture industries.

Who is eligible for FFP federal loans?

- U.S citizens or businesses that are at least 75% U.S.-owned with a good credit history.

What kinds of projects are eligible for FFP loans?

- Vessels, commercial fishing equipment, federal harvesting privileges (IFQ shares and federal fisheries permits), fisheries shore-side facilities, and aquaculture and mariculture operations. The program can also refinance existing debt that originated for the above projects.

Is there a minimum or maximum loan amount?

- No, but the amount of the loan cannot exceed 80% of the total cost of the project.
- Congress authorizes a maximum loan authority of 100 million dollars nationwide for the FFP on an annual basis.

What are the terms of FFP federal loans?

- Long-term, fixed rate loans with interest rates 2% above the U.S. Treasury rate for borrowing against similar maturities. Visit the U.S. Department of the Treasury for the most recent rates, add 2% to the published rates or Call the Southeast Financial Services Branch for current rates (727) 824-5377.
- The term of the loan is not to exceed 25 years but is dependent on the applicant's credit strength and their ability to repay the loan.
- Loans may be prepaid at any time without penalty. These terms are set by Congress.

What are some of the requirements for IFQ loan applicants?

- A 20% equity contribution will be required to be deposited to an escrow account at the time of loan closing, not at the time of application. However, the applicant must be able to demonstrate an ability to provide a 20% equity contribution to the total cost of the project at the time of application.

- The FFP will require all parties with significant ownership interests to personally guarantee loan repayment for any applicant that is a corporation, partnership, or other entity. Some projects may require additional collateral, as determined by the FFP.
- Some examples of acceptable collateral include, but are not limited to, IFQ harvesting privileges (shares), federal fishing permits, vessels, and real estate.
- Insurance will be required to be obtained (if not presently insured) prior to loan closing, or maintained if already insured, throughout the life of the loan.

If I am interested in a loan, how do I apply to the program?

- Contact the Southeast Financial Services Branch at (727) 824-5377 to discuss your project. After discussion with Southeast Financial Services Branch, if your project is eligible, follow the guidance in the FFP Application Letter, which FFP will provide through email at the applicant's request, and submit all forms required in the letter's application checklist.
- There are no limits to the number of applications you can submit and you can have multiple loans open at the same time.

What are the general steps of the loan application process for IFQ loans?

- The applicant submits the FFP loan application and required supporting documentation to FFP for review.
- If the application is accepted, the loan investigation process will occur and arrive at a credit decision.
- Once the Fisheries Finance Program has determined the applicant will meet the credit standards for the loan, an application fee will be collected. The fee is half of 1% of the requested loan amount.
- Applicants are not required to have a purchase or sale agreement in place at the time of application, but must have one in place to close the loan. If the credit decision results in a loan approval, the approval is good for 5 years, allowing applicants ample time to find shares to purchase.
- If financing a share purchase, the shares will be held by the FFP administrative account in the Catch Shares online system. The allocation for each fishing year will be automatically transferred to the borrower's account on January 1, each year. However, all financed shares will be applied towards the borrower's share cap.

Whom can I contact for questions or help?

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**JUN
24-27**

Gulf Council Meeting
Houston, TX

**JUL
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2nd Quarter Cost
Recovery Fees Due

**AUG
19-22**

Gulf Council Meeting
Biloxi, MS

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NMFS.SER.CatchShare@noaa.gov
or call 866-425-7627 (option 2).

