

Gulf of Mexico 2010 Red Snapper Individual Fishing Quota Annual Report



RED SNAPPER

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A Message from the Assistant Regional Administrator

The 2010 Red Snapper Annual Report reflects the completion of the fourth Individual Fishing Quota (IFQ) season in the Gulf of Mexico. This year's report builds upon the information summarized in the past three annual reports and is intended to provide fishermen, managers, and other constituents data and information for assessing and evaluating program performance. This report is not intended to be a full comprehensive assessment of the Red Snapper IFQ, but does provide an overview of data and information collected primarily through the IFQ online data collection system.

The 2010 fishing season marked the transition of the Red Snapper IFQ program into a new online data collection system implemented in association with the first year of the Grouper-Tilefish IFQ program. Several changes to red snapper IFQ regulations, implemented on January 1, 2010, were made to align the program with the Grouper-Tilefish IFQ program, including: requiring a separate vessel account for each IFQ vessel, requiring the estimated gutted weight of fish at the time of landing notification, requiring preapproval of landing locations, allowing online share transfers, and eliminating vessel endorsements and annual ex-vessel value reports. These changes were primarily intended to enhance law enforcement.

On April 20, 2010, the Deepwater Horizon oil spill began, resulting in unprecedented fishery closures throughout the central Gulf of Mexico. At the height of the oil spill, nearly 88,552 square miles representing 36.6% of Gulf of Mexico federal waters were closed. Despite area closures from May through November, the commercial sector landed nearly 96% of the quota. Throughout and after the oil spill, the IFQ program provided commercial fishermen with added flexibility to transfer allocation and fish their allocation in areas open to harvest.

The 2010 fishing year also saw the first increase in the commercial quota since implementation of a revised red snapper rebuilding plan in 2007. A 2009 stock assessment indicated overfishing for red snapper was projected to end, allowing the Gulf of Mexico Fishery Management Council to increase the quota. On June 1, the commercial quota was increased from 2.29 to 3.19 million pounds gutted weight, representing a 39% increase in quota.

The 2011 fishing year will mark the fifth year of the IFQ program. A comprehensive 5-year review of the Red Snapper IFQ program is currently under way. The review is intended to evaluate program performance relative to the program's primary objectives and will include a shareholder survey, advisory panel meetings, and scientific reports prepared by NOAA Fisheries Service. Results of the review will be used to evaluate and modify the program to ensure program goals are met. I encourage each of you to follow the IFQ program review closely and provided needed input on ways the program can be improved.

Sincerely,



Phil Steele
Assistant Regional Administrator
for Sustainable Fisheries

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Red Snapper IFQ Program

History and Objectives

Development of the red snapper IFQ program began in early 2004 after a majority of eligible voters (based on a weighted majority vote of red snapper Class 1 license holders) supported, through referendum, development of an IFQ program. During 2004 and 2005, the Gulf Council, in collaboration with the Red Snapper Advisory Panel, developed Amendment 26 to the Reef Fish Fishery Management Plan. This amendment outlined the key components of the red snapper IFQ program. In 2006, a second referendum was conducted to determine if a majority of eligible voters supported submission of Amendment 26 for approval by the Secretary of Commerce (Secretary). A majority of eligible voters, based on a weighted majority vote, approved the amendment. The amendment was later approved by the Gulf Council in March 2006 and implemented by NOAA Fisheries Service on January 1, 2007.



Prior to implementation of the IFQ program the commercial red snapper sector was overcapitalized, resulting in derby-style fishing conditions as fishermen raced to catch a share of the quota. Limited access fishing permits, trip limits, closed seasons, and a quota were the primary management tools used to constrain commercial harvest and effort prior to the IFQ program. However, these management tools resulted in short fishing seasons, quota overages, unsafe fishing conditions, market gluts affecting ex-vessel prices, and high bycatch and discard mortality rates. The IFQ program was implemented to address these and other problems, including chronic overfishing.

Initial shares were issued to program participants based on the amount of red snapper landings reported under each participant's qualifying license during a specific time period. For Class 1 license holders, IFQ shares were based on the best ten consecutive years from 1990-2004. For Class 1 historical captain license holders, IFQ shares were based on seven years of landings from 1998-2004. For Class 2 license holders, IFQ shares were based on the best five years of landings from 1998-2004.

A total of 546 individuals or corporations qualified for initial shares. Initial quota shares issued to a single entity ranged from a maximum of 6.0203% to a minimum of 0.0001%. Although 546 individuals received initial shares, 621 IFQ accounts were established because individuals holding more than one red snapper license were issued multiple IFQ accounts. Seventy-nine individuals who did not hold a commercial Gulf reef fish permit were issued initial shares.

Primary objectives of the program are to reduce overcapacity and mitigate derby fishing conditions. Anticipated benefits of the program include: increased market stability; elimination of fishing seasons; increased flexibility for fishing operations; cost-effective and enforceable management of the fishery; improved safety at sea; and, optimization of net social, economic, and biological benefits from the

fishery. Additionally, the program is intended to provide direct and indirect biological benefits to red snapper and other marine resources by reducing bycatch and bycatch mortality and eliminating quota overages. These social, economic, and biological benefits collectively are intended to assist NOAA Fisheries Service and the Gulf Council in preventing overfishing and rebuilding the Gulf of Mexico red snapper population.

In 2010 there were significant changes made to the IFQ on-line system, many of which were implemented to align this program with the Grouper-Tilefish IFQ program and to enhance law enforcement. In 2010, the structure switched from a fisherman assignee based system to a vessel account based system and share transaction could now be processed on-line, similar to allocation transfers. Additional changes to the program included estimating the gutted weight of fish at the time of landing notification, requiring preapproval of landing locations, and eliminating vessel endorsements and annual ex-vessel value reports.

Program Regulations

Regulations governing the red snapper IFQ program can be found at 50 CFR 622.16 (http://edocket.access.gpo.gov/cfr_2010/octqtr/pdf/50cfr622.16.pdf). The red snapper IFQ program is managed with an online accounting system that can be accessed at: <https://ifq.sero.nmfs.noaa.gov/>. On the homepage of this Web site, IFQ fishermen and dealers can log-in to their online IFQ accounts. Important information regarding the IFQ program, such as Frequently Asked Questions, a User's Manual, and Fishery Bulletins are also available for download at this Web site, providing potential and active IFQ participants, as well as other constituents, updated information regarding program components and regulations.

The Red Snapper IFQ program is monitored to prevent one or more participants from obtaining shares in excess of the share cap. The Magnuson-Stevens Fishery Conservation and Management Act (Magnuson Stevens Act) requires fishery managers to ensure IFQ shareholders do not acquire an excessive share of the red snapper commercial quota. The Red Snapper IFQ program share cap, which is defined as the maximum IFQ share allowed to be held by a person, corporation, or other entity, is 6.0203%. The share cap is based on the maximum IFQ share *issued* to a person, corporation, or other entity at the time of initial apportionment of the IFQ shares. There is no allocation cap for red snapper.

All Red Snapper IFQ fishermen are charged a cost recovery fee to recover a portion of the costs required to administer, manage, and enforce the IFQ program. The cost recovery fee is 3% of the ex-vessel value of the landed fish, although this amount can be re-evaluated and subject to change if costs of administering and enforcing the program are less than costs recovered. IFQ dealers are responsible for collecting the cost recovery fee from fisherman at the time of each sales transaction and submitting fees to NOAA Fisheries Service on a quarterly basis.

When harvesting red snapper, vessels are required to have a commercial reef fish permit. Before leaving port, vessels are required to hail out and declare the fishery they will be participating in and gears used. While at-sea, vessels are monitored using vessel monitoring systems. When returning to port, vessels landing IFQ species must provide a landing notification indicating the time and location of landing, the dealer they intend to sell fish to, and the estimated pounds landed. Landing may occur at any time, but fish may not be offloaded between 6 p.m. and 6 a.m.

Red Snapper IFQ Fishing Season

Commercial Quota

The IFQ commercial quota in 2007 was 3,315,000 lb whole weight (2,986,486 lb gutted weight), but was reduced by 23% to 2,550,000 lb whole weight (2,297,297 lb gutted weight) in 2008 and 2009 (Table 1). In 2010, the quota began at 2,550,000 lb whole weight but was then increased by 39% on June 1, 2010. The additional 992,000 lb whole weight increased the quota to 3,542,000 lb whole weight (3,190,991 lb gutted weight). The increase in quota was due to the 2009 red snapper stock assessment, which indicated overfishing was projected to end in 2009. The IFQ program tracks landings in pounds gutted weight; therefore, throughout this report landings are expressed in terms of pounds of gutted weight. Whole pounds were converted to gutted pounds by dividing by 1.11.

Table 1: IFQ Commercial Quota in Whole Weight
(Gutted weights in parentheses)

Year	Start of Year Quota	Quota Increase	Date of Increase	End of Year Quota
2007	2,550,000 (2,297,297)	765,000 (689,189)	June 1	3,315,000 (2,986,486)
2008	2,550,000 (2,297,297)	N/A	N/A	2,550,000 (2,297,297)
2009	2,550,000 (2,297,297)	N/A	N/A	2,550,000 (2,297,297)
2010	2,550,000 (2,297,297)	992,000 (893,694)	June 2	3,542,000 (3,190,991)

Shareholders

The number of shareholders (participants that own shares in the program) decreased from 546 to 425 during the first four years of the program (Table 2), resulting in a 22% reduction of shareholders since the inception of the program. Most of the reductions in shareholders continued to occur for individuals owning 0.0050%-0.0099% and 0.01%-0.0999% of the quota. The largest proportion of shareholders own shares that are less than 0.0050% of the quota, followed by those that own between 0.0100 and 0.0999% of the shares. Only 10 participants (2% of all shareholders) own 2.0% or more of the quota.



The change in shareholders is in part due to shareholders opting out of the program by selling all their shares and new participants entering the program. From 2007 through 2010 the shareholders selling all their shares accounted for 1-10% of the annual quota (Table 3). Additionally, each year a small number (<30 per year) of shareholders joined the program. New shareholders were participants that did not own shares at the beginning of the year but did own shares by the end of the year. In 2010, the amount of shares sold by participants who sold all their shares was similar to the amount of shares sold to new shareholders (Figure 1). While the amounts are similar this does not imply that the shareholders who sold all their shares sold them only to new shareholders.

Table 2: Initial, End of Year (EOY), and Beginning of Year (BOY) Share Percentages

Share Percentage	Number of Shareholders as of					
	Initial (1/1/2007)	EOY 2007	EOY 2008	EOY 2009	BOY 2010*	EOY 2010
0.0001 - 0.0049	159	150	146	142	144	139
0.0050 - 0.0099	91	76	68	58	59	54
0.0100 - 0.0499	158	135	125	109	110	104
0.0500 - 0.09999	26	23	22	21	21	23
0.1000 - 1.4999	98	88	88	83	87	86
1.5000 - 1.9999	6	6	5	9	8	9
2.0000 - 2.9999	3	5	6	3	3	4
3.0000 - 6.0203	5	6	6	7	7	6
Total	546	489	466	433	439	425

* BOY (beginning of year) 2010 total shareholders are greater than 2009 EOY due to a change in the method in which a unique entity was determined. From 2007 through 2009, an entity could have multiple accounts in the IFQ system and a unique entity was determined based on the first name listed in an account. In 2010, the IFQ system was revised and now each account represents one unique entity. In 2010 an entity is the unique combination of all individuals associated with an account. This resulted in 6 additional unique entities in the 2010 system.

Table 3: Shareholders Selling All Shares and New Shareholders

Year	Shareholders Selling All Shares			New Shareholders		
	N	Shares (%)	Lb. Equivalent	N	Shares (%)	Lb. Equivalent
2007	67	9.11	440,689	10	5.71	170,422
2008	32	1.82	64,120	9	7.84	180,006
2009	41	1.34	70,144	8	4.22	96,976
2010	43	4.48	143,017	29	4.41	140,838

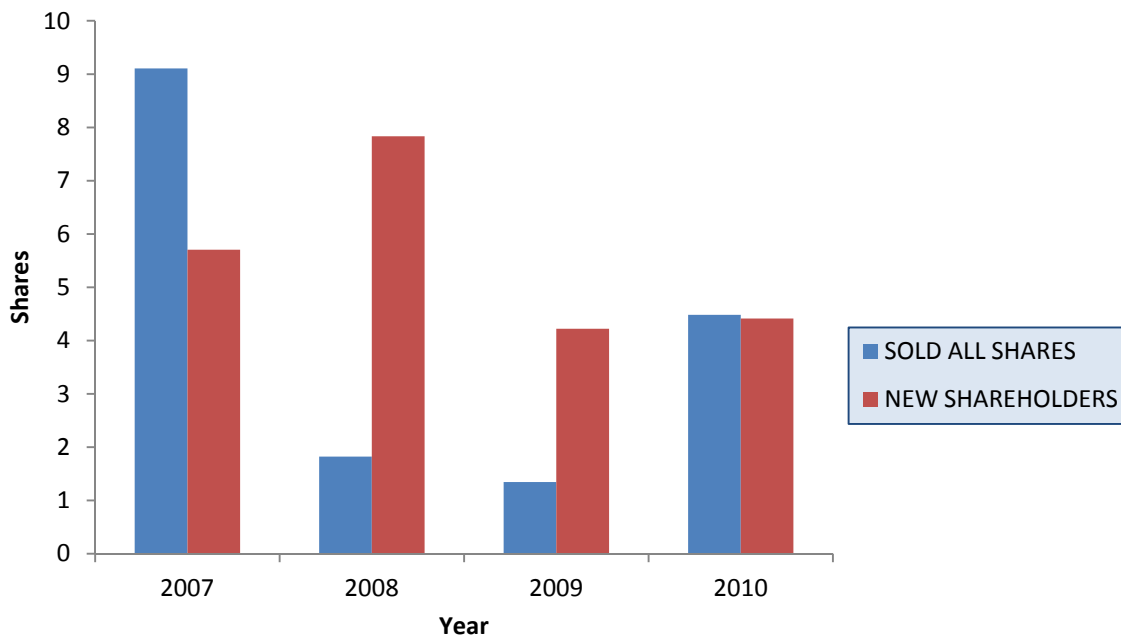


Figure 1: Shares by participants who sold all their shares and new shareholders

Shareholdings by Gulf State

At the start of the IFQ program, Florida and Texas accounted for 77% of the red snapper IFQ shares, Alabama, Mississippi and Louisiana accounted for 21% of the shares, and the remaining shares were held by shareholders residing in non-Gulf states (Table 4). In the four years of the program, these proportions have only changed slightly, and in 2010 there was a small increase (3.6%) in shares accounted for by Florida shareholders.

Table 4: Initial and End of the Year Shareholding by State of Residence

Shareholder's State of Residence	Initial (1/1/2007)	Percentage of Shares as of			
		EOY 2007	EOY 2008	EOY 2009	EOY 2010
Alabama/Mississippi	9.6%	9.6%	9.5%	8.8%	8.6%
Florida	44.0%	42.3%	42.3%	43.9%	47.5%
Louisiana	11.6%	10.7%	10.6%	10.2%	10.3%
Texas	32.9%	35.7%	35.8%	35.3%	31.7%
Other States	1.8%	1.8%	1.8%	1.8%	1.9%

Changes in share percentages among states are the result of share transfers between shareholders, as well as the relocation of a shareholder. The greatest total share transfers occurred between shareholders within the same state (Table 5), in particular between Florida (5.86% shares) and Texas (2.97% shares) shareholders. For between state transfers, the largest total share transfer occurred from Florida to Texas (0.36% shares), from Texas to Florida (0.24% shares) and from Florida to other non-Gulf states (0.22% shares). Overall, there are more shareholdings in the eastern Gulf (Florida-Mississippi), than the

western Gulf (Louisiana-Texas), with the eastern Gulf holding greater than 50% of the shares since the beginning of the program. From 2007 through 2009, there was a shift in shares towards the western Gulf, but in 2010 this trend was reversed (Figure 2).

Table 5: 2010 Total Share Percentage Transfers Between and Among States

		Transferor					Total
		AL/MS	FL	LA	TX	Other	
Transferee	AL/MS	0.227					0.227
	FL	0.087	5.858	0.131	0.243	0.004	6.322
	LA		0.038	0.039		0.109	0.186
	TX	0.092	0.355		2.966		3.413
	Other		0.221			0.000	0.221
	Total		0.406	6.472	0.170	3.209	0.113

The green color denotes within state share transfers. Darker orange colors represent larger total share transfers.

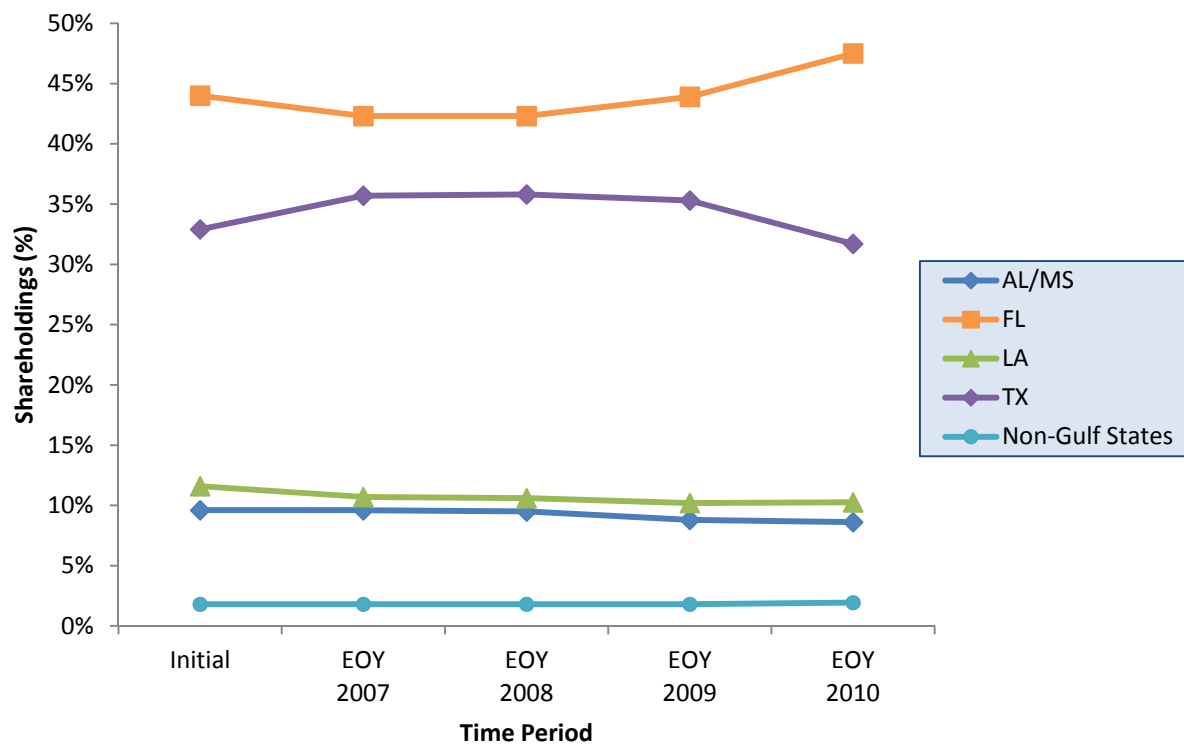


Figure 2: Shareholdings by State of Residency

Share Transfers

The total number of annual share transfers has decreased since the start of the program in 2007 when there were 140 share transfers (Table 6). In 2009 and 2010 share transfers remained steady at ~80 transfers per year. Likewise, the highest amount of shares transferred occurred in 2007 (~20%) and has decreased in recent years. In 2010, only 8% of the shares were transferred over 79 different transactions. The average amount of shares transferred in 2010 (0.1073%) was higher than in 2009 but lower than earlier years, but median values have remained similar over time with values between 0.01 and 0.02%. The 2010 fishing year contained the greatest range of share transfers, with the highest transfer at 2.0% and the lowest transfer at 0.000044%.



Table 6: Share Transfer Transactions*

	2007	2008	2009	2010
Total number of share transfers	108	42	75	79
Total shares transferred	10.7430%	4.8150%	6.0230%	8.4750%
Average amount of shares transferred	0.1420%	0.1312%	0.0756%	0.1073%
Median amount of shares transferred	0.0126%	0.0189%	0.0175%	0.0218%
Minimum amount of shares transferred	0.0001%	0.0003%	0.0001%	0.000044%
Maximum amount of shares transferred	1.7452%	0.9989%	1.1264%	2.0000%

* In order to be comparable to the 2010 data, the 2007-2009 values include only transfers between different entities.

Of the 79 transfers in 2010, 70 transfers (89%) included price information. This high percentage of transfers with price information was due to a requirement to enter a price for all share transfers beginning in early 2010. Of the 70 transfers reporting price information, only 43 transfers (61%) reported total prices that were greater than \$0.01, and price per pound equivalents that were less than \$30. *Given the large number of transactions that do not report realistic market values for share transfers, results should be viewed with caution.*

Share percentages have risen in value since 2007, either as a price per 0.0001% share or a price per 1 lb equivalent (Table 7). A pound equivalent is the share percentage that would equal one pound. The exact share percentage that is an equivalent to one pound depends on the total commercial quota, and will change accordingly as the quota changes from year to year. Average and median prices per 0.0001% share have nearly doubled since 2007 (Table 7). Similarly, the average and median prices per one pound equivalent have steadily increased since 2007, although largely remained unchanged from 2009-2010 (Table 7).

Table 7: Pricing for Share Transfers Transactions*

	2007	2008	2009	2010
Number of transactions with an entered price	60	30	54	70
Percent of transactions with an entered price	43%	68%	68%	89%
Number of transfers with price per pound equivalents >\$0.01 and <\$30	55	28	52	43
Average price paid per 0.0001% share	\$20.12	\$23.51	\$34.85	\$44.90
Median price paid per 0.0001% share	\$20.06	\$27.54	\$45.87	\$45.87
Average price paid per 1 lb equivalent of shares	\$6.74	\$10.23	\$15.17	\$16.81
Median share price per 1 lb equivalent of shares	\$6.72	\$11.99	\$19.97	\$19.94

* Price data has not been adjusted for inflation and excludes transactions not reporting price data, total prices that were <= \$0.01, price per pound equivalents that were <= \$0.01, and price per pound equivalents that were greater than \$30. Starting in 2010, total prices were required but participants may have entered \$0.01 in lieu of an actual price. Prices reported in the 2007-2009 annual reports have been updated and adjusted to account for the current criteria used.

Allocation Transfers

Annual IFQ allocation is the actual poundage of red snapper each IFQ participant can use to possess, land, and sell red snapper during a given calendar year. In 2010, 3,062,893 pounds of allocation were transferred among participants (Table 8) through 1,721 allocation transactions. Both the number of transactions and the amount of allocation transferred were higher than in previous years. This is due in part to the start of the grouper-tilefish IFQ program as well as the increased quota, which was 893,694



pounds gutted weight greater than the previous year. Multiple transactions of a single allocation are not tracked separately, and therefore the large amount of allocation transferred in 2010, is in large part due to this. Overall, the maximum amount of allocation transferred during one transaction was 84,049 pounds, which occurred in 2010. This was unusually high allocation transfer and is not indicative of typical transfers, which were around the median value of 500 pounds transferred per transaction. The average amount of allocation traded has continued to decrease each year, although the median amount of allocation traded remained the same in 2009 and 2010.

Of all allocation transfers between entities, only 22% of the transactions had associated price information. This is a decrease from 2009 where 35% of the transactions had associated prices. The average price per pound of allocation has increased each year of the program, to a value of \$2.76 per pound in 2010. Median values also increased since 2007 (\$2.00 per pound), but have remained stable in

2009 and 2010 (\$3.00 per pound). As with the share transaction price information, *given the large number of transactions with no or low reported price data, results should be viewed with caution.*

Table 8: Allocation Transfer Transactions

	2007	2008	2009	2010
Total pounds of allocation traded*	1,674,012	1,357,983	1,488,812	3,062,893
Number of allocation transfers	942	777	942	1,718
Average allocation amount traded in pounds	2,398	2,008	1,838	1,783
Median allocation amount traded in pounds	780	600	500	500
Minimum allocation amount traded in pounds	2	1	1	1
Maximum allocation amount traded in pounds	53,541	50,000	44,402	84,049
Percentage of entities entering a price	25%	24%	35%	22%
Average price per allocation pound**	\$1.79	\$2.21	\$2.63	\$2.76
Median price per allocation pound**	\$2.00	\$2.25	\$3.00	\$3.00
Minimum price per allocation pound**	\$0.01	\$0.02	\$0.02	\$0.02
Maximum price per allocation pound**	\$5.41	\$3.25	\$4.50	\$4.00

* In calculating the total pounds of allocation traded, multiple transactions of a single allocation were not tracked separately.

** Prices have not been adjusted for inflation. Most prices were reported on a per pound basis; however, some transactions reported the total value paid for all allocation bought. If the price per pound entered was greater or equal to \$5.00, then the price was assumed to be a total price and divided by the pounds purchased to calculate the price paid per pound. Excluded from the analysis were any prices per pound that were less than or equal to \$0.01/lb or greater than \$5.50/lb. Prices have been updated for the 2007-2009 data to reflect the new criteria for analysis.



Participants in the red snapper program include both those entities that hold shares as well as those that hold allocation without shares. In 2010, there were 599 entities that held allocation throughout the year (Table 9). Of these entities, 463 (77%) also held shares. Entities were considered an active participant in the IFQ program if they did one of the following activities: landed, sold, or bought allocation. There were 476 (~80%) active participants in 2010 (Table 9). Of these active participants, there were 139 entities (23%) that only traded allocation and did not land any

allocation. Of these 139 entities, 110 sold all their allocation and had no remaining balance at the end of the year (Table 9). There were 337 entities (~56%) that landed allocation, and of these entities 217 of them held shares (Table 9).

Table 9: Allocation Activity for 2010

	N	% of all entities with allocation
Entities with allocation	599	100.00
Entities receiving allocation through shares*	463	77.30
Entities with allocation but not holding shares	136	22.70
Inactive entities**	123	20.53
Entities who only traded allocation	139	23.21
Entities who sold all their allocation	110	18.36
Entities that landed fish	337	56.26
Entities that landed fish and held shares	217	36.23

* This is the total number of entities who received allocation through share holdings either at the start of the year or from the quota increase on June 2, 2010, whereas Table 2 contains only those entities that held shares at the end of the year.

** Inactive entities are entities that possess shares but did not land, buy or sell allocation; this includes both entities who have never logged into their account and those that have logged into their account.

End of Year Allocation Balances

The number of accounts with unused quota and the associated allocation increased in 2010. There were 306 accounts with a total of 131,829 pounds of unused allocation, representing approximately 4% of the commercial quota (Table 10). These values were similar to those in 2007 when the program first began, but higher than values in 2008 and 2009. This increased amount of remaining allocation may be due, in part, to the commercial quota increase that occurred



mid-year on June 2, 2010, as well as closure of a large portion of the red snapper fishing grounds due to the Deepwater Horizon oil spill (Appendix 1). In 2010, 40% of the remaining allocation was from the 122 inactive accounts, which was a smaller percentage than seen in either 2008 (58%) or 2009 (57%). The average remaining allocation amount in 2010 (435 lb) was nearly double that of 2008 (189 lb) and 2009 (226 lb). While this value may be in part influenced by the 16 accounts that had more than 1,000 lbs of allocation remaining (Table 11), median values of remaining allocation also doubled in 2010 (66 lb) compared to 2008 (30 lb) and 2009 (30 lb). *Caution should be used when comparing remaining allocation across years, as changes in the commercial quota may influence the amount of remaining allocation, especially for inactive accounts. The time of any quota increase may also play a role in the amount of allocation remaining in an account.*

In 2010, more than 50% of the accounts with remaining allocation contained less than 100 lb of allocation, which was consistent with previous years (Table 11). As in previous years, a large number of accounts had less than 25 lb of allocation remaining at the end of the year. In contrast, there were more accounts in 2010 with greater than 500 lb of allocation remaining than in previous years.

Table 10: End of the Year Allocation Balances

	2007	2008	2009	2010
Unused allocation* (lb)	122,326	62,050	63,452	132,457
% of annual quota	4.10%	2.70%	2.76%	4.15%
Accounts with unused allocation	334	329	281	307
Active accounts with unused allocation**	244	239	194	184
Unused allocation in active accounts	75,369	25,935	27,608	79,299
Inactive account with unused allocation	N/A	N/A	N/A	123
Unused allocation in inactive accounts	N/A	N/A	N/A	53,158
Initial account with unused allocation	90	90	87	82
Unused allocation in initial accounts	46,957	36,115	35,844	47,387
Average unused pounds in accounts	366	189	226	434
Median unused pounds in accounts	71	30	30	65
Maximum unused pounds in accounts	25,128	19,329	19,329	26,849
Minimum unused pounds in accounts	1	1	1	1
Sanctioned allocation (lb)	29,187	21,451	21,451	31,186
Sanctioned allocation (% of unused allocation)	23.86%	34.57%	33.81%	23.54%
Seized pounds	7,678	1,622	250	538
10% overage pounds	2,578	2,422	3,432	655

* The unused allocation is a summary of all remaining allocation, which includes sanctioned allocation, as well as subtracting any 10% overages.

** Active accounts in 2010 refer to any account that landed, bought, and/or sold allocation. Active accounts for 2007-2009 were any accounts where the user logged into their account and established a password.

Table 11: Remaining Allocation Balances for Active and Inactive Accounts by Year*

Allocation Balance (lb)	Active Accounts				Inactive Accounts			
	2007	2008	2009	2010	2007	2008	2009	2010
1-25	68	106	79	63	28	35	35	38
26-50	33	17	8	21	17	12	12	14
51-100	40	29	21	31	9	10	10	17
101-200	46	34	27	20	10	10	10	17
201-500	34	20	21	25	16	13	13	26
501-1,000	10	7	4	12	5	3	3	7
1,001-above	13	3	3	12	5	4	4	4
Total	244	216	163	184	90	87	87	123

* Active accounts in 2010 refer to any account that landed, bought, and/or sold allocation. Active accounts for 2007-2009 were any accounts where the user logged into their account and established a password.

Cost Recovery Fees

The Magnuson-Stevens Act requires the Secretary to adopt regulations implementing a cost recovery program to recover the actual cost of managing and enforcing the IFQ program. The cost recovery fee established for the red snapper IFQ program is currently three percent of the actual ex-vessel value of Gulf red snapper. IFQ allocation holders who complete a landing transaction with a dealer are responsible for payment of the fee. The dealer who receives the red snapper is responsible for collecting and submitting the fee on a quarterly basis. Monies collected are used for administration of the program, maintenance and upkeep of the online system and software, enforcement of the red snapper IFQ program, and observer at-sea research.

In 2007, the ex-vessel value of the red snapper fishery was \$10.1 million dollars (Table 12). In 2008, and 2009, the ex-vessel value of the fishery decreased to \$8.3 and \$8.0 million dollars, respectively, due to a lower quota (3.315 mp in 2007 vs. 2.55 mp in 2008 and 2009). In 2010, with the increase in the quota the ex-vessel value of the red snapper fishery increased to \$10.2 million dollars. Similarly, the total amount of cost recovery fees collected increased to \$308,285 in 2010 (Table 13). Collected fees and ex-vessel values were lower in the 2nd and 3rd quarter due to lower landings in these quarters. These low landing corresponded to reduced fishing effort during the Gulf Deepwater Horizon oil spill, which began on April 20, 2010. A large portion of the Gulf was closed to fishing during the 2nd and 3rd quarter of the year.

Table 12: IFQ Ex-Vessel Value

Quarter	2007	2008	2009	2010
Jan – Mar	\$2,576,222	\$3,065,981	\$2,412,661	\$3,109,034
Apr – Jun	\$2,577,170	\$1,996,123	\$2,212,748	\$2,652,196
Jul – Sept	\$2,208,242	\$1,421,440	\$1,686,223	\$1,557,619
Oct - Dec	\$2,775,369	\$1,776,917	\$1,693,520	\$2,957,294
Total	\$10,137,003	\$8,260,461	\$8,005,152	\$10,276,144

* Ex-vessel values have been corrected for 2007 and 2008.

Table 13: IFQ Cost Recovery Fees

Quarter	2007*	2008*	2009	2010
Jan – Mar	\$76,997	\$91,897	\$72,386	\$93,271
Apr – Jun	\$77,310	\$59,785	\$66,176	\$79,566
Jul – Sept	\$66,248	\$42,818	\$50,794	\$46,729
Oct - Dec	\$83,261	\$53,315	\$50,801	\$88,718
Total	\$303,816	\$247,815	\$240,157	\$308,285

* Minor corrections were made to 2007 and 2008 cost recovery fee estimates.

Red Snapper Fishing Activity and Landings

At the start of the program in 2007, 309 vessels reported red snapper landings through the IFQ online system. This number decreased slightly in 2008 and 2009, but noticeably increased in 2010 to 384 vessels (Table 14). In all years, a majority (>70%) of those vessels reported landings in Florida. While vessels reporting landings in Florida had a considerably higher number of trips and days away, the average landings per trip was lower than in Louisiana or Texas. In 2010, the number of days away decreased in all states except Florida. Vessels reporting landings in Alabama, Mississippi, and Louisiana also had a decreased number of fishing trips in 2010 due at least in part to fishing closures resulting from the Deepwater Horizon oil spill. Across all Gulf States, the average pounds of red snapper landed per trip increased from 2009 to 2010. Except for Florida, 2010 had the highest average landings per trip since the start of the program in 2007.

Table 14: Fishing Effort and Average Landings

	Year	FL	AL/MS	LA	TX	All Gulf States
Vessels*	2007	219	16	25	49	309
	2008	216	24	24	36	300
	2009	217	25	24	28	294
	2010	307	28	19	30	384
Trips	2007	1,623	284	304	456	2,667
	2008	1,501	319	254	314	2,388
	2009	1,673	301	260	257	2,491
	2010	2,463	281	191	286	3,221
Days Away**	2007	6,380	613	1,945	2,235	11,173
	2008	6,050	525	1,388	1,687	9,646
	2009	6,236	428	1,295	1,377	9,442
	2010	10,284	357	913	1,352	12,906
Avg. Landings (lb) per Trip	2007	692	444	1,471	2,570	1,075
	2008	614	373	1,500	2,597	937
	2009	556	370	1,597	3,036	898
	2010	572	569	2,835	3,307	949

* Based on where a vessel reported a majority of its landings; 24 vessels reported landings in multiple states in 2007, 15 reported landings in multiple states during 2008, 9 reported landings in multiple states during 2009, and 12 reported landings in multiple states in 2010.

** Days away based on reported state of landings. Data for days away from coastal logbook records as of May 12, 2011.

Since the beginning of the IFQ program over 95% of the quota has been landed annually. In 2010, 95.8% of the quota (3,056,117 lb) was landed. This was the smallest percentage of quota landed since IFQ program implementation, but the largest actual pounds landed since 2007. Similar to previous years, in 2010 the majority of red snapper commercial landings occurred in Florida and Texas (Table 15), with Florida accounting for 46% of the commercial landings, and Texas accounting for 31%

of the landings. The remaining pounds were landed in Louisiana (18%), and Alabama or Mississippi (5%). By June 2010, over half of the commercial annual landings were recorded. In 2010, gulf-wide commercial landings were highest during winter months (January-March; November-December), and decreased to lower values in late summer/early fall (Table 15). A large increase in landings occurred in December as commercial fishermen sought to harvest unused allocation before the end of the fishing season. Fishing closures resulting from the Deepwater Horizon oil spill event were also the reason there were zero landings in Alabama and Mississippi in July and August (Figure 3). Since 2008 there has been a similar pattern of higher landings in the winter months and a decrease in landings starting in the late spring/early summer months (Figure 4).

Table 15: Reported Landings by State and Gulf-Wide

	<u>Gulf-Wide Landings (lb)</u>				<u>% of 2010 Quota</u>		<u>2010 Landings (lb) by State</u>			
	2007	2008	2009	2010	%	Cum. %	FL	AL/MS	LA	TX
January	103,309	241,905	226,507	276,172	8.7%	8.7%	116,041	8,203	54,391	97,537
February	330,625	317,871	189,520	258,807	8.1%	16.8%	96,527	12,059	76,533	73,688
March	278,021	290,336	268,819	361,969	11.3%	28.1%	136,928	21,399	98,491	105,151
April	281,551	204,701	220,336	267,700	8.4%	36.5%	106,651	13,437	60,790	86,822
May	181,798	185,313	212,850	269,711	8.5%	45.0%	135,604	13,249	40,455	80,403
June	233,376	134,448	181,401	208,869	6.5%	51.5%	130,281	162	5,513	72,913
July	225,536	152,134	165,968	137,283	4.3%	55.8%	49,395	0	11,179	76,709
August	198,141	135,030	183,851	162,232	5.1%	60.9%	69,241	0	11,988	81,003
September	219,284	91,287	138,731	162,257	5.1%	66.0%	72,886	7,620	7,090	74,661
October	187,371	135,361	143,212	196,725	6.2%	72.1%	107,305	13,593	11,337	64,490
November	296,230	120,797	144,406	246,878	7.7%	79.9%	106,545	26,644	64,692	48,997
December	332,084	228,297	161,793	507,514	15.9%	95.8%	281,336	43,601	99,056	83,521
Annual Total	2,867,326	2,237,480	2,237,394	3,056,117	95.8%		1,408,740	159,967	541,515	945,895
<i>Quota</i>	2,986,486	2,297,297	2,297,297	3,190,991						
<i>% Landed</i>	96.0%	97.4%	97.4%	95.8%						

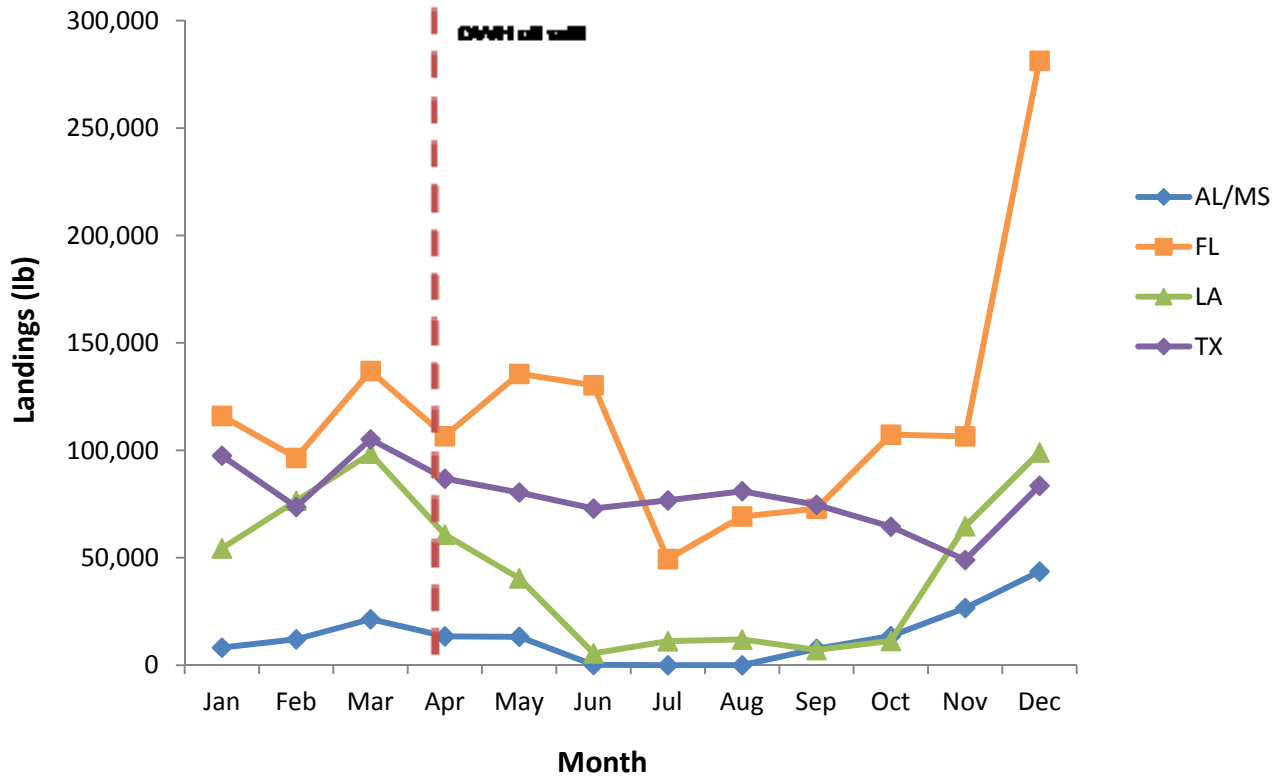


Figure 3: 2010 Landings by Month and State

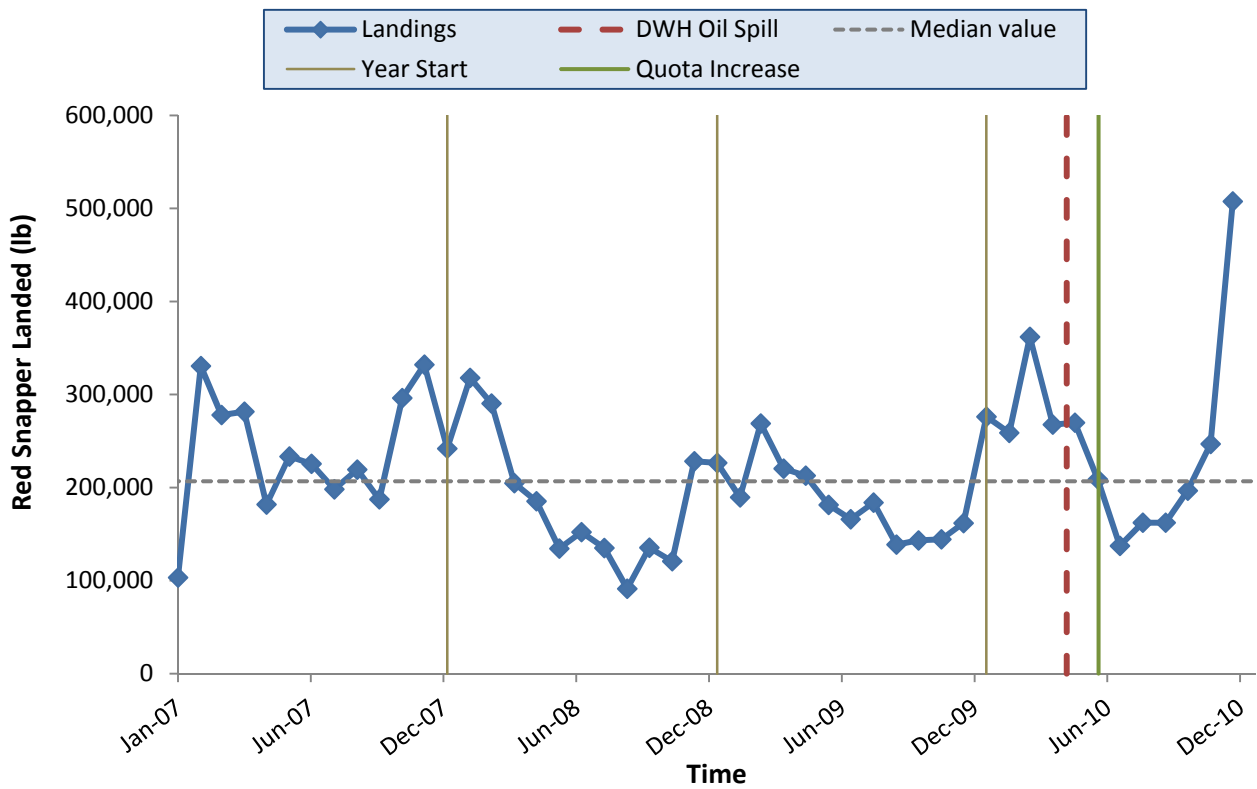


Figure 4: Gulf-wide IFQ Red Snapper Landings Through Time

Red Snapper Ex-Vessel Prices

The reported ex-vessel price for red snapper declined from 1990 through 1992 as the derby fishery began. Ex-vessel prices then remained fairly stable from 1993-1999 averaging \$2.14 per pound (Figure 5). From 1999-2005, the average ex-vessel price of red snapper gradually increased (5.4% annually) from \$2.19 to \$3.15 per pound (Figure 5). In 2007, the average ex-vessel price per pound increased 0.39 cents, representing a 12% increase in average price during the first year of the IFQ (Figure 5). The average ex-vessel price per pound



continued to increase in 2008, averaging \$3.69 per pound, before declining to \$3.58 per pound in 2009 and \$3.36 in 2010. In 2010, the average ex-vessel price was 5% less than the average price in 2007. When ex-vessel price data from 1992-2010 were adjusted for inflation using the consumer price index (<ftp://ftp.bls.gov/pub/special.requests/cpi/cpi.ai.txt>), the average ex-vessel price per pound increased by 1% from 2006 to 2010. Average ex-vessel prices since the start of the IFQ program have been lower than expected, in part due to the many transactions reporting ex-vessel prices of \$2.50 or less per pound (Table 16). The use of median prices may be a more accurate metric of changes in ex-vessel price. Median ex-vessel prices pre-IFQ mirrored average ex-vessel prices from trip tickets. Post-IFQ, median ex-vessel prices are considerably higher than average ex-vessel prices (Figure 5). Since 2006, the median ex-vessel price per pound has increased by 25%. When adjusted for inflation, the median ex-vessel price per pound has increased by 15% since 2006.

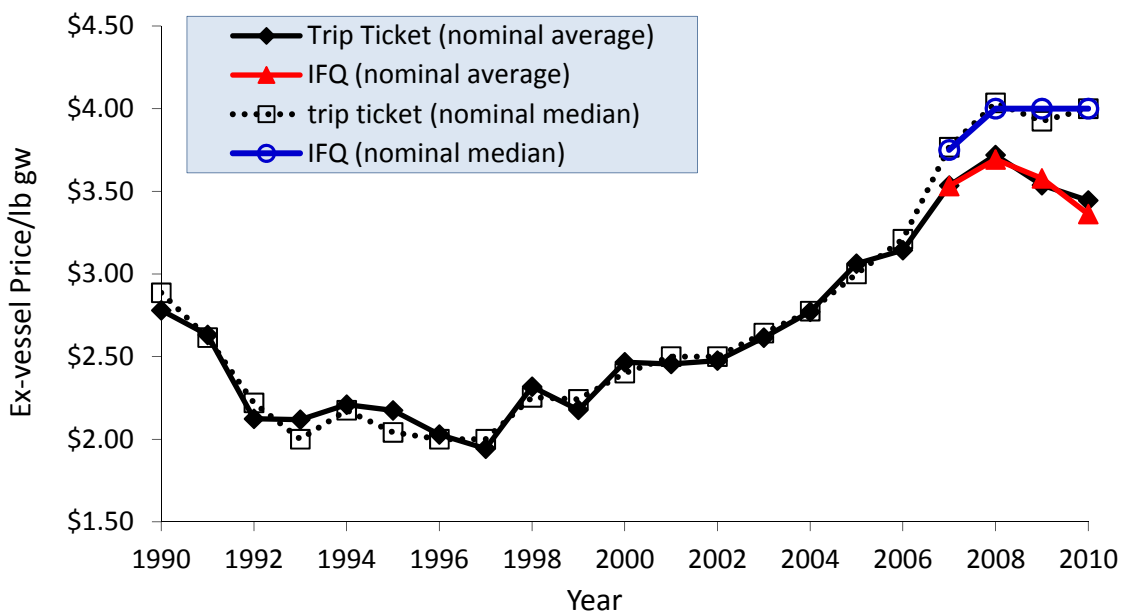


Figure 5: Average and Median Ex-Vessel Price/Pound* by Year

* Average prices for 1990-2010 from SEFSC Accumulated Landings System; average prices for 2007-2010 from IFQ online system.

Since the start of the program, the majorities of the red snapper landing transactions and pounds landed have been greater than or equal to \$3.50/lb (Table 16, Figure 6). In 2007, most landings were between \$3.50/lb and \$4.99/lb, but by 2008 there was a shift to higher values with more transactions being reported greater than \$4.50/lb. In 2010, this continues with most transactions occurring at prices at or greater than \$4.00/lb (Figure 6). In 2010 there was also an increase in reported landings that were less than \$2.00/lb. This increase in lower prices per pound is in part due to dealers subtracting costs associated with allocation from ex-vessel prices. Concurrent to the increase in number of transactions below \$2.00/lb in 2010, there was also an increase in the pounds of fish landed at this price. In 2010, 22% of the landed pounds were <\$2.00/lb, compared to 11% in 2009, and less than 3% in 2008 and 2007.

Table 16: Number of Landing Transactions and Pounds by Ex-Vessel Price Paid

Price Paid per Pound	2007		2008		2009		2010	
	No. Trans.	Pounds (gw)	No. Trans.	Pounds (gw)	No. Trans.	Pounds (gw)	No. Trans.	Pounds (gw)
\$0.01-1.99	22	71,368	20	34,598	99	238,163	568	664,100
\$2.00-2.49	65	161,748	288	341,898	307	222,520	338	259,930
\$2.50-2.99	142	189,704	58	41,509	128	88,429	30	23,310
\$3.00-3.49	410	306,460	226	215,870	70	109,967	70	183,046
\$3.50-3.99	1,051	1,216,879	273	150,043	154	171,447	176	175,098
\$4.00-4.49	951	913,349	1,159	1,051,777	1,332	973,291	1,357	1,021,488
\$4.50+	26	7,818	364	401,785	401	433,577	714	729,145
Total	2,667	2,867,326	2,388	2,237,480	2,491	2,237,394	3,253	3,056,117

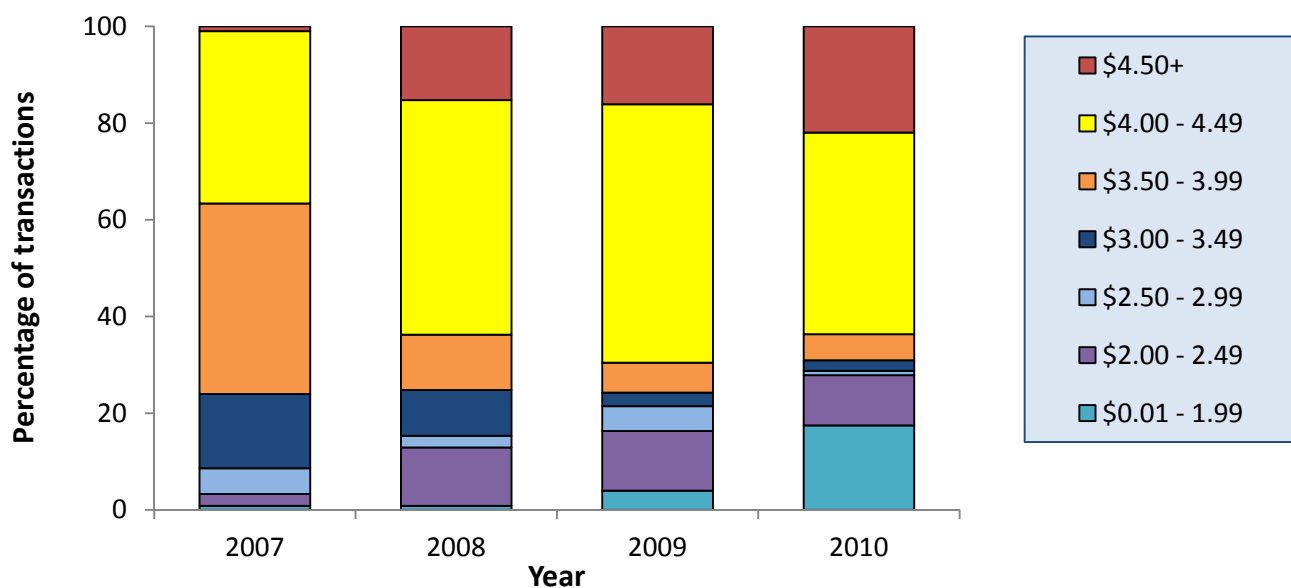


Figure 6: Percentage of landing transactions by price paid per pound.

Average prices per pound varied considerably by state during 2007-2010 (Table 17). Price differences among states are in part due to differences in retail markets, but are also due to reporting differences among dealers. Florida prices were always above Gulf-wide average prices while Alabama/Mississippi and Texas had below average prices. In 2010, the average annual Louisiana prices dropped dramatically despite the summer months having the highest prices for Louisiana in recent years (Table 17). The low prices are primarily due to dealers reporting ex-vessel prices minus deductions for transferred or leased allocation, goods (e.g. bait, ice, fuel), and/or services (e.g. repairs, machinery replacement). The overall decrease in the 2010 annual average price Gulf-wide (Figure 7) was also influenced by large quantities of fish being landed at the end of the fishing year.

Table 17: Price Paid per Pound Landed by State and Month

Month	Gulf-wide Averages				2010					
	2007	2008	2009	2010	Min.	Max.	FL	AL/MS	LA	TX
January	3.61	3.62	3.70	3.55	1.00	5.00	3.87	3.62	3.24	3.33
February	3.61	3.62	3.51	3.27	1.00	5.00	3.86	3.00	2.75	3.06
March	3.63	3.58	3.38	3.55	1.00	5.25	3.97	3.32	3.37	3.21
April	3.77	3.87	3.37	3.34	1.00	5.00	3.87	3.70	2.41	3.30
May	3.67	3.66	3.66	3.74	1.00	5.00	3.75	3.79	3.74	3.72
June	3.64	3.90	3.81	3.59	1.00	4.75	3.70	3.90	4.04	3.35
July	3.44	3.71	3.48	3.31	1.00	5.00	3.16	.	4.50	3.24
August	3.37	3.85	3.32	3.34	1.00	5.20	3.41	.	4.42	3.13
September	3.49	3.69	3.59	3.46	1.00	4.85	3.44	3.21	4.38	3.43
October	3.34	3.72	3.47	3.49	1.00	5.00	3.55	3.08	3.38	3.48
November	3.44	3.70	3.92	3.16	1.00	5.00	3.51	3.52	2.02	3.71
December	3.40	3.62	3.90	2.95	0.75	5.00	3.29	2.95	2.24	2.63
Annual Average	3.54	3.69	3.58	3.36	0.75	5.25	3.61	3.29	2.89	3.28



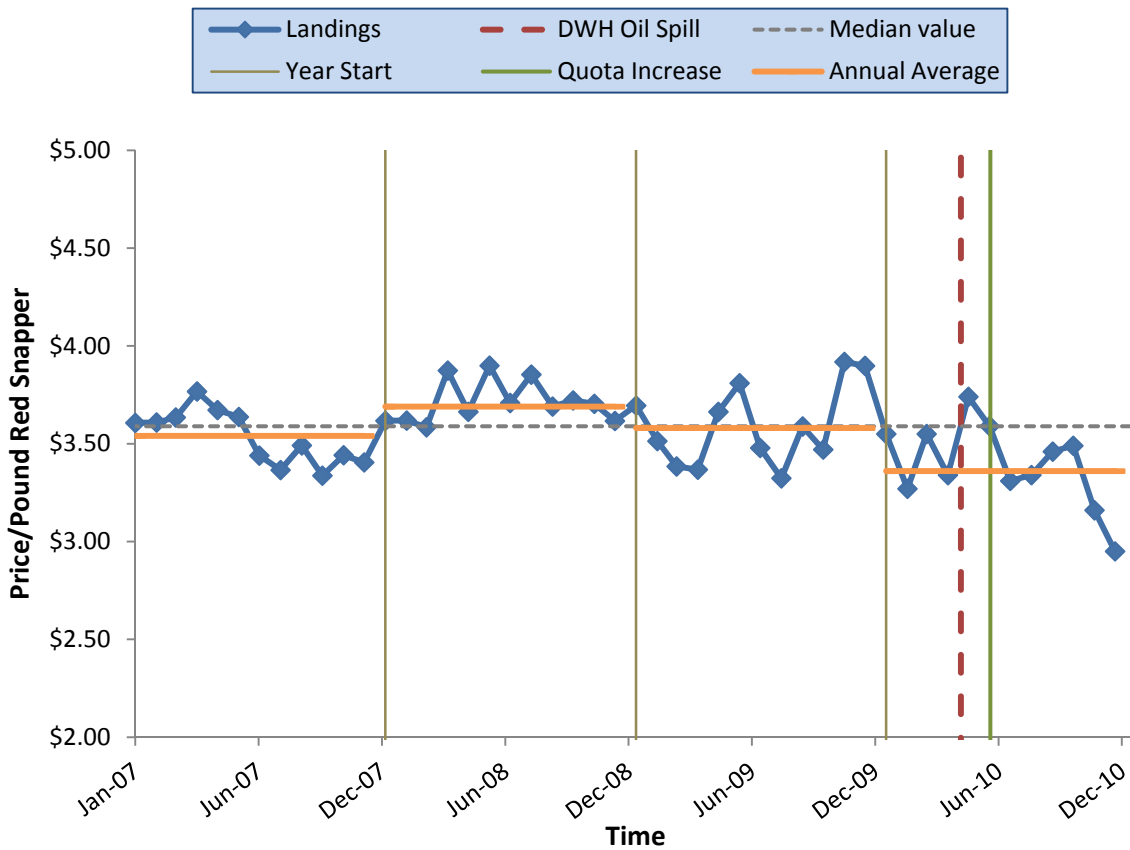


Figure 7: Average Price per Pound by Month for 2007-2010

Red Snapper Bycatch

Reef fish observer data were used to evaluate changes in red snapper bycatch associated with the IFQ program and 13" total length (TL) minimum size limit (Table 18). The red snapper 13" size limit began on May 2, 2007, and therefore the data is split accordingly. The number of observer trips increased in 2009 and 2010, with longline trips receiving a higher proportion of observances than prior to 2009. As in previous years, 2010 had the most observed trips occurring along the Florida peninsula (44), followed by the Florida panhandle through Mississippi (16), and then Louisiana through Texas (9). In 2010, the amount of discarded red snapper had decreased 16% since 2009. This may be in part, due to the shift in effort targeting longline trips, as well as an increase in the amount of quota available for harvest. Gulf-wide for all gears, for every 1 red snapper discarded there were approximately 1.7 red snapper landed (Table 18). The longline fishery landed approximately 1 red snapper for every red snapper discarded, while the vertical line fishery landed nearly 3 red snapper for every red snapper discarded (Table 18). The Florida peninsula area had the highest number of red snapper captured and the highest percentage of discarded red snapper (55%), which is approximately 0.82 fish landed for every 1 fish discarded (Table 18). This high number of



discarded fish appears to be in large part due to many vessels having insufficient allocation to cover landings as the stock expands along the west Florida shelf. Along the Florida Panhandle, nearly 6.6 red snapper were landed for every discard and off Texas and Louisiana 4.2 red snapper were landed for every discard (Table 18).

Table 18: Red Snapper Bycatch Statistics from the Reef Fish Observer Program, July 2006 - December 2010

	Jul 2006 - May 1, 2007	May 2 - Dec 31, 2007	Jan 1 - Dec 31, 2008	Jan 1 - Dec 31, 2009	Jan 1 - Dec 31, 2010
<i>Total number of trips observed with red snapper</i>	38	31	55	66	69
H&L/bandit trips	29	27	44	37	25
Longline trips	7	3	11	29	44
FL peninsula trips*	20	13	30	43	44
FL panhandle-MS trips*	9	11	8	14	16
LA-TX trips*	9	7	17	9	9
<i>Total red snapper observed</i>	5,864	3,200	7,064	4,143	7,962
H&L/bandit	5,706	3,186	6,758	2,426	4,179
Longline	158	14	306	1,717	3,783
Number landed/kept	3,093	2,539	5,269	1,898	4,984
Number discarded alive	2,069	394	992	1,750	2,175
Number discarded dead	679	236	725	460	785
Number unknown disposition	23	31	78	35	18
Percentage landed/kept	52.7%	79.3%	74.6%	45.8%	62.6%
Percentage discarded alive	35.3%	12.3%	14.0%	42.2%	27.3%
Percentage discarded dead	11.6%	7.3%	10.3%	11.1%	9.9%
Percentage unknown disposition	0.4%	1.0%	1.1%	0.8%	0.2%
<i>Landing to discard ratio (x landed:1 discarded)</i>					
Gulf-wide all gears	1.13	4.03	3.07	0.86	1.68
Gulf-wide H&L/bandit	1.16	4.12	3.21	1.21	2.97
Gulf-wide longline	0.39	N/A	1.26	0.51	0.98
FL peninsula	1.22	0.08	0.49	0.12	0.82
FL panhandle-MS	1.55	8.14	4.43	0.64	6.60
LA-TX	1.08	3.08	4.17	14.64	4.17

* Trips reporting catch may be from multiple areas: Areas 1-8 (FL peninsula), Areas 9-12 (FL panhandle – MS, and Areas 13-21 (LA-TX).

In 2010, the frequency of discarded red snapper was more pronounced in longline catches (50%) than in vertical line catches (25%). Twenty-seven percent of the observed vertical line red snapper discards were less than or equal to 13" TL, while less than 1% of the observed longline discards were less than 13" TL (Figures 8A-B). The remaining discards of legal-sized fish for both gears were presumably due to a lack of sufficient IFQ red snapper allocation. For the observed vertical line red snapper discards, 35% were discarded dead, while 20% of the observed longline discards were discarded dead. Dead discarded red snapper had a sharp peak at 13"TL, but decreased thereafter in observed vertical line samples. In contrast, the observed longline samples had a broad range of discarded red snapper that occurred between 16" to 26" TL (Figures 8A-B). Overall, while the longline samples had high numbers of discarded red snapper, the majority of the discarded fish were returned alive.

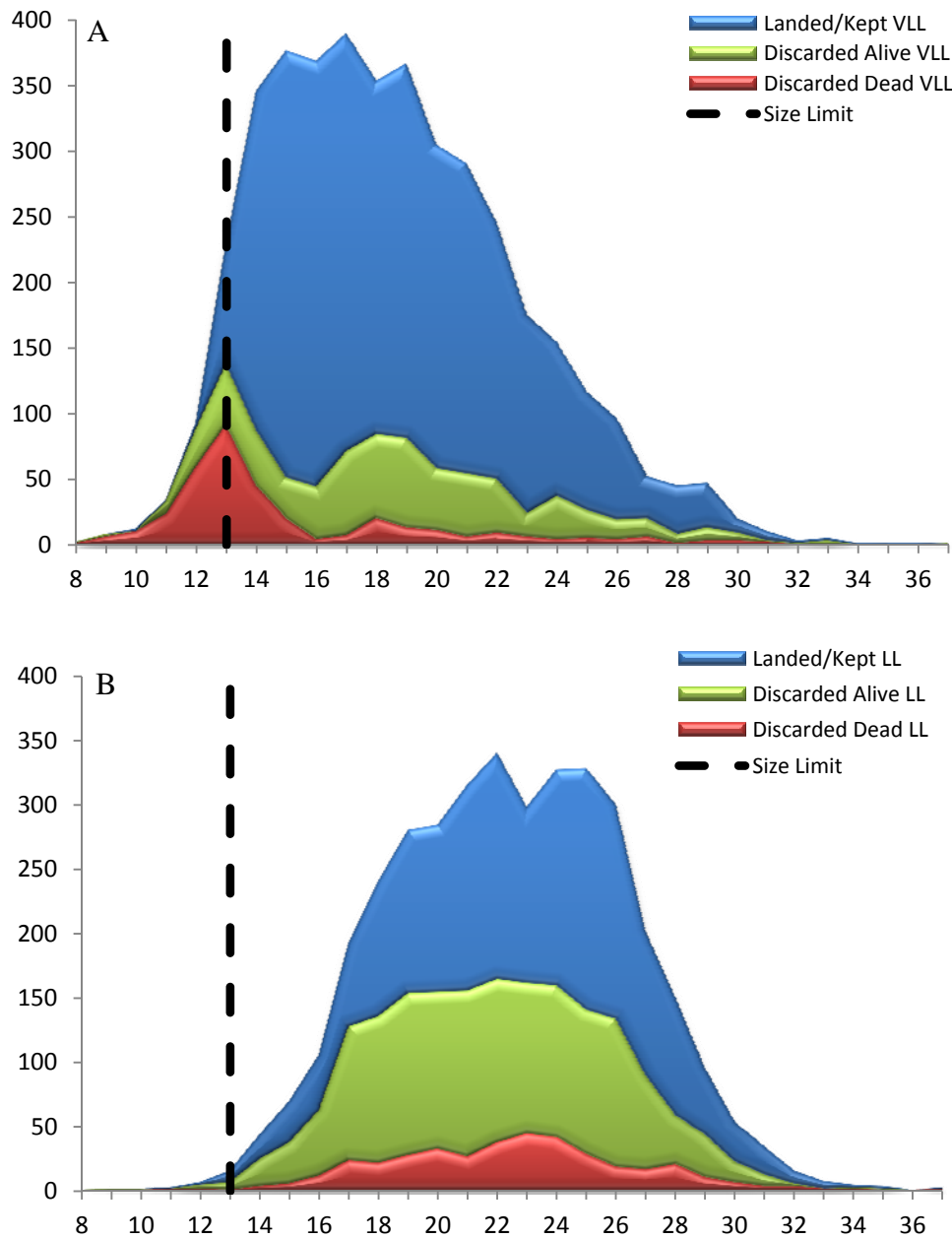


Figure 8: Size Frequency Distribution of Red Snapper Discards and Landings Observed on Vertical Line (A) and Longline (B) Reef Fish Trips during 2010 (Source: SEFSC reef fish observer program).

Law Enforcement Activities

Law enforcement is a crucial component of the IFQ program. Agents and officers from NOAA/NMFS Office of Law Enforcement (OLE) Southeast Division, the U.S. Coast Guard and participating Joint Enforcement Agreement (JEA) states enforce the regulated activities mandated under the Gulf of Mexico Red Snapper IFQ program. State wildlife officers and game wardens contribute to the enforcement of the IFQ program under the auspices of the Cooperative Enforcement Agreement, by patrolling the waterfront, meeting vessels upon landing, as well as, through the monitoring of offloads. OLE Special Agents conduct random monitoring of vessels, assist state wildlife officers and game wardens with violations requiring further investigation and conduct independent investigations, especially in cases involving the suspected trafficking or illegal harvest of red snapper in interstate commerce. During offshore boardings, the U.S. Coast Guard and JEA partners with long range capabilities ensure that vessels harvesting red snapper are eligible participants in the IFQ red snapper program.



Enforcement of the commercial red snapper sector has improved since the start of the IFQ program. Major violations since implementation of the IFQ program include false reporting of species and under reporting of total weights landed. Typical violations include landing prior to the three-hour minimum landing notice, landing at a location other than given in the landing notification, transporting red snapper without an approval code, and offloading after approved hours. The number of IFQ-related enforcement cases decreased from 17-20 cases/year from 2007 through 2009, to only 9 cases in 2010 (Table 19). The 2010 cases resulted in 4 seizures totaling 538 pounds with a corresponding value of \$2,170 (Table 19). There were 3,366 landing notifications made using either the VMS, IFQ online system, or the phone. Of these, 107 (3.2%) had no corresponding landing transaction (Table 20). There were a total of 3,228 landing transactions, and of these, 163 landing transactions (5.1%) had no corresponding landing notification (Table 20).

Table 19: Enforcement IFQ Statistics

	2007	2008	2009	2010
Number of IFQ cases	20	17	20	9
Number of IFQ related seizures	7	6	2	4
Total pounds of red snapper seized	7,678	1,622	250	538
Seizure Value	\$33,270	\$6,525	\$910	\$2,170

Table 20: Landing Notifications and Transactions

	2008	2009	2010
Number of landing notifications	2,872	2,767	3,366
Number of landing transactions	2,861	2,451	3,228
Number of landing notifications without corresponding landing transactions	305	262	107
Number of landing transactions without corresponding landing notifications	103	195	163

Summary

The fourth year of the Red Snapper IFQ program brought many unique and unforeseen challenges. The DWH oil spill, and subsequent closures of fishing grounds, affected commercial fishing activities of red snapper fishermen. There were also changes to how the program was administered and enforced brought on by implementation of the Grouper-Tilefish IFQ program.



After four years of IFQ management, the number of shareholders has declined by 22%. The 2010 fishing year saw the smallest consolidation of shareholders since program implementation. Major shifts in the distribution of shareholdings occurred, with more shares now held by fishermen residing in Florida and less shares held by Texas fishermen. Average share prices continued to increase, while the average price for allocation appeared to stabilize. There was also a large increase in the number of allocation transfers, in part due to more quota being released, as well as a broader universe of entities using the IFQ online system (due to implementation of the Grouper-Tilefish IFQ program) available to purchase shares and allocation.

Despite large area closures throughout April through November, 96% of the commercial quota was caught. During the peak of the DWH oil spill (June-August) when the fishing closed areas were largest, less than 200 pounds of red snapper were reported from Alabama and Mississippi. Landings were highest from January-April, and during December, when fishermen attempted to use up unused allocation before the end of the year. The number of trips, number of vessels, and days spent fishing for red snapper all increased relative to previous seasons in part due to higher quotas, as well as more vessels participating in the Gulf IFQ programs. There was also an increase from 2009 in annual landings per trip for all states. It is worth noting that Florida annual landings per trip have decreased since 2007, while all other states have increased annual landings per trip since 2007.

Average ex-vessel prices declined, while median prices remained stable. The decline in prices may be due to several factors including poor economic conditions, more dealers reporting low purchase prices for red snapper rather than actual market values, and lower consumer demand related to the DWH oil spill. Ex-vessel prices in 2010 continued to show significant month-to-month and regional volatility in part due to the reasons stated above. In addition, the increase pounds landed in December may have decreased market value and resulted in lower ex-vessel prices.

A large proportion of legal-sized red snapper continued to be discarded by both the vertical line and longline fleets. At-sea observer data indicated 63% of red snapper caught were harvested and retained, 27% were discarded alive, and 10% were discarded dead. For vertical line gear, nearly three red snapper were landed for every fish released compared to a 1:1 landing to discard ratio for longline gear. The proportion of landed to discarded fish was considerably higher in the Florida Panhandle through Texas then off the west Florida Shelf. Discards were likely due to insufficient allocation, rather than the minimum size limit.

Looking Ahead

In 2011, the commercial quota for red snapper was increased from 3.19 to 3.30 million pounds gutted weight on June 1, 2011. The definition of actual ex-vessel value was also changed on that same date. The new definition states “actual ex-vessel value” represents the price paid per pound of fish before any deductions are made for transferred (leased) allocation and goods and services (e.g. bait, ice, fuel, repairs, machinery replacement). The red snapper rebuilding plan projects increases in quota will continue as stock size increases. The Gulf Council is currently developing a regulatory amendment to set 2012 catch levels and quotas. The amendment proposes increasing the commercial quota to 3.54 mp, but this quota increase is contingent on the 2011 total allowable catch (recreational and commercial combined) not being exceeded.

In late 2011, the Council will begin working on a plan amendment addressing changes to the Red Snapper IFQ program using the Ad Hoc Red Snapper IFQ Five-Year Review Advisory Panel’s July 2011 report and other relevant information as guidance. The Council will also initiate a plan amendment that will consider limiting red snapper IFQ share and allocation transfers only to individuals/corporations with a valid commercial reef fish permit. As of January 1, 2012, any U.S. citizen or permanent resident alien will be eligible to purchase shares and/or allocation. Development of these plan amendments is expected to occur throughout 2012.

The Southeast Fisheries Science Center will also be providing updated information to the Council’s Scientific and Statistical Committee (SSC) in late 2011 in order for the SSC to reevaluate the stock assessment for red snapper at their meeting in early 2012. Results of this review could affect the commercial quota for 2012. The Council has also requested the Southeast Data Assessment and Review Steering Committee to schedule a standard red snapper stock assessment in 2012 and a benchmark assessment to be completed in 2013. These assessments are intended to provide the most up to date information on the status of the red snapper stock, and will take into account the most recent data available for red snapper.

As mentioned above, at the beginning of 2012 new regulations will be implemented allowing any U.S. citizen or permanent resident alien to purchase shares and/or allocation. New regulations will require any U.S. citizen or permanent resident alien applying for participation, or any person previously issued an IFQ online account by NOAA Fisheries Service's Southeast Regional Office, to submit an IFQ Online Account Application to obtain or maintain an IFQ online account. Information requested will include: Certification that the applicant is a U.S. citizen or permanent resident alien, contact information (name, address, and phone number), date of birth, tax identification number, and any corporate shareholder information, if applicable. All participants in both the red snapper and grouper-tilefish IFQ programs will be required to submit the application every two years in order to keep an active IFQ online account. Should an IFQ participant no longer have a federal reef fish permit associated with their IFQ account, they will still be required to submit the IFQ Online Account Application every two years in order to keep the account active. A non-permitted participant in the IFQ program will be able to obtain and transfer red snapper shares and allocation; however, they cannot harvest red snapper without a federal reef fish permit and sufficient allocation in their vessel account.

Shareholders and dealers can also expect to see continued improvements to the online IFQ system. The new online system has been under development since its implementation and improvements will continue to be made to make the system easier to use. If you have a suggestion on how the online system can be improved please call or e-mail IFQ customer support.

Appendix 1

Size and percent coverage of fishing area closures due to Deepwater Horizon oil spill

Date of Closure	Area (sq mi)	Area (sq km)	Percent Coverage of Gulf EEZ	Percent Change in Coverage
2-May	6,817	17,648	2.8	N/A
7-May	10,807	27,989	4.5	58.5
11-May	16,027	41,511	6.6	48.3
12-May	17,651	45,717	7.3	10.1
14-May	19,377	50,187	8.0	9.8
17-May	24,241	62,784	10.0	25.1
18-May	45,728	118,435	18.9	88.6
21-May	48,005	124,333	19.8	5.0
25-May	54,096	140,109	22.4	12.7
28-May	60,683	157,169	25.1	12.2
31-May	61,854	160,200	25.6	1.9
1-Jun	75,920	196,633	31.4	22.7
2-Jun	88,522	229,270	36.6	16.6
4-Jun	78,182	202,491	32.3	-11.7
5-Jun	78,603	203,582	32.5	0.5
7-Jun	78,264	202,703	32.3	-0.4
16-Jun	80,806	209,286	33.4	3.2
21-Jun	86,985	225,290	35.9	7.6
23-Jun	78,597	203,564	32.5	-9.6
28-Jun	80,228	207,790	33.2	2.1
4-Jul	81,181	210,259	33.5	1.2
12-Jul	84,101	217,821	34.8	3.6
13-Jul	83,927	217,371	34.7	-0.2
22-Jul	57,539	149,026	23.8	-31.4
10-Aug	52,395	135,703	21.7	-8.9
27-Aug	48,114	124,614	19.9	-8.2
2-Sep	43,000	111,369	17.8	-10.6
3-Sep	39,885	103,303	16.5	-7.2
21-Sep	31,915	82,659	13.2	-20.0
1-Oct	26,287	68,083	10.9	-17.6
5-Oct	23,360	60,502	9.7	-11.1
15-Oct	16,481	42,686	6.8	-29.4
22-Oct	9,444	24,461	3.9	-42.7
15-Nov	1,041	2,697	0.4	-89.0

Glossary

Active IFQ Account – From 2007-2009, this was an account whose IFQ shareholder, allocation holder, or dealer had logged in and established his/her password; from 2010 onward, an account whose shareholder, allocation holder or dealer had landed, bought or sold allocation.

Commercial Gulf Reef Fish Permit Holder – An individual who possesses a commercial Gulf reef fish permit and therefore, is eligible to be exempt from bag limits, to fish under a quota, or to sell Gulf reef fish in or from the Gulf Exclusive Economic Zone. There is an eligibility requirement and an annual fee associated with the permit.

Entity – An individual, corporation, partnership, or association participating in the IFQ program.

IFQ Allocation – IFQ allocation is the actual poundage of red snapper by which each IFQ shareholder or IFQ allocation holder is ensured the opportunity to possess, land, or sell, during a given calendar year. IFQ allocation will be distributed to each IFQ shareholder at the beginning of each calendar year, and will expire at the end of each calendar year. Annual IFQ allocation is determined by the amount of the shareholder's IFQ share and the amount of the annual commercial red snapper quota.

IFQ Allocation Transfer – Through January 1, 2012, allocation can be transferred only to an entity that holds a valid Gulf of Mexico commercial vessel reef fish permit. Allocation transfers are accomplished by using the online IFQ Web site at <http://ifq.sero.nmfs.noaa.gov/>. The online IFQ Web site provides a transaction approval code to the transferor and transferee confirming each allocation transfer.

IFQ Dealer Endorsement – The IFQ dealer endorsement is a document that a dealer must possess in order to receive Gulf red snapper. The dealer endorsement can be downloaded **free of charge** from the IFQ dealer's online account.

IFQ Share – An IFQ share is the percentage of the commercial quota assigned to each IFQ shareholder. With limited exceptions, the amount of the IFQ share allocated to each IFQ shareholder will not change unless the IFQ shareholder sells all or a portion of his or her IFQ share, or purchases additional IFQ shares from another IFQ shareholder. IFQ shares can be sold, but cannot be used to possess, land, or sell red snapper unless the IFQ shareholder also possesses IFQ allocation.

IFQ Share Ownership Cap – The share ownership cap is 6.0203%. The IFQ share cap prevents one or more IFQ shareholders from purchasing an excessive amount of IFQ shares and monopolizing the fishery.

IFQ Share Transfer – Through January 1, 2012, shares can be transferred only to an entity that holds a valid Gulf of Mexico commercial reef fish permit. A shareholder must initiate the share transfer by using the online IFQ website at <http://ifq.sero.nmfs.noaa.gov/>. Share transfers are permanent, until subsequently transferred.

IFQ Shareholder – An IFQ shareholder is an individual who holds a percentage of the commercial red snapper quota. The percentage, or share, determines the actual pounds of Gulf red snapper (IFQ allocation) a shareholder will be allowed to harvest each year.

Inactive IFQ Account – From 2007-2009, an account whose IFQ shareholder, allocation holder, or dealer has not logged in and established his/her password or one who has not bought, sold, or landed allocation in the current year; from 2010 onward, an account whose shareholder, allocation holder, or dealer did not land, buy or sell allocation, including those who never logged into their account.

Median - The middle value in a statistical distribution, above and below which lie an equal number of values.

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David Nieland, Louisiana Sea Grant College Program

Marine Resources Monitoring, Assessment and Prediction Program (MARMAP)

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