



CCSBT-EC/0310/15

12. Quota Trading

Purpose

To discuss options for introducing quota trading mechanisms under the auspices of the Extended Commission.

Background

An arrangement for the trading of national quotas could be comprehended by Articles 3 and 8 of the Convention. However, to date, there has been no formal process agreed by the Extended Commission for quota trading.

The Convention does not exclude the possibility for quota trading.

Two bilateral arrangements have occurred, although they were not discussed by the CCSBT:

- the arrangement between Japan and Australia, which operated up to 1996 where Japanese vessels fished in the Australian EEZ using Australian quota
- the current joint venture arrangement in New Zealand where Japanese owned vessels are registered in New Zealand and fish within New Zealand's quota

Korea sought advice from the Secretariat in January 2003 about leasing quota to other members and there has been some subsequent bilateral discussions among members on the matter.

Enquiries with other regional fishery bodies indicate that only the ICCAT has undertaken trading of quotas. While paragraph 27 of the *ICCAT Criteria for the Allocation of Fishing Possibilities*, states that "No qualifying participant shall trade or sell its quota allocation of a part thereof", there have been transfers of quotas within ICCAT, with the consent of the Commission. There are basically three types of transfer which have taken place:

- 1) The transfer of part of the unused quota of a Contracting Party of one stock (northern) on the condition that the Party to which the quota was transferred renounce part of their quota of another stock (southern). Such transfers have included penalties, i.e. one ton of the transferred quota must be offset by two tons of the quota renounced.

2) The bilateral agreement of one Party to transfer part of its quota to another Party, at the start of the fishing year.

3) The transfer of underages (unused quota) of a stock from one Party to another Party, as laid down by the Recommendation under which the quota shares were allocated.

Such transfers require the approval of the Commission, and are usually embodied in the relevant recommendations relating to the stocks concerned.

Discussion

Issues for consideration might be:

- as a threshold issue, whether to have a formal system under the auspices of the Extended Commission or to utilise bilateral arrangements – a prerequisite for a formal system would seem to be the setting of a TAC and national allocations under Article 8 of the Convention
- should a formal quota trading system operate prior to the setting of national allocations
- should a formal quota trading be allowed where the reason is that a member has not caught their quota
- how would a system be administered – by bilateral agreement or through the forums of the Extended Commission
- should there be any special provisions in the case of trades between the surface fishery and the longline fisheries
- how would the reporting obligations of members be affected

Prepared by the Secretariat