

Chair's Paper on Transferability

Technical Committee on Allocation Criteria (TCAC15)

Zanzibar, July 2025¹

Introduction

In October 2024, TCAC13 requested the IOTC secretariat and TCAC Chair to prepare information papers and tables for its next in-person meeting in July 2025. These included a request for the Chair to prepare an information paper that describes existing RFMO policies and practices for the transfers of species quotas between CPCs. The information paper will also include a discussion of potential frameworks for the TCAC to regulate transfers of species quota between CPCs, including both transferring surplus quota from one CPC to another, and transferring between CPCs of surplus species quota for surplus quota of another species.

For the purposes of this paper and subsequent TCAC discussion, 'transferability' describes the transfer of a surplus quota from one CPC to another CPC. It does not transfer long term or enduring 'rights' or 'shares.' This is an important distinction and sometimes misunderstood. An example scenario is provided:

- IOTC adopts an allocation framework that allocates a percentage share of the annual catch limit to CPCs. While the percentage share is locked in by the allocation framework, the actual quota may vary from year to year due to fluctuations in the status of the stock and the scientific advice.
- If a CPC is allocated 5%, and the IOTC determines the catch limit to be 100,000mt, then the CPC's quota (i.e. its national catch limit) will be 5,000mt.
- If the CPC is unable to harvest all of that quota for that given year, then transferability enables the CPC to trade, sell or gift that surplus quota to another CPC who may need additional quota in that given year.
- In the following year, both CPCs will each receive a new quota, determined by their allocated share of the annual catch limit.

Existing RFMO Policies and Practice

Transferable quota systems are in place domestically in many jurisdictions in the form of catch shares and individually transferable quota. In such cases, rights are held by and transferred between *individuals* such as a vessel, a vessel operator, or other actor. While transferability is common in domestic fisheries jurisdictions, it is less developed in RFMOs, where quota is held by States, and transfers are between governments.

¹ This paper was written by Prof. Quentin Hanich, Dr Bianca Haas and Dr Kamal Azmi

A review of current RFMO policies and practice found that it was more common in tuna RFMOs than elsewhere, with examples of practice in ICCAT, WCPFC, IATTC, CCSBT, GFCM, NEAFC and SPRFMO.²

Most RFMOs require some form of authorisation or notification, with some RFMOs limiting the quantity that can be transferred. It is also notable that IOTC allows transfers. A summary table of RFMO policies is provided in Appendix A.

It is noteworthy that transferability has also been raised in WCPFC allocation discussions. For example, Korea has proposed the use of transferability as a mechanism to enable fair and equitable access to high seas fisheries in the context of climate change. During WCPFC negotiations in 2019, Korea suggested allowing coastal State quotas to be transferable to high-seas fisheries. In order to address equity concerns and avoid undermining coastal State sovereign rights, distant water fishing would continue to pay access fees for EEZ quota but be allowed to use this purchased quota on the high seas if conditions were more productive there. Distant water fishing fleets would benefit from increased flexibility, while coastal States would continue to receive access fees with potentially higher value due to their enhanced fishing opportunities.³ In 2023, Korea submitted an interim allocation proposal that would establish equitable limits for the high seas while the WCPFC Commission negotiated an enduring allocation framework.⁴

The Korean proposal arose in the context of the Parties to the Nauru Agreement (PNA) Vessel Day Scheme (VDS), recognising that the WCPFC had allocated limits to coastal States, and was still in the process of negotiating compatible limits for the high seas.⁵ The VDS provides the management framework for over 80% of the purse seine fisheries within the WCPFC, and allocates quota among the equatorial Pacific Island States and territories for their EEZs⁶. The PNA VDS established an overall total allowable effort (TAE) that limits the number of fishing days inside the combined PNA EEZs. This is then incorporated within the relevant WCPFC conservation and management measure and reported accordingly.⁷ Each PNA member is then allocated a share of this total TAE.

This quota can then be traded between PNA members as circumstances require without limitation. This transferability has proven critical to the success of this scheme as it has enabled the PNA VDS to be highly adaptive to the impacts of climate variability on the distribution and abundance of tuna across the combined EEZs.

² ICCAT – International Commission for the Conservation of Atlantic Tunas, WCPFC – Western and Central Pacific Fisheries Commission, IATTC – Inter-American Tropical Tuna Commission, CCSBT – Commission for the Conservation of Southern Bluefin Tuna, GFCM – General Fisheries Commission for the Mediterranean, NEAFC – North East Atlantic Fisheries Commission, and SPRFMO – South Pacific Regional Fisheries Management Organisation.

³ Q. Hanich, M. Jung, A. McDonald, S. Oh, S. Moon, J. An and M. Yoon. Tuna Fisheries Conservation and Management in the Pacific Islands Region: Implications for Korean Distant Water Fisheries. *Asia-Pacific Journal of Ocean Law and Policy* (2021). Vol. 6. <https://doi.org/10.1163/24519391-06020003>

⁴ Korea. Proposed Changes to CMM 2021-01. WCPFC20-2023-DP06. <https://meetings.wcpfc.int/node/21184>

⁵ See TCAC15 Jurisdiction paper for more information on compatibility.

⁶ <https://www.pnatuna.com/content/pna-vessel-day-scheme> The PNA VDS includes: Federated States of Micronesia, Kiribati, Marshall Islands, Nauru, Palau, Papua New Guinea, Solomon Islands, Tuvalu and the NZ territory of Tokelau

⁷ WCPFC CMM 2023-01 Conservation and Management Measure for Bigeye, Yellowfin and Skipjack Tuna in the Western and Central Pacific Ocean. <https://cmm.wcpfc.int/>

During La Niña events, when the fleets fish in the west of the region, the countries there can buy days from members in the east. The converse occurs during El Niño episodes. Thus, regardless of where the fish are caught, all PNA members can receive license revenue each year.⁸

PNA members can also pool their quota, allowing vessels to purchase pooled days and use them in any PNA EEZ that is contributing to the pool, thereby increasing the value of the quota due its enhanced flexibility. The scheme also allows ‘Roaming’, whereby PNA domestic vessels can fish in other PNA EEZs beyond their home Party’s EEZ, using fishing days provided by their home Party. This is designed primarily to provide support for the development of domestic fleets, allowing for greater flexibility in adjusting effort to distribution of tuna resources targeted by purse-seine fishing.⁹

Potential Frameworks to Regulate Transfers

Transferability provides flexibility, which can enhance the ability of the framework to accommodate a wider range of interests. A well-designed framework should enable the IOTC to more effectively balance multiple objectives and achieve sustainability, equity and governance commitments. Without any transferability, a rigid allocation framework may limit some CPCs below their potential fishing capacity, while other CPCs lack the capacity to fully utilise their quota and optimise their benefit.

This is particularly important in the context of the IOTC given the diversity of CPCs and the commitments by IOTC members to global equity principles. The UN Convention on the Law of the Sea, UN Fish Stocks Agreement, the Sustainable Development Goals and the IOTC Agreement all require the consideration of the special requirements of developing States and equitable pathways to sustainability. In October 2024, TCAC13 agreed to the development of a ‘package deal’ which would be structured around three allocation criteria (Baseline, Catch History, Special Requirements of developing States). In order to reach consensus, TCAC will need win-win solutions that respect all rights and interests that:

- allow for innovative compatible management across EEZs and high seas
- recognise and enable development aspirations
- minimise disruption to existing operations, and
- ensure long-term sustainability goals.

⁸ Clark, J. Bell, T. Adams, V. Allain, T. Aqorau, Q. Hanich, V. Jaiteh, P. Lehodey, I. Senina, N. Smith, P. Williams, A. Yeeting. The Parties to the Nauru Agreement (PNA) ‘Vessel Day Scheme’: A cooperative fishery management mechanism assisting member countries to adapt to climate variability and change. In Bahri, T., Vasconcellos, M., Welch, D.J., Johnson, J., Perry, R.I., Ma, X. & Sharma, R., eds. 2021. *Adaptive management of fisheries in response to climate change*. FAO Fisheries and Aquaculture Technical Paper No. 667. Rome, FAO.
<https://doi.org/10.4060/cb3095en>

⁹ Clark, J. Bell, T. Adams, V. Allain, T. Aqorau, Q. Hanich, V. Jaiteh, P. Lehodey, I. Senina, N. Smith, P. Williams, A. Yeeting. The Parties to the Nauru Agreement (PNA) ‘Vessel Day Scheme’: A cooperative fishery management mechanism assisting member countries to adapt to climate variability and change. In Bahri, T., Vasconcellos, M., Welch, D.J., Johnson, J., Perry, R.I., Ma, X. & Sharma, R., eds. 2021. *Adaptive management of fisheries in response to climate change*. FAO Fisheries and Aquaculture Technical Paper No. 667. Rome, FAO.
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A Framework for Transferability provides a mechanism to enable these goals. It should provide sufficient transparency and accountability to ensure the integrity of agreed overall catch limits and the individual quota allocated to each CPC. TCAC could consider the following components to be included in a transferability framework:

- Membership – CPCs should only be able to transfer quota to other CPCs. This ensures that all catches are reported and managed within IOTC jurisdiction.
- Trading – CPCs should be able to sell, gift or trade quota to other CPCs under terms mutually agreed by each CPC. This can enable a market to develop that can provide benefits, while minimising disruption to existing operations.
- Timeframe – CPCs should only be able to record catch against transferred quota in the year that it was transferred. All transfers should lapse on an agreed date. This ensures that transfers do not undermine sustainability goals and remain within scientifically recommended limits.
- Notification – Transfers should be prohibited by the IOTC unless transfer notifications are submitted to the secretariat in a consistent format and within an agreed timeframe. Notifications should be recorded in a manner that enables catches to be reported against the relevant quota. Notifications should include information on: the CPCs involved; the amount of quota traded (i.e. tonnage and species); and the terms of the transfer (i.e. gift, sale or trade). The transfer shall take effect upon receipt of the notification by the IOTC Executive Secretary.
- Reporting – CPCs should report flag and location of catches (i.e. EEZ or high seas) so as to enable identification of quota holder for that catch.
- Catch History – The framework should provide explicit guidance on the attribution of catch history from transferred quota, which should be consistent with broader agreements on the attribution of catch history between coastal and flag States. The framework should provide explicit guidance for future allocation reviews on the consideration of catch history arising from transferred quota.

Appendix A: RFMO Policies and Practice

RFMO	Number of CMMS mentioning transferability	Between whom?	Limit?	Prior authorisation/ notification?	<i>If yes, by whom?</i>
GFCM	3	Members	No	No	
NAFO	1	Members	No	Yes	Executive Secretary
NEAFC	1	Members	10%	No	
NPFC	0	NA	NA	NA	
SIOFA	0	NA	NA	NA	
SPRFMO	3	Members and CNCPs	No	Yes	Receiving party and on one occasion the Commission – transfer between Australia and New Zealand included in CMM
CCSBT		Members	Yes	Yes	Commission – transfer between specific members noted on website
IATTC	1	Members	30%	Yes	IATTC Director → notifies Commission
ICCAT	13	Members	Specified in amendments	Yes	ICCAT Secretary + details included in amendments to CMMs
IOTC	2(4)	Members / CPCs	20%	Yes	Commission
WCPFC	1	Members	Yes	Yes	Commission – transfer between specific members included in CMM (Japan – China)