

Title: **Summer Flounder Allocation Analysis**

Authors: Brad Gentner, Gentner Consulting Group (USA)

Abstract: Summer flounder is an important commercial and recreational species in the Mid and North Atlantic regions of the United States. The stock has been undergoing rebuilding since 1993 and is not currently overfished but is not yet recovered. Within this fishery, commercial and recreational quotas are often exceeded. Current allocation is roughly 60% commercial, 40% recreational and the recreational quota is shared between private anglers and for-hire recreational providers. Also, through the years, the allocation has crept in favor of the commercial sector. Because the stock is rebuilding, recreational effort has been increasing. A recovering stock plus increasing recreational effort has resulted in a downward spiral of more restrictive regulations. With increasing abundance and increasingly restrictive regulations, both commercial and recreational users feel they are being kept out of the fishery unnecessarily. As a result many users feel the current allocation is unfair. This study examines the current allocation and makes recommendations as to the optimal allocation between recreational and commercial users based on the equimarginal principle. Commercial estimates of the marginal value of a pound of summer flounder are generated using a dual revenue model of this multi species fishery. On the recreational side, several random utility site choice models are estimated for summer flounder harvest using the Marine Recreational Fisheries Statistical Survey (MRFSS), including a model weighted to account for choice based sampling in the MRFSS survey. Proxy estimates are generated for the for-hire recreational industry because no cost and earnings data exists for this sector. Consumer marginal values are generated using an almost ideal demand system using dockside prices. The report concludes that the allocation should move in the direction of the recreational sector, perhaps significantly. Unfortunately, uncertainty in the recreational estimates and limitations in the recreational demand modeling make it impossible to define the optimal allocation point.