


# Public Testimony Sign-Up Sheet

Agenda Item C-2(e) 3<sup>CRAB</sup> yr WORKPLAN; A/B Problem Statement

	NAME (PLEASE PRINT)	AFFILIATION
1 ✓	Beth Stewart	AEB
2 ✓	Tom Miller	fisherman
3 ✓	Steve BRAUNEN	crewmen's Association
4 ✓	ALEXIS KWACHKA	<del>SELF</del> SELF-CREW/GGFA
5 ✓	Tim Henkel	Deep Sea Fisherman's Union
<del>6 ✓</del>	<del>Frank Kelly</del>	<del>City of Uluksua</del>
* → 7 ✓	Dave Pennis ☆	Self crew
8 ✓	SIMON C. DOCHTERMANN	CREWMEN/CREWMAN
9 ✓	Cherton Clark	
10 ✓	Derry Bongen	Fair Weather Fisheries Inc
11 ✓	Dave Reser	Adak Fisheries
12 ✓	Margaret Hall	Rondeys, Inc
13 ✓	Stephen Tauten	Groundswell Fishermen Movement
14 ✓	Steve Minor	North Pacific Crabs Assoc
15 ✓	Clem Tillion	Alert Entenjis Coups.
16 ✓	TERRY HAINES	FISH HEADS
17 ✓	ARWI THOMPSON	ACC
18 ✓	TERRY LEITZEL	ICICLE SEAFOODS
19 ✓	MIKE STANLEY	BROWN CRAB HARVESTERS
20 ✓	Jeff Stephan	UFMA
21 ✓	Florence Colburn	Crab Assoc of Ancep. Harvesters
22 ✓	Heather McCarty, Pat Vandijk, <del>Michael Paz-Soldan</del>	St. Paul entities
23 ✓	Alyssa McDonald	Harbor Arm Seafoods
24 ✓	GLENN REED	PSPA
(25)	IWA KUZMAN → COD SPOT	

NOTE to persons providing oral or written testimony to the Council: Section 307(1)(I) of the Magnuson-Stevens Fishery Conservation and Management Act prohibits any person "to knowingly and willfully submit to a Council, the Secretary, or the Governor of a State false information (including, but not limited to, false information regarding the capacity and extent to which a United State fish processor, on an annual basis, will process a portion of the optimum yield of a fishery that will be harvested by fishing vessels of the United States) regarding any matter that the Council, Secretary, or Governor is considering in the course of carrying out this Act.

MEMORANDUM

TO: Council, SSC and AP Members  
FROM: Chris Oliver   
Executive Director  
DATE: November 26, 2007  
SUBJECT: BSAI Crab Issues

ESTIMATED TIME 10 HOURS (all C-2 items)
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**ACTION REQUIRED**

Review workplan for the BSAI Crab Rationalization Program 3-year review, and draft purpose and need (problem) statement for possible program changes, and take action as necessary.

**BACKGROUND**

In development of the Being Sea and Aleutian Islands crab fishery management program, the Council scheduled a preliminary review of the program three years after its implementation. Since fishing under the program began in August of 2005, staff is planning for the delivery of the requested review to the Council in October of 2008. At its October 2007 meeting, the Council also identified preliminary alternatives, and initiated an analysis to revise the program. At that time, the Council adopted a draft purpose and need statement stating its intention to revisit that purpose and need statement at this meeting. This paper lays out a brief outline of the proposed review of the program and provides a discussion that could be used by the Council to refine the purpose and need statement.

**Crab 3-year review outline**

The Council's motion establishing the program included the following provision for a review of the program after 3 years of fishing:

*RAM Division in conjunction with State of Alaska will produce annual reports regarding data being gathered with **a preliminary review of the program at 3 years.***

*Formal program review at the first Council Meeting in the 5th year after implementation to objectively measure the success of the program, including benefits and impacts to harvesters (including vessel owners, skippers and crew), processors and communities by addressing concerns, goals and objectives identified in the Crab Rationalization problem statement and the Magnuson Stevens Act standards. This review shall include analysis of post-rationalization impacts to coastal communities, harvesters and processors in terms of economic impacts and options for mitigating those impacts. Subsequent reviews are required every 5 years.*

Since the contents of this review are not defined by the Council motion, staff proposes the following outline:

Description of management

- Review of State/Federal joint management
- Pre-rationalization limited access management
- Description of rationalization program

Harvest share holdings

- Initial allocations by sector (CVO, CPO, CVC, CPC) and region
- Transfers – number of transactions and numbers of shares transferred by sector, share type (QS/IFQ) and region
- Current holdings – concentration by sector, share type, and region/use caps
- Active participation by share holders (by share type) – to the extent practicable

Harvest sector – pre/post-rationalization comparisons and analysis by fishery and comprehensive

- Vessel participation
- Summary of leasing and cooperative fishing
- Vessel operations
  - Number of trips/deliveries/average trip/use caps
  - Cost comparison using EDR data – consider variable costs to the extent practicable
- Captains and crew
  - Number of captains and crew and compensation of captains and crew
- Participation in other fisheries (vessels currently active in crab/vessels not active in crab)
  - Integration with crab activity
  - Review of sideboards

Processor share holdings

- Initial allocations by region
- Transfers – number of transactions and numbers of shares transferred by sector, share type (QS/IPQ) and region
- Current holdings – concentration by region/use caps

Processing sector – pre/post-rationalization comparisons and analysis by fishery and comprehensive

- Plant participation
- Summary of custom processing (interaction with use caps)
- Vessel operations
  - Number of trips/deliveries/average trip
  - Cost comparison using EDR data – consider variable costs to the extent practicable
- Labor – overview of plant labor using EDR data
- Participation in other fisheries – integration with crab activity

Markets and prices – pre/post-rationalization comparison

- Review of crab markets and prices – retail/first wholesale (if possible consider CPs separately)
  - New market development/changes in existing markets
- Review ex vessel prices
- Review of arbitration program
  - Discussion of standard and its application (include data issues)
  - Discussion of procedure
    - Share matching process
  - Terms of deliveries – timing, etc.

Entry

- Harvest sector entry (share holders/vessels)
- Processing sector entry (share holders/plants – entry with A share landings/B share landings)

## Safety

Equipment, working conditions, emergency response time

## Biological Issues

Biological management issues  
spatial and temporal dispersion  
incidental catch rates/soak times and gear sorting  
handling mortality/deadloss  
high grading

## Community Issues – pre/post-rationalization comparison

General profiles of communities with focus on crab dependence

Distribution of activities among communities

Geographic distribution of share holders

Harvesters (by share type – CVO/CPO/CVC/CPC)

Distribution of processing shares by community of plant(s)

Activities of home ported vessels (active in crab/inactive in crab)

Distribution of landings among communities

Review of processors and processor activities (including processing labor effects)

Landings by share type - CVO A share/CVO B share/CVC – include discussion of effectiveness of “cooling off” and “right of first refusal provisions”

Harvesting crew affects/job loss

Community revenues

Community support businesses

## Management – pre/post rationalization comparison

Costs (e.g., additional management burdens)

Benefits (e.g., more precise harvest of TAC)

## Other issues – CDQ share holdings – portion of program shares held by CDQ groups

CDQ allocation use – is it integrated with use of shares from the program

Effects of the buyback

## **Draft Purpose and Need Statement**

At its October 2007 meeting, the Council directed staff to prepare an analysis for review at the October 2008 meeting examining the effects of a change in the A share/B share split. That analysis is expected to examine several share splits, including the current 90/10 split, phased in revisions of the split, a standard IFQ alternative that would allocate shares to vessel owners, processors, and captains and crew, and a system under which the split would change with TAC changes.

As a part of that motion, the Council revised the direction to the Crab Advisory Committee, to focus its work on programmatic issues and effects of policy decisions related to the BSAI crab rationalization program. Committee membership was also revised to include four community members and two crew representatives, to ensure that the interests of those groups are represented in the committee’s work. The committee is also intended to address concerns that may arise from any adjustments to the A share/B share split, including 1) the potential need for harvesters to compensate processors for lost economic opportunity from the resulting change in market power, 2) potential changes in landing distribution, 3) the remaining need and necessary changes to the binding arbitration program, 4) the use and effectiveness of regional landing requirements to protect communities, and 5) effects on crew. The Crab Advisory Committee is scheduled to provide a report to the Council at the February 2008 meeting indicating its progress.

To facilitate the work of the committee and to better focus the requested analysis, the Council indicated its intent to revisit its draft purpose and need statement. This revision is intended to ensure the purpose and need statement clearly identify the Council's concerns and intent for considering this action. At the October 2007 meeting, the Council adopted the following draft purpose and need statement:

*Share allocations to harvesters and processors under the BSAI crab rationalization program were intended to increase efficiencies and provide economic stability in both the harvesting and processing sectors. Recognizing that processor quota shares reduce market competition for deliveries subject to share match requirements, the Council adopted B share IFQ to provide some degree of competition, encourage processors to pursue market opportunities for their products, and possibly facilitate processor entry. The Council included a system for binding arbitration in the program to resolve price disputes for deliveries subject to share match requirements.*

*The Council has heard many concerns about the BSAI crab rationalization program suggesting the proportion of B shares is not adequate to meet the Council's intended purpose for those shares and, thus, towards furthering the goals of the program. Information to date has not shown that the 90/10 split has promoted 1) competitive negotiated deliveries, or 2) unserved and underserved markets, or 3) processor entry; there is no indication that the current A share/B share split is sufficient to promote all three.*

The Council also requested staff to summarize issues raised during discussion and in public testimony. Through public testimony, several issues have been identified that may be of concern to the Council in revising the purpose and need statement. The following is a list of items that have been raised in public testimony and Council and Advisory Panel deliberations that could be considered relative to in the purpose and need statement, at the Council's discretion:

- The B share allocation is inadequate to support entry to the processing sector
- The B share allocation is inadequate to support competition for landings
- The B share allocation is inadequate to support development of new markets and products
  - (all of the above could be conditioned on current TAC levels)
- The B share allocation is inadequate to support development of crab processing in certain communities
- The B share allocation is inadequate to support historic levels of processing in certain communities
- The system of binding arbitration is unable to produce a fair price for landings because:
  - The arbitration system is unable to distinguish prices by location of landing
  - The arbitration system is unable to distinguish prices by terms of delivery
  - The arbitration system is unable to create incentives for processors active in low value markets to improve production and market performance
  - Available data are not adequate to establish historic division of first wholesale revenues
- The system of binding arbitration discourages the development of new products and markets
- The system of binding arbitration is too costly and complex
- The share matching system necessary to facilitate coordination of A shares and IPQ is too complex and costly
- Processor consolidation has prevented the development of new products and markets
- Processor consolidation has threatened community sustainability
- Fleet consolidation has resulted loss of captain and crew positions
- Fleet consolidation has resulted in lower quality and lower paying jobs for captain and crew
- Fleet consolidation has resulted in extended processing seasons preventing processors from realizing production efficiencies
- Fleet consolidation has harmed community-based support industries
- Fleet consolidation has harmed community-based harvesting crews
- Current allocations of harvester and processor shares do not adequately reflect historic participation and investment in the fisheries by harvesters, processors, captains, and crew

- The absence of a harvest share allocation to crew is unfair and inequitable
- The 3 percent harvest share allocation to captains is inadequate, unfair, and inequitable
- Gifting of long term (or permanent) allocations of harvesting and processing shares unjustly enriches recipients of those shares and deprives the public of the benefits of the resource
- Regional landing requirements and community provisions are inadequate to protect processing activity in certain communities
- Regional landing requirements limit the ability of participants to address contingencies that arise in the fisheries

Further refinement of the purpose and need statement will allow the committee the opportunity to produce more relevant work and will facilitate a more focused analysis of alternatives.



## Alaska State Legislature

Representative Gabrielle LeDoux  
House District 36

November 28, 2007

North Pacific Fishery Management Council  
605 West 4<sup>th</sup>  
Suite 306  
Anchorage, Alaska 99501-2252

Dear Council Members,

I have heard from a number of my constituents about the unfairness of current Bering Sea crab allocations. They have offered several options to you for reallocation, including allocating shares to crewmen who worked on crab boats before rationalization. As you are no doubt aware, crab rationalization has led to a severe consolidation of the crab fleet, meaning fewer boats and fewer jobs.

Please give full consideration to these proposals.

Sincerely,

A handwritten signature in cursive script that reads "Gabrielle LeDoux".

Representative Gabrielle LeDoux

# ALASKA STATE LEGISLATURE



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## Senator Gary Stevens Majority Leader

November 27, 2007

North Pacific Fishery Management Council  
605 West 4th  
Suite 306  
Anchorage, AK 99501-2252

Dear Council Members,

As the Alaska State Senator for District R, I represent the legislative interests of numerous coastal communities that have been impacted by the Bering Sea Crab Rationalization program. Since rationalization went into effect, several of my constituents have expressed to me their concerns regarding the program's unfairness to deckhands and hired skippers who worked on boats prior to its implementation, and the loss of jobs resulting from the consolidation of the crab fleet.

It is my understanding some of my constituents have asked you to revisit rationalization, and to consider new proposals to address issues surrounding deckhands and hired skippers in your upcoming meetings. I encourage you to address these concerns and consider these proposals. I also support a thorough review and analysis of the crab fishing program and its far-reaching impacts on fisheries employment and economies. With so much at stake for the future of our fisheries and coastal communities, I believe it is critical that the NPFMC develop policies that are beneficial to all fishing interests. I hope you will be part of that process.

Thank you for your consideration of this letter.

Sincerely,

A handwritten signature in black ink, appearing to be "G. Stevens", written over a horizontal line.

Senator Gary Stevens

cc: Denby Lloyd, Commissioner, Alaska Department of Fish and Game  
Cora Crome, Fisheries Policy Advisor, State of Alaska





**Office of the Mayor and Council**  
710 Mill Bay Road, Room 220, Kodiak, Alaska 99615

November 28, 2007

Via Fax (907) 271-2817

Mr. Eric Olson, Chairman  
North Pacific Fishery Management Council  
605 West 4th Avenue, Suite 306  
Anchorage, AK 99501-2252

Dear Chairman Olson:

As you are aware, the City of Kodiak has been impacted by the Bering Sea/Aleutian Island (BSAI) Crab Rationalization program. As a result of our concerns about the impact of BSAI Crab Rationalization, the City commissioned a study by the University of Alaska to help quantify the impacts. One clearly documented result of rationalization has been the consolidation of the crab fishing fleet and the subsequent loss of crew positions in the fishery. The loss of these jobs and the changed nature of crew positions in the fishery have impacted the social and economic fabric of our community.

The City of Kodiak supports the Council's efforts to evaluate and consider modifications to the BSAI Crab Rationalization Program. We urge the Council to include in the evaluation process program modifications that will address frequently expressed concerns about the program's impacts on deckhands and hired skippers. We support a thorough review and analysis of the BSAI Crab Rationalization Program and its impacts on fisheries employment and community economies.

We appreciate the Council's redefinition of the Bering Sea Crab Advisory Committee with the inclusion of additional "stakeholders." We intend to fully participate in the Committee process and believe that it has to address the concerns of crew members, if it is to be successful.

Sincerely,

A handwritten signature in cursive script that reads "Carolyn L. Floyd".

Carolyn L. Floyd  
Mayor

c: Senator Gary Stevens  
Representative Gabrielle LeDoux  
Denby Lloyd, Commissioner, Alaska Department of Fish and Game  
Cora Crome, Fisheries Policy Advisor, State of Alaska  
Kodiak Island Borough Mayor and Assembly  
Kodiak Fisheries Advisory Committee



## **Aleutian Pribilof Island Community Development Association**

234 Gold Street • Juneau, Alaska 99801 • (907) 586-0161 • Fax: (907) 586-0165

509 West 3<sup>rd</sup> Avenue, Suite 101 • Anchorage, Alaska 99501 • (907) 929-5273 • Fax: (907) 929-5275

**Date:** April 2, 2007  
**To:** Members of the North Pacific Fishery Management Council  
**From:** Larry Cotter, APICDA CEO  
Max Malavansky, Administrator, City of St. George  
**Re:** Proposed Crab Amendment

### **Problem Statement**

In October of 2005, St. George Island was declared a federal disaster zone by President Bush following a severe storm which caused substantial damage to the island's harbor. The harbor was unusable during the 2006 opilio season and NMFS has tentatively determined the harbor as unusable during the 2007 opilio season. As a result, the crab processor shares allocated to two companies who earned their history in St. George were processed instead on St. Paul.

Existing regulations contain a two year cooling off period during which processor quota shares must be used in the community in which they were issued. At the end of the two year period, the shares may be moved to another community provided it is in the same regulatory region. Existing regulations also provide each community with a right of first refusal to purchase processor quota shares. That ROFR expires after three years in the event the shares were not processed in that community during that time. Hence, the two processors holding St. George processor quota shares will be able to move their shares to St. Paul for the 2008 season, after which the ROFR granted St. George will expire since none of those shares will have been processed in that community during the preceding three years. As a result, St. George will have no vested interest in the Bering Sea fisheries and will be totally disenfranchised.

### **Motion**

I move the Council initiate a plan amendment to extend by two years both the "cooling off period" and the ROFR regulations as they apply to St. George.

### **Rationale**

The Council included both the cooling off period to provide crab based communities a level of security that the crab processor shares generated in their communities would remain there, at least for two years, and the right of first refusal to provide some opportunity for the communities to purchase those shares. This was intended to be the community equivalent of processor quota shares or harvester shares: a means of recognizing that the crab based communities were also dependent upon the resource due to their investment in infrastructure and their reliance upon the resource for employment and tax revenue.

In the case of St. George, Mother Nature simply intervened and made the Council's intent and rules meaningless. The entrance St. George harbor is scheduled to be dredged this summer, thus eliminating any legitimate claim that the harbor is not useable. The processor quota shares held by the two companies were earned in St. George, and the community has the same vested interest in their use as the processors holding the PQ. Millions of federal, state, local, and private dollars have been invested in the St. George harbor. At present, there is virtually no economy on the island and no tax revenue being generated. If the Council does not move forward with this amendment the economic future of St. George is bleak. This motion and proposed amendment do nothing more than provide St. George the same rights and opportunities as other crab dependent communities - ones which the Council could not foresee would be taken away by Mother Nature.

St. George Office:



P.O. Box 929  
St. George, Alaska 99591-0929  
Tel: (907) 859-2263  
Fax: (907) 859-2212

December 7, 2007

Mr. Eric Olsen, Chairman  
North Pacific Fishery Management Council  
605 West 4<sup>th</sup> Avenue Suite 306  
Anchorage, Alaska 99501

Dear Chairman Olsen,

The community of St. George has approximately 8% of Opilio PQS history shared by Peterpan and Snopac in the Northern Region.

The Council adopted a Two-Year Cooling Off Period that did not apply to St. George because of the damage the harbor sustained in October 2004. Engineering analysis of this storm occurred in 2005, breakwater repair was done in 2006 and dredging is planned for 2008. St. George recognized the storm damage and allowed the processors to process off-island at St. Paul at their request.

Snopac Products has processing history on St. George and wants to slam the door shut and move PQS out of St. George to St. Paul without recognizing the ROFR provision in the Two-year Cooling Off Period.

APICDA has a private agreement with PQS's held by Peterpan that would allow the quota to be processed in St. George at some future date.

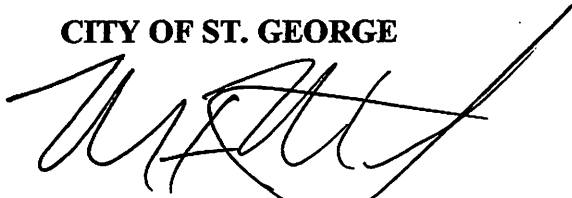
The community's back is to the wall. We warned the Council about the problems St. George faced if the quota moved out of the community of origin permanently. This decision will have devastating consequences that go beyond my ability to report at this time.

In summary, the Crab Rationalization program, as it exists does not work for St. George if PQS are allowed to leave the community. The PQS history held by the processor's occurred as a result of a substantial financial commitment by St. George (docks, harbor, utilities, and airport facilities) the State of Alaska and APICDA. The people of St. George consider the PQS critical to the sustainability of St. George and furthermore the processors would never have had the opportunity to earn the PQS without St. George, the State of Alaska and APICDA's support and investment.

We respectfully request that the North Pacific Management Council move forward with the planned amendment to restart the clock on St. George for, both, the Two-Year Cooling Off Period and the ROFR applying this to both Peter Pan and Snopac unless either company has a private legal contract with APICDA (the local CQE) that otherwise addresses community economic stability issues.

Sincerely;

**CITY OF ST. GEORGE**

A handwritten signature in black ink, appearing to read 'M. Malavansky', written over the printed name below.

Max Malavansky, Administrator

December 7, 2007

Crab Harvester Cooperatives Presentation to the North Pacific Fishery Management Council

Statement: The crab cooperatives listed below represent over 60 per cent of the total Bering Sea Crab Quota Share. We recommend that the NPFMC either merge the Council's October action on the 90/10 A/B Quota Share split, arbitration and other related issues into the developing 36 month programmatic review, to allow for development of necessary data bases that are needed for a realistic analysis of the issues identified in the motion.

The Council's October motion, due to the potential for significant reallocation of harvester Quota Shares has disrupted business planning and resulted in significant financial destabilization in the industry. Merging the Council's October motion into the 36 month programmatic review will greatly aid restoration of stability in the industry.

List of Cooperatives Represented:

- |  |                              |
|--|------------------------------|
| KBO Crab Coop                              | ✓ Louie Lowenberg            |
| Alaska Fisherman's Crab Coop               | ✓ Rick/Mike Shelford         |
| Alaska King Crab Harvesters Coop           | ✓ Lenny Herzog               |
| Fishing Associates Coop                    | Gretar Gudmundsson           |
| Mariner Crab Coop                          | ✓ Kevin Kaldestad            |
| Professional Crab Harvesters Coop          | Jim Stone                    |
| R & B Coop                                 | Jeff Kauffman                |
| Sea Boat Coop                              | ✓ Edward Poulsen             |
| The Crab Coop                              | Terry Cosgrove (not present) |
| Alaska Crab Harvesting Coop (Yardarm Knot) | Al Chaffee (not present)     |
| Trident Coop (Trident Seafoods Inc.)       | Dave Hambleton (not present) |
| Aleutian Island Coop                       | Craig Cross (not present)    |

**December 7, 2007**

**It has come to my attention that Louie Lowenberg testified at the NPFMC this afternoon that he was testifying on behalf of several Coops, including The Crab Coop and Terry Cosgrove, a representative of that coop. First of all, I have not spoken to Lowenberg about his testimony that was being made on The Crab Coop's behalf and second, it would take a Board of Directors Meeting to approve someone other than the Coop Manager, which I am not, to make any public testimony on the Coop's behalf.**

**I find this quite disconcerting and will be contacting the members and the Board of Directors of the coop for their comments.**

**Terry Cosgrove**

**Terrance L. Cosgrove | FMS INC | 620 Sixth Street South, Kirkland, Washington 98033-6716, USA | dir. 425.250.1180 | tel. 425.822.6980 x1180 | fax: 425.822.7380 | tlctoo@fms-incorporated.com**

**Alaska Crab Coalition**  
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Presentation to the North Pacific Fishery Management Council on  
Agenda Item C(2)(e), Review workplan on BSAI Crab 3-year review,  
By Arni Thomson, Executive Director, Alaska Crab Coalition  
Anchorage, Alaska  
December 8, 2007

The ACC wishes to join in support of the statement of the 12 crab cooperatives representing over 60 per cent of the total Bering Sea Crab Quota Share (December 7, 2007). We recommend that the NPFMC integrate the Council's October action on the 90/10 A/B Quota Share split, arbitration and other related issues into the developing 3-year programmatic review. This will insure adequate time for development of necessary data bases that are needed for a realistic analysis of the issues identified in the motion.

The Council's October motion, due to the potential for significant reallocation of harvester Quota Shares has disrupted business planning and resulted in widespread financial destabilization in the industry. Integrating the Council's October motion into the 3-year programmatic review will greatly aid restoration of stability in the industry.

ACC recommendation for integrating the October Council motion into the Crab 3-year review work plan:

**INSERT AS LAST ITEM UNDER "HARVEST SHARE HOLDINGS" IN 3-YEAR REVIEW OUTLINE**

A Share---B Share splits with possible options of 90/10, 80/20, 70/30, 50/50, and 0/100.

Incremental revision of status quo 90/10 over period of time, by 5% or 10% per year for various revised A/B levels.

Uses of A Shares, B Shares, and C Shares and prices paid for each.

One-pie IFQ system structure, eligible recipients, and possible allocation levels by recipient groups. (See also outline sections on Processing Sector and Communities).

Investments and participation by each sector in various fisheries.

Binding arbitration results and comparison of outcomes to ex-vessel prices by region.

Landings distributions.

# Alaska State Legislature

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## REPRESENTATIVE Paul Seaton

District 35

September 27, 2007

Alan Risenhoover, Director  
Office of Sustainable Fisheries,  
National Marine Fisheries Service

### RE: LAPP Guidance – Fishery Participant Access Privileges

Mr. Risenhoover,

Thank you for the opportunity to provide input on Limited Access Privilege Program (LAPP) provisions in the Magnuson-Stevens Fishery Conservation and Management Act.

In considering creation of harvest privileges under a LAPP, NMFS and the Management Councils should establish a fishery participant access privilege utilizing the federal mandate at 46 U.S.C. Sec 10601 for crewmembers and other fishery participants to contractually receive a set percentage of the proceeds from the fish harvest.

The arrangement required by this section has been adequate to meet the needs of vessel owners, corporations, and participants in the past. A LAPP that denies crewmembers and other participants the percentage of the catch based on qualifying years and the crew contracts during those years, should not be authorized.

Consider the creation of a LAPP category for fishery participants based on the requirement in 46 U.S.C. Sec 10601. This category could allow for sale of quota within the qualifying groups (crew or captains) or between all access privilege holders depending on the design management goals of each particular fishery.

Sincerely,

Representative Paul Seaton  
Alaska State Legislature  
House District 35



Alaska State Legislature

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**REPRESENTATIVE Paul Seaton**  
District 35

North Pacific Fishery Management Council  
605 W 4<sup>th</sup> Avenue, Suite 306  
Anchorage, AK 99501-2252

November 28, 2007

To Whom It May Concern:

Please see the enclosed letter concerning crab rationalization and crewmen's share. The letter was sent to the National Marine Fisheries Service Office of Sustainable Fisheries in September. I encourage the North Pacific Fisheries Management Council to give serious consideration to this issue at their December meeting.

Sincerely,

Rep. Paul Seaton

Enc: letter to National Marine Fisheries Service

**North Pacific Fishery Management Council**  
604 West 4<sup>th</sup> Avenue Suite #306  
Anchorage, Alaska 99501

**185<sup>th</sup> Plenary Session – December 5-11, 2007**  
Hilton Hotel Anchorage, Alaska

Testimony: **Shawn C. Dochtermann**

**Public Comment re: C-2 (E) BSAI Crab**

By: Mr. Shawn C. Dochtermann  
Kodiak, Alaska  
Tel: (907) 486-8777

**Mr. Secretary, Chairman Olson, Council members, and Honorable Citizens of the United States,**

**My name is Shawn Dochtermann a 30-year commercial fisherman, with 22 years crab fishing in the Bering Sea. I am here representing myself as well as many Bering Sea crab fisherman, some disenfranchised, and a few that still have the opportunity to be active participants.**

**We're here to address multiple concerns about Bering Sea/ Aleutian Islands crab rationalization. It's important to add into the analysis LAPP options for the 3-year review of Crab Ratz.**

**Crew's earnings have been greatly diminished as a result of the harvest quota shareowners extracting intolerable rents as high as 70% to 80%. This inequality has changed the fabric of the crew and skippers relationship. We have no bargaining chip to receive earnings wage and contracts as we did previous to rationalization.**

**We introduced a proposal to reallocate Bering Sea crab quota share to a crew/skipper pool to this council at the April 2007 meeting. Our objective was to restore the historical share of earnings back to the crew and skippers.**

**It's important to take into account that upward of 75% of the crews and skippers had 20 years of their lives invested in the open access fishery. Now how are skippers and crewman with lengthy history able to advance into the fishery without millions of dollars? Why should crew and skippers**

have to buy in through a loan program when they already had historical access previously?

**Now that their earnings have been so drastically reduced it put up even greater barriers to advancing into the skipper's chair or vessel owners position. The quota shareholders now hold the access to the fishery in perpetuity. Where are the provisions for future fishermen to be involved?**

**For crewmen to have a chance to advance to become a vessel quota holder, it is necessary to discuss changing the harvest privileges/IFQ into a limited access privilege with limited duration of usage such as 8 to 10 years; and consider a point or guild system.**

**An LAP system of this sort would bring more balance back into the distributions of vessel earnings. I urge the council to ask staff to do a discussion paper looking at the scope of designing this LAPP.**

**The 90/10 split destroys the price bargaining mechanism. It's my personal belief that IPQs did not follow their intended purpose to help facilitate community stability, protect stranded capital, and through binding arbitration achieve a fair price.**

**The processors are burdened with longer seasons and higher costs compared to the open access Bering Sea crab fishery. It's important to find other tools in crab rationalization to protect the processor interest, as well as the crew and skippers historical access to job and fair earnings/shares. Otherwise, let's revoke crab rationalization and build a new system that has a fair and equitable balance of economic distributions to all sectors of the crab industry.**

**In a letter to Congress from council chairman David Benton dated August 5, 2002, he said, "Rationalization will improve economic conditions substantially, for all sectors of the industry. Community concerns and the need to provide for economic protections for hired crew will be addressed", *end quote.***

**Obviously this has proven to be false. Crews are reduced to a form of indentured servitude, while processors' margins have shrunk**

**dramatically, and communities like King Cove and Kodiak economies have suffered dramatically.**

**Gunnar Knapp's study "*Economic Impacts of BSAI Crab Rationalization Fishing Employment and Earnings and Businesses*" on Kodiak Crab Rationalization's effects in the Kodiak Island region clearly proves that our economy was damaged. He points out that between 100-180 deck jobs were lost for the Bristol Bay Red King Crab fishery, alone.**

**I've attached a list of 18 Kodiak crab vessels that now are sitting dead in the water or have been sold as a result of dramatic consolidations. This totally disputes the crab Co-ops and ACC's accusation that there were only 24 job losses to the BS crab fisheries. At an average of 5.5 crewmen per vessel that's 99 crew jobs gone forever on the Kodiak boats mentioned. So where are the substantial economic improvements that the council letter to Congress promised?**

**The bottom line is that Crab Ratz never followed Due Process in the Congress. Senator John McCain pointed out that the subcommittees for fisheries in the U.S. House and U.S. Senate never held a meeting on this issue. Nor did the US Senate Commerce Committee or US House Natural Resources Committee hold hearings before Crab Ratz was passed into law on an Appropriations Rider.**

**Where was the Due Process for crewmen while the majority of us were out prosecuting a fishery? Now we are here at the council table to help find the solutions that will economically protect our interests, as well as the vessel owners/quota share owners, the processors, the coastal communities of Alaska and substantially benefit the state of Alaska as a whole.**

**Let's all work on this together!**

**Shawn C. Dochtermann  
F/V Isanotski  
Kodiak, Alaska**

# LATE COMMENT

## North Pacific Crab Association

November 9, 2007

Commissioner Denby Lloyd  
Alaska Department of Fish & Game  
PO Box 25526  
Juneau, Alaska 99802

Chairman Eric Olson  
North Pacific Fisheries Management Council  
605 West 4<sup>th</sup>, Suite 306  
Anchorage, Alaska 99501-2252

Re: Crab Program Data for Binding Arbitration and the 18/36 Month Review(s)

Gentlemen,

The North Pacific Crab Association is very concerned about the lack of current program data, and the impact it will have on the current NPFMC 18 and 36 Month Review process, as well as the impact it is already having on the Binding Arbitration system. Therefore, we are asking that the Council and/or ADF&G establish two separate and distinct processes to resolve these widely-recognized data problems. Because the Binding Arbitration data problems have already been identified by both ADF&G (June 28, 2007 ADF&G to Sackton, attached) and *formally* acknowledged by the Council's Crab Advisory Committee (see below), those data issues should take immediate priority. Concerning the Binding Arbitration data issues, no additional Crab Advisory Committee input should be necessary.

The data problems that need to be resolved before the 18/36 Month Review(s) can be undertaken are much more extensive, and the Council has appropriately assigned some intermediate "scoping" tasks to the Committee. However, the data problems are so significant that we think it will be beyond the scope of the Committee to address all of them. Please see our comments on both of these issues, below.

### Binding Arbitration Data Issues

Turning to the question of Binding Arbitration data sets, please note that the NPFMC's own Crab Advisory Committee, *which operates on a consensus basis*, reported to the Council as a matter of record (July 31, 2007 Crab meeting minutes) that:

"The committee also discussed the need for improving data for defining the historic division of revenues. Currently, COAR provide the best data and have been used by the formula arbitrator to develop the price formula in the preseason. State representatives at the meeting briefly reviewed the process for submission of COAR data and some issues

with reliability. For example, COAR data may be overbroad (including data from fisheries other than the intended fishery). COAR data are not well defined by region, limiting their utility for identifying differences in prices across regions. In addition, COAR are not audited, raising issues with reliability. Committee members expressed a general belief that historic ex vessel prices could be reliably determined using data available to both sectors, which could be compared with public sources. In some instances, bonuses and post-season adjustments might be missing from some sources, but reliable estimates of historic ex vessel prices could be generated. Development of a time series of historic first wholesale prices would be more complicated. Any data would need to undergo some audit process and would need to be collected on an individual basis from processors. These data would need to be aggregated for release. Committee members also expressed some concern that the variety of product forms and recovery rates could complicate generation of historic first wholesale prices. The committee agreed that the years that should be considered for generating historic first wholesale prices should be those currently used – 1990 to 2005 for Bering Sea *C. opilio* and 1990 – 2004 for Bristol Bay red king crab. Recognizing the complications, committee members agreed to develop proposals identifying a process for the development of historic division of first wholesale revenues for consideration by the committee, as a whole, at the next meeting.

The NPCA did develop a proposal for resolving the Binding Arbitration data issues; but no similar proposal was made by the other Committee Members. Since the Crab Advisory Committee was established by the Council as a consensus-based working group, and this was the *only* specific, consensus-based action taken by the Committee on this issue, we now ask that ADF&G and/or the Council establish a process to address these widely-recognized data problems.

### Council Review Processes

To support appropriate Council analysis for the 18 and 36 Month Reviews, Council Staff would have to have numerous data sets to evaluate current A/B share use, impacts and the distribution of benefit.

The Council motion specifies an analysis by Staff “*examining the effects of a change in the A share/B share split on the distribution of benefits between harvesters and processors and on the role or necessity of binding arbitration in harvester and processor negotiations. Further, the analysis should include a discussion of expected effects of such a change on the distribution of landings among communities and expected effects on crew.*”

The Council Motion also specifies that the “*analysis should include a one-pie IFQ allocation to vessel owners, processors, and skippers and crewmembers based upon each sector’s investments and participation in the fishery.*”

To accomplish these analyses the Council Staff will need these data sets:

- i. A share deliveries and ex-vessel prices paid by region; by both affiliated and unaffiliated vessels or Coops.
- ii. B share deliveries and ex-vessel prices paid by region; by both affiliated and unaffiliated vessels and Coops.
- iii. A related analysis of binding arbitration results and their impacts on A and B share prices paid by region.
- iv. C share deliveries and ex vessel prices paid by region; and their role within Coop fishing plans and price negotiations.
- v. CDQ deliveries and ex-vessel prices paid by region; and the role of those CDQ deliveries and prices within Coop fishing plans and as an element of price negotiations.
- vi. Lease rates paid for both IFQ and IPQ since Program inception and a discussion as to the underlying market-cause for these values.
- vii. A comparison of Binding Arbitration results as they relate to the historic share of revenues for both the harvest and processing sector, as required by this Program.
- viii. Landings by community, both pre- and post-rationalization.

Very few of these data sets exist at this time, in part because the original Economic Data Reports ("EDR") designed for this Program aggregates various data sets, rendering their use for analysis moot. The EDRs are currently being modified to capture some of the more discrete data necessary for analysis, but Council's own Staff has testified that the soonest those data may be available is sometime on 2009.

It is also worth noting that this Program is only two years old, and it was implemented just as the global markets for crab collapsed because of the huge new Barents Sea fisheries, as well as continued illegal crab harvests in other Russian waters. In 2005 (the first year of the program) there was also a significant fleet-wide high-grading problem which has since been solved; but these events certainly skewed any data that might otherwise be available for analysis, rendering any conclusions about Program performance suspect.

In both instances, these data problems can be solved, but without resolution of these issues, there is going to be a continued and growing perception that there is an arbitrary review process in play.

Sincerely,

Steven K. Minor  
Executive Director, NPCA

**Attachment: *From the September 5 NPFMC Crab Cttee. Meeting***

**Proposed process for replacement of COAR as source of  
historic data for first wholesale prices**

The North Pacific Crab Association proposes the following process and schedule for developing "corrected COAR data" for first wholesale prices:

**1. Phase 1: Initial investigation and scoping phase**

During this phase we will have each member company review it's corporate records and begin collecting all of the relevant fish ticket, sales invoice and business tax data necessary to audit and correct the COAR data.

Several issues are likely to arise during this period, which will be brought back to the committee for discussion, including:

- a. Since corporations are not required to retain records as far back as 1990, what level of analysis will be acceptable for "correcting" a given year?
- b. Since some companies operating in the early 1990's have since gone out of business, is the committee comfortable with accepting data that represents only the current PQS holders?
- c. Aggregation of data requires that there be four entities to aggregate from. There may be some instances where there are less than four. Will both sides accept a waiver process for aggregation of less than four entities?
- d. Some product inventory – especially during high GHL/TAC years – was sold over two calendar years; even though the ex-vessel basis for that product occurred only in the first year. What guidelines should be established for evaluating those data?

During the initial investigation we will also better define two alternative approaches for data correction: one that is ADFG-based and one that is Council/Industry-based.

**2. Phase 2: Data collection and third party audit**

Once the committee agrees on the framework for evaluation/correction, processors must compile all of their data third party audit of the data is proposed. Given the holidays, the sheer volume of documents and the number of entities participating, we expect this to take until Feb 1.



3. Phase 3: Data correction, staggered by species:
- i. For Golden King Crab first because of earlier season
  - ii. For All other species within 45 days of GKC

The Committee should, at the end of Phase One, consider and choose from these alternatives:

Alt 1: ADFG/State of Alaska corrected COAR data. Under this alternative, the audited data described above would be turned over to ADFG/State of Alaska and they would use that new data to develop a corrected COAR data set for the crab program. The corrected COAR data set would remain the property of the State of Alaska.

Alt 2: Industry might be able to develop a completely new data set based on the audited records submitted during this process, designed specifically for the needs of this program. This is a suggestion which needs further evaluation, which could be provided as part of the initial investigation package.

Alt 3: Council Staff managed data sets. Once the data sets are developed, they should be This may make the most sense because of the on-going need for Council Staff to have the data necessary for the 18, 36 and 60 month regulatory reviews.