

Date: December 17, 2015

To: North Pacific Fishery Management Council ("NPFMC")

From: Pacific Northwest Crab Industry Advisory Committee ("PNCIAC")

Re: February 2016 Report

Committee Members Present: Lance Farr (Chair), Mark Gleason, Kevin Kaldestad, Kirk Peterson, Dale Schwarzmiller, Gary Stewart, Tom Suryan, Brett Reasor, Ruth Christiansen (Secretary, Non-voting), Dean Fasnacht

Members of the Public: Sarah Marrinan (NPFMC Staff) and Gary Loncon.

Summary

The PNCIAC met on Thursday December 17, 2015 at the Alaska Bering Sea Crabbers ("ABSC") office in Seattle, Washington. The agenda is attached to this report.

Consideration of Agenda

Gleason requested a briefing on the FDA "Ready to Eat" issue from Gary Loncon (UniSea). There were no other additions to the agenda.

NPFMC BSAI Crab Rationalization Program 10-Year Review

Council staff Sarah Marrinan provided PNCIAC members with an update on the 10 Year Review, noting that the Review would likely occur during the April 2016 meeting rather than in February as previously scheduled. Ms. Marrinan reminded PNCIAC that the scope of work was approved by the Council during the February 2015 meeting and that the 10 Year Review would "build upon" the 5 Year Review and the Crab Economic SAFE document. She also mentioned that if any actions were requested or discussion papers initiated they would be after the conclusion of the Review.

Ms. Marrinan also noted two recent actions taken by the Council related to the processor IPQ use cap for Eastern & Western Bairdi Tanner crab (EBT and WBT, respectively). Ms. Marrinan further noted that implementing the emergency action passed by the Council during the December 2015 meeting would be the Council's highest priority crab issue for the foreseeable future. And finally, Ms. Marrinan also noted the regulatory amendment that was initiated by the Council during the December 2015 meeting would be the second highest priority crab issue given the fact that the emergency action would only be in effect for 180 days. PNCIAC members inquired whether these two high-priority issues might further delay the 10 Year Review. Ms. Marrinan re-iterated the Council intent to conduct the review in April 2016, but did agree to inform PNCIAC if this timeline changes.

There was additional discussion about the voluntary cooperative reports that harvesters intend to submit to the Council during the April 2016 meeting. Harvesters requested guidance from Ms. Marrinan regarding the "7 Question Template" that harvesters have used for the past several years. Ms. Marrinan re-

iterated previous Council support for the common reporting format and encouraged harvesters to continue to use the existing template. Gleason noted that ABSC intends to play a coordinating role again this year on the issue of voluntary cooperative reports.

After lengthy discussion, the assembled members of PNCIAC agreed to reaffirm (with minimal additions to the final bullet point) the Statement of Principles and recommendations regarding the BSAI Crab Rationalization Program that were provided to the Council in February 2015:

- During the 10 years of its existence the Bering Sea/Aleutian Islands (BSAI) Crab Rationalization program has been thoroughly examined, scrutinized, and analyzed. There have been a number of significant program amendments enacted to address concerns and/or problems with the Program. At this point in time participants feel the Program is working well and processes are in place to address issues that may be identified from time to time.
- The members of PNCIAC feel that any issues related to the Right of First Refusal (ROFR) provisions in the Program can be addressed under the civil contract process originally envisioned by the Council during the development of the Program.
- There is an existing process in place for addressing issues related to Emergency Relief from Regional Landing requirements. In addition, there is an annual reporting requirement associated with this process. The members of PNCIAC feel this process is working well and is adequate to address issues related to Emergency Relief from Regional Landing requirements.
- There are several ongoing industry-led efforts to address concerns over crew compensation, active participation, and lease rates. In addition, there is an annual reporting requirement whereby crab-harvesting cooperatives inform the Council of their efforts to address the aforementioned issues. Finally mandatory annual Economic Data Reports (“EDR”) capture information such as wages paid to crew and arm’s length leasing information each year. As a result, if the Council has concerns based on information provided in the EDR’s, the Council still has the option to address that issue(s) in the course of normal Council deliberations. The members of PNCIAC feel these efforts are working well and the Council has sufficient information at its disposal to determine the efficacy of industry-led efforts and act accordingly if it feels these efforts are not achieving Council intent.
- Members of PNCIAC feel that issues related to Price Formulation and the Arbitration Program should be addressed by the Arbitration organizations. There was significant discussion regarding increased production costs for both processors and harvesters, but agreed that PNCIAC is not the appropriate venue for discussion of those issues.

In addition to re-affirming the 2015 Statement of Principles, members of PNCIAC also wish to offer support for the two recent actions taken by the Council regarding

the IPQ use cap for EBT & WBT. PNCIAC would further urge the Council to move expeditiously on the regulatory amendment motion in order to have it in place for the 2016/17 crab season.

Alaska Board of Fish Issues

Members of PNCIAC noted some disappointment over the Alaska Department of Fish & Game's (ADF&G) unwillingness to develop a Memorandum of Understanding (MOU) with harvesters to allow for limited WBT fishing after the season closes in order to gather more information about mating and molting crab. PNCIAC notes that without the information that would have been collected under that MOU it will be very difficult to petition the Alaska Board of Fish for a permanent WBT season extension.

Harvesters noted the intent to file a number of proposals to the Board of Fish since crab will be "in cycle" in 2016/17. Christiansen noted the deadline for submitting proposals is April 2016, for consideration in March 2017. PNCIAC plans to meet prior to the submission deadline to review these proposals. PNCIAC also noted recent "tickets" being issued by ADF&G related to "hybrid" opilio/bairdi. PNCIAC hopes this issue will be addressed by the Board of Fish to provide harvesters and processors with regulatory certainty.

And finally, there was some discussion about the issue of "high grading" in the Bristol Bay Red (BBR) King crab fishery. The Committee noted a 3.2% reduction in the 2015/16 BBR TAC due to at-sea discarding of legal-sized male Red King crab during the 2014/15 season. Even though this issue is outside of the scope of PNCIAC, members of the Committee encourage harvesters and processors to work together to eliminate at-sea discarding of legal-sized male Red King crab.

Food & Drug Administration (FDA) "Ready to Eat" Determination

Gary Loncon and Michelle Eddy (both of UniSea) briefed the Committee on a recent determination by the FDA that crab "tails" are not a "Ready to Eat" product. This determination will result in less than full utilization of King crab and represents a lost source of revenue. This determination may also represent a change in enforcement policy at the FDA, although that is not clear at this time. While the issue is outside the scope of PNCIAC, harvesters and processors did discuss ways to jointly address the issue with the FDA and possibly Congress.