AGENDA C-2(c-f)
OCTOBER 2008

MEMORANDUM

TO: Council, SSC and AP Members

FROM: Chris Oliver
Executive Director

DATE: September 28, 2008

SUBJECT: Crab management

ESTIMATED TIME
12 HOURS
(all C-2 items)

ACTION RQUIRED

(c) Receive BSAI crab program 3-year report.
(d) Receive Crab Committee Report/Crew proposal.
(e) Review of BSAI Crab 90/10 Amendment alternatives and analysis outline.
(f) Receive report on Crab EDR metadata.

BACKGROUND

(c) BSAI Crab program 3-year report

In the development of the crab rationalization program, as a part of the crab rationalization program, the Council requested a preliminary review of the program three years after its implementation. In response to this request, staff prepared a paper reviewing several aspect of the performance of the program to date. The paper was included in a mailing to the Council on September 12th.

The paper reviews the distribution of allocations to both harvesters and processors under the program and examines changes in those distributions. The paper goes on to examine the participation patterns and distribution of activities of both sectors and changes in their operations. The paper also briefly examines the effects of the program on crews in both sectors. Changes in ex vessel pricing brought on by the share structure of the program are also examined. Entry opportunities for both sectors are examined. Changes in management arising as a result of the change in allocations created by the program, as well as changes in management costs, are examined. The effects of the program on safety and biological condition of crab stocks are also discussed. The analysis is preliminary, as it examines only three years of fishing under the program.

In addition, the analysis of the 3 year review inadvertently omitted the discussion of issues related to the community rights of first refusal on transfers of processor shares. A brief discussion of certain aspects of the right is attached (**Item C-2(c)**). Since the Council's crab advisory committee has discussed several of the issues concerning the rights of first refusal and will report to the Council on those issues in its minutes, the attached discussion is very brief.

(d) Report of the crab advisory committee/crew proposals

At its June 2008 meeting, after receiving a report from the crab advisory committee and public testimony, the Council directed staff to hold a workshop to assist crew representatives in the development of their proposals to address crew concerns in the crab fisheries. The Council suggested that crew refine their proposals for presentation to the committee at its September meeting. In addition to the consideration of crew issues and proposals, the Council requested the committee to discuss measures to address management issues in the Western Aleutian Islands golden king crab fishery and measures to address issues that have been raised with the community rights of first refusal on processor shares under the rationalization program.

The committee met on September 15th to discuss these issues. A copy of the minutes from that meeting is attached (**Item C-2(d)**).

(e) Review of Crab 90/10 amendment alternatives

At its April 2008 meeting, the Council continued the development of its purpose and need statement and alternatives to revise the 90/10 A share/B share split under the program (see summary of alternatives (**Item C-2(e)(1)**) and the Council's motion (**Item C-2(e)(2)**)). The Council refined its alternatives adding substantial detail and options. The proposed alternatives could:

a) remove individual processor quota or reduce the portion of IFQ landings required to be landed with a holder of individual processor quota
b) creation of new crew quota shares from either owner quota shares or processor quota shares
c) impose vessel caps that would limit the number of pounds of crab that may be harvested by any vessel (including vessels fishing for a cooperative) in the Bristol Bay red king crab and Bering Sea *C. opilio* fisheries.

Because of the inclusion of options addressing several aspects of the program, the package creates a large number of alternatives that will be unwieldy to analyze. To further the analysis, the Council could streamline the alternatives by removing options. The attached paper reviews the alternatives created by the current Council motion and identifies options that the Council could consider through preliminary analyses for streamlining the alternatives for analysis (**Item C-2(e)(3)**).

(f) Report on Crab Economic Data Reporting metadata

At its April 2008 meeting, in response to testimony and a motion from Pacific Northwest Crab Industry Advisory Committee, the Council passed a motion approving a suggested process for review of data quality for data submitted under the crab economic data reporting (EDR). That process includes industry reviews of metadata describing the data and its quality and a report back to the Council on the output of that process. The Council also stated its intent that use of the data be postponed until this review process is completed.

Agency staff has prepared a draft metadata table describing each variable, information gained through audits, and data quality considerations. Since the April meeting, agency staff have had several discussions with industry, including two formal PNCIAC meetings to review the metadata and industry comments on that metadata. In addition, agency staff have received and responded to specific comments from industry concerning the metadata.

PNCIAC and agency staff are continuing to work on the development of the metadata and will report back to the Council at a future meeting when more complete progress has been achieved.

1 Rights of first refusal

The rationalization program provides communities with substantial processing history with the opportunity to designate an entity that is entitled to hold rights of first refusal on certain transfers of IPQ and PQS for use outside of the community in which processing occurred that led to the allocation of the PQS (the community of origin). The provision defines certain transfers that are exempt from the rights (including intra-company transfers), as well as criteria for determining whether a transfer is intended to move processing from the community of origin. In addition, if a PQS holder has used the yielded IPQ outside the community for a period of three consecutive years, the right lapses. Based on historical landings, the distribution of rights of first refusal varies across fisheries and regions (see Table 1).

Table 1 Distribution of rights of first refusal by community (2007-2008).

Fishery	Region	Right of first refusal boundary	Number of PQS holders	Percentage of PQS pool
Bristol Bay red king crab	North	None	1	0.0
		St. Paul	2	2.7
	South	Akutan	1	20.8
		False Pass	1	3.9
		King Cove	1	9.8
		Kodiak	3	4.0
		None	4	3.6
		Port Moller	3	3.7
		Unalaska	11	51.5
Bering Sea *C. opilio*	North	None	3	1.0
		St. George	2	9.7
		St. Paul	6	36.3
	South	Akutan	1	9.7
		King Cove	1	6.3
		Kodiak	4	0.1
		None	4	1.8
		Unalaska	13	35.0
Eastern Aleutian Islands golden king crab	South	None	1	1.7
		Unalaska	7	98.3
Pribilof red and blue king crab	North	None	1	0.3
		St. Paul	5	67.3
	South	Akutan	1	1.2
		King Cove	1	3.8
		Kodiak	4	2.9
		Unalaska	5	24.6
St Matthew Island blue king crab	North	None	5	64.6
		St. Paul	4	13.8
	South	Akutan	1	2.7
		King Cove	1	1.3
		Kodiak	1	0.0
		Unalaska	6	17.6

Source: RAM PQS data 2007-2008.

The limitations of the 'cooling off' provision prevented the movement of most IPQ subject to the right of first refusal from the community of origin in the first two years of the program. As a result, only in the third year of the program was any notable portion of the IPQ permitted to be moved. As a result, rights of first refusal on PQS are believed to have lapsed in only a few

instances. Most notably, the right is believed to have lapsed with respect to shares arising from historic processing in St. George. The St. George harbor and its entrance were damaged by a storm in 2004. In the first two years of the program, that damage was found to have prevented processing in St. George. As a consequence, the right of first refusal lapsed on shares for which the Aleutian Pribilof Island Community Development Association holds rights of first refusal on behalf of St. George. The Council is currently considering an action to renew both the 'cooling off' period and rights of first refusal that were applicable to those shares.

Monitoring of the lapse of community rights of first refusal could be challenging. Electronic landings data do not include the location of processing, for deliveries that are made to floating processors. Instead these landings are reported as "at sea". As a result, it is possible that rights could lapse without knowledge of the community. Once the lapse of the right is established, a community would have no standing to intervene in any subsequent sales of the PQS. This information need could be addressed in several ways. Modification of reporting requirements would be the most comprehensive means of ensuring that locational information is available for all landings (not only those in the crab fisheries or those subject to the right of first refusal).[1] Alternatively, a regulation change could be included in any package modifying the rights of first refusal that would require any right of first refusal contract to include a provision for processors to keep communities informed of the location of any processing of IPQ covered by the right. A weak (and likely ineffective approach) could be to rely on communities to negotiate for the requirement that the PQS holder provide this information to the processor.

[1] To effectively provide this information to affected communities might require consideration of confidentiality limitations.

DRAFT

Crab Advisory Committee Meeting Minutes
September 15, 2008
Anchorage Hilton

Committee Members – Sam Cotten, Lenny Herzog, Dave Hambleton, Linda Freed, Florence Colburn, Rob Rogers, Frank Kelty (ph), Simeon Swetzof, Ernie Weiss (ph), Tim Henkel, Steve Branson (ph), Kevin Kaldestad, Jerry Bongen, Phil Hanson

Staff – Mark Fina (NPFMC), Herman Savikko (ADFG), Stefanie Moreland (ADFG), Glenn Merrill (NMFS), Lauren Smoker (NOAA GC)

Public – David Capri (ph), John Iani, Pat Hardina (ph), Heather McCarty, Mateo Paz-Soldan, Jake Jacobsen, Mike Stanley (ph), Clem Tillion, Steve Taufen, Lisa Ross, Larry Cotter, Kjetil Solberg, Einar Sorvik, Anne Vanderhoeven, Dave Fraser (ph), Linda Kozak

Minutes

Community rights of first refusal

The committee reviewed the current Council motions as they pertain to rights of first refusal (including the purpose and need statement and the current options before the committee). The committee identified issues with the current rights of first refusal as:

1) the potential lapse of the right after three consecutive years of use of the IPQ outside the community;
2) the requirement that the right apply to all assets involved in a transaction, including potentially assets other than the PQS and assets outside the community;
3) the short period of time allowed for exercising and performing under the right; and
4) the potential for communities to have inadequate funding exercising the right.

The committee generally supported allowing the right to be permanent (rather than lapsing after 3 years of use of the IPQ outside the community). It was suggested that this should resurrect rights of first refusal that may have already lapsed under the current terms of the program.

The committee also discussed the potential for large transactions that are subject to the right of first refusal to include assets that are outside of the community that is interested in the PQS. Under the current provision, the right applies to all assets included in a transaction that also includes the PQS. In this case, a community could face a high price for exercising the right and receive assets that are beyond its interest. It was suggested that limiting the right to the assets in the community or limiting the right to the PQS only (instead of all assets involved in a transaction) should be considered to address this shortcoming in the existing rights. Some committee members expressed concerns that a company would not be able to separate the price for the PQS (or possibly the only the assets in the community), if the transaction were for a large portion of a business.

The committee generally supported the extension of the period to exercise the right (extend from 60 to 120 days) and the period to perform (extend from 90 to 150 days).

It was suggestion that a severance tax provision might be useful for compensating communities for any loss of processing activities. Such a management system would require substantial changes from the existing program, but might provide alternative means of addressing community issues (and other issues identified under the existing program).

Some committee members expressed concern that intra-company transfers that are currently permitted may erode a community's position. Since these are not sales of the IPQ or PQS, they are not subject to the right of first refusal.

The committee supports the development of a loan program to fund community PQS purchases.

Western Golden King Crab Fishery

The committee reviewed the Council's motion on Western golden king crab and the options that were sent to the committee by the Council. It was suggested by some committee members that changes in markets and processor share holdings in this fishery may address some of the issues that have arisen in the past.

Concern was expressed that the current problem statement is too narrow. Specifically, Adak history and processing investments were not acknowledged in the initial allocation because the qualifying years used for allocating PQS included only a few of the years of Adak's participation in the fishery. Adak's processing participation developed and peaked subsequent to the qualifying period, but prior to implementation. A revised problem statement could identify these community issues and allow for Adak's concerns to be addressed.

It was suggested by some that management without IPQ would be preferable to the existing program. Some suggested that the arbitration program would need to be retained and modified to accommodate a program without IPQ, if the program includes limits on where a processor can be undertaken. In addition, some concern was expressed with any system that includes regionalized B shares, because it is possible that only a single processor might be active in the West region. Some suggested issue that because the fishery is very small, it may not be as important to the processor as to the harvester and consequently regionalization would provide any processor in the West with a strong negotiating position. Others believe that keeping regionalization is important to communities in that region.

It was also suggested that returning to limited access might be preferable for the Western fishery. It was suggested that science in this fishery should reviewed to assess whether the rationalization program is having any effects on stocks or the ecosystem. In addition, it was suggested that we should consider the effects on safety and Coast Guard costs.

Crew Issues

The committee first reviewed the Council's motion to revise the crab program and redesignate owner QS as crew QS. The committee also reviewed three proposals that were developed after the crew workshop (see Attachments A, B, and C). Some crews interested in purchasing C shares – the redesignation may help them.

The proposal submitted by Tim Henkel supports a redesignation as specified in the Council's motion for revision of the crab program. The proposal is intended to allow more crew to enter ownership in the fishery, with minimal disruption for current participants. The redesignation would used voluntary transfers to introduce crew ownership, without revoking shares.

Some committee members expressed concern with the relatively large share redesignation options in the Council motion, but believed that the small redesignation provisions may be more acceptable and equitable. Some also suggested that time certain redistribution may hurt current C share holders by flooding market for C shares. These persons suggested that any redesignation should be slow and methodical to ensure that share values are maintained. These persons support a longer period of time for

divestment or for the redesignation to take place at the time of transfer. It was suggested that any decline in values because of the introduction of more C shares to that market would be short-lived.

It was also suggested that making the transition at the time of transfer would avoid forced divestiture. Some also expressed concern that any forced change in named holder could lead to a taxable event (especially for persons who received an initial allocation who have no basis on the shares). It was also suggested that if the market is flooded with shares at the time of a redesignation, some persons with debt may not receive revenues adequate to cover that debt.

Some committee members suggested that owners are more likely to comply with minimal participation requirements, as the size of the share conversion increases. These committee members suggested that if only a small portion of the pool is converted to C shares, more hired crew would benefit from the conversion. In addition, owners may also be more likely to attempt to help their crew get financing for share purchases, if the conversion is relatively small. If a large part of pool is converted to C shares, owners may be more likely to attempt to maintain holdings or simply look for the highest paying buyer, (who may be backed by a larger interest).

The committee also discussed the potential to create regionalized C shares that are not subject to IPQ landing requirements. Some committee members suggested that arbitration should be modified to apply to these shares. Others suggested that the many active buyers in the north would generate competition for these landings. It was suggested that only if the program were substantially modified (so that Class A IFQ were removed) would competition in the north become an issue. Others believe that no arbitration should be provided for any Class B or C share IFQ, since the purpose of those shares is to allow competition for landings determine the price. It was also suggested that redesignation proposals are complicated changes since they necessarily bring processors and communities into the discussion (since they change the Class A IFQ pool).

The committee also reviewed a proposal developed by Terry Haines. The proposal is intended to address exclusion of crew from the initial allocation under the program and negative effects of the program on crew. Some concern was expressed that the proposal's share redistribution would be too disruptive to the program and the current distribution of shares.

Some committee members also suggested that allocating TAC in excess of a specific level might not provide any advantage to crew (particularly in low TAC years, when they would most need the assistance).

Committee members and staff also questioned whether requiring minimum investment in the fishery to maintain share holdings would be workable because of the information requirements.

Some committee members expressed concern that the RFA provision is vague. It was suggested that since the RFA provisions of the MSA are new, they will require some analysis to fully determine whether they can be used to address crew issues. It was suggested that more detail could be added to that proposal and that work with staff with input from NOAA GC may be necessary to fully delineate the proposal. It was also suggesting that communities may be able to acquire shares through the existing community right of first refusal holders to address local crew issues.

Some concern was also expressed that it is unclear how crewmembers would benefit from quota managed by an association. This criticism was also applied to the next proposal brought to the committee by Shawn Dochtermann.

The committee reviewed the proposal of Shawn Dochtermann. This proposal is intended to address the exclusion of crew from the initial allocation under the program and negative effects of the program on crew through the reallocation of shares to a management association that would manage the allocation for the benefit of crew. The proposal also includes a vessel cap. Some committee members questioned whether crew would benefit from vessel caps. Clearly some crew jobs could be added to the fishery, but it is possible that the quality and pay for jobs would decline.

One committee member suggested that the current structure of crew payments is fair to crew and provides crew with better information on their pay. Crew generally have better certainty concerning their incomes prior to fishing, knowing their pay prior to the start of a trip. This benefits crew and allows them to negotiate by exchanging information with crew on other boats. Prior to retionalization, a crew's pay depended on the uncertain success of their vessel in the derby. It was also suggested that it is unclear how (or whether) any proposals would change crew shares or the quality of crew jobs.

It was also suggest that C shares may not protect crew, since these investments cannot be maintained after leaving the fishery. While this is true, some persons expressed their belief that the C share pool should function to allow only persons active in the fishery to maintain holdings.

Attachments

Attachment A - Tim Henkel/Deep Sea Fishermen's Union Crew Proposal

Attachment B - Preliminary Crew Quota Proposal for BSAI Crab Committee (from Terry Haines)

Attachment C - BSAI Crab Rationalization IFQ/ITQ Reallocation Amendment Proposal – for Skipper/Crew Cooperative (from Shawn Dochtermann)

Attachment D - North Pacific Crab Association, memo regarding alternatives for discussion and analysis

Next Meeting
The committee will wait for further direction from the Council prior to scheduling a future meeting.

Attachment A – Crab Committee
September 15, 2008

Tim Henkel/Deep Sea Fishermen's Union Crew Proposal

Problem;
The current design of Crab rationalization makes it very difficult for crew to become vested as long term participants in the Bering Sea Crab fishery. The initial issuance of C shares was limited to skippers and, although the skipper/crew loan program was recently implemented to support long term investments, the high cost of IFQ and low turnover rate in IFQ ownership provide very few actual investment opportunities and make it difficult for some long-term participants to secure and maintain their full position in the fisheries.

Prior to rationalization of the crab resources in the Bering Sea and Aleutian Islands the venue for entry into the fishery was a deckhand becoming a skipper and then into ownership of a vessel. With rationalization, vessel buyout, and rapid consolidation of 260 plus vessels to about 70 vessels, traditional participation of a crewman through working up to vessel ownership is very difficult. The ability to enter the fishery and have a full participation in the fishery as a crewman is greatly diminished. The preferred access into the fishery is to acquire quota share.

The crab program puts a deckhand in direct competition with persons with significantly greater assets and access to financing. In order for crew to compete on an entry level, skippers and crew i.e. "active participants" need to be able to compete only with each other for a portion of the resource.

Action needed;
Re-designation Purchase Provision for "C" Shares

In the April 2008 Council motion, several alternatives were put forward for analysis. Deep Sea Fishermen's Union (DSFU) supports the following, re-designation purchase provision for "C" Shares:

Increase the percentage of IFQ available exclusively to "active participants" in fisheries.

Options: Increase the amount of "C" Share quota from 3 percent of IFQ to:

1. 6 percent
2. 8 percent
3. 11 percent
4. 14 percent
5. 25 percent
6. 33 percent

Sub options: Use the following mechanism to achieve the increase:

1. A pro-rata reduction in owner shares (distributed over a period of 5, 7 years) to create "C" Shares available for "active participants" to purchase. Owner share holders who meet "active participation" requirements would be able to retain their converted "C" Shares; or
2. A pro-rata reduction of PQS (distributed over a period of 5, 7 years) and conversion into "C" Shares available for active participants to purchase through market transactions.

[We do not support re-designation at the time of transfer – only re-designation at an identified date.]

[These provisions are included in Alt. 3, Option 2 and Component 1 of the Council's April 2008 motion.]

Preliminary Crew Quota Proposal for BSAI Crab Committee, NPFMC Meeting, September 15, 2008

Problem Statement

What is wrong with Crab Rationalization as it is presently structured?

The program has created an unnatural imbalance in the most basic economies of fishing communities by focusing access rights into the hands of a very few (esp. passive financial interests), allowing them to charge lease fees that extract the maximum possible value. The result is less money in fishing communities and less opportunity for active fishermen.

How can these problems be corrected?

Skippers and crew, that is, boots on deck fishermen, will be allowed access to a portion of the quota equal to their traditional share (historical participation based on EDRs) on a yearly basis with no ownership rights. Quota owners will be required to have a significant active participation stake in the industry at a time certain or they must divest themselves of their quota holdings. Meaningful vessel caps will be implemented, allowing more opportunity for traditional participants.

Purpose and Needs Statement

To restore traditional balance in the industry a redesignation of a portion of the TAC equal to the traditional share taken by skippers and crew will occur. This redesignated quota, or Crew Quota, will be accessible to BOD (Boots On Deck) fishermen without landing restrictions on a yearly basis based on past participation. In this way the entry level fisherman will be able to work his way up, working boats will be relieved of the burden of heavy lease fees, and the cash value of the fishery will be distributed in a more traditional manner, with fishing communities benefiting from more money in more hands.

Haines RFA Alternative Proposal

Quota would be redesignated in three ways:

1. ***All increases in TAC will be designated Skippers and Crew Quota for Active Participants.***
2. ***All holders of crab quota will be required to show a significant 'at-sea' investment in the industry, or to divest themselves of said quota at a time certain. At the time of transfer a share of the transferred quota will be redesignated as Crew Quota.***
3. ***A portion of existing "A" and "B" shares will be immediately redesignated as Skippers and Crew Quota.***

Option (i): BOD fishermen will then be encouraged to form a Regional Fishery Association as defined in MSA:

The term Regional Fishery Association, in the context of Limited Access Privilege Programs under Reauthorization, means an association formed for the mutual benefit of members –

A) To meet social and economic needs in a region or sub region;

B) Comprised of persons engaging in the harvest or processing of fishery resources in that specific region or sub region or who otherwise own or operate businesses substantially dependent on a fishery.

This document is meant to be a starting place for discussions which will result in a formal presentation to the NPFMC at its October 2008 meeting in Anchorage Alaska. All interested parties are encouraged to contact the Crewmen's Association to help refine the proposal.

Terry Haines, Crewmembers Assn. representative, 907-942-0365, yohaines@alaska.com

Subject: For the Public Record 189th Plenary Session, Oct. 2008 - Crab C-2(d)
From: Shawn Dochtermann <drdrmann@hotmail.com>
Date: Sun, 14 Sep 2008 09:22:53 -0800
To: Mark Fina <Mark.Fina@noaa.gov>, Dave Witherell <davidwitherell@noaa.com>
CC: Steve Branson <bransons@ptialaska.net>, Steve Branson <bransons@alaska.net>, Tom Miller <f_vglacierbay@yahoo.com>, yohaines@alaska.com, lfreed@city.kodiak.ak.us, lexus Kwahka <island1@ptialaska.net>, Cora Crome <cora.crome@alaska.gov>

Gentlemen:

Please include copies of the attached PDF in the official Council package under C2(d) for BSAI Crab - Crew Proposals.
To meet official requirements, I will also fax a copy to the council today, but using this one may print/look better. I will send copies to the Monday meeting with a representative.

Again, **the scheduling of Crab Crewmember matters during the October session**, long known to be when we will be out crab fishing, **ignores the rights of crewmembers as stakeholders who must deal with decision makers.**

Also, **the crab committee is an inappropriate and legally challengeable venue for open, constructive and substantive discussion of the need to Reallocate** (reassign, redistribute, and/or revoke) fishing quota shares. The committee is dominated by conflicted interests, primarily those whose rights would be diminished by any legitimate reallocation. And this committee contains one person who is a decision maker - chair, Sam Cotton of the NPFMC.

Furthermore, Mr. Tim Hinkel the Seattle area crab representative has not brought forth a proposal from crab crewmembers. Instead, Mr. Hinkel has only brought forward proposals or outlines approved by the Deep Sea Fishermen Union without adequate and widespread crab crewmember input. As such, and in any case, **the crab committee needs further crab crew representatives.** In that regard the Council should consider the process to date as insufficient for representing the greater body of stakeholders.

If the Council would motion for a separate agenda placeholder, an FMP Amendment for Crew Reallocation, proper public notice and due process could proceed. As you know from dealing with other regional councils, meeting the recommendations of the GAO stakeholders' report is imperative to a 'fair and equitable' allocation (should it be necessary) and in order to avoid excessive shares/consolidation.

We are forming a non-profit entity to represent the matters in the attached (and similar) proposal(s) in preparation for reallocation under a separate agenda placement (FMP Amendment).

Sincerely,
Shawn Dochtermann

Attachment: Shawn-Oct2008_CrabCrewProposal{rev2}.pdf
cc: FedLegal1 etc.

Shawn-Oct2008_CrabCrewProposal{rev2}.pdf	**Content-Type:** application/pdf **Content-Encoding:** base64

BS/AI CRAB RATIONALIZATION IFQ/ITQ REALLOCATION AMENDMENT PROPOSAL —FOR SKIPPER/CREWMEN COOPERATIVE
North Pacific Fishery Management Council – 189th Plenary Session — October 2008
RE: C-2 BSAI CRAB MANAGEMENT

Name of sponsor:	Shawn C. Dochtermann		Originally Introduced at the 181st
Address:	PO Box 3886		Plenary Session, April 1, 2007
	Kodiak, AK 99615	**Date:**	**September 15, 2008**
Telephone:	907-486-8777	**Email:**	drdrmann@hotmail.com

Brief Statement of Proposal: *(preferably under a separate agenda placeholder)*

1. **Reallocation of a percentage of Individual Transferable Quota (ITQs) harvest privilege shares of "CR Crab" — Bering Sea/Aleutian Islands red king crab, opilio, and tanner crab fisheries — to active crab crewmembers; by**
2. **Provision for a single Crewmember's Cooperative for "CR Crab"; with options of multiple Crew coops &/or combined with Regional Fisheries Associations (guidelines needed);**
3. **Retain Open Market for All Crewmember Pooled Quota Shares;**
4. **Require Active Participation & Provide for Crew Contracts.**

Objectives of the Proposal (What is the Problem?):

The problem is an inequitable distribution of CR Crab fishing privileges that resulted in excessive shares being assigned to vessel owners, which granted them inordinate control over fishermen on decks and in the wheelhouses, who are engaged in active fish harvesting.

This was an unbalanced, direct and deliberate distribution of the opportunity to fish to a discrete user group or set of individuals that excluded long-term participants (boots-on-deck fishermen) without any justification in terms of the objectives of the Crab Rationalization FMP.

This failed to preserve the status quo of economic distributions in the crab fisheries, ignored the dependence of present participants (crew) and coastal communities, and failed to fully consider the social and economic consequences (harms) of the scheme (rationalization).

1. **Correct Inequitable Distribution of Harvester Shares under CR Crab FMP; and Restore Historical Crewmembers Compensation Levels.**

   Complete failure to recognize deckhands as vessel operators (allocating them 0%), combined with Skipper shares of 3%, falls drastically short of the historical earnings of crewmembers who actually harvest crab. A germane legal argument is that an inequitable 'takings' occurred as vessel owners or mere investors confiscated those rights, and upwards of 70% of ex-vessel fish ticket earnings as high quota rents consequential to implementation of the CR Crab FMP, which occurred without prior public production of Economic Data Report reports and proper analysis.

   Reallocation of crab quotas would provide crewmen 'fair and equitable' quotas recognizing that their small businesses were needlessly harmed (even foreclosed) by inequitable allocations under Crab Rationalization, and allow for future career opportunities in these crab fisheries.

2. **Crewmember Representation in Binding Arbitration & Price Negotiation.**

   Add crewmember representatives to the binding arbitration tables to protect the financial interests of the skippers and crewmembers.

3. **Assure Experienced Crews are Available and Rewarded in CR Crab Fisheries.**

Assure crewmember jobs in the future have earnings that are commensurate to their personal investments and recognize the dangers of active participation in CR Crab fisheries.

Needs and Justifications for Council Action:

The drastic reduction of jobs and compensation, especially with the massive consolidation of the rationalized crab fisheries, demands this issue to be dealt with, without further delay: at best, through a separate placeholder (e.g. FMP amendment). No provision was made for crewmen to initially receive allocated quota for BS/AI crab, representing their historical ratio of compensation, which violates:

> **Section 600.325 National Standard #4 Allocations** [applicable excerpts; plus c(3)(i) ...(iii) etc.]
>
> *If it becomes necessary to allocate or assign fishing privileges among various U.S. fishermen, such allocations shall be:*
>
> ***[1]. Fair and equitable to all such fishermen; [and]***
>
> ***[3]. Carried out in such a manner that no particular individual, corporation, or other entity acquires an excessive share of such privileges.***

Discussion: Regarding capitalism, Adam Smith first said that labor alone is the real standard by which the value of all commodities can be compared; but modified it for the claims of 'the landlord and the capitalist'. Similarly, Abraham Lincoln noted, "Labor is prior to, and independent of capital. **Capital is only the fruit of labor, and could never have existed if labor had not first existed.** Labor is superior to capital, and deserves the much higher consideration."

In determining the allocations under CR Crab regime(s):

- ITQ/IFQ privileges were not rationally connected to achievement of Optimum Yield – especially considering that it is through the crewmembers earnings that maximum net economic benefits flow widely to communities.
- The motives for making particular allocations were not justified in terms of objectives – i.e. to increase safety and provide for value-added benefits.
- The FMP did not restrain income shifts from crewmembers to rent-seeking owners, nor deter acquisition of excessive shares.
- The FMP did not prevent exorbitant rents — up to 70% quota lease fees.

The historical ratio of compensation for crewmembers as active participants (while oddly recognizing a small ratio of rights for other vessel operators, in the 3% skipper shares) was abandoned as the value of the 'human capital' was taken — without permission or negotiation by past stakeholders. In legal and economic terms, 'lay share' rights were taken and the crew now has to produce a 'surplus value' for others that represents the degree of private exploitation (of crew labor) by a 'high rent seeking' distant, non-participating capitalist: i.e. by a 'sealord' — often investing in quota on a loan-financed basis only.

Likewise, there's a new post-rationalization class of vessel owners (some of whom may also hold a small portion of ITQs by way of the vessel's history) that are paying high rent rates to such 'sealords' — greatly depressing the crewmembers' net earnings, relative to historical ratios of compensation. This is especially true because such 'sealord' rents come off the top of gross vessel earnings — prior to direct costs (fuel, bait, groceries, fish taxes and related settlement expenses of harvesting crab) and indirect vessel operating costs (hull insurance, repairs and maintenance, etc.).

All of these changes have exacerbated the degree to which allocations were neither "fair and equitable" nor preventative of "excessive shares."

Foreseeable Impacts of the Proposal (Who wins, who losses?):

Who Wins: By having quota rights Crewmembers (deckhands, engineers and skippers) gain ability for substantial employment opportunities and are more likely to achieve fair earnings. This enhances the interests of new entrants, as well. Crew will benefit from increased bargaining power for ex vessel compensation with both cooperatives and processors. Fishery dependent communities will benefit from increased (restored) crew incomes. Federal and state taxes will be higher, in total, as crewmembers invariably pay taxes whereas corporations often shelter them.

Are there alternative solutions?

- Revoke crab rationalization and return to Open Access with a 100 pot limit for king crab and 250 for opilio. This is the option that would best have modified Status Quo, which when coupled with buyback would have helped maintain crew jobs and avoid excessive consolidation onto fewer boats.
- Cap rents for vessel owners to a much reduced percentage, more like 35%, rather than the current exorbitant rates of between 70%-50% being taken by boat owners/IFQ holders. This would be coupled with giving the crewmembers their historical 35% -to- 40% of total fish value.
    - An option is to add 'Vessel Caps' regarding consolidation of ITQs per vessel.

Supportive Data and Other Information:

NOAA is remiss in providing Crewmembers with useful information from the EDRs. The open, public provision of EDR data is not only overdue (it is now one-year late), but essential and legally warranted prior to the Council making any further decisions on ITQ shares.

For this data to now be regularly characterized as either inadequate or non-useful to the decision-making process seriously calls into question the initial allocation of shares for all BSAI crab.

The EDR data apparently does not reflect the federal legal requirement of crew contracts, and cross-verification with crew shares submitted in EDRs. NOAA must strengthen compliance with the requirement in 46 U.S.C. § 10601 that seamen be given pre-trip written agreements. The lack of such required data, ensuring appropriate analysis and reports for crewmembers seeking restoration of historical rights, is an additional deficiency in the decision-making process to date.

Altogether, these are serious deficiencies of the regional council in meeting the recommendations of GAO 06-289: Core Principles and a Strategic Approach on Stakeholder Participation.

Discussion: Previous to IFQ shares being allocated to all entities, vessel owners, or corporations, they were each required to submit 3 years (2002-04) of crab data to NMFS in order to receive initial crab quota shares. NMFS and/or related agencies could release this data in summary to substantiate the overall participation levels (i.e. to establish the estimated 35% to 40% historical crew rights).

The present BS/AI crab rationalization requires that all quota shares holders furnish NMFS with extensive crew and other data. Gunnar Knapp of ISER conducted a study for the City of Kodiak and it contained preliminary analysis that puts job losses in the BSAI crab industry at 892 persons who held jobs prior to rationalization. (An estimated 1,500 persons previously held crab jobs before rationalization.) And a draft of an upcoming NOAA crew report indicates a range of lost crew jobs of between 1,026 and 1,674.

Final Note in Protest: Critical discussions affecting crab crewmembers were placed in an inappropriate committee, and the Council's relevant matters have been knowingly scheduled during the crab fishing season when crewmembers cannot be present to represent their stakeholder interests. The weight of these concerns and deficiencies necessitates a separate placeholder for a Crab Crewmembers FMP Amendment.

####

Shawn C. Dochtermann

NORTH PACIFIC CRAB ASSOCIATION

August 19, 2008

To: All attendees / August 18 Crew Issues meeting at PSPA

Fr: Steve Minor, NPCA

Re: Alternatives for discussion and analysis

First, let me take a moment and thank everyone for the opportunity to participate in yesterday's meeting.

As we all know, the Crab Rationalization program is carefully balanced to recognize the investments and inter-relationships of harvesters, processors and communities. Therefore, to the extent the current harvest sector proposals to provide more long-term benefits to active crew impact the processing sector and crab-dependent communities, I have drafted up these comments:

1. **NPCA supports a market-based approach to increasing investment opportunities for active crew.**

    a. **The crab industry has evolved from a derby-style, high risk, pulse-opening fishery, to a more professional and stable business that can provide long term work opportunities for crew . As someone put it yesterday., *"...We have evolved from a transient fishery to a high wage profession."* NPCA believes that investment opportunities for long-term, professional crewmen are a desirable aspect of the new program.**

    b. **Today the new quota markets that have developed as a result of this program provide significant entry-level opportunities for active crew. Gone are the days when the cost of entry was in fact the cost of a million-dollar vessel ... which most crew could not ever aspire to afford.**

    c. **We believe that some of the concepts discussed yesterday, wherein active crew are given preferential access to loan funds combined with a Right of First Refusal, or some other market-place access to quota, make a lot of sense.**

However, some of the "market forcing" mechanisms that were discussed yesterday are of concern as they will destabilize a program that has been good to all of us. Our concerns include :

d. **Any mechanism that forces the sale of IFQ to active crew at a rate which the market cannot absorb. I think some of the preliminary analysis done by Ed Poulsen speaks to this problem, and encourage more analysis and discussion.**

e. **NPCA opposes any significant "market forcing" measure that further destabilizes the already tough credit markets that we all depend on. Access to working capital and loan funds has become restrictive because of the uncertainty surrounding the Council review process and the general economy. If there is a continued aggressive attempt to push measures like forced divestiture of quota or direct reallocation from one sector to another, it will further undermine our collective credit markets. This will leave those who have access to cash or large credit lines as the only active buyers – exactly the opposite result that this process is designed to achieve.**

I was very concerned yesterday when I heard some participants express the opinion that "... forcing IFQ sales to crew would devalue the IFQ, making it more affordable to crew." Be careful what you ask for; because devaluing the value of any sector's assets under this program will send a message to our collective credit markets and lenders that this is NOT a stable industry to lend to... including crew purchases of IFQ.

John Sackton summed this problem up nicely recently when he commented that "*...Unfortunately the idea that successful fisheries have healthy harvesting and processing sectors seems to be missing lately in Alaska, with many reverting to the old idea that the problems in one sector can be solved by taking money from the other.*"

2. **NPCA on Share Conversion**

a. **NPCA is opposed to the idea that shares purchased by active crew under any new program should be converted to "C" shares; further, we do not believe that this conversion is in the interest of active crew, either.**

b. **Conversion of existing A-shares to C-shares will directly harm St. Paul, King Cove and Kodiak by reducing their landings. Recent analysis by the Ad Hoc Crab Coalition bears this point out – with the high cost of fuel, long running times to some of these ports and associated deadloss and other costs, the majority of the crab landed in these communities is A-share IFQ matched to Processor Quota that is tied to that community. Conversion of A-shares to C-shares, and the**

resulting loss of the matching PQS/IPQ, will significantly harm those A-share dependent communities.

c. **Conversion of A-shares to C-shares will ignite an unnecessary compensation battle. Simply put, if you use a market-based transfer to move A-shares from CVO's to active crew, everyone is fairly compensated. If however you then convert those shares to C-shares, and extinguish the matching PQS/IPQ in the process, how will the processor be compensated, and by whom? How will the community be compensated, and by whom? If this conversion is done without reasonable compensation to all parties, it is no more than a taking of another's assets and disregard of our mutual dependence.**

d. **Conversion of A-shares to C-shares will most likely result in disproportionate harm to single communities or regions. The market-based approach we are supporting matches willing buyers and willing sellers – but every seller (IFQ holder) has a unique portfolio that is likely weighted with quota from a particular fishery, delivered over time to a particular community or region. If that transaction proceeds without conversion, no harm done. If however those shares are converted to C shares, the harm will be to the specific community and region represented (and disenfranchised by) that specific transaction.**

It is not difficult to imagine a scenario wherein the conversion process leads to the undermining of the entire Northern Region (for the major fisheries) or Western Region (for Golden King Crab) in particular. This is a level of risk and discrimination that is not good for the program, and we will oppose it.

e. **C-share conversion will require forced divestiture by the very crewmen it is intended to benefit, for no apparent reason. What goal then does the conversion proposal serve, exactly?**

    i. **If the goal of C-share conversion is to maximize the value of C-share holdings because they do not currently require PQS/IPQ matching or any specific community landings, please be aware that NPCA (and most likely several communities) will oppose C-shares retaining that status as the size of the C share pool grows.**

    When the program was implemented there was a C-share landings requirement that kicked in automatically after three years. Within just the last 12 months, NPCA and some communities supported the removal of this requirement, provided the C-share pool stayed at 3%. These new conversion proposals are designed to greatly expand the C-share pool, so we will be asking for the re-implementation of C-share

matching and landings requirements if these alternatives are implmented.

ii. IFQ loans to crewmen will likely have 12 year to 25 year amortization terms to create a real investment opportunity. But how many active crewmen expect to work on deck for 12 to 25 years (the life of their loan)? If s/he does not, that means s/he will be faced with forced divestiture in the future. So again, what are the benefits of C-share conversion, when weighed against these restrictions, political fights and regulatory hurdles?

f. Finally, the combination of "forced markets" and C-share conversions could lead to a Bromley-style government take-over of quota pools. We all discussed this yesterday. Do you really want a governmental entity deciding on who is annually eligible to participate on an annual basis, and setting compensation for use of those shares?

3. Recommendations

This group (or some definable group) continue to work together, starting with the previous Council motion, and develop a more focused set of alternatives for analysis that encompass the market-based approach to increasing investment opportunities for active crewmen.

Avoid any market forcing measures.

Move away from C-share conversion. It seems to NPCA that the harm done to communities and processors, the limitations placed on the actual beneficiaries (active crew) and the risk of more direct government control all argue against this approach.

If some participants want to pursue C-share conversion, please also address compensation to PQS/IPQ holders and communities as well as issues discussed above associated with an expanding C share pool.

North Pacific Fishery Management Council
Bering Sea and Aleutian Islands crab fisheries
Summary of alternatives to modify the A share/B share split

Following is an abbreviated summary of the alternatives adopted at the April 2008 Council meeting. Details of the alternatives are not included here, but are contained in the Council's motion.

Alternative 1 - Status quo (maintain 90/10 A share/B share split)
- Options - Vessel use caps – in pounds

Alternative 2 – Remove all PQS
- Options – Apply regionalization with arbitration system
  - Increase C shares (6 percent to 33 percent of the QS pool) using redesignation of owner QS
  - Processor compensation through a PQS buyback funded by landing fees
  - Processor compensation with QS
  - Limits on offshore and catcher processor deliveries
  - Vessel use caps – in pounds

Alternative 3 –
- Bristol Bay red king crab and Bering Sea *C. opilio* fisheries
  - Reduce PQS by:
    1) Change 90/10 to 80/20 or 70/30 (with/without regionalizing new B shares)
    2) Increase C shares (6 percent to 33 percent of the QS pool) using
       a) redesignation of owner QS
       b) redesignation of PQS
    3) Establish IPQ thresholds
       - Bristol Bay red king crab – 12 million to 18 million pounds
       - Bering Sea *C. opilio* – 26 million to 157.5 million pounds
    4) Allow holders of QS and PQS to marry shares to create new type of QS that yield only Class B IFQ
  - Options – Apply regionalization with arbitration system
    - Processor compensation through a PQS buyback funded by landing fees
    - Processor compensation with QS
    - Vessel use caps – in pounds

- All other fisheries - Remove all PQS (same as Alternative 2)
  - Options – Apply regionalization with arbitration system
    - Increase C shares (6 percent to 33 percent of the QS pool) using redesignation of owner QS
    - Processor compensation through a PQS buyback funded by landing fees
    - Processor compensation with QS
    - Limits on offshore and/or catcher processor deliveries
    - Vessel use caps – in pounds

BSAI Crab Rationalization Program
Analysis of A/B Share Split, Alternatives for Analysis

Purpose and need statement:
The Bering Sea/Aleutian Islands (BSAI) Crab Rationalization Program is a comprehensive approach to rationalize an overcapitalized fishery in which serious safety and conservation concerns needed to be addressed. Conservation, safety, and efficiency goals have largely been met under the program. Many aspects of the program are complex. Moreover, unintended consequences have occurred through rapid consolidation. Dependencies on the binding arbitration system and inadequate data have complicated the implementation and assessment of this program beyond the Council's expectations at the time of development. The current rationalization program requires government monitoring and enforcement of many aspects of fishery operations that are typically, and perhaps more appropriately, managed through private negotiation and contractual agreements.

Experience under the BSAI Crab Rationalization Program has made apparent the need to analyze alternatives to status quo to achieve: a higher level of competition and efficiency in the processing sector; in-season flexibility; entry-level investment opportunities for active participants; and retention of rents by active participants. Elements of the program that have failed to provide anticipated benefits, such as some community protections, need to be recognized and re-crafted to reduce complexities and uncertainties experienced under the program.

Alternative 1: No action, status quo.

Alternative 2: Extinguish processor quota shares (PQS).
Remove the PQS component from all BSAI rationalized crab fisheries. Maintain the following regionalization components for harvester quota shares:

Option 1) No regionalization.

Option 2) North region *C. opilio*, Pribilof red and blue king crab, St. Matthew Island blue king crab, and Bristol Bay red king crab owner shares. Assign a North region delivery requirement to a portion of *C. opilio*, Pribilof red and blue king crab, St. Matthew Island blue king crab, and Bristol Bay red king crab owner harvesting quota share (QS) holdings. C shares shall not be regionalized. The portion of regionalized QS shall be set such that 37 percent of all *C. opilio* harvesting QS are North region. The portion of the regionalized QS for species other than *C. opilio* to be delivered in the North region shall be set at the same percentage of the TAC as is currently established for those species. North region share deliveries will be subject to a system of binding arbitration.

Suboptions: Apply the North region designation as follows:

a) based on initial allocation (adjusted proportionally by owner QS holdings such that the appropriate percentage of QS is designated North region).

b) as a constant percentage to all *C. opilio*, Pribilof red and blue king crab, St. Matthew Island blue king crab, and Bristol Bay red king crab owner share holdings.

Option 3) North region *C. opilio*, Pribilof red and blue king crab, St. Matthew Island blue king crab, and Bristol Bay red king crab owner and C shares. Assign a North region delivery requirement to a portion of all *C. opilio*, Pribilof red and blue king crab, St. Matthew Island blue king crab, and Bristol Bay red king crab harvesting QS holdings. C shares shall be subject to a

North region delivery requirement in the same proportion as owner shares. North region share deliveries will be subject to a system of binding arbitration.

Suboptions: Apply the North region designation as follows:

a) based on initial allocation.

b) across all *C. opilio*, Pribilof red and blue king crab, St. Matthew Island blue king crab, and Bristol Bay red king crab QS holdings. The portion of regionalized QS shall be set such that the appropriate percentage of the listed species' QS holdings are North region.

Option 4) Maintain existing West/Undesignated regionalization of the Western Aleutian Islands golden king crab fishery.

Alternative 3: Increase proportion of open delivery shares; extinguish PQS in select fisheries. Increase the proportion of open delivery shares in the Bristol Bay red king crab and *C. opilio* fisheries and remove the PQS and regionalization components in all other BSAI rationalized crab fisheries.

Suboption: Do not remove regionalization in other fisheries (where PQS is removed).

Option 1) Increase the proportion of B class IFQ (individual fishing quota) for owner shares in the *C. opilio* and Bristol Bay red king crab fisheries. Change the A/B split to

a) 80/20.

Suboption: regionalize additional B shares

b) 70/30.

Suboption: regionalize additional B shares

Option 2) Increase the proportion of C share quota in the *C. opilio* and Bristol Bay red king crab fishery. Change the 3 percent C share allocation to

a) 6 percent

b) 8 percent

c) 11 percent

d) 14 percent.

e) 25 percent

f) 33 percent.

Suboption: Regionalize additional C shares created

Suboptions: Use the following mechanism to achieve the increase:

i) A pro-rata reduction in owner shares (distributed over a period not to exceed 5 years) to create C shares available for active participants to purchase. Owner share holders who meet active participation requirements would be able to retain their converted C shares.

ii) A percentage re-designation of owner shares to C shares at the time of each transfer. The purchasing owner is required to comply with the active participation definition or divest of the C shares.

iii) A pro-rata reduction of PQS (distributed over a period not to exceed 5 years) and conversion into C shares available for active participants to purchase through market transactions.

Option 3) Establish IPQ thresholds. The amount of IPQ (individual processing quota) issued in any year shall not exceed,

Suboption a) in the *C. opilio* fishery,

i) 26 million pounds.
ii) 45 million pounds.
iii) 64 million pounds.
iv) 112 million pounds.
v) 157.5 million pounds (status quo).

Suboption b) in the Bristol Bay red king crab fishery,

i) 12 million pounds.
ii) 15 million pounds.
iii) 18 million pounds (status quo).

Option 4) Allow harvesting quota holders to purchase PQS in the *C. opilio* and Bristol Bay red king crab fisheries as a means to increase the percentage of B designated owner shares through market transactions.

Increased level of B shares would be distributed to the purchasing parties (individuals or cooperatives). Allow a variable A/B share split by quota holder to reflect the buyers' purchases of PQS.

Suboption: Additional B shares would be subject to regionalization requirements.

Component 1 (applicable to non-PQS fisheries under Alternatives 2 or 3) – Increase the percentage of IFQ available exclusively to active participants in fisheries where PQS has been removed.

Options: Increase the amount of C share quota from 3 percent of IFQ to

1) 6 percent.
2) 8 percent.
3) 11 percent.
4) 14 percent.
5) 25 percent.
6) 33 percent.

Suboption: Regionalize additional C shares created

Suboptions: Use the following mechanism to achieve the increase:

a) A pro-rata reduction in owner shares (spread over a period not to exceed 5 years) to create C shares available for active participants to purchase. Owner share holders who meet active participation requirements may retain their converted C shares.

b) Re-designate a percentage of owner shares to C shares at the time of each transfer. The purchasing owner is required to comply with the active participation definition or divest of the shares.

Component 2 (applicable to non-PQS fisheries under Alternatives 2 or 3) – Restrict offshore movement of BSAI crab processing in fisheries where PQS has been removed.

Option 1) Except in the community of Atka, all processing must take place at a shorebased processing facility or on a stationary floating processor at a dock or docking facility (*e.g.*, dolphins, permanent mooring buoy) in a harbor in a community that is a first or second class city or home rule city, except for CP-IFQ (catcher/processor individual fishing quota).

Option 2) All processing on catcher/processors (except for CP-IFQ) must take place while at a dock or docking facility (*e.g.*, dolphins, permanent mooring buoy) in a harbor in a community that is a first or second class city or home rule city. A catcher/processor is any vessel that operates as a catcher/processor during the crab fishery year.

Component 3 (applicable to all Alternatives) – Impose a fixed vessel use cap on all vessels fishing *C. opilio* and Bristol Bay red king crab IFQs (cap would apply to vessels fishing inside or outside of cooperatives).

Options: Vessels are subject to use caps equal to the following poundage threshold, determined by fishery and season, averaged across the 2005/2006, 2006/2007, and 2007/2008 seasons:

1) 150 percent of the median vessel harvest (in pounds)
2) 200 percent of the median vessel harvest (in pounds)
3) 300 percent of the median vessel harvest (in pounds)
4) the average of the highest four vessel harvests (in pounds)

Component 4 (applicable to Alternatives 2 or 3, only where reductions in IPQ are not achieved through market transactions with IPQ holders) – Provide compensation to processors through harvester royalty payments.

Note that Congressional authority will be required to authorize NMFS administration of such a system. The annual rate paid by harvesters is to be no more than 5 percent of ex-vessel value, which is also the statutory rate cap for the fishing capacity reduction program in the BSAI crab fisheries.

Options: The total compensation per unit of PQS removed from a fishery shall not exceed

1) 0.75
2) 1.0
3) 1.5
4) 2.0
5) 2.5
6) 5.0
7) 7.0

multiplied by the average ex-vessel price per pound (by fishery and region) standardized to PQS units, averaged across the most recent 3 seasons. Since PQS is to be removed from the fishery, not IPQ, standardization to PQS units is necessary.

Suboption a) Select a single maximum multiplier to be applied in all fisheries to which this provision may be relevant.

Suboption b) Select a distinct maximum multiplier for each individual fishery to which this provision may be relevant.

Component 5 (applicable under Alternatives 2 or 3) –
Analyze options to compensate processors by reallocating PQS as CVO QS. Converted CVO QS would retain regional designations. This converted CVO QS would be added to the existing CVO QS pool.

Analyze different ratios for assigning PQS as CVO QS based on the following ratios. Each crab fishery may have a different conversion ratio. These ratios are based on rough estimates of the relative value of each PQS to CVO QS. This range could be expanded or modified based on further analysis.

a) 1 PQS unit =- 0.5 CVO QS unit
b) 1 PQS unit =- 0.4 CVO QS unit
c) 1 PQS unit =- 0.3 CVO QS unit
d) 1 PQS unit =- 0.2 CVO QS unit
e) 1 PQS unit =- 0.1 CVO QS unit
f) 1 PQS unit =- 0.075 CVO QS unit

Option: Regional Designation (different suboptions may apply to each fishery).
Suboption a) Assign regional designations to converted CVO QS
Suboption b) Do not assign regional designations to converted CVO QS.

North Pacific Fishery Management Council
Bering Sea and Aleutian Islands crab fisheries
90/10 A share/B share revision

At its April 2008, the Council adopted for analysis a set of alternatives to revise the crab rationalization program. The primary focus of these alternatives is the reduction or elimination of processor shares from the fisheries. Given the radical restructuring of interests in the fishery suggested by the alternatives, the analysis of alternatives must be extensive. In addition, each alternative, including the status quo, contain a variety of options that could mitigate possible effects of the program or of removing processor shares from the fisheries. In some cases, multiple options could be chosen. As a result, the motion creates far more than three alternatives.

Although a sequential analysis of the alternatives can avoid some redundancy in the analysis, without reducing the number and variety of alternatives, the analysis is likely to be unwieldy and could require an extended period of time for completion. To avoid this delay, the Council could choose instead to undertake a process of culling the alternatives based on preliminary analyses. This paper attempts to outline the alternatives proposed by the motion. The paper also suggests preliminary analyses of options that may be prioritized. If the Council wishes, it could elect to remove certain options or alternatives at without further analysis; however, any revision of the alternatives should be supported by a clearly articulated rationale.

The Council has identified the following draft purpose and need statement, which should be used to guide its selection of alternatives for analysis, as well as any selection of a preferred alternative:

> **Purpose and need statement:**
> The Bering Sea/Aleutian Islands (BSAI) Crab Rationalization Program is a comprehensive approach to rationalize an overcapitalized fishery in which serious safety and conservation concerns needed to be addressed. Conservation, safety, and efficiency goals have largely been met under the program. Many aspects of the program are complex. Moreover, unintended consequences have occurred through rapid consolidation. Dependencies on the binding arbitration system and inadequate data have complicated the implementation and assessment of this program beyond the Council's expectations at the time of development. The current rationalization program requires government monitoring and enforcement of many aspects of fishery operations that are typically, and perhaps more appropriately, managed through private negotiation and contractual agreements.
>
> Experience under the BSAI Crab Rationalization Program has made apparent the need to analyze alternatives to status quo to achieve: a higher level of competition and efficiency in the processing sector; in-season flexibility; entry-level investment opportunities for active participants; and retention of rents by active participants. Elements of the program that have failed to provide anticipated benefits, such as some community protections, need to be recognized and re-crafted to reduce complexities and uncertainties experienced under the program.

The remainder of this paper outlines the alternatives are created by the Council motion. The motion is structured with 3 numbered alternatives: 1) status quo 2) removal of all IPQ from all fisheries and 3) reduction of IPQ in the Bristol Bay red king crab and Bering Sea *C. opilio* fisheries and the removal of all IPQ from all other fisheries. Although this numbering is retained in this document, because the motion includes options that are not mutually exclusive, it is possible that through the selection of certain combinations of options, other alternatives could be constructed. In revising the alternatives, these interactions among options should be kept in mind.

Alternative 1

Alternative 1 - Status quo
This alternative maintains 90/10 A share/B share split and all other aspects of the current program.

Alternative 1A Status quo with vessel use caps in the two largest fisheries
This alternative maintains 90/10 A share/B share split and all other aspects of the current program. In addition, the alternative applies poundage vessel caps in the Bristol Bay red king crab and Bering Sea *C. opilio* fisheries that are a specific percentage of the average median vessel harvest or the average of the four largest vessel harvests in the first three years of the program. The motion specifically provides:

> *Impose a fixed vessel use cap on all vessels fishing C. opilio and Bristol Bay red king crab IFQs (cap would apply to vessels fishing inside or outside of cooperatives).*
>
> > *Vessels are subject to use caps equal to the following poundage threshold, determined by fishery and season, averaged across the 2005/2006, 2006/2007, and 2007/2008 seasons:*
> >
> > 1) *150 percent of the median vessel harvest (in pounds)*
> > 2) *200 percent of the median vessel harvest (in pounds)*
> > 3) *300 percent of the median vessel harvest (in pounds)*
> > 4) *the average of the highest four vessel harvests (in pounds)*

Based on analysis in the three year review, these options would result in the following caps amounts:

BBR

Season	Median vessel harvest		Average of highest four vessel harvests	
	as percent of total allocation	in pounds	as percent of total allocation	in pounds
2005-2006	0.85	140,698	3.90	643,007
2006-2007	1.05	146,374	3.27	453,476
2007-2008	1.22	222,838	3.57	654,402
Average	1.04	169,970	3.58	583,629
Vessel Cap	150 percent of median vessel harvest			254,955
	200 percent of median vessel harvest			339,941
	300 percent of median vessel harvest			509,911
	Average of highest four vessel harvests			583,629

BBS

Season	Median vessel harvest		Average of highest four vessel harvests	
	as percent of total allocation	in pounds	as percent of total allocation	in pounds
2005-2006	1.05	349,851	3.59	1,192,020
2006-2007	1.19	389,008	4.14	1,352,638
2007-2008	1.08	611,366	3.27	1,853,105
Average	1.11	450,075	3.66	1,465,921
Vessel Cap	150 percent of median vessel harvest			675,113
	200 percent of median vessel harvest			900,150
	300 percent of median vessel harvest			1,350,225
	Average of highest four vessel harvests			1,465,921

Analysis of vessel caps could be prioritized

Alternative 2

Alternative 2 as specified in the Council motion would remove all PQS and IPQ from all fisheries. The motion suggests several alternatives, since elements and options may be selected in a variety of combinations. Specifically, those alternatives may be structured as follows:

Alternative 2A – **Remove PQS from all fisheries**
WITHOUT compensation to PQS holders
WITHOUT regionalization

C share redesignation option:

Increase C shares to between 6 percent to 33 percent of the QS pool using redesignation of owner QS

Apply redesignation:

To owner QS at a time certain
To owner QS at the time of transfer
To PQS (expanding the QS pool) at a time certain

The Council should note that this broad range of allocations and the options for defining redesignation effectively create several alternatives, as the differences in effects across this range could be very dramatic – The Council should note that this broad range of allocations effectively creates several alternatives, as the differences in effects across this range could be very dramatic – at relatively low levels, the C share QS allocations would continue to provide most of their holders with a minor interest in the fishery that could be used to demonstrate a long term interest to an employing vessel – at larger percentages, the C share pool would provide holders with control of a substantial portion of the fishery, changing the role of C share holders in the fishery - the distribution of C share holdings could depend on the magnitude of the share conversion and the timing of the conversion (on transfer or at time certain)

In the event the Council elects to redesignate QS and/or PQS as C share QS, the most direct way to specify its program modification might be to use a provision such as the following:

Increase the proportion of C shares from 3 percent to ___ percent of the QS pool.

The increase shall be achieved by the redesignation of catcher vessel owner QS and/or PQS. The redesignation shall occur such that the increase in C share QS is derived from catcher vessel owner QS shares and PQS conversion in the following proportion ___ percent catcher vessel QS/___ percent PQS.

The conversion shall occur over a period of ___ years with share conversion equally distributed across every (every other or every third) year.

Limits on floating processors or catcher processor processing

a) Require all processing (except of CP shares) to occur in at community dock
b) Require all processing by CPs (except of CP shares) to occur at a community dock

The authority for these limitations should be examined – constraints on the use of floating processors under a) effectively creates an additional alternative

Option:
Apply vessel caps in the Bristol Bay red king crab and Bering Sea *C. opilio* fisheries **(see above)**

Alternative 2B - Remove PQS from all fisheries
WITHOUT compensation to PQS holders
WITH regionalization

Option: Apply regionalization based on:
a) current designations
b) equally to all QS
Distribution options could be analyzed for December

Option: with modified arbitration system **The Council should note that the inclusion of the arbitration application of the arbitration to regionalized shares has not been developed. The alternative including the arbitration program cannot be analyzed until that application is developed. In addition, it should be noted that one objective of this action is to simplify the rationalization program. The inclusion of a revised arbitration program could be viewed as inconsistent with that objective. On the other hand, if the arbitration system is imperative for avoiding disputes or arriving at fair pricing, the Council could include it in the alternatives. On the other hand, the development of the arbitration system should be prioritized, if the Council wishes to include it as an alternative to avoid an extended delay of this action.**

Option:
Increase C shares to between 6 percent to 33 percent of the QS pool using redesignation of owner QS – **The Council should note that this broad range of allocations effectively creates several alternatives, as the differences in effects across this range could be very dramatic**

Option:
Apply vessel caps in the Bristol Bay red king crab and Bering Sea *C. opilio* fisheries (see above)

Alternative 2C – Remove all PQS from all fisheries
WITH FINANCIAL compensation to PQS holders and
WITHOUT regionalization

PQS buyback landing fee

The annual rate paid by harvesters is to be no more than 5 percent of ex-vessel value, which is also the statutory rate cap for the fishing capacity reduction program in the BSAI crab fisheries.

Options: The total compensation per unit of PQS removed from a fishery shall not exceed

1) 0.75
2) 1.0
3) 1.5
4) 2.0
5) 2.5
6) 5.0
7) 7.0

multiplied by the average ex-vessel price per pound (by fishery and region) standardized to PQS units, averaged across the most recent 3 seasons. Since PQS is to be removed from the fishery, not IPQ, standardization to PQS units is necessary.

Suboption a) Select a single maximum multiplier to be applied in all fisheries to which this provision may be relevant.

Suboption b) Select a distinct maximum multiplier for each individual fishery to which this provision may be relevant.

This option will require Congressional authorization and would likely take several years to implement
Estimation of compensations amounts could be prioritized

C Share Option

Increase C shares to between 6 percent to 33 percent of the QS pool using redesignation of owner QS – **The Council should note that this broad range of allocations effectively creates several alternatives, as the differences in effects across this range could be very dramatic.**

Limits on floating processors or catcher processor processing

a) Require all processing (except of CP shares) to occur in at community dock

b) Require all processing by CPs (except of CP shares) to occur at a community dock

The authority for these limitations needs to be examined – constraints on the use of floating processors under a) effectively creates an additional alternative

Option:
Apply vessel caps in the Bristol Bay red king crab and Bering Sea *C. opilio* fisheries (see above)

Alternative 2C – Remove all PQS from all fisheries
WITH SHARE compensation to PQS holders and
WITHOUT regionalization

Processor compensation with owner QS –

Analyze different ratios for assigning PQS as CVO QS based on the following ratios. Each crab fishery may have a different conversion ratio. These ratios are based on rough estimates of the relative value of each PQS to CVO QS. This range could be expanded or modified based on further analysis.

a) 1 PQS unit =- 0.5 CVO QS unit
b) 1 PQS unit =- 0.4 CVO QS unit
c) 1 PQS unit =- 0.3 CVO QS unit
d) 1 PQS unit =- 0.2 CVO QS unit
e) 1 PQS unit =- 0.1 CVO QS unit
f) 1 PQS unit =- 0.075 CVO QS unit

***Option:** Regional Designation (different suboptions may apply to each fishery).*
Suboption a) Assign regional designations to converted CVO QS
Suboption b) Do not assign regional designations to converted CVO QS.

The analysis of conversion amounts could be prioritized

The different options contained in this section would result in the following percentages of the CVO QS pool being allocated to processors as compensation for the revocation of all PQS (and IPQ):

Fishery	CVO QS per unit of PQS					
	0.5	0.4	0.3	0.2	0.1	0.075
Bristol Bay red king crab	33.9	29.1	23.5	17.0	9.3	7.1
Bering Sea C. opilio	36.1	31.2	25.3	18.5	10.2	7.8
Eastern Aleutian Islands golden king crab	22.7	19.0	15.0	10.5	5.6	4.2
Eastern Bering Sea C. bairdi	35.4	30.5	24.8	18.0	9.9	7.6
Pribilof red and blue king crab	34.1	29.3	23.7	17.1	9.4	7.2
St. Matthew Island blue king crab	34.3	29.4	23.8	17.3	9.4	7.3
Western Aleutian Islands golden king crab	40.0	34.8	28.6	21.1	11.8	9.1
Western Aleutian Islands red king crab	45.8	40.4	33.7	25.3	14.5	11.3
Western Bering Sea C. bairdi	35.4	30.5	24.8	18.0	9.9	7.6

C Share Option

Increase C shares to between 6 percent to 33 percent of the QS pool using redesignation of owner QS – **The Council should note that this broad range of allocations effectively creates several alternatives, as the differences in effects across this range could be very dramatic**

Limits on floating processors or catcher processor processing

a) Require all processing (except of CP shares) to occur in at community dock

b) Require all processing by CPs (except of CP shares) to occur at a community dock

The authority for these limitations needs to be examined – constraints on the use of floating processors under a) effectively creates an additional alternative

Option:

Apply vessel caps in the Bristol Bay red king crab and Bering Sea *C. opilio* fisheries (see above)

Alternative 2D – Remove all PQS from all fisheries

WITH compensation to PQS holders and

WITH regionalization

Processor compensation options:

a) PQS buyback landing fee –

The annual rate paid by harvesters is to be no more than 5 percent of ex-vessel value, which is also the statutory rate cap for the fishing capacity reduction program in the BSAI crab fisheries.

Options: The total compensation per unit of PQS removed from a fishery shall not exceed

1) 0.75

2) 1.0

3) 1.5

4) 2.0

5) 2.5

6) 5.0

7) 7.0

multiplied by the average ex-vessel price per pound (by fishery and region) standardized to PQS units, averaged across the most recent 3 seasons. Since PQS is to be removed from the fishery, not IPQ, standardization to PQS units is necessary.

Suboption a) Select a single maximum multiplier to be applied in all fisheries to which this provision may be relevant.

Suboption b) Select a distinct maximum multiplier for each individual fishery to which this provision may be relevant.

This option will require Congressional authorization and would likely take several years to implement

b) Processor compensation with owner QS –

Analyze different ratios for assigning PQS as CVO QS based on the following ratios. Each crab fishery may have a different conversion ratio. These ratios are based on rough estimates of the relative value of each PQS to CVO QS. This range could be expanded or modified based on further analysis.

a) 1 PQS unit =- 0.5 CVO QS unit
b) 1 PQS unit =- 0.4 CVO QS unit
c) 1 PQS unit =- 0.3 CVO QS unit
d) 1 PQS unit =- 0.2 CVO QS unit
e) 1 PQS unit =- 0.1 CVO QS unit
f) 1 PQS unit =- 0.075 CVO QS unit

***Option**: Regional Designation (different suboptions may apply to each fishery).*
Suboption a) Assign regional designations to converted CVO QS
Suboption b) Do not assign regional designations to converted CVO QS.

Option: with modified arbitration system **The Council should note that the application of the arbitration to regionalized shares has not been developed – this alternative cannot be analyzed until that application is developed.**

Option: Apply regionalization based on:
a) current designations
b) equally to all QS

C share Option (creates additional alternative):
Increase C shares to between 6 percent to 33 percent of the QS pool using redesignation of owner QS
The Council should note that this broad range of allocations effectively creates several alternatives, as the differences in effects across this range could be very dramatic
Option: Apply regionalization to C shares based on:
a) current designations
b) equally to all QS

Limits on floating processors or catcher processor processing option
a) Require all processing (except of CP shares) to occur in at community dock
b) Require all processing by CPs (except of CP shares) to occur at a community dock
The authority for these limitations needs to be examined – constraints on the use of floating processors under a) effectively creates an additional alternative

Apply vessel caps in the Bristol Bay red king crab and Bering Sea *C. opilio* fisheries

Alternative 3

Alternative 3, as specified in the Council motion, differs from Alternative 2 in that PQS are retained in the two largest fisheries at a reduced level.

As specified, this alternative suggests that the Council has decided that a reduction of IPQ (to 70 or 80 percent) in the other smaller fisheries is not a feasible option or would not address Council intent in the purpose and need statement. If the Council elects to develop alternatives to consider IPQ reductions in these other fisheries, it could consider whether those provisions would apply to all of the smaller fisheries (or only a subset of the smaller fisheries).

In the smaller fisheries, the alternatives are as specified for Alterative 2 above. While the layout in the motion does allow the alternatives to be consolidated by incorporating provisions in alternatives 2 and 3 through components, the analysis must consider the interactive effects among the different options for the different fisheries. If the Council wishes to streamline the analytical and implementation process grouping of options, by assuming that the same options will be selected for all fisheries.

In addition, for the Bristol Bay red king crab and Bering Sea *c. opilio* fisheries, several options could be used to reduce the IPQ allocations, including reducing the 90/10 A share/B share split, increasing the C share pool (since C share IFQ are exempt from IPQ landing requirements), capping the annual IPQ allocation at a threshold amount, and voluntary merging of QS and PQS to form "B share QS". The alternatives can be simplified, if the Council either uses these options only independently of one another or limits the combinations of options that it would like to consider. Currently, an unmanageable set of combinations exists.

Suboption: Do not remove regionalization in other fisheries (where PQS is removed).

Option 1) Increase the proportion of B class IFQ (individual fishing quota) for owner shares in the *C. opilio* and Bristol Bay red king crab fisheries. Change the A/B split to

a) 80/20.

Suboption: regionalize additional B shares

b) 70/30.

Suboption: regionalize additional B shares

Option 2) Increase the proportion of C share quota in the *C. opilio* and Bristol Bay red king crab fishery. Change the 3 percent C share allocation to

a) 6 percent
b) 8 percent
c) 11 percent
d) 14 percent.
e) 25 percent
f) 33 percent.

Suboption: Regionalize additional C shares created

Suboptions: Use the following mechanism to achieve the increase:

i) A pro-rata reduction in owner shares (distributed over a period not to exceed 5 years) to create C shares available for active participants to purchase. Owner share holders

who meet active participation requirements would be able to retain their converted C shares.

ii) A percentage re-designation of owner shares to C shares at the time of each transfer. The purchasing owner is required to comply with the active participation definition or divest of the C shares.

It should be noted that the options for redesignation of shares in the Bristol Bay red king crab and Bering Sea *C. opilio* fisheries do not include redesignation of PQS as C share QS.

Option 3) Establish IPQ thresholds. The amount of IPQ (individual processing quota) issued in any year shall not exceed,

Suboption a) in the *C. opilio* fishery,

ii) 26 million pounds.

iii) 45 million pounds.

iv) 64 million pounds.

v) 112 million pounds.

vi) 157.5 million pounds (status quo).

Suboption b) in the Bristol Bay red king crab fishery,

i) 12 million pounds.

ii) 15 million pounds.

iii) 18 million pounds (status quo).

Option 4) Allow harvesting quota holders to purchase PQS in the *C. opilio* and Bristol Bay red king crab fisheries as a means to increase the percentage of B designated owner shares through market transactions.

Increased level of B shares would be distributed to the purchasing parties (individuals or cooperatives). Allow a variable A/B share split by quota holder to reflect the buyers' purchases of PQS.

Suboption: Additional B shares would be subject to regionalization requirements.

This provision is unlikely to result in much, if any, share conversion, since a person must hold both QS and PQS to exercise the redesignation and once shares are redesignated, a person would lose the flexibility that allows the separate uses of IFQ and IPQ. It also could create antitrust concerns, if a processor with substantial QS holdings and no PQS holdings attempts to use the provision to establish itself as "non-affiliated" with a PQS holder. The provision also would complicate administration of the program by creating a new share type (catcher vessel owner Class B QS).

AGENDA C-2(c-f)
Supplemental
OCTOBER 2008

Alaska Crab Coalition
3901 Leary Way N.W. Suite #6
Seattle, Washington 98107
206.547.7560
Fax 206.547.0130
[illegible]

September 24, 2008

Mr. Eric A. Olson, Chairman
NPFMC
605 West 4th Avenue
Anchorage, Alaska 99501-2252

RE: Agenda Item, C 2(c) BSAI Crab Program 3-Year Review Report---
Post-Rationalization Restructuring of Commercial Crew Member Opportunities
(Draft Report, NMFS/AFSC, September 12, 2008)

ACC has reviewed the above named draft NMFS/AFSC report and is very concerned about perceptions this interview-based qualitative report provides to the public about various aspects of the crab program The ACC is somewhat aghast that this rather negative commentary should be released by NMFS at the same time that NMFS/AKR Glenn Merrill has recently submitted an overall, very positive performance-based progress report to the NPFMC Crab Plan Team at their meeting in Seattle. This report has been accepted by the Team for inclusion in the 2008 SAFE document.

In addition the ACC has reviewed the NPMFC Three-Year Review of the Crab Rationalization Management Program for BSAI Crab Fisheries and we have found considerable references to positive developments for sustainable and cost effective fisheries management. ACC comments on the Three-Year Review are provided in a separate public comment for this agenda item.

1. I would first of all question the need to release a preliminary qualitative analysis to the public about crew opportunities based upon anonymous interviews with crewmen and with others that have not been crab fishing. This report should have been peer-reviewed by the Crab Plan Team before release.

2. I would suggest renaming the report so the reader knows what the content and intent of the report is. Based on questions and responses from Felthoven and Garber-Yonts at a PNCIAC sponsored workshop on September 22nd in Seattle, it is my understanding that this report is a qualitative list of comments from crew members and anonymous other persons about the crab program, with the intent that it can be used to help focus future research about crew involvement in the crab program. "Restructuring" is a confusing

misnomer. I would suggest developing a new title and including a typical abstract at the beginning of the paper to clearly describe the content and intended use of the report A suggested title would be: **"Post Rationalization Observations and Comments of Commercial Crew Members in Bering Sea and Aleutian Islands Crab Fisheries."**

3. In the one section where you have used actual data, the state-by-state comparison of vessel participation, pre and post rationalization, the way in which you have used the data raises questions for the ACC. On one hand you reference an AK DOL Economic Trends (December 2006, Robinson and Gilbertsen) analysis of fishing jobs to substantiate your estimate of 6 jobs per boat in the BSAI fisheries, however, you disregard the DOL estimate of total jobs and come up with an estimate that grossly surpasses the DOL estimate. Your estimate is 1076 jobs (from Knapp and Lowe 2006).

4. In figure 1. (page 15) the authors show a breakdown of BSAI crab vessels by State, that is similar to the numbers that ACC and the BSAI cooperatives found in its analysis of the fleet in 2007. This is a valid methodology for a realistic estimation of seasonal crab job loss. You have the information in the table to show the job loss per state, however, you do not take the state-by-state vessel participation numbers and carry through with showing the number of boats not participating and the number of jobs lost per state and the percentage of the whole that each state represents. For Alaska, using your numbers and an average of 6 jobs per boat, you will find that for Alaskan boats, 36 boats did not fish BSAI crab in 2006, a loss of 216 crab jobs, and 21% of the total crab jobs lost. For Washington, 107 boats did not fish crab, a loss of 642 crab jobs, and 62.5% of the total jobs lost; Oregon, 12 boats did not fish crab, for 72 crab jobs lost, and 7% of the total jobs lost. The total jobs lost from the table using your hard numbers is 930.

The authors have not carried the analysis of the number of boats actually fishing to an arithmetic conclusion, that would show the breakout for the Pacific Northwest and Alaska region on seasonal crab jobs lost state by state. **However, they note in the geographic distribution section that "it appears that crab vessels often hire crew in the home locations of the vessels, more so than at crab ports or through advertising (page 14). Also, "Our research results indicate the primary importance of social networks in crew employment processes. Consequently we can make the claim that generally speaking much crew hiring is done where the vessel, and likely the captain are based (page 15). Thus, position loss would be high where vessel numbers are high. Figure 1 shows that the largest concentration of vessels and thus probably the largest concentration of crew jobs, both available and lost, are based in Washington state. The Seattle area in particular likely absorbed the highest number of crewmen losing their positions (Lewis 2005)." (Page 15)**

Concluding comments state that: "Proportionately, however, as shown in Figures 2 and 3, the geographic distribution of vessel participation in BSAI crab fisheries, and thus likely of crew opportunities, remains virtually identical to the pre-rationalization distribution. The implication is that crew job losses were not disproportionately distributed between the states (page 15)."

A persistent issue with the BSAI Crab Program that is abetted by the analysts not using the vessel data to clearly state job loss estimates by state, is that some Alaskan crewmen, continue making exaggerated claims to the State of Alaska and to the NPFMC about crew job loss. Crew member statements have led **to the misrepresentation that 1,000 or more of the lost crab jobs were Alaskan jobs. This is occurring at the same time crew members are advocating for a substantial reallocation of Quota Share from boat owners to the crew. Without clarification that fully two-thirds of the jobs lost were Washingtonian jobs, this new report will be used to perpetuate the misrepresentation that Alaska has suffered the bulk of the jobs lost and a reallocation to the crew is a way for Alaskans to be compensated.**

5. Another issue discussed in the report that the ACC has investigated in its analysis, is the subject of post rationalization crab vessel participation in other fisheries and participation in multiple fisheries (pps. 41-42). You recognize crew member participation in other fisheries and multiple fisheries, but there seems to be a bias regarding extended seasons (which reduce fishing pressure and localized depletion) interfering with crewmen participating in other fisheries. Here the report should include a reality-based discussion that illustrates how the bulk of the crab boats no longer fishing crab, are still fishing in other fisheries and still providing fishing, tendering and charter work, primarily in the waters off the coast of Alaska and providing economic benefits to coastal communities. (See attached ACC analysis of state-by-state vessel-based job loss analyis, submitted to the NPFMC, February 6, 2007)

6. Page 12, Table 4: This information includes buyback vessels which were removed from the crab fisheries prior to implementation of the crab rationalization program. There were 24 boats bought out in the Buyback program or about 144 crew. **(This issue clarified in footnotes, page 13, revised report of September 15, 2008).** In addition approximately 40 of the boats that fished red crab were Pollock trawlers that crossed over to red crab. These jobs did not go away, they simply went to Pollock and cod. That is another 240 jobs that were not truly lost. If you want to look at what a true crab boat is, you must look at opilio. There were 169 opilio vessels in 2005 before rationalization. The next year after rationalization there were 78 vessels fishing opilio. The amount of consolidation you show in your report is based on faulty information. Again, the opilio crab fishery has always been where the true crabbers are. The Bristol Bay red king crab fishery has always attracted boats that are in multiple fisheries and do not depend on crab for a substantial portion of their income.

7. Discussion on page 13 is faulty I think as the effort per day you talk about ignores the fact that the catch per pot has gone from an average of 143 crab per pot (2000-2005) but has averaged 292 per pot after rationalization. For red crab, 17 crab per pot was average pre rationalization (1999-2004) and has averaged 29 post rationalization (2005-2007). This data is from Crab Safe reports. This is a big deal from the crews perspective (and extremely positive for crab rationalization) and should not be left out of your report.

8. Another issue not mentioned in your report is the fact that crew very rarely were able to make their way up from deck to being an owner of a boat. With rationalization it is

now easier for crew to not only own IFQ (as the investment amount is much smaller) but it is also easier for crew to buy a boat as there are now boats for sale for reasonable prices. As a matter of fact there are a handful of skippers who have done just that, went out and bought a boat with little or no IFQ owned and made a go of it. This would have been very difficult prior to rationalization and much more risky.

Arni Thomson, Executive Director

Alaska Crab Coalition
3901 Leary Way N.W. Suite #6
Seattle, Washington 98107
206.547.7560
Fax 206.547.0130
accrabak@earthlink.net

September 24, 2008

Mr. Eric A. Olson, Chairman
NPMFC
605 West 4th Avenue, Suite 306
Anchorage, AK 99501-2252

RE: Agenda Item C-2 (c) ACC preliminary comments on BSAI Crab Program, Three-Year Review Report

The ACC wishes to provide several citations from the Three-Year Review of the Crab Rationalization Program for Bering Sea and Aleutian Islands Crab Fisheries that illustrate significant improvements in the safety of life at sea and sustainable biological management, the two priority reasons for development of the crab rationalization program. Although not addressed in these comments, it is worth noting that the Three Year Review also illustrates that preservation of harvesters, processors and communities historic investments and share of the revenue in the fisheries has also been maintained.

Citations:
Safety of life at sea has improved with rationalization: "Between 1991 and 1996, a total of 61 fatalities occurred in Alaska's crab fisheries, accounting for 42 percent of all commercial fishing-related fatalities in the state (NIOSH, 1997). During this period, the average annual fatality rate in the shellfish (primarily crab) fisheries in Alaska was 356/100,000/year, 50 times the overall U.S. occupational fatality rate of 7.0/100,000/year. Since the early 1990s, however, the number of fatalities in the BSAI crab fisheries has shown an overall downward trend (see Table 12-1). A progression of safety measures beginning in the early 1990s were implemented by the USCG. In particular, these safety requirements contributed to a substantial increase in the percentage of the commercial fishermen surviving vessel sinking and capsizing. (Review, pps. 110-111)

However, Table 12-1 in the review shows that fatalities in the BSAI crab fisheries continued from 1996 through March 31, 2005, prior to implementation of the program and averaged 3 per year. "In the first three years of the program, there have been no fatal events in the program fisheries." (Review, page 111)

"Fishery participants report that the exclusive allocations (ITQs) under the program have reduced the pressure to risk unsafe weather or sea conditions by removing the need to

compete for a share of the available catch of crab. In the first year of the program, for example, some boats chose to remain in port or other areas for three days after the Bristol Bay red king crab season opened because of bad weather. The vessels left for the fishing grounds only after weather and sea conditions improved.

In addition, to affecting capatains'decisions to fish or not on a given day, the program has affected decisions made on the grounds that enhance safety in the program fisheries. In particular, captains allow crews to get more rest during fishing trips. Prior to rationalization, compression of fishing activity during a season to just a few days in a race-for-fish scenario meant that crewmembers worked around the clock, which created extreme fatigue and increased the likelihood of accidents (Matulich, 2008). The exclusive allocations and extended season under the program have allowed captains to slow fishing, thereby allowing crews more (and more regular) rest than in the derby fishery. Vessels stop working during this rest period and "jog" in a safe, low fuel consumption mode or transit between strings of pots. By reducing fatigue among crewmembers, this daily sleep can be critical to crew safety." (Review page 112)

Extended fishing seasons reduce fishing pressure on the stocks: Under the new Crab Program, "the season length has extended considerably, thereby slowing the pace of fishing and allowing fishermen to improve sorting methods, including sorting of catch by the gear and sorting on deck." (Review, p. 119). "Longer seasons benefit the crab stocks by reducing the pressure associated with derby-style fishing, and allowing time for improving handling methods and sorting of crab at sea which should improve the survivability of crab bycatch." (Review, page 121)

Exclusive allocations, ITQs, improve the net benefits to the region and the nation: "Under the rationalization program, since allocations are exclusive, participants do not need to race to prevent others from preempting their catch. To improve returns from the fisheries, participants have an incentive to reduce costs. The most obvious means of reducing costs is fleet consolidation, which is demonstrated by the removal of vessels from the fisheries. Stacking quota on fewer vessels can save on costs not only of captital, but also on maintenance, insurance, crew, fuel, and other variable input costs. Stimulated by fuel price increases throughout the first three years of the program, (from $2.56 per gallon, August 15, 2005, to as high as $4.33 per gallon on May 12, 2008, a 69 percent increase; U.S. Energy Information Commission) several participants in the fisheries have reported that the exlusive allocations have allowed them to reduce vessel speed to conserve fuel without risking loss of catch." (Review, page 36)

Less overall pots used and increased catches per pot: "The pot usage and pot catches in the fisheries suggest vessels are using the flexibility provided by exclusive allocations and extended season to save on operating costs in the fisheries (see Table 4-22). In the first three years of the program, the number of registered pots per vessel remained constant or increased in all fisheries, while the total number of registered pots in each fishery declined or remained constant. Prior to implementation of the program, pot limits constrained pot usage in some fisheries. Those limits were relaxed (and this spring the

Board of Fisheries removed the limits in the Bristol Bay king and Bering Sea tanner and snow crab fisheries), allowing vessels to choose the number of pots to use to increase operational efficiency. With fewer vessels in the fisheries, fewer pots may be used in total, with some vessels using more pot and pulling those pots more times each season. Vessels are believed to have increased soak times through slowing the pace of fishing and allowing pots to fish during periods when deliveries are made. These increased soak times are believed to have contributed to the increased catch per unit of effort observed in most fisheries in the first three years of the program." (Review, page 36)

Table 4-22 shows a 65% increase in CPUE for the snow crab fishery in the first three years of the program, a 27 % increase in the Bristol Bay red king crab fishery and respectively, a 117 % and a153 % increase in the Eastern and Western Aleutian Islands golden king crab fishery.

"Experimental studies have shown that longer soak times, in conjunction with the required pot escape mechanisms, are likely to increase the proportion of legal versus non-legal crabs caught in the fishery (Barnard and Pengilly 2006, cited in Three-year review, page 120).

The Board of Fisheries adopted regulations in 2005 that allow cooperative gear sharing amongst registered vessels. This too reduces fuel costs for transporting gear to and from the fishing grounds and can reduce "rail dumping of crab" when vessels have caught their allocation. (Review, page 119).

Total allowable catches (TACs) have not been exceeded: "Catch in excess of the harvest targets was difficult to prevent in the derby-style fisheries that predated the crab rationalization program. Even with good in-season assessment and catch reporting, catches can change rapidly and a large efficient fleet can quickly surpass a harvest target when they locate high concentrations of crab. Since the implementation of the crab program, the total allowable catch (TAC) for these target fisheries has never been exceeded (Table 13-1). (Review, page 115)

PNCIAC and industry cooperatives solve ADF & G high grading concern: "High grading is the sorting through legal crab for the most valuable (typically the largest and cleanest) crab, and discard of the remaining legal crab to ensure that only the highest-priced portion of the catch is landed and counted against the IFQ. Some of this discarded crab dies. This can lead to additional fishing mortality of legal males in excess of IFQ allocations. High grading is an environmental concern because it may alter stock composition and hinder the reproductive capabilities by removing only the largest, cleanest crab. The large, clean crab are thought to be the most successful at mating. High grading may affect mortality of female and and sublegal crab, if more pot lifts are required to catch the TAC.

During the first year under rationalization of the Bristol Bay red king crab fishery, the number of legal male crabs captured during the fishery and subsequently discarded was dramatically higher than discard rates in previous years (Table 13-3), and represented

approximately 20 percent of legal male red king crab caught. ADF & G identified concerns about resource sustainability under their harvest strategy.

In an effort to address the biological concerns raised by ADF & G, industry instituted a number of voluntary proposals to address the issue of discards. Under the organization of the Pacific Northwest Crab Industry Advisory Committee (PNCIAC), a number of proposed solutions were offered in a discussion paper, and subsequently adopted by PNCIAC members (PNCIAC 2006). Crab industry harvesters, processors, and cooperative members pledged to adopt a series of strategies and tactics to address discards of legal and non-legal crab. Industry members agreed to improve retention of legal size crab to the level of the pre-rationalized fishery in the years 1999-2004, and to reduce bycatch of females and sublegal males. In addition, beginning in the 2006-2007 season, most harvesters and processors changed their pricing structure to reflect their support for a full retention policy, and moved to a single price that does not distinguish for shell condition, in order to remove the incentive to high grade.

ADF & G reacted to the 2005-2006 discard issue by downwardly adjusting the TAC determination for the 2006-2007 season, thus resulting in an economic penalty for the share holders in that season. As discarding of legal males did not occur on a similar scale in 2006-2007, no further downward adjustment was made for the 2007-2008 season (Vining and Zheng 2008, cited in Review, page 116-117).

High grading and an increase in discard rates have not been an issue in fisheries or seasons, other than the 2005-2006 Bristol Bay red king crab season (Table 13-3). New shell condition is particularly important in the Bering Sea C bairdi and Bering Sea C. opilio fisheries, and in addition the C. opilio fishery has a strong selectivity for males with a 4 inch or greater carapace width, dut to processors standards for delivered crab, although the legal size is 3.1 inch carapace width. However the harvest strategies for both fisheries account for these selectivities and the resulting bycatch in setting the harvest rate (NMFS 2004)." (Review, page 117)

Deadloss: Deadloss is the amount of dead crab landed at the dock. All deadloss is discarded, because it cannot be sold. As long as all deadloss is landed, it is an economic problem rather than a biological problem because deadloss is deducted from the TAC. Deadloss in the Bristol Bay red king crab and the Aleutian Islands golden king crab fisheries has decreased post-rationalization, compared to the seasons immediately preceeding the implementation of the program (Table 13-2. In the Bering Sea C. opilio fishery, the rate of deadloss is comparable to that which occurred in the two most recent years before rationalization. (Review, page 116)

Spatial and temporal distribution of catch: "Under the program, the spatial distribution of catch in the Bristol Bay red king crab fishery has diversified..".....Dispersing the fishery both geographically and temporarily will reduce any localized fishing pressure impacts on the crab stocks." (Review, p. 121)

Although fishery catch information for the snow crab fishery is inconclusive at this time, localized depletion and excessive pressure on the stocks is not presently a management concern (Review, page 122). Anecdotal information from owners and operators of vessels involved in the Aleutian Islands golden king crab fishery indicate that the fleet is much more spread out than in the pre-rationalized fishery.

Lost pots and ghost fishing of pots has decreased: Lost pots have decreased dramatically with rationalization. Estimates of 10-20 percent of registered pots per year were lost in recent pre-rationalization years (NPFMC 2007; Review, p. 120) Over the last two years, this has been reduced to 1 to 1.4 percent of total registered pots. (Review, page 120). Total pots used has been dramatically reduced. (Review, Table 4-22, page 37).

Management costs and cost recovery fees have decreased: Under the Council motion adopting the program and the MSA, NOAA Fisheries collects fees to pay for the costs of management (including enforcement) arising out of the program. The fee is charged as a percentage of the ex vessel landing value of each landing. The fee is split equally between harvesters and processors. For the first three years of the program the fee percentage was set at the maximum level, 3 percent of ex vessel value. NOAA Fisheries has lowered the fee percentage for the 2008-2009 season primarily because the 2007-2008 costs were about half of their levels in prior years. Lower costs were realized through staffing vacancies, multi-year contracts included in prior year costs, and more efficient use of staff time as NOAA Fisheries staff developed familiarity with the program. Costs have been reduced from $4.2 million to $2.1 million in 2007-2008. (Review, page 110)

New scientific information indicates exclusive allocations, catch shares, can prevent fisheries collapse: "Can Catch Shares Prevent Fisheries Collapse?" Christopher Costello, Steven D. Gaines, John Lynham; Science, September 19, 2008, Volume 321, pps. 1678-1681 (the subject of recent articles in the Los Angeles Times, Sept. 18, and Seattle Times, Sept. 19, 2008).

In the abstract of the Science article, the authors state: "Recent reports suggest that most of the world's commercial fisheries could collapse within decades. Although poor fisheries governance is often implicated, evaluation of solutions remains rare. Bioeconomic theory and case studies suggest that rights-based catch shares can provide individual incentives for sustainable harvest that is less prone to collapse. To test whether catch-share fishery reforms achieve these hypothetical benefits, we have compiled a global database of fisheries institutions and catch statistics in 11,135 fisheries from 1950 to 2003. Implementation of catch shares halts, and even reverses, the global trend toward widespread collapse. Institutional change has the potential for greatly altering the future of global fisheries." (Science, p. 1678)

In the Los Angeles Times article of September 19, 2008 about the new study, one of the authors, C. Costello said "he was surprised to find that the data showed such clear support for a fundamental tenet of resource economics: a change in incentives can remove the motivation to outcompete someone else and switch to longer-term conservation."

In closing the, ACC attaches the NMFS Alaska Region, report to the Crab Plan Team, on September 18, 2008, "Background on Crab Rationalization Program," an evaluation of the crab rationalization program noting performance trends over the last three years.

Arni Thomson
Executive Director
Alaska Crab Coalition

Crab Plan Team
Background on Crab Rationalization Program
NMFS Alaska Region

General Background

All nine major BSAI crab fisheries are managed under the crab rationalization program (Program), a limited access privilege program implemented on April 1, 2005. One of benefits expected to arise from the Program is ending the "race for fish," thereby allowing participants time to tailor their business operations to achieve the greatest market benefit, reduce costs, and improve safety.

The Program allocates exclusive harvesting and processing privileges to holders of transferable harvester quota share (QS), and processor quota share (PQS). QS and PQS are derived from historic harvesting and processing activities. NMFS issued QS to catcher vessel owners, catcher/processor owners, and crew. Most of the total QS issued went to catcher vessel owners. PQS was issued to historically active processors. QS and IFQ may be held only by U.S. citizens. PQS and IPQ are not subject to this restriction. QS and PQS can yield an annual harvesting individual fishing quota (IFQ) individual processing quota (IPQ), respectively.

Each year, ADF&G determines the total allowable catch (TAC) of the various crab fisheries, and NMFS allocates that TAC. First, NMFS allocates 10 percent of the TAC to the Western Alaska Community Development Quota (CDQ) Program which represents specific coastal communities adjacent to the Bering Sea and Aleutian Islands. The CDQ allocation is further allocated among six CDQ groups representing specific groups of communities. NMFS also allocates 10 percent of the TAC for the Western Aleutian Islands golden king crab fishery to a specific entity representing the community of Adak, which is managed similar to a CDQ group. Second, NMFS then allocates the remaining amount of the TAC to each qualified QS holder as IFQ. NMFS will issue IFQ to a QS holder only if they meet requirements to apply for IFQ by August 1 of each year, submit an annual economic data report, and pay required fees. Each year, harvesters can choose to assign their QS and resulting IFQ to a harvesting cooperative. A harvester cooperative must comprise at least four unique QS holders who are not affiliated with each other through more than a 10 percent direct or indirect ownership interest, or do not otherwise control each other.

The Program limits the amount of QS that any one person may hold, and the amount of IFQ that a person may use. These limits, commonly called use caps vary for each fishery, whether the QS is held by vessel owners or crew, and the nature of the QS/IFQ holder. For example, QS/IFQ holders that also hold PQS or IPQ are subject to a specific use cap, persons who hold QS or IFQ only another use cap, and CDQ groups who also hold QS and IFQ a different cap. The method for calculating the use cap differs for each of these three groups of QS/IFQ holders. The Program has a "grandfather exemption" that allows harvesters initially allocated more QS than the use cap to continue to hold their initially allocated QS, and use any resulting IFQ, above the use cap.

The Program also establishes limits on the amount of PQS a processor can hold and the amount of IPQ from that PQS that they can use. This limit is set at 30 percent of the initially allocated PQS pool. The Program has a grandfather exemption for processors over this use cap.

The Program also limits the amount of IFQ that can be harvested by a vessel. This use does not apply if all of the crab harvested by a vessel is derived from IFQ that is assigned to a cooperative.

Harvesters and processors can transfer their QS/IFQ and PQS/IPQ to other harvesters and processors respectively subject to limits on the amount transferred and the person eligible to receive the transfer. For example, a person cannot transfer crew QS/IFQ to a person who is not a valid crew member meeting specific requirements. Also, transfers are not approved if they would cause a person to exceed a use cap. The IFQ held by the cooperative can only be transferred to

other cooperatives, and IFQ not assigned to a cooperative can only be transferred to other non-cooperative IFQ holders.

Ninety percent of the IFQ derived from catcher vessel owner QS must be delivered to a processor holding IPQ. This type of IFQ is called Class A IFQ. Each year, harvesters and processors must match up their Class A IFQ and IPQ shares on a one-to-one basis. The remaining 10 percent of the IFQ issued to catcher vessel owners is called Class B IFQ and can be delivered to any processor without matching to a specific amount of IPQ. NMFS issues an amount of IPQ to each IPQ holder that is equal to the amount of Class A IFQ provided the PQS holder meets requirements to apply for IPQ by August 1 of each year, submit an annual economic data report, and pay required fees. For most crab fisheries, Class A IFQ and IPQ shares are also subject to requirements that they be delivered within specific geographic regions, known as regionalization.

Most crab fisheries, including the two largest crab fisheries, Bristol Bay red king crab and Bering Sea snow crab, are regionally designated for the North Region (i.e., north of 54° 20' N. lat.), or the South Region (i.e., any location south of 54° 20' N. lat.) based on historic delivery patterns. St. Paul is the only significant crab processing port in the North Region. Dutch Harbor (Unalaska), King Cove, and Kodiak are some of the larger crab processing ports in the South region. The Western Aleutian Islands golden king crab fishery is regionally designated with 50% of the Class A IFQ and IPQ for the West Region (i.e., West of 174 ° W. long.) and the remaining 50% is undesignated and may be delivered anywhere. The Eastern and Western tanner crab (*C. bairdi*) fisheries are not subject to regional delivery. The table below shows the proportion of the Class A IFQ and IPQ that must be delivered within these regions.

Crab fishery	Percentage of Class A IFQ & IPQ by region	Pounds of Class A IFQ & IPQ by region (2007/2008)
Eastern Aleutian Islands golden king crab (EAG)	100 % South	2,243,082 lb. South
Western Aleutian Islands golden king crab (WAG)	50 % West 50 % Undesignated	570,932 lb. West 569,855 lb. Undesignated
Western Aleutian Islands red king crab (WAI)	100 % South	Fishery Not Open – No Class A IFQ or IPQ
Eastern Bering sea Tanner crab (C. bairdi) (EBT)	100 % Undesignated	2,525,080 lb. Undesignated
Western Bering sea Tanner crab (C. bairdi) (WBT)	100 % Undesignated	1,592,952 lb. Undesignated
Bristol Bay red king crab (BBR)	2.7 % North 97.3 % South	388,006 lb. North 14,893,400 lb. South
Bering Sea snow crab (*C. opilio*) (BSS)	47 % North 63 % South	21,073,807 lb. North 23,957,111 lb. South
Pribilof Islands red and blue king crab (PIK)	67.5 % North 32.5 % South	Fishery Not Open – No Class A IFQ or IPQ
St. Matthew's blue king crab (SMB)	78.3 % North 21.7 % South	Fishery Not Open – No Class A IFQ or IPQ

Historic processing ports, such as Dutch Harbor, St. Paul, King Cove, and Kodiak, are also provided a right-of-first-refusal that gives them the first opportunity to purchase any PQS that is offered for transfer if that PQS was earned from processing in their communities. During the first two years of the Program, IPQ for most crab fisheries was subject to a "cooling off" period that limited the ability of crab to be delivered outside of the community where the PQS was earned.

The Program requires that Class A IFQ and IPQ holders establish an arbitration system to resolve any price or delivery disputes. Class A IFQ holders who are not otherwise affiliated with IPQ holders can unilaterally trigger a binding arbitration proceeding if disputes cannot be settled.

The Program limits the ability of vessels used in the snow crab fishery from fishing in the GOA. Specifically, vessels are limited to sideboard limits that control the total amount of Pacific cod that can be harvested to reduce impacts on other GOA groundfish fisheries. The Program also includes extensive monitoring & enforcement, and recordkeeping and reporting requirements, including a detailed annual economic data report.

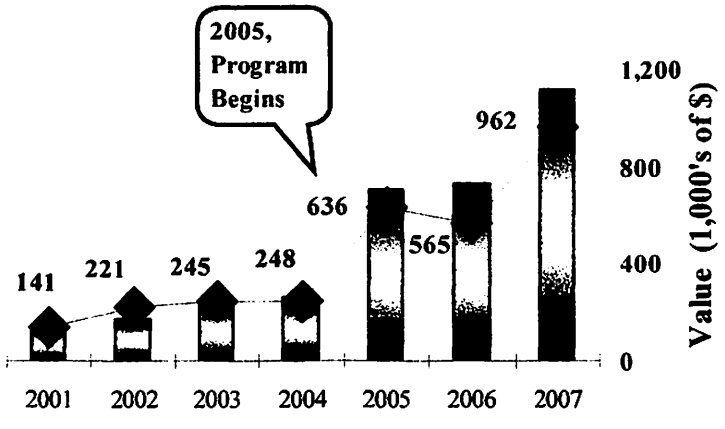
Trends in Fishery Performance Under the Program

- The number of vessels fishing decreased by nearly 2/3 from the number actively fishing prior to the Program. Some of the decrease in the number of vessels active may be due to 25 vessels being removed in the crab buyback program in December 2004, just prior to the first year of fishing under the Program in 2005/2006. The following table shows the total number of active vessels in the BSAI crab fisheries managed under the Program.

Crab Fishing Year	Number of Active Catcher Vessels	Number of Active Catcher/Processors	Total Number of Active Vessels
2000/2001	246	10	253
2001/2002	235	11	243
2002/2003	238	11	247
2003/2004	247	9	254
2004/2005	245	9	256
2005/2006 (1st year)	100	5	101
2006/2007	87	5	91
2007/2008	83	5	87

- An increasing number of QS holders have chosen to participate in cooperatives. In 2007/2008, more than 99 percent of all IFQ was issued to cooperatives. In most fisheries, the number of active cooperatives is decreasing, indicating that harvesters have found substantial organizational or financial benefits to collaboration through better coordination on landings, tailoring fishing capacity to TAC, and collective price negotiation.
- The remaining vessels harvest a greater proportion of the catch and appear to be more profitable. Figure 1 provides an example for catcher vessels for one fishery.

Figure 1: Median catch & mean exvessel value per catcher vessel Bristol Bay red king crab (Source: NMFS, NPFMC)



- To a varying extent, in all crab fisheries, actual fishing time has increased. The greatest increase is observed in the snow crab fishery, and least in the Bristol Bay red king crab fishery. Prior to the rationalization program, in most fisheries vessels made a single delivery after a fishery closing. Under the rationalization program, almost all vessels make multiple deliveries in a season, fishing closer to the vessel's capacity prior to making deliveries.
- Crew employment has decreased with the consolidation of the fishery. The precise number of crew previously employed on vessels that are no longer employed is not known, but various estimates suggest several hundred up to a thousand crew positions may have been lost. Prior to the Program, many of the crew positions were short term positions and may not have provided the total annual income to crew.
- In most cases, crew employed by vessels fishing in the program are reported to have more stable and better paying positions than prior to the program's implementation. Many crew are reported to rely exclusively on crab fishing for their income. Other crew are reported to work on the crab vessel in other fisheries or tendering, relying on employment from their crab fishing vessels for all of their income. Precise data on crew employment pre and post-Program implementation are not available.
- The amount of QS transferring varies per fishery per year. For the Bristol Bay red king crab fishery ranged from 1.3 % in 2007/2008 to 7.7 % in 2006/2007, and in the snow crab fishery ranged from 1.9 % in 2007/2008 to 6.8 % in 2006/2007. An average of roughly 5 % of the QS pool transferred per year.
- In almost all crab fisheries, there has been limited consolidation of the amount of vessel owner QS held per person, and there are roughly the same number of QS holders now as in the first year of implementation. The average and mean amount of QS held by crew has increased by roughly 10 % in most crab fisheries, and there are roughly 10 % fewer QS holders. Little or no consolidation in crew QS has been observed in the Western Aleutian Islands golden king crab, St. Matthew, and Pribilof Island fisheries. Overall, roughly 10 % of the QS in all fisheries is now held by persons who were not initially allocated QS in any of the BSAI crab fisheries.
- Overall, a greater percentage of the PQS pool has transferred. At a minimum only none of the Western Aleutian Island red king crab PQS pool transferred in 2005/2006, and at a maximum 43.6 % of the Western Aleutian Island golden king crab fishery PQS pool transferred in 2007/2008. Generally, extensive IPQ transfers, or leases have occurred each year. Initially, there were substantially fewer persons holding PQS, roughly 20 unique persons among all the fisheries. Overall there has been greater consolidation of PQS and IPQ than QS and IFQ. One large merger between two companies (Nichiro-Maruha) is responsible for much of this consolidation, although other new PQS holders have purchased into the fishery. In both the Eastern and Western Aleutian Islands golden king crab fishery there are two new PQS holders who now hold roughly 30 % of the combined PQS pools in those fisheries that had not previously held PQS in any crab fishery.
- Since implementation of the Program no crab fishery has exceeded its TAC, and in most cases the TAC is fully harvested. Prior to the Program, harvest relative to the GHL was often less fully harvested or exceeded, though by a somewhat limited amount.
- Deadloss in the Bristol Bay red king crab and the Aleutian Islands golden king crab fisheries has decreased post-rationalization, compared to the seasons immediately preceding implementation of the Program. In the Bering Sea *C. opilio* fishery, the rate of deadloss is comparable to that which occurred in the two most recent years before rationalization.
- There is no clear pattern indicating that rail dumping or handling mortality has changed in the fishery. Some conjecture that because the seasons are longer and vessels tend to avoid poor weather that may increase handling mortality. However, there are no conclusive data on handling mortality changes.

- Although soak times in the fisheries have increased and a definite correlation exists between extended soak times and legal male catch exists, the levels of sublegal and female catch under the Program remains within the range of bycatch levels from years prior to rationalization.
- Pot loss and ghost fishing may have decreased under the Program, but conclusive data are not available. With the decrease in the number of vessels participating in the crab fisheries, overall there is less gear on the fishing grounds post-Program implementation. Although each pot is used more frequently during a fishing season, the higher catch per unit effort under the Program still results in an overall reduction in gear.
- For all fisheries, fewer pots are registered, fewer pot lifts recorded, and on average greater CPUE per pot has been observed for all crab fisheries after Program implementation. The following table provides simple statistics on pot use in the various fisheries.

Fishery	Season	Number of pots registered*	Registered pots per vessel	Number of pot lifts *	Lifts per registered pot*	Average catch per unit effort (crabs per pot lift) *	Pounds per pot
Bering Sea *C. opilio*	2001	40,379	195	176,930	4.4	97	129.7
	2002	37,807	199	308,132	8.2	76	96.1
	2003	20,452	108	139,279	6.8	154	182.4
	2004	14,444	76	110,087	7.6	157	199.3
	2005	12,840	77	69,863	5.4	239	324.3
	2005 - 2006	13,734	176	108,320	7.9	204	306.9
	2006 - 2007	10,851	155	80,112	7.4	332	408.2
	2007 - 2008	13,647	175	129,457	9.5	349	438.2
Bristol Bay red king crab	2000	26,352	108	98,694	3.7	12	75.7
	2001	24,571	107	63,242	2.6	19	121.5
	2002	25,833	107	68,328	2.6	20	128.4
	2003	46,964	188	128,430	2.7	18	110.9
	2004	49,506	197	90,976	1.8	23	152.7
	2005 - 2006	15,713	177	99,573	6.3	25	165.4
	2006 - 2007	14,685	181	64,325	4.4	34	215.9
	2007 - 2008	11,885	181	101,734	8.6	28	180.1
Eastern Aleutian Islands golden king crab	2000 - 2001	10,598	707	71,551	6.8	10	43.1
	2001 - 2002	12,927	680	62,639	4.8	12	49.9
	2002 - 2003	11,834	623	52,042	4.4	12	53.1
	2003 - 2004	12,518	695	58,883	4.7	11	49.3
	2004 - 2005	13,165	658	34,848	2.6	18	81.7
	2005 - 2006	8,833	1,262	21,898	2.5	25	117.3
	2006 - 2007	8,150	1,358	23,839	2.9	24	112.9
	2007 - 2008	4,200	1,050	20,496	4.9	28	131.3
Western Aleutian Islands golden king crab	2000 - 2001	8,910	743	101,239	11.4	7	28.7
	2001 - 2002	8,491	943	105,512	12.4	7	25.5
	2002 - 2003	6,225	1,038	78,979	12.7	8	33.0
	2003 - 2004	7,140	1,190	66,236	9.3	10	39.8
	2004 - 2005	7,240	1,207	56,846	7.9	12	46.4
	2005 - 2006	4,800	1,600	27,503	5.7	21	86.6
	2006 - 2007	6,000	2,000	22,694	3.8	20	88.2
	2007 - 2008	4,800	1,600	25,287	5.3	21	88.8

Sources: *ADFG Annual Management Report and **fishtickets and ***NMFS RAM catch data (for 2005-2006, 2006-2007, and 2007-2008)

- During the first year under rationalization of the Bristol Bay red king crab fishery, the number of legal male crabs captured during the fishery and subsequently discarded was dramatically higher than discard rates in previous years, and represented approximately 20 percent of legal male red king crab caught. ADF&G reacted to the 2005-2006 discard issue by downwardly adjusting the TAC determination for the 2006-2007 season, thus resulting in an economic penalty for the share holders in that season. Discarding of legal males did not occur on a similar scale in 2006-2007, and no further downward adjustment was made for the 2007-2008

season. High grading and increases in discard rates have not been an issue in other fisheries or seasons.

- Overall fuel use in the fleet has decreased. Although vessels are active for a longer period of time, the total number of vessels active is lower. Many vessel owners report that under the Program vessel operators have made efforts to operate the vessels more efficiently (e.g., traveling to the grounds at optimal speeds, coordinating deliveries to minimize travel distance). The precise reduction in fuel use is not known because data of fuel use pre and post-Rationalization are not adequately comprehensive. Some have asserted that the overall "carbon footprint" of the BSAI crab fisheries is smaller.
- Safety has improved. Fatalities in the BSAI crab fisheries averaged 3 per year from 1996 through March 31, 2005 prior to implantation. From April 1, 2005 through the 2007/2008 there have been no fatalities in any BSAI crab fishery managed under the Program. In most fisheries, the average size of the vessels actively fishing increased after Program implementation. Some of this may be due to the buyback of smaller vessels in December 2004.
- Price negotiations, though still complex and contentious, appear to be more successfully addressed through private contractual arrangements rather than relying on the arbitration system. Unlike previous years, during the 2007/2008 crab fishing year, no binding price arbitrations occurred. The process for determining the historic revenue share between harvesters and processors continues to be reviewed by industry participants.

Current Concerns

- The decrease in the number of active vessels concerned that some crew and community representatives, primarily from Kodiak, that the Program has unduly limited employment opportunities. Others have argued the crew still working are long-term skilled participants who are better paid then before the Program. The Council has considered
- Some allege that the requirement that 90% of the Class A IFQ must be delivered to processors with matching IPQ decreases potential market opportunities. The Council is considering a range of modifications that would eliminate PQS & IPQ in some or all fisheries, or reduce the percentage of Class A IFQ issued to catcher vessel owners from 90% to some lower level.
- Processors and some communities and harvesters have argued that eliminating PQS & IPQ or reducing the Class A IFQ percentage below 90% would harm processing investments, destabilize communities reliant on crab, and introduce additional complexity to a relatively new system that could increase costs and have unintended consequences. Some have pointed to the fact that there were no arbitrations between Class A IFQ and IPQ holders this year over price or delivery disputes as an indication that the market is balanced between harvesters and processors.
- Some harvesters have proposed the Council should develop emergency relief exemptions from regional delivery requirements. NMFS has expressed concern that it may not be possible to establish objective emergency criteria. St. Paul has expressed concerns that it may lose out on substantial catch if the vessel operator makes the emergency declaration unilaterally. The Council is reviewing options to allow a vessel operator, processor, and community to jointly declare an emergency and relieve a harvester and processor from regional delivery requirements.
- Harvesters remain concerned that Council considerations to reestablish a vessel use cap for cooperative IFQ would reduce many of the economic efficiencies gained under the Program.
- Many harvesters have expressed frustration that NMFS has not yet published a proposed rule for a loan program to allow crew to purchase QS. The Council provided NOAA Financial Services its preferred options in February 2008.

PACIFIC NORTHWEST CRAB INDUSTRY ADVISORY COMMITTEE (PNCIAC)
c/o 4209 21st Ave. West, Ste. 403
Seattle, Washington 98199
360 440 4737
steve@wafro.com

NPFMC Agenda item: C 2(c) Three-Year Review

September 12, 2008

To: Jennifer Sepez, Heather Lazarus, Ron Felthoven

Fr: Steve Minor, Chair, PNCIAC

Re: Comments on the draft report *Post Rationalization Restructuring of Commercial Crew Member Opportunities in Bering Sea and Aleutian Island Crab Fisheries* (Sepez, et al).

This report references the February 28, 2008 PNCIAC meeting as part of the authors "fieldwork", yet this issue was not on the agenda, no presentations were made, and none of PNCIAC's members were even aware of this project at that time.

We do not have time to call a PNCIAC meeting to respond formally, so I have polled several members about their concerns.

On behalf of those members of PNCIAC I am forwarding comments that they have provided (in bulleted form) below. While a more thorough examination of the document will certainly yield additional comments, these initial reflections provide a starting point for improving upon the draft report.

- Numerous times in the draft report the authors state that they sought comment from "people involved directly or indirectly in various capacities in the BSAI crab fisheries." However, no attempt was made to gather input from the Chairman or Members of the Pacific Northwest Crab Industry Advisory Committee (PNCIAC) at the February 28 meeting, nor was the North Pacific Crab Association (NPCA, representing more than 90% of the processing sector) contacted, nor any major member of the processing sector aside from an anonymous "plant manager in Dutch Harbor" and seven other "processing plant employees." This is a gross omission.

- There is no mention made of the fact that BSAI crab is competing in a global marketplace and that market factors not related to Rationalization may have played a role in crew compensation and employment opportunities. The market declines that resulted from the nearly four-fold increase in Russian crab (since documented as the result of organized, illegal fishing) is not acknowledged. In

addition, for instance, on page 35 the assertion is made that "another crewmember who has not fished since the first year of rationalization (2005) calculates that for the same amount of crab fished, he would have earned significantly more than $100,000 in 1999 and only $29,000 in 2005." This is not surprising considering the ex-vessel value of that crab was $6.26/lb in 1999, but had declined to $4.24/lb in 2005 (Crab SAFE 2007). Additionally, the price per gallon of diesel was significantly lower in 1999 than in 2005. Strangely, these other confounding factors are not even acknowledged in this report.

- I believe you have received comments from other parties concerning your omission of the effects of the Crab Vessel Buy-back program that significantly consolidated the fleet prior to rationalization.

- In light of the wealth of additional research currently in progress (as stated on page 4), what does this study add to the big picture? The use of selective opinions and perceptions of crewmembers do not form the basis for analysis of the effects of the rationalization program. Furthermore, industry-initiated research, filed with the NPFMC, related to the removal of vessels from the fishery and the resulting loss of employment opportunities (primarily undertaken by the Alaska Crab Coalition) has been completely ignored by the authors of this document.

- Description of methodology is often very vague. In particular, it would have been useful to include both the interview protocol and interview codebook as Appendices to this report. Additionally, summary statistics related to interview responses would provide the reader with some rationale for the conclusions reached by the authors.

- The inclusion of "aspiring crew who had not yet been hired on a crab vessel but did have previous fishing experience" is problematic. Who are these people? There are a lot of people throughout the country who contact the crab fleet on a daily basis looking for work as a result of the "Deadliest Catch" series. This whole approach is problematic. And how much valid insight are these people able to provide given their admitted lack of experience in the fishery?

- The economy of St. Paul island is 85% dependent on Opilio crab, and St. Matthews and Pribilof crab species are also significant marginal contributors. Yet there was no apparent fieldwork or analysis focused on that community – why?

- Finally, the study contends that there has been no improvement in crew safety because of "delivery schedule pressure from processors" This statement alone demonstrates a lack of understanding of the complex cause and effect dynamics brought about by this program.

    - Harvester cooperatives and processors negotiate delivery schedules pre-season. "Delivery schedule pressures" arise on occasions, and are usually a result of ice events, slower than expected fishing, vessel breakdowns and

the like. However, harvester cooperatives have leasing and (soon) post-delivery transfer rights to manage these unanticipated events.

- Processing operations have been expanded considerably, with seasons that have changed from as few as 80 hours in the derby days to more than six months under rationalization. This has lead to a dramatic increase in processing capacity that can be measured in thousands of man-hours.

- On the other hand, the fleet has consolidated significantly and also organized itself into Cooperatives and engaged in leasing activities that allow some vessels to pursue other fisheries (pot cod for instance).

- Each year the program is in place, the harvesting and processing sectors are learning how to more efficiently manage their cooperative delivery schedules; and the Council and Agency have been willing to authorize additional regulatory tools to this end (post-delivery transfers, electronic transfers (to come), emergency relief from regionalization (to come), adjustments to processing use caps, etc). None of this is acknowledged in your report.

Unless you thoroughly understand and examine these issues, your study will remain flawed.

cc: Eric A. Olson, Chair, North Pacific Fishery Management Council
Agenda Item C 2©

Subject: [Fwd: For the Public Record 189th Plenary Session, Oct. 2008 - Crab C-2(d)]
From: Mark Fina <Mark.Fina@noaa.gov>
Date: Mon, 15 Sep 2008 08:08:30 -0800
To: Florence Colburn <florence@crabwizard.com>, Frank Kelty <fkelty@ci.unalaska.ak.us>, Linda Freed <lfreed@city.kodiak.ak.us>, Johnny Moller <jmofish@yahoo.com>, Kevin Kaldestad <kfltd@msn.com>, lenny herzog <lenny@gci.net>, Phil Hanson <phil.hanson@unisea.com>, Dave Hambleton <dhambleton@tridentseafoods.com>, Rob Rogers <robr@icicleseafoods.com>, Glenn Merrill <glenn.merrill@noaa.gov>, Sam Cotten <samc.er@gci.net>, simeon swetzof <swetzof@hotmail.com>, Jerry Bongen <jbongen@mac.com>, Tim Henkel <timhenkel@centurytel.net>, Steve Branson <bransons@alaska.net>, frank kelty <fvkelty@hotmail.com>, ernie weiss <eweiss@arctic.net>, steve branson <crewmensass1@aol.com>, Gail Bendixen <Gail.Bendixen@noaa.gov>, Jeff Stephan <jstephan@ptialaska.net>, Linda Kozak <kozak@alaska.com>, Steve Minor <steve@wafro.com>, Kevin Kaldestad <kfltd@msn.com>, Greg White <gwhite@wtcpa.net>, Joe Sullivan <jsullivan@mundtmac.com>, Gary Painter <GPainter@midnitepacific.com>, Keith Colburn <keith@crabwizard.com>, Heather McCarty <rising@ptialaska.net>, Arni Thomson <acccrabak@earthlink.net>, Ed Poulsen <edpoulsen@comcast.net>, Joe Plesha <JoePlesha@tridentseafoods.com>, Terry Leitzell <TerryL@icicleseafoods.com>, Frank Kelty <fkelty@ci.unalaska.ak.us>, Dave Fraser <dfraser@olympus.net>, Margaret Hall <mags_h@msn.com>, Glenn Merrill <glenn.merrill@noaa.gov>, Anne Vanderhoeven <anne.bbedc@ak.net>, Lynn Langford Walton <accesslw@olympus.net>, simeon swetzof <swetzof@hotmail.com>, pat hardina <p_hardina@hotmail.com>, John Sackton <jsackton@seafood.com>, Kale Garcia <kaleb61y@aol.com>, Tom Casey <tcasey@worldnet.att.net>, Alec Brindle Jr <ABrindle@wardscove.com>, Gerry Merrigan <merrigan@gci.net>, Tracy Buck <Tracy.Buck@noaa.gov>, Jessica Gharrett <Jessica.Gharrett@noaa.gov>, Einar Sorvik <sorvik966@msn.com>, Florence Colburn <florence@crabwizard.com>, mike shelford <mshelford@shelfordfisheries.com>, goldenshamrockoffice@yahoo.com, rpowell@ptialaska.net, Margo Posten <margo@msdh-llc.com>, Brent Paine <bpaine@ucba.org>, northpacific_vm@msn.com, 'Brian Garber-Yonts' <Brian.Garber-Yonts@noaa.gov>, Margaret Hall <mags_h@msn.com>, kdespars@adakisland.com, Beth Stewart <beths@acsalaska.net>, john jorgensen <alaskacp@msn.com>, Gale Vick <gkvsons@alaska.net>, 'Grace Ross' <geross@ucba.org>, Cora Crome <cora.crome@alaska.gov>, kris deane <kris_deane@hotmail.com>, Dale Schwarzmiller <dalesc@ppsf.com>, gretar gudmondsson <gretar987@msn.com>, Chuck McCallum <chuckmccallum@gmail.com>, stephanie madsen <smadsen@atsea.org>, John Iani <LJI@vnf.com>, Clyde Sterling <clydes@ppsf.com>, Jake Jacobsen <boatsafety@gmail.com>, Mike Woodley <fvatlantico@msn.com>, Rick Shelford <rshelford@shelfordfisheries.com>, Louie Lowenberg <arcticlady@comcast.net>, Michael Stanley <madslaw@alaska.net>, goldenshamrockoffice@yahoo.com, Lance Farr <fffish@hotmail.com>, Michael Catsi <mcatsi@swamc.org>, Kris Norosz <krisn@icicleseafoods.com>, Carlos Mateo Paz-Soldan <cpaz-soldan@dtbassociates.com>, "Savikko, Herman M (DFG)" <herman.savikko@alaska.gov>, "Moreland, Stefanie L (DFG)" <stefanie.moreland@alaska.gov>, Larry Cotter <lcotter371@aol.com>, Lisa Ross <eross@dc.bhb.com>, Lauren Smoker <Lauren.Smoker@noaa.gov>, Shawn Dochtermann <drdrmann@hotmail.com>, terry haines <yohaines@alaska.com>, Alexus Kwachka <island1@ptialaska.net>, Steve Taufen <staufen@seanet.com>, Moki Green <mokigreen@gmail.com>, Tom Suryan <tomsuryan@aol.com>, dennis donohoe <kmdonohoe@gmail.com>, rehder@xyz.net

One additional submission for today's meeting - I'll bring copies with me.

Mark

--
Mark Fina
Senior Economist
North Pacific Fishery Management Council
605 W 4th Avenue, Suite 306
Anchorage, AK 99501
ph 907 271 2802
mobile 907 317 9127
fax 907 271 2817

Subject: For the Public Record 189th Plenary Session, Oct. 2008 - Crab C-2(d)
From: Shawn Dochtermann <drdrmann@hotmail.com>
Date: Sun, 14 Sep 2008 09:22:53 -0800
To: Mark Fina <Mark.Fina@noaa.gov>, Dave Witherell <davidwitherell@noaa.com>
CC: Steve Branson <bransons@ptialaska.net>, Steve Branson <bransons@alaska.net>, Tom Miller <f_vglacierbay@yahoo.com>, yohaines@alaska.com, lfreed@city.kodiak.ak.us, lexus Kwahka <island1@ptialaska.net>, Cora Crome <cora.crome@alaska.gov>

Gentlemen:

Please include copies of the attached PDF in the official Council package under C2(d) for BSAI

Crab - Crew Proposals.
To meet official requirements, I will also fax a copy to the council today, but using this one may print/look better. I will send copies to the Monday meeting with a representative.

Again, **the scheduling of Crab Crewmember matters during the October session,** long known to be when we will be out crab fishing, **ignores the rights of crewmembers as stakeholders who must deal with decision makers.**

Also, **the crab committee is an inappropriate and legally challengeable venue for open, constructive and substantive discussion of the need to Reallocate** (reassign, redistribute, and/or revoke) fishing quota shares. The committee is dominated by conflicted interests, primarily those whose rights would be diminished by any legitimate reallocation. And this committee contains one person who is a decision maker - chair, Sam Cotton of the NPFMC.

Furthermore, Mr. Tim Hinkel the Seattle area crab representative has not brought forth a proposal from crab crewmembers. Instead, Mr. Hinkel has only brought forward proposals or outlines approved by the Deep Sea Fishermen Union without adequate and widespread crab crewmember input. As such, and in any case, **the crab committee needs further crab crew representatives.** In that regard the Council should consider the process to date as insufficient for representing the greater body of stakeholders.

If the Council would motion for a separate agenda placeholder, an FMP Amendment for Crew Reallocation, proper public notice and due process could proceed. As you know from dealing with other regional councils, meeting the recommendations of the GAO stakeholders' report is imperative to a 'fair and equitable' allocation (should it be necessary) and in order to avoid excessive shares/consolidation.

We are forming a non-profit entity to represent the matters in the attached (and similar) proposal(s) in preparation for reallocation under a separate agenda placement (FMP Amendment).

Sincerely,
Shawn Dochtermann

Attachment: Shawn-Oct2008_CrabCrewProposal{rev2}.pdf
cc: FedLegal1 etc.

For the Public Record 189th Plenary Session, Oct. 2008 - Crab C-2(d).eml	**Content-Type:** message/rfc822 **Content-Encoding:** 7bit

Shawn-Oct2008_CrabCrewProposal{rev2}.pdf	**Content-Type:** application/pdf **Content-Encoding:** base64

BS/AI CRAB RATIONALIZATION IFQ/ITQ REALLOCATION AMENDMENT PROPOSAL —FOR SKIPPER/CREWMEN COOPERATIVE
North Pacific Fishery Management Council – 189th Plenary Session — October 2008
RE: C-2 BSAI CRAB MANAGEMENT

Name of sponsor:	Shawn C. Dochtermann		Originally Introduced at the 181st
Address:	PO Box 3886		Plenary Session, April 1, 2007
	Kodiak, AK 99615	**Date:**	**September 15, 2008**
Telephone:	907-486-8777	**Email:**	drdrmann@hotmail.com

Brief Statement of Proposal: *(preferably under a separate agenda placeholder)*

1. **Reallocation of a percentage of Individual Transferable Quota (ITQs) harvest privilege shares of "CR Crab" — Bering Sea/Aleutian Islands red king crab, opilio, and tanner crab fisheries — to active crab crewmembers; by**
2. **Provision for a single Crewmember's Cooperative for "CR Crab"; with options of multiple Crew coops &/or combined with Regional Fisheries Associations (guidelines needed);**
3. **Retain Open Market for All Crewmember Pooled Quota Shares;**
4. **Require Active Participation & Provide for Crew Contracts.**

Objectives of the Proposal (What is the Problem?):

The problem is an inequitable distribution of CR Crab fishing privileges that resulted in excessive shares being assigned to vessel owners, which granted them inordinate control over fishermen on decks and in the wheelhouses, who are engaged in active fish harvesting.

This was an unbalanced, direct and deliberate distribution of the opportunity to fish to a discrete user group or set of individuals that excluded long-term participants (boots-on-deck fishermen) without any justification in terms of the objectives of the Crab Rationalization FMP.

This failed to preserve the status quo of economic distributions in the crab fisheries, ignored the dependence of present participants (crew) and coastal communities, and failed to fully consider the social and economic consequences (harms) of the scheme (rationalization).

1. **Correct Inequitable Distribution of Harvester Shares under CR Crab FMP; and Restore Historical Crewmembers Compensation Levels.**

   Complete failure to recognize deckhands as vessel operators (allocating them 0%), combined with Skipper shares of 3%, falls drastically short of the historical earnings of crewmembers who actually harvest crab. A germane legal argument is that an inequitable 'takings' occurred as vessel owners or mere investors confiscated those rights, and upwards of 70% of ex-vessel fish ticket earnings as high quota rents consequential to implementation of the CR Crab FMP, which occurred without prior public production of Economic Data Report reports and proper analysis.

   Reallocation of crab quotas would provide crewmen 'fair and equitable' quotas recognizing that their small businesses were needlessly harmed (even foreclosed) by inequitable allocations under Crab Rationalization, and allow for future career opportunities in these crab fisheries.

2. **Crewmember Representation in Binding Arbitration & Price Negotiation.**

   Add crewmember representatives to the binding arbitration tables to protect the financial interests of the skippers and crewmembers.

3. **Assure Experienced Crews are Available and Rewarded in CR Crab Fisheries.**

Assure crewmember jobs in the future have earnings that are commensurate to their personal investments and recognize the dangers of active participation in CR Crab fisheries.

Needs and Justifications for Council Action:

The drastic reduction of jobs and compensation, especially with the massive consolidation of the rationalized crab fisheries, demands this issue to be dealt with, without further delay: at best, through a separate placeholder (e.g. FMP amendment). No provision was made for crewmen to initially receive allocated quota for BS/AI crab, representing their historical ratio of compensation, which violates:

> **Section 600.325 National Standard #4 Allocations** [applicable excerpts; plus c(3)(i) ...(iii) etc.]
>
> *If it becomes necessary to allocate or assign fishing privileges among various U.S. fishermen, such allocations shall be:*
>
> ***[1]. Fair and equitable to all such fishermen; [and]***
>
> ***[3]. Carried out in such a manner that no particular individual, corporation, or other entity acquires an excessive share of such privileges.***

Discussion: Regarding capitalism, Adam Smith first said that labor alone is the real standard by which the value of all commodities can be compared; but modified it for the claims of 'the landlord and the capitalist'. Similarly, Abraham Lincoln noted, "Labor is prior to, and independent of capital. **Capital is only the fruit of labor, and could never have existed if labor had not first existed.** Labor is superior to capital, and deserves the much higher consideration."

In determining the allocations under CR Crab regime(s):

- ITQ/IFQ privileges were not rationally connected to achievement of Optimum Yield – especially considering that it is through the crewmembers earnings that maximum net economic benefits flow widely to communities.
- The motives for making particular allocations were not justified in terms of objectives – i.e. to increase safety and provide for value-added benefits.
- The FMP did not restrain income shifts from crewmembers to rent-seeking owners, nor deter acquisition of excessive shares.
- The FMP did not prevent exorbitant rents — up to 70% quota lease fees.

The historical ratio of compensation for crewmembers as active participants (while oddly recognizing a small ratio of rights for other vessel operators, in the 3% skipper shares) was abandoned as the value of the 'human capital' was taken — without permission or negotiation by past stakeholders. In legal and economic terms, 'lay share' rights were taken and the crew now has to produce a 'surplus value' for others that represents the degree of private exploitation (of crew labor) by a 'high rent seeking' distant, non-participating capitalist: i.e. by a 'sealord' — often investing in quota on a loan-financed basis only.

Likewise, there's a new post-rationalization class of vessel owners (some of whom may also hold a small portion of ITQs by way of the vessel's history) that are paying high rent rates to such 'sealords' — greatly depressing the crewmembers' net earnings, relative to historical ratios of compensation. This is especially true because such 'sealord' rents come off the top of gross vessel earnings — prior to direct costs (fuel, bait, groceries, fish taxes and related settlement expenses of harvesting crab) and indirect vessel operating costs (hull insurance, repairs and maintenance, etc.).

All of these changes have exacerbated the degree to which allocations were neither "fair and equitable" nor preventative of "excessive shares."

Foreseeable Impacts of the Proposal (Who wins, who losses?):

Who Wins: By having quota rights Crewmembers (deckhands, engineers and skippers) gain ability for substantial employment opportunities and are more likely to achieve fair earnings. This enhances the interests of new entrants, as well. Crew will benefit from increased bargaining power for ex vessel compensation with both cooperatives and processors. Fishery dependent communities will benefit from increased (restored) crew incomes. Federal and state taxes will be higher, in total, as crewmembers invariably pay taxes whereas corporations often shelter them.

Are there alternative solutions?

- Revoke crab rationalization and return to Open Access with a 100 pot limit for king crab and 250 for opilio. This is the option that would best have modified Status Quo, which when coupled with buyback would have helped maintain crew jobs and avoid excessive consolidation onto fewer boats.
- Cap rents for vessel owners to a much reduced percentage, more like 35%, rather than the current exorbitant rates of between 70%-50% being taken by boat owners/IFQ holders. This would be coupled with giving the crewmembers their historical 35% -to- 40% of total fish value.
    - An option is to add 'Vessel Caps' regarding consolidation of ITQs per vessel.

Supportive Data and Other Information:

NOAA is remiss in providing Crewmembers with useful information from the EDRs. The open, public provision of EDR data is not only overdue (it is now one-year late), but essential and legally warranted prior to the Council making any further decisions on ITQ shares.

For this data to now be regularly characterized as either inadequate or non-useful to the decision-making process seriously calls into question the initial allocation of shares for all BSAI crab.

The EDR data apparently does not reflect the federal legal requirement of crew contracts, and cross-verification with crew shares submitted in EDRs. NOAA must strengthen compliance with the requirement in 46 U.S.C. § 10601 that seamen be given pre-trip written agreements. The lack of such required data, ensuring appropriate analysis and reports for crewmembers seeking restoration of historical rights, is an additional deficiency in the decision-making process to date.

Altogether, these are serious deficiencies of the regional council in meeting the recommendations of GAO 06-289: Core Principles and a Strategic Approach on Stakeholder Participation.

Discussion: Previous to IFQ shares being allocated to all entities, vessel owners, or corporations, they were each required to submit 3 years (2002-04) of crab data to NMFS in order to receive initial crab quota shares. NMFS and/or related agencies could release this data in summary to substantiate the overall participation levels (i.e. to establish the estimated 35% to 40% historical crew rights).

The present BS/AI crab rationalization requires that all quota shares holders furnish NMFS with extensive crew and other data. Gunnar Knapp of ISER conducted a study for the City of Kodiak and it contained preliminary analysis that puts job losses in the BSAI crab industry at 892 persons who held jobs prior to rationalization. (An estimated 1,500 persons previously held crab jobs before rationalization.) And a draft of an upcoming NOAA crew report indicates a range of lost crew jobs of between 1,026 and 1,674.

Final Note in Protest: Critical discussions affecting crab crewmembers were placed in an inappropriate committee, and the Council's relevant matters have been knowingly scheduled during the crab fishing season when crewmembers cannot be present to represent their stakeholder interests. The weight of these concerns and deficiencies necessitates a separate placeholder for a Crab Crewmembers FMP Amendment.

####

Shawn C. Dochtermann

September 18, 2008

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

Re: BSAI C Share Re-designation

Dear Mr. Olson:

I started in the Alaska Crab fishery in 1979 when I was nineteen years old. Twenty nine years later I feel privileged to have made my career from commercial fishing. I have participated in many different fisheries, from the halibut derbies to King Crab, Pollock trawling, salmon and now Factory Longlining for cod fish.

I owe everything to fishing, it has allowed me to provide for my family, contribute to the local economy and plan for future retirement. I write to you with concerns over the reallocation of A/B shares to C shares in the Crab fishery. I support the Deep Sea Fishermen's Union (DSFU) agenda of increasing the C share allocation to a higher number beyond 3% through their proposal submitted under separate cover.

Having seen and participated in the Halibut/Sablefish IFQ fishery, it had struck me as odd that there were not more C shares available in the crab fishery; thus limiting the participation of Captains and crew members in the ownership and stewardship of crabbing. By increasing the number of C shares there will be more participants who have a vested interest in the fishery. By having the opportunity to vest back into the fishery, captains /crew will increase their employable opportunities and be able to provide for their families.

As the end of my career slowly closes in on me, I look to the next generation of young fishermen and wish them luck. For the decisions we make now will give them opportunities of employment and the ability to live the American dream. The same dream that I participated in! Please approve the increasing of the C shares beyond 3%.

Thank you for your consideration.

Bruce Greenwood

Bruce Greenwood
Captain/Deckhand

A.F.V. Inc.
Anderson Fishing Ventures

15606 Cuttysark ST.
Corpus Christi, TX 78418

PH# 361-949-2036
Fax# 361-949-0237

September 19, 2008

North Pacific Fishery Management Council

605 West 4th, Suite 306

Anchorage, Alaska 99501-2252

• Phone: (907)271-2809 • Fax: (907) 271-2817

Dear Chairman Olson, Honorable Members of the Council,

My name is Coleman Anderson; I am a crab fisherman and fished actively from 1975 to 2005. I'm also C share holder (original recipient), and now three years into the program there are a few issues I would like to address. The 3% that was awarded to skippers as a toehold in buying their way back into the fishery has proven completely ineffective. And without the loan program that we were promised, there was no way to maintain any meaningful participation in the crab fishery. With the crab fleet reduced to the mid 60s levels, and the processing plants being guaranteed 87% of their raw materials by law. Major quota holders have a limited amount of control over their resource; and the minor quota holders which include C. shares have no control over anything at all. Believing that there may someday be access to this low-interest loan program that was finally approved; I've begun looking for C. shares to buy. And was quite surprised to find that there isn't anything available, evidently there was some initial consolidation which mirrors other quota transfers; A&B shares. And then the pool dried up which gives evidence to my belief that C. shares are to ever be meaningful there will have to be a significantly bigger pool of available quota to service even the remaining working crab fishermen. I also feel that this will be a benefit to the vessel operators just as it was a benefit to them to sell minority interests in the vessels pre-rationalization when 40% of a vessels net went to the crew. It may be politically naïve of me to think that those who already have been awarded the quota are going to agree with this. But as my nativity was proven when I believed that the state of Alaska would not allow anyone including the federal government to make commercial use of the history that I owned under state law. Never the less I do understand that there is no going backwards, and see this as a way to make a more operational and balanced system of management. This having been said; I support the Tim Henkel / Deep-Sea Fisherman's Union Crew Proposal, options 6, sub options 1. I would also like to add that every time these crew issues come up someone wants to know where our representation is. For the record we are not as well equipped as most of the concerned parties and have jobs, families, and schedules which prevent us from attending all of these meetings. As for myself I can no longer afford to attend the meetings. For the record I work part of a year as a chief engineer on long liners and factory trawlers and another part of the year as master on a tugboat in the Gulf of Mexico. So it could be said that I like the current group of working crab fishermen work a much longer season now to make a living. For those that feel that as an original recipient of C. shares I received my golden parachute. I would like to point out that the lease fees received from my C. shares have every year for three years been less than my crew share from the last three day Bristol Bay red crab season. And due to the fact that I have not been offered a single job relating in any way to a crab fishing my shares did not offer any leverage in continuing the lifestyle I had chosen. I also support the findings of Jennifer Sepez, Heather Lazrus, and Ron Felthoven in their report titled "Post Rationalization Restructuring of Commercial Crewmember Opportunities in Bering Sea and Aleutian Island Crab Fisheries" as this information appears to be quite accurate. Part of their problem in finding crew members from before rationalization is that many of these crew members have gone to work at sea on tug boats and oil supply vessels making them unavailable six or more months out of the year. It is my sincere wish that the Council will be able to restore some value and stability in the fishery for working fishermen.

Sincerely,

Coleman Anderson
Lifetime Fishermen;

September 17, 2008

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

Subject: BSAI C Share Re-designation

Dear Chairman Olson:

I started fishing in the Bering Sea crab fleet as a greenhorn in 1994 working my way to full share and eventually engineer. I consider myself a professional, having worked on fishing vessels from Nome to Ketchikan. I've worked single pot for crab and pacific cod, long line for halibut, black cod, and pacific cod, as well as gillnet for salmon and herring. Fishing is my career of choice. I am able to provide a good life for my wife who is a stay at home mother for our three children.

In 2002 the boat I was working on hauled crab pots a total of 14 days. That was the last year I fished crab full time. I needed to work more than that and the size of the crab quotas did not allow enough employment. I applied for and received my 1600 ton mate's license and entered the longline fishery as a licensed mate in 2002. I continued to fish king crab as a deckhand in 2003 and 2004. When the crab fishery rationalized I did not receive any C shares as I had not worked as a captain. I spent eight months fishing the Bering Sea in 2005, like I have done for the last fourteen years. I did not participate in a "crab" fishery in 2005 and by the end of the year I was out. I was told I did not have enough time in the industry to even purchase C shares. After hauling crab pots from 1994-2004 I didn't qualify?

I think that C shares are a great avenue for a deckhand to invest in the industry. The Captains who were first allocated C shares are holding onto them and in some cases now working on deck. I believe that if the council could find some way to increase the amount of C shares so that crewmembers have the opportunity to invest this would benefit the industry in the long run. The loan program is on its way, but there are no C shares on the market. How can a crewman take advantage of the loan program if there is nothing to buy? Who will end up using the loans?

Increasing the amount and availability of C shares can only have a positive effect on the industry for all involved. A hired crewmember that has purchased C shares is vested in the industry and will share a greater stewardship for the resource.

Processors will receive a product that has been harvested and handled with care properly measured and with a minimal dead loss. While C shares are not tied to any particular

processor most if not all the current shares are being processed by the same processors that have historically processed crab.

Vessel operators will enjoy a more professional crew. A crew member who is harvesting his own shares on a vessel will work harder and have pride of ownership in all that he does aboard a vessel. I would think any vessel owner would want a crewman that shows greater attention to measurement, handling, dead loss, as well as vessel and gear maintenance. Increased catch for a vessel has been welcome since the dawn of time.

Crew members will have the opportunity to create a future for themselves, in an industry they love. C shares allow a natural stepping stone for young driven individuals to build wealth and work towards owning their own vessels in the future. In an industry pioneered by young driven individuals it would be a shame to force the next generation of fishermen into simply earning a wage.

Due to the amount of time I spend fishing I am unable to be present at council meetings as I would prefer. I support The Deep Sea Fishermen's Union (DSFU) BSAI C Share Re-designation proposal and believe Tim Henkel speaks to the issues that concern me the most.

Respectfully,

Brandon Erickson

Brandon Erickson

September 23, 2008

Mr. Eric Olson, Chairman
North Pacific Fishery Management Council
605 W 4th Ave, Suite 306
Anchorage, AK 99501
Fax: 907.271.2817

Re: BSAI C share re-designation

Chairman Olson:

My name is Dennis Scates. I've been a commercial fisherman since 1998. Over the last few years I have been buying small amounts of crab C share IFQs. Recently the boat I had worked on for the past seven years sold. As we all know, due to the rationalization the crab fishery jobs are hard to come by, let alone a good one. As a deckhand the C share I own helped me get a new job rather quickly.

I strongly support the Deep Sea Fishermen's Union motion for C share re-designation. By increasing the amount of C shares available, it will make it easier for deckhands like myself to acquire them. Right now with only 3% of the overall quota going to C shares for the fishermen, they are hard to come by. By increasing C shares, it will help the actual fishermen make a better living and increase our job security. As it stands now it is very hard for deckhands that are trying to move up in the crab fishery. We are at a huge disadvantage competing with corporations and others with large allocations of quota.

The C share re-designation would greatly help those of us that are actually out catching the crab by giving us a little larger piece of the pie.

Sincerely,

Dennis Scates

September 23, 2008

Eric Olson, Chairman
North Pacific Fishery Management Council
605 W 4th Avenue, Suite 306
Anchorage, AK 99501
Fax: 907.271.2817

Re: BSAI C Share re-designation proposal

Chairman Olson,

I want to thank you for taking the time to read our letters of support for the Re-designation Purchase Provision for "C" Shares.

My name is Scott Templin. I have been a commercial fisherman for over 20 years. I have had the opportunity to work in almost every fishery in Alaska. I have paid close attention to the whole process of "Rationalization" in the Bering Sea Crab Fishery, and have seen the effect it has had on a great number of people. I will be the first to say that as a whole it has done more good than bad. There is no doubt in my mind that the crab stocks are bigger than they have been in a very long time, and to me that is the most important thing," The future of this industry".

Currently I work for Rick Quashnick on the F/V Maverick and consider myself very fortunate. Rick is one of the only owners I know of that doesn't automatically deduct 50% to 75% straight off the top of the quota that he owns. Nearly every single deckhand that I know, that hasn't quit fishing, is working twice as hard for half the money, and those of us who are left have no future. This is not a career that allows one to grow old gracefully. You have to work while you're physically able, and when you're not, you're replaced.

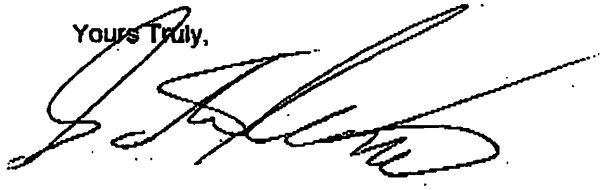
In my opinion, the fact that as of now there is no future in this industry for the deckhand is what is wrong with the current state of the fishery. I love my job and am very proud of the work that I do. It is very frightening to know that without a stake hold by owning quota, I may have to find, and start a new career at 40 years of age.

What we are asking for is not much in the big picture, to be able to pay for a small share of the fishery that we are a vital part of will only benefit everyone as I see it. A deckhand is a lot more likely to be a good steward of a fishery he has a vested interest in, than one who has to work for as little as half of what he was paid in the past. We need more opportunity and more C shares on the open market would be a start along with a loan program. For this reason I support Tim Henkel's C share re-designation proposal allowing crewmen a chance to invest in our future by having more unencumbered C shares available for purchase.

I pray that you will look at this issue seriously and make an informed judgment, and do what is right. All we are asking is to, "give us a chance to have a future."

Again, I sincerely thank you for taking the time to give us a voice. You have a great responsibility, and I wish you the best of luck!

Yours Truly,



September 16, 2008

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

Re: BSAI C Share Re-designation

Dear Mr. Olson:

This is a statement regarding the reallocation of A/B shares to C shares. I support this fully. I think anything we can do to keep the quotas with the people that are actually onboard harvesting them is a good idea. Now that the loan program is on the way to this industry for the C share applicants to use this makes a lot of sense. Fishing as deckhand/ captain myself I am in the industry and am seeing the benefits of the C share program as it is gaining momentum in the industry.

The pluses for this are expanded participation for deckhands and captains. This will kick start the haws pipers dream of climbing the ladder of success in the crab industry. When I started fishing as young man in my teens the dream has always been to work my way to the wheelhouse and eventually own my own boat. The C shares have made that a reality for me and I am sure the other owners of C shares are thinking the same way. This is why I feel so strongly about this. Presently the 3% that was originally handed out is all bought up; there are no shares on the market. I always thought that 3% was on the low side on the equation. Looking at all that has been going on I think a reallocation of certain percentage is a must for this industry. I don't want to say any numbers on what should be moved over, that is for the council to decide. I do, however, support Tim Henkel/Deep Sea Fishermen's Union C Share Re-designation proposal.

I oppose any sunset on C share sales, meaning if shares are not bought up by a certain time it can be reallocated & sold as A/B shares again. Initially there might be a surplus of C shares on the market but I think that will work its way out in time. Right now there are very few C shares for sale, but as we know there was a surplus of C shares when this program was initially started. As far as the values of C shares going down, I don't think that is necessarily a bad thing either. It will just create more opportunity for younger deckhands and captains to purchase these shares, and this will adjust over time. I myself am one of the biggest owners of C shares in this industry & I don't have a problem with the shares devaluing or they might not.

As far as tying these shares to a processor (90/10) I strongly appose this for the simple reason that these shares have to remain mobile with the deckhand/captain.

Increasing the C shares pool will only have a positive effect in the industry for all involved. A hired deckhand/captain that has purchased C shares is vested in the industry & will share a greater stewardship for the resource. Think of the opportunity this is going to create for the owner, captain, and deckhand. A deckhand can go on a vessel, work for his share and also have his C shares leased to that vessel creating more wealth for the operation and C share holder. This will also bring more professionalism to the deck when there is a common vested interest that deckhand will do everything possible to make sure that operation is running smoothly if he has C shares being harvested on the vessel.

Again, I support the Deep Sea Fishermen's Union C Share Re-designation proposal and urge you to adopt it as well.

Sincerely,

Oystein Lone

Oystein Lone
Captain//Deckhand

September 24, 2008

Eric Olson, Chairman
North Pacific Fishery Management Council
605 West 4th Ave, Suite 306
Anchorage, AK 99501
Fax: 907-271-2817

Subject: BSAI C Share re-designation proposal

Mr. Chairman,

My name is Jack Sternhagen. I have been in commercial fishing for 26 years, mostly in the Bering Sea for Opilio and King Crab and in the Aleutians for Brown Crab. All that time I have been a deckhand.

I think it is very unfair that the captains, boat owners and processors were allocated crab quotas without giving some to the deckhands who risk their life and limb to help the captains and boat owners catch their crab.

I'm fully in support of the Tim Henkel/Deep Sea Fishermen's Union C Share re-designation proposal to increase the availability of C Shares so we crewmen can invest in our future in the only skill many of us have; that is the occupation of a commercial fisherman.

Feel free to contact me at crabberjack@hotmail.com or mail: box 920846, Dutch Harbor, AK, 99692, phone: 907-581-5618 or cell: 907-359-5618.

Thank you for your time,

Jack Sternhagen

September 24, 2008
Mr. Eric Olson, Chair
North Pacific Fishery Management Council
605 West 4th Suite 306
Anchorage, AK 99501
Fax 907-271-2817

Dear Eric:

I am a commercial halibut fisherman who has been involved in the North Pacific Fisheries for 34 years. I have crabbed and trawled the Bering Sea, seined Kodiak Island, herring fished and longlined halibut and blackcod. My participation in these fisheries has been both as owner/operator and as a crewmember.

The current conduct of the charter fishery goes against what I have seen in my years in the North Pacific Fisheries. The inability of enforcement to uphold a quota baffles me. In all the fisheries I have participated in the amount of fish taken by a user group was always rigorously enforced. It is time to resolve this question to put stability back into one of the world's great resources.

I believe that any allocation given to the charter fisherman should rise and fall with the total quota. If the charter fisherman is against this I would suggest a different business as risk and uncertainty are part of any natural resource industry and especially prevalent in the North Pacific Fisheries.

The charter fleet needs to be part of the solution to the conservation of the halibut resource. I believe that the charter fleet should be held to its GHL and that the GHL should not be increased. Once the laws are in place the free market will sort out the rest just as it has done in all of Alaska's limited fishery programs.

The time for debate has long past, the time for action is upon us before we go down the same road as Wall Street!!

Thank you for your time.

Sincerely

Richard M Johnson

alaska fresh seafoods, Inc.

PLANT: 105 MARINE WAY, KODIAK, AK 99615 (907) 486-5749 FAX (907) 486-6417
HEAD OFFICE: 4241 21ST AVE. WEST, SUITE 204, SEATTLE, WA 98199

September 24, 2008

Mr. Eric Olson, Chair
North Pacific Fishery Management Council

Subject: C-2(e) BSAI Crab 90/10 A Share/B Share split. October 2008 Council meeting

Dear Eric,

I would like to make some comments on the report that was submitted to the Council in April by the Ad Hoc Crab Coalition that was titled "A Share/B Share Split (90/10) & the Implications of Changing the Split for Kodiak".

I would also like to make some comments on Bering Sea crab IPQs, 90/10 A Share/B Share split, and regional allocations.

First of all, no matter how the Coalition attempts to mislead and inaccurately portray the facts, Kodiak and other Alaska coastal communities would be much better positioned to compete for a greater share of the unrestricted quota of the Bering Sea crab resource if IPQs, or the 90/10 A/B split, were to be eliminated, or changed to 10/90, 20/80 or 30/70. The entire crab industry, including processors and fishermen, would be much better off, as would the coastal communities that have potential to process Bering Sea crab, if the Council had not imposed the artificial IPQ restriction on a competitive, free and open market for selling and buying crab. The entire crab industry would certainly be much better off, as would the coastal communities, the state of Alaska, and the nation, if the Council would have allowed the market to create the much larger economic pie, and a much broader distribution of benefits, that would have occurred if IPQs did not exist, or if the 90/10 A/B split was closer to 10/90. The council should not have picked the winners and losers in the crab business, and should not have allocated the market to the influential special interests that benefit from the 90/10 split.

I am concerned that the coalition has provided you with information about Alaska Fresh Seafoods (AFS) that is not only unauthorized for public distribution, but is also inaccurate. The coalition was never authorized to provide any financial or other information or numbers to you about AFS. They never checked with AFS about using our proprietary information, and they did not, and do not, have our permission to provide proprietary information to anyone. I was under the impression that the proprietary information about AFS that the coalition provided to the council is the kind of information that is not for public distribution.

I was also under the impression that the council is supposed to confirm that testimony is true and reliable.

The official written testimony from the coalition makes many inaccurate, incorrect and misleading statements and calculations. They do not consider that many vessels, especially Kodiak-based vessels, would like to make their last or only delivery to Kodiak. In the case of most Kodiak based vessels, and other vessels who wish to port in Kodiak between seasons, they would not be required to make a round trip voyage from Dutch Harbor to Kodiak as is portrayed in the coalition testimony; that is, Kodiak would be a single, one-way destination. The coalition also did not offer the obvious fact that Kodiak based and other vessels may wish to deliver their crab to Kodiak for any number of financial, economic and social reasons, and that these types of determinations, decisions and calculations should be left to the vessels who may wish to deliver to Kodiak, or to somewhere other than Dutch Harbor, Akutan, etc. The vessels themselves should be the ones who decide if the economics of where they choose to deliver pencil out for them. The vessels themselves should be the ones who decide how the price of fuel, fuel consumption, run time, P & I expenses, grocery bills, vessel wear and tear, dead loss, lost fishing time, and other variables influence their own individual economic decision to choose the port and processor to which they deliver the crab that they have caught and own. It should be up to an individual processor buyer and an individual vessel seller to consult with each other to discuss any ex-vessel cost differential or other of the many variables that may impact the cost of harvesting and processing, and the influence that these variable factors may have on a private transaction between a willing buyer and a willing seller for the purpose of consummating an economic arrangement that is anticipated to be beneficial to the parties in the transaction. IPQs and the 90/10 split inappropriately pick winners and losers, block the free flow of capital in the market, anti-competitively divide up and allocate the financial, social and economic benefits of the crab resource and crab industry between special interests, and specifically prohibit and disadvantage certain communities and processors from having the opportunity to compete for, or to share in, the benefits of the crab resource, and the competitive market.

It is very clear to anyone who has experience in the harvesting and processing segments of the fishing industry that the social and economic benefits that would have been realized from the Bering Sea crab fisheries would have been greater, would have been available and distributed more widely and broadly, would have been competitively allocated, would have remained more in Alaska, and would not have been concentrated in the hands of such few businesses, if IPQs and the 90/10 split had not been adopted by the council.

Sincerely,

Dave Woodruff

Dave Woodruff
Vice President
Partner

MICHAEL A. D. STANLEY ATTORNEY AT LAW
P.O. BOX 020449, JUNEAU, ALASKA 99802 TELEPHONE: (907) 586-6077 FACSIMILE: (907) 463-2511

September 24, 2008

Sent via Facsimile Only

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

Re: Aleutian Islands Golden King Crab Fisheries

Dear Chairman Olson and Council Members:

I am writing on behalf of the Golden King Crab Harvesters Association (GKCHA), a group of crab harvesters who hold quota share for the Eastern Aleutian Islands golden king crab fishery (EAG) and the Western Aleutian Islands golden king crab fishery (WAG). These comments pertain to issues you will be taking up at your upcoming meeting in relation to Bering Sea and Aleutian Islands crab fisheries (agenda item C-2), including your ongoing review of the crab rationalization program, alternatives for 90/10, and the work of the Crab Advisory Committee (CAC).

The GKCHA continues to believe that the Aleutian Islands golden king crab fisheries present a unique set of issues under the BSAI crab rationalization program due to their relatively small TACs, small numbers of harvesters and processors, and specific markets. Although the rationalization program has had positive impacts in these fisheries, particularly in promoting an orderly and efficient harvest, there are ongoing problems which the Council must address. Foremost is underutilization of TAC in the WAG fishery. The Council has identified this as a problem and has asked the CAC to address this issue. While the discussions in the CAC have been useful, no consensus has emerged, nor is one likely. The GKCHA therefore urges the Council itself to take up this issue as soon as possible. But the Council should not consider WAG fishery independent of the EAG fishery. The two fisheries are very much linked in terms of the participants and the markets, and they should be reviewed together.

Our position on how the Aleutian Islands golden king crab fisheries should be managed under the rationalization program remains the same – all IFQ A shares should be converted to B shares, in effect removing processor quota in these fisheries. This conversion must not, however, retain the regionalized landing requirement in the WAG fishery, for several reasons. First, as has been discussed in the CAC, unless the arbitration system could somehow be adapted to work in an all B share fishery, which is

highly problematic for open delivery shares that are not matched, harvesters who are forced to deliver their catch in a region where only one or two processors are operating would be placed in an untenable bargaining position. We saw this happen just last season, where the processor on Adak, after receiving a royalty-free transfer of approximately 400,000 pounds of IPQ from another processor, offered a price for West-designated IFQ that was substantially less than the price being paid for undesignated IFQ delivered to Dutch Harbor. Unless mechanisms could be developed to encourage significant additional processing in a region, thereby providing competition (for instance, by allowing catcher-processors to take delivery of B shares), then regional landing requirements are not simply workable in an all B share fishery.

Second, any move to impose regional delivery requirements in an all B share fishery would have to take a hard look at the viability of the processors in the region. Again, experience last season is instructive. The processor on Adak still has not paid approximately $ 370,000 for crab that was delivered to it the last few weeks of the season. Whether this is a function of financial distress (news reports also identified a large unpaid electric bill) or something else is not clear, but it raises questions regarding the propriety of subjecting harvesters to restricted delivery requirements in such circumstances.

Finally, while GKCHA members are encouraged that another processor is planning to operate at Atka, in the West region, many logistical and operational details of this operation remain to be clarified. The processor has not announced which floater will be used to take delivery of crab and when, and there is as yet no agreement with harvesters regarding price or delivery terms or whether a lengthy season agreement will be implemented. A representative of this processor advised the CAC that they intend to work with harvesters to find a workable solution, an opportunity that GKCHA members would welcome, but it does not alter the fact that at this point, six weeks into the season, there is no clear plan for taking delivery of golden king crab at Atka. This uncertainty also affects the eastern fishery, as the processor on Atka holds approximately 163,000 pounds of EAG IPQ.

We understand that designating half of the WAG quota share for delivery west of 174 ° W. longitude was intended to facilitate development of crab processing in the western Aleutians, particularly on Adak Island. Converting the fishery to all B shares, without a regional delivery requirement, is not inconsistent with this intent. In fact, an all B share fishery would allow the processor on Adak – or at Atka for that matter – to purchase substantial amounts of open-delivery golden king crab, provided they offered a competitive price on commercially acceptable terms. WAG harvesters much prefer delivering their crab out west, rather than having to run back to Dutch Harbor, particularly at prevailing fuel prices. Prior to rationalization, when the plant on Adak was fully geared up, most of the WAG crab was delivered there because of its proximity to the fishing grounds. But because the base years for allocating processor quota largely preceded the time when the Adak plant was operational, the processor there received a very small allocation of PQS. An all B share fishery would remedy the current mismatch

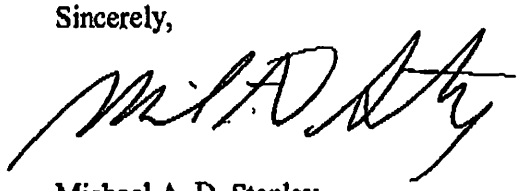
between the amount of PQS held on Adak and the amount of crab required to be delivered in the West region.

At its meeting last April, the Council identified various alternatives, options, and components for revising the 90/10 allocation. Our preference for an all B share fishery for WAG and EAG, without regionalization, would be covered by both alternatives 2 and 3. The difference between the two is how to treat the larger fisheries for Bristol Bay red king crab and *C. opilio*. We take no position on those fisheries. But GKCHA strongly opposes compensation to processors for removal of PQS through harvester royalty payments (component 4) or reallocating quota share to processors (component 5). The existing processors for golden king crab would still receive this crab in an all B share fishery, and we think it is unlikely that any significant amount of new processing capacity would enter these fisheries, given the specific markets the processors have already developed. That said, GKCHA is not opposed to compensating processors for loss of processor quota if a means can be found that does not require harvesters to foot the bill.

One final point: Although our comments are directed at golden king crab, several members of the GKCHA also hold Aleutian Islands red king crab quota share. We encourage the Council to do what it can facilitate an opening of this fishery, even if only on an experimental basis so that data can be gathered. The OFL set for this fishery suggests that there may be a modest harvestable surplus, but to date, the State of Alaska has resisted any suggestion for opening this fishery. If it turns out that a small fishery can be prosecuted on this stock of red king crab, it would benefit harvesters, processors, and communities in the Aleutian Islands area.

Thank you for reviewing these comments. We look forward to testifying at the upcoming meeting, and will be happy to answer any questions you may have regarding the positions expressed in this letter.

Sincerely,



Michael A. D. Stanley

Crewman's Association
PO Box 451
Kodiak, AK 99615
907-539-5610
907-486-1098

October 5, 2008
189TH Plenary Session
North Pacific Fishery Management Council
604 West 4th Avenue Suite# 306
Anchorage, Alaska 99501

FOR THE OFFICIAL RECORD
C-2 CR program & D-3 Staff Tasking
RE: North Pacific Crab Fisheries Safety compromised by Pot Limit Removal

Mr. Secretary, Chairmen Eric Olsen and NPFMC council members,

For the record I am Shawn Dochtermann representing the Crewman's Association, which is based in Kodiak. We're here to voice our concern about the further set back to safety during the prosecution of the Bering Sea crab fisheries as result of the pot limit being rescinded. The issue of possible pot loss due to the pot limit removal is an issue that was never raised at the Alaska Board of Fisheries meetings in March of 2008 or during the joint AK BOF and NPFMC meeting held in Anchorage in April of 2008.

The CR crab program was designed to protect the biological concerns as to ensure the sustainability of the Bering Sea crab resources. Safety was another one of the factors that was attributed to rationalizing the BS crab fisheries. The result was the gifting of economic allocations to a small group of vessel owners that are for the most part not active participants in prosecuting the fishery.

To read more about our biological concerns please refer to the attached letter that was provided to the Alaska Board of Fisheries dated March 5, 2008.

Our major concern is that of SAFETY. The Alaska Board of Fisheries has removed the pot limit, which allows an unlimited amount of pots to be fished. The alleviation of safety on board vessels is a result. The processors schedule deliveries that push vessels to be at the dock for a set delivery time. Now that the pot limit has been rescinded this enables the vessel operators to pull an unlimited amount of gear that is fishing on the grounds in any cooperative. The crew may then be forced to pull gear without enough rest just to make it to the dock on time for a delivery date. This may also pressure crews to work in weather that is unsafe, as a result.

There have been numerous testimonies to the council by Bering Sea crab fisherman (who have participated in both the pre- and post rationalization crab fisheries) stating that operational safety at sea has become as dangerous if not worse than prior to crab rationalization.

In the current draft of the three year review of the CR program it lists the numbers of pots lost by individual crab season. During the 2006-07 opilio season there were 228 pots lost and during the 2007-08 opilio season there were 599 pots lost. That is a 162% increase in number of pots lost for the opilio season. Also during the 2006-07 bairdi crab season there were 88 pots lost while there were 175 pots lost during the 2007-08 season. That would be a 98% increase in pot loss for the bairdi season. Due to the increase of between 98 & 162% of pot loss for both tanners crab seasons shouldn't we be diminishing the pot limit rather than have repealed it? How does removing the pot limit help biological and safety issues? We would appreciate if the council would initiate an analysis on pot loss verses the necessity for no pot limit taking into consideration biological and safety issues.

Information about operational safety at sea can only be obtained from those that prosecute the fishery: the crewmen and skippers. I request the NPFMC do an analysis/study on safety at sea which must be done by crew interviews. In fact, it wouldn't be hard to require an independent study so that crew isn't coerced into giving coached answers by the vessel owner or skippers.

Many crewmen are afraid of being blacklisted if they come forward and speak in front of the council. So how can we protect these crewmen from retaliation by vessel owners? We believe the GAO 06-289 stakeholders report has not been fully address in this regard.

The safety issue is one that affects crew and skipper every day at sea; and to best protect fishermen it must be researched as soon as possible.

Sincerely,

Steven Branson
President

Shawn C. Dochtermann
Secretary

cc: SOC, Director of NMFS, USCG, US Senate & House Subcommittees on Fisheries, Senator Olympia Snowe, Senator Maria Cantwell, Senator Gordon Smith, Senator Daniel Inouye, Senator John McCain, Senator John Kerry, Congressman Nick Rahall II, Congresswoman Madeleine Bordallo, Jean Flemma, Governor Sarah Palin, Governor Christine Gregoire, Governor Ted Kulongoski, Cora Crome, Denby Lloyd , MFCN, AMCC, Michelle Ridgway, Fed Legal1

34.826(a). King crab pot marking requirements for Registration Area T; and 5 AAC 34.051(b)(c). King crab gear marking requirements. Repeal Bristol Bay pot limit and buoy tags as follows:

Repeal the regulations cited above and maintain the traditional gear marking requirements.

ISSUE: Area T king crab fishery pots limits and buoy tag requirements are no longer needed to control effort in the fishery. Since the inception of the rationalization program the fleet has decreased from 251 vessels in 2004 to less than 90 active vessels utilizing in 2005-2006. The average number of pots used per vessel in 2005-2006 was 177, far below the pot limit of 450. A similar pattern of pot usage has continued in the current season.

WHAT WILL HAPPEN IF NOTHING IS DONE? Tracking and replacement of buoy tags is always a problem for the vessel operators and ADFG and DPS enforcement costs will continue and these are much higher than the revenues generated from the buoy tag program.

WILL THE QUALITY OF THE RESOURCE HARVESTED OR PRODUCTS PRODUCED BE IMPROVED? No.

WHO IS LIKELY TO BENEFIT? The crab fleet and likely DPS enforcement costs would be reduced.

WHO IS LIKELY TO SUFFER? No one we can think of.

OTHER SOLUTIONS CONSIDERED? None.

PROPOSED BY: Alaska Crab Coalition (HQ-07F-144)

PROPOSAL 376 - 5 AAC 35.525(c)(4). Lawful gear for Registration Area J; and 5 AAC 35.526(a-c). Tanner crab pot marking requirements for Registration Area J. Repeal Tanner and snow crab pot limit and buoy tags as follows:

Repeal the regulations cited above and maintain the traditional gear marketing requirements.

ISSUE: Area J Bering Sea snow and tanner crab pot limits and buoy tag requirements are no longer needed to control effort in the fishery. Since the inception of the rationalization program, the fleet has decreased from 189 vessels in 2004 to 80 vessels in 2005-2006. Total pot usage has decreased from 14,444 pots in 2004 to 12,734 pots in 2005-2006. The average number of pots used in 2005-2006 was 172 pots, far below the limit of 450 pots. A similar pattern of pot usage has continued in the current season.

WHAT WILL HAPPEN IF NOTHING IS DONE? Tracking and replacement of buoy tags is always a problem for the vessel operators and ADFG and DPS enforcement costs will continue and these are much higher than the revenues generated from the program.

WILL THE QUALITY OF THE RESOURCE HARVESTED OR PRODUCTS PRODUCED BE IMPROVED? No.

WHO IS LIKELY TO BENEFIT? The crab fleet and likely the DPS enforcement costs would be reduced.

WHO IS LIKELY TO SUFFER? No one I could think of.

OTHER SOLUTIONS CONSIDERED? None.

PROPOSED BY: Alaska Crab Coalition (HQ-07F-143)

****

PROPOSAL 377 - 5 AAC 34.825(h). Lawful gear for Registration Area T; 5 AAC

CITY OF UNALASKA
P.O. BOX 610
UNALASKA, ALASKA 99685-0610
(907) 581-1251 FAX (907) 581-1417

September 26, 2008

Eric A Olson, Chairman
North Pacific Fishery Management Council
605 W 4th Avenue, Suite 306
Anchorage, AK 99501

Subject: C-2 BSAI Crab Issues Item (e) Review of BSAI Crab 90/10 Amendment Alternatives and Analysis Outline

Dear Chairman Olson:

With this letter, the City of Unalaska once again confirms its support for the position of status quo, on the BSAI Crab 90/10 Crab Amendment Alternative Review. Unalaska is the largest crab-dependent processing community in the state of Alaska. We process approximately 50% of the Bristol Red King crab and 35% of the Opilio Snow crab, which are the two largest species of crab harvested and processed in Alaska. As a major supporter of the crab rationalization plan since its inception in 2000, the City of Unalaska believes the plan, which was adopted unanimously by the North Pacific Council in June of 2002, is achieving its intended purpose as defined in the Council's 2002 problem statement.

In Unalaska, we have seen many benefits of the crab rationalization plan that have now been outlined in the just-released three-year review. First and foremost has been the improvement in safety in the Bering Sea Crab fisheries. Since the plan went into effect three years ago, not a single life has been lost in the crab fisheries, and not one vessel has been lost. That alone makes the crab rationalization plan a success as far as the City of Unalaska is concerned.

As stated in the three year review, Unalaska saw minimal impacts from the plan. Fish tax revenues in Unalaska from crab have increased with the implementation of the plan. Since the crab plan went into effect, we have seen increased production, both in Snow Crab and Bristol Bay Red King Crab fisheries, with longer seasons and increased quotas. Rationalization has also benefited many of the local support sector businesses with more sustained economic activity in the community over a longer period of time.

The crab plan has also improved the health of the resource and has caused the fleet to use better fishing practices. We are seeing increased allocations and

higher catch per unit efforts (CPUE) in the Bristol Bay Red King Crab and Opilio Snow Crab fisheries. There is less bycatch of small crab due to longer soak time for the fishing gear, and there are 60% fewer crab pots on the fishing grounds due to the reduced number of vessels fishing. Under the program the spatial distribution of the catch has diversified which has reduced fishing pressure impacts on the various crab stocks. Deadloss in the fisheries has decreased, and lost pots and ghost fishing pots as well have declined from the 10-20% range down to 1-2%.

The arbitration system that is in place with this program is working well for the harvesters. They are getting a fair price for their product, and relatively few negotiations have had to be arbitrated. We have seen the development of a new processing plant in Unalaska that is processing B/C share crab as well as crab from leased quota. New product forms and different marketing ventures have been developed. Over the last three years, even the management costs of running this program have been reduced from 3% to 1%, as of a few months ago.

The City of Unalaska is a member and supporter of the Coalition for Safe & Sustainable Crab Fisheries. The Coalition represents a significant majority of crab IFQ holders, crab-dependent communities, CDQ groups and crab PQS holders. We remain convinced that the current program is both meeting the goals established by the Council in the June 2002 motion and meeting the intent of the US Congress. We further believe that any major changes to the crab program at this time could be destabilizing to the considerable investments made by the crab industry, the CDQ groups, and crab-dependent communities. We, therefore, continue to support the status quo and the targeted amendment process that has worked so well to address problems within the crab program.

Sincerely

Frank Kelty
Natural Resources Analyst

ADDENDUM

The Three Year Review of the Crab Rationalization Management Program for Bering Sea and Aleutian Islands Crab Fisheries that was distributed earlier inadvertently omitted an Attachment (Community Profile Update Methodology) to the Draft Social Impact Assessment (Appendix A). Please see attached.

ATTACHMENT 3

SOCIAL IMPACT ASSESSMENT
COMMUNITY PROFILE UPDATE METHODOLOGY

ATTACHMENT 3

SOCIAL IMPACT ASSESSMENT
COMMUNITY PROFILE UPDATE METHODOLOGY

As noted in Chapter 1, for the purposes of this social impact assessment, a two-pronged approach to analyzing the community or regional components of changes associated with the implementation of Bering Sea and Aleutian Islands (BSAI) crab rationalization was utilized. First, a BSAI crab rationalization analysis data set utilizing ADFG fish ticket and CFEC gross revenues data was developed by NPFMC staff and provided to the SIA study team to identify patterns of participation in the various components of the fishery. The study team constructed sector based tables based on existing quantitative fishery information from this data set. These tables, presenting data on an annual basis from 1998 through 2007, are quite large and are included in Attachment 1. Summary tables are presented in Section 1.2 along with accompanying narrative. This analysis focuses on fishery sectors (harvesters, catcher processors, and processors) and contrasts average annual participation indictors for pre- and post-rationalization implementation years over the span of 1998 through 2006–2007. This is a central focus of the analysis, but there are substantial limitations on the data that can be utilized for these purposes, based on confidentiality restrictions.

The second approach to producing a comprehensive social impact assessment involved selecting a subset of BSAI crab communities for characterization to describe the range, direction, and order of magnitude of social and community level impacts associated with the relevant crab fisheries. In short, this second approach uses the community or region as the frame of reference or unit of analysis (as opposed to the fishery sector as in the first approach). This approach examines, within the community or region, the local nature of engagement or dependence on the fishery in terms of the various sectors present in the community and the relationship of those sectors (in terms of size and composition, among other factors) to the rest of the local social and economic context. This approach then qualitatively explores the social and community impacts that have resulted from the rationalization-associated changes to the locally present sectors in combination with other community-specific attributes and socioeconomic characteristics.

Chosen for this community-level analysis were those Alaskan communities characterized in the pre-implementation BSAI crab rationalization social impact assessment. These are Unalaska/ Dutch Harbor, Akutan, King Cove, Kodiak, Sand Point, Adak, St. Paul, and St. George. A community-by-community summary of the social impacts of BSAI crab rationalization for each of these communities is presented in Section 1.3. This summary is derived from detailed community profiling efforts, the results of which are in part included in this analysis and in part included in another document incorporated by reference.

Pre-rationalization crab fishery-oriented profiles for each of these communities were developed for the *BSAI Crab Fisheries Final Environmental Impact Statement Social Impact Assessment* (NOAA 2004, Appendix 3[1]). Updated, detailed profiles with a focus on crab dependence and BSAI crab rationalization impacts are provided in this document for four of these communities. These are Unalaska/Dutch Harbor (Section 2.1), Akutan (Section 2,2), King Cove (Section 2.3), and Kodiak (Section 2.4). These profiles were updated through fieldwork and they explicitly

[1] Available at http://alaskafisheries.noaa.gov/sustainablefisheries/crab/eis/#final.

build upon the profiles of these communities developed for (1) the pre-rationalization crab social impact analysis referenced above and (2) those contained in *Comprehensive Baseline Commercial Fishing Community Profiles: Unalaska, Akutan, King Cove, and Kodiak* (EDAW 2005). The latter of these profile efforts, also produced prior to the implementation of BSAI crab rationalization, was jointly funded by the North Pacific Fishery Management Council (NPFMC) and the North Pacific Research Board (NPRB). In addition to the information that has been updated in this document, these (EDAW 2005) profiles contain quantitative characterization of each of the community's local commercial fishing harvest sector, including detailed information on an annual basis, from 1995 through 2002, of local vessel characteristics, distribution of permit holders, catch and earnings estimates, and landings inside and outside of the community, along with an analysis of the spatial distribution of fishing effort of the local fleet. As updating this information is effort intensive and not central to the current BSAI crab rationalization 3-year review-oriented community analysis, it has not been updated in the community profiles included in this document, but this information is readily available[2] for review in the original document. The earlier document also contained a number of photographs of the community context and relevant structures; the current updates contain only a few photos of aspects of the community that have changed since the previous profiles and are discussed in the narrative.

Updated, post-BSAI crab rationalization profiles for the other four communities central to the current analysis (Sand Point, Adak, St. Paul, and St. George) were completed in June 2008 under the title *Comprehensive Baseline Commercial Fishing Community Engagement and Dependency Profiles: Adak, St. George, St. Paul, and Sand Point, Alaska* (EDAW 2008). These profiles, funded by the NPFMC (Contract NEPA-1-06) and the NPRB (Project 640), explicitly built upon the community profiles contained in the *BSAI Crab Fisheries Final Environmental Impact Statement Social Impact Assessment* (NOAA 2004, Appendix 3), and contain, as part of the overall description of each commercial fishery-related sector in the community and where relevant, information on community-specific effects of crab rationalization. As these comprehensive profiles are readily available[3] for review, and have recently been distributed to the NPFMC at its constituent bodies, they are incorporated by reference rather than reproduced in this document.

Steps in the Community Profile Process

The overall research to update the four community profiles included in this document generally followed the steps outlined below. In practice, a number of different tasks took place simultaneously.

Preliminary Data Analysis. NPFMC staff provided contractor staff with sector and location-based data as they became available. Results included vessel count, ownership, and homeport data, processor count, location, and processing data, and analogous catcher processor data, along with quota share distribution data, among others. There were a number of iterations of this process in response to contractor queries. These data were used initially to help focus the research effort, including helping to identify entities and individuals to contact. Much of this effort was in effect an augmentation of the earlier work accomplished for the Steller Sea Lion

[2] Available at http://www.fakr.noaa.gov/npfmc/current_issues/crab/crabcoop.htm and then selecting Community Profiles 08/08 Volume 1: Unalaska, Akutan, King Cove, Kodiak.

[3] Available at http://www.fakr.noaa.gov/npfmc/current_issues/crab/crabcoop.htm and then selecting Community Profiles 08/08 Volume 2: Sand Point, Adak, St. Paul, St. George.

Protection Measures Supplemental EIS (SEIS) (the SSL SEIS for short), the American Fisheries Act (AFA) Report to Congress, the Groundfish SEIS, and BSAI Crab Fisheries EIS SIA, as well as the more recent NPFMC/NPRB profiles, and used that work as a foundation.

Summarize Relevant Existing Information. Prior to the collection of field data, existing information relevant to the present effort was summarized. These materials, along with other relevant sources, were used to develop preliminary pre-field community profiles to identify information gaps, and to guide field interviews and research.

Conduct Field Visits and Phone Contacts to Collect Required Information. Field time was limited by schedule and resource constraints. Brief field site visits were made to Unalaska/Dutch Harbor (5 days), Akutan (1 day), King Cove (4 days), and Kodiak (4 days). Other in-person contacts were made in Anchorage, and phone contacts were made with entities or individuals for all communities profiled.

Information Goals, Objectives, and Techniques

Field methods used were similar to those used by the researchers for past NPFMC projects. General community contacts were renewed (and, where necessary, established) with key community officials to gain access to the community and collect planning documents and other contextual information. This was confined for the most part to that information required to update the existing community profile for the specific field communities identified in the scope of work (Unalaska/Dutch Harbor, Akutan, King Cove, and Kodiak), although supplemental phone contacts were made for all of the communities included in the larger analysis (Sand Point, Adak, St. George, and St. Paul, in addition to the four already noted). Contacts were chosen on the basis of our prior knowledge, the official position they occupied, or the consistent recommendation of a number of fishery participants ("snowball sample" approach). Thus, the people we talked with are not a representative sample of the fishery as a whole, but rather were chosen as especially knowledgeable and/or as potentially especially linked to community effects in regard to crab rationalization, with a priority given to individuals and institutions contacted in the pre-crab rationalization SIA work to allow for more direct pre- and post-implementation analysis. They thus represent a judgmental sample from a select number of categories. That is, not all categories were represented, and not all were equally represented (see sampling discussion below). The intent of this strategy was not to provide a statistically random sample; rather, it was to provide access to a broad range of information to be able to characterize the direction and magnitude of changes seen in the communities as a result of implementation of BSAI crab rationalization, informed by more than fifteen years of working on related fisheries issues in these communities.

Implementation of this study generally followed the standards for ethnographic work and the methods of Rapid Ethnographic Assessment Procedures as outlined by the National Park Service (NPS) in the *Cultural Resource Management Guideline*, Release 4 (1994) and the NOAA Guidelines and Principals for Social Impact Assessment. Implementation of this study used multiple data collection techniques, discussed below in terms of documentary research and ethnographic research. Separate discussions are also devoted to sampling and other special considerations, but because of the retrospective nature of this work compared to the typical predictive nature of previous SIA efforts in the region (with the noted exception of the AFA

Report to Congress), this research effort did not include an update of the earlier produced literature review of similar programs.

Direct and support sector participant and municipal official contacts were a primary means through which existing profiles were updated. Our main method was to talk with a broad range of industry participants from each of the sectors identified as important components of the fisheries—shoreside processors (fixed location plants as well as inshore floating processors), catcher vessel and crew related entities (although crew issues themselves are being addressed through a separate piece of research for the 3-year crab rationalization review process)—as well as with individuals from support service sector businesses and individuals knowledgeable about other community economic sectors. As in previous projects, our conversations were guided by a research protocol so that we could collect comparable information from those people with whom we spoke, but individual contacts were directed primarily toward updating existing information to allow for pre- and post-rationalization perspectives to emerge.

Compared to earlier efforts, relatively little effort was devoted to fieldwork for these profile updates, but the work that was conducted was crucial to the research. The ethnographic methods utilized are based on traditional anthropological and social science methods to investigate the nature and meaning of public values, attitudes, and beliefs. These schema and context data were collected through primarily open-ended, key informant interviews with persons representing different sector/community interest groups. Also, keeping in mind that a good portion of the field effort was directed toward updating information already in hand (and often collected from the same individuals or entities contacted for previous study efforts noted above) for most interviews only a subset of protocol topics were pursued after some general questions were asked regarding relevant changes since the last set of interviews. Our experience has been that if the interviewee is discussing topics of interest that it is generally more efficient overall to allow him or her to guide the discussion rather than to impose the more artificial structure of direct questions. A more inflexible, formally structured, interview often produces much less direct information and very little interpretative context. The successful use of protocol interviewing of course depends upon the judgment of the interviewer but is a technique with which we have much experience. Even with a "standard" protocol, not all interviews/contacts were guided by them to the same extent. We briefly discuss several of these special interview situations below.

"Standard Protocol" Interviews: The most common interview situation involved the researcher talking with an individual about his or her participation in the fishery or support sector, but often in a group context for larger corporate fishery entities or for groups of individual fishermen. The interview was guided by the use of a protocol that specifies certain areas of interest and topics to be covered.

Key Person Interviews: Most of the interviews completed were "key person" interviews. Key person interviews are conducted with people who hold central positions in public or private community organizations, or are key participants in the activity of main interest. These types of interviews are only semi-structured because the interviewees involved usually have busy schedules and time constraints. Although semi-structured interviews maintain the same open-ended quality of informal interviews, the structure of the interviews is determined by the researcher. Semi-structured interviews are usually employed in situations in which the researcher only has one chance to interview an informant. All interviews were recorded in

narrative form, using written notes. Upon review of the data, follow-up interviews or contacts were sometimes arranged to clarify or obtain further information.

Group Meetings: There were several occasions when we had meetings of the researcher(s) with a number of people at the same time. These were not always predictable. Often the person with whom the meeting had been arranged would have asked one or more additional persons to attend, to provide information as well as to keep them informed of the research process. There were other occasions when a number of fishery participants would talk with us as a group, either because they all happened to be in the same place and/or because they (or we) did not have the time or flexibility to talk individually. In our experience, local people can be interested in such group meetings for a number of reasons -- to find out from the researcher what he or she is doing, to communicate to the researcher some specific sorts of information, or to make themselves available to the researcher for whatever he or she wants to know.

Participant Observation: Participant observations are among the standard methodologies used in anthropological research. While this is a method that is best suited to longer-term work, it may nonetheless be applied on a limited basis in shorter-term fieldwork. This approach requires that the researcher establish a rapport with individuals in research communities and to engage this community and its members so that there is minimal disruption of the usual flow of everyday activity. This technique is valuable even in limited, focused efforts when there is an opportunity to engage some portion of a community about a focused topic as well as interact with individuals outside of the interview context *per se*. This process was facilitated by the individual researchers' previous experience in those communities.

Nonreactive Observations: Nonreactive observations are sometimes referred to as "unobtrusive" measures, and refer to a research approach that does not require the participation of an informant. Unobtrusive observations typically have little no impact on what is being studied and include all methods for studying behavior and context in which informants do not actively participate. One of this technique's main concerns is to avoid sensitizing informants to issues that are important to the researcher. Thus, researchers do not ask direct questions about individual behavior or community patterns of behavior. Instead, they conduct systematic observations that measure behaviors of interest in a less direct form. As an example, researchers may count vessels at various private docks or public moorage locations to gain insight into patterns of use that may then be followed up on during interviews. Such measures sometimes provide insight and information that are often unobtainable through other techniques, particularly where a strong potential for biasing answers exists. Nonreactive observations are especially useful when weighing conflicting information from different informants. Again, given the limited scope of the field research for this project, these techniques were of limited utility, but were employed to a degree.

Informal "Unstructured" Interviews: Informal interviews are often considered to be a form of participant observation. However, an unstructured interview differs from a conversation held during participant observations. While participant observation implies letting a "cultural consultant" define the form and content of conversations, informal interviews are clearly interviews. That is, when the researcher meets with informants, he or she has a clear plan in mind concerning conversational topics but does not have a specific set of questions that should be asked. Although the researcher establishes the general direction of the conversation, he or she maintains little control over the direction or topicality of informant's responses. The objective of this type of interviewing is to allow the informant to speak freely and at his or her own pace.

These types of interviews are often useful in conjunction with more formal interviews when more than one informant is present. Again, with the very limited fieldwork involved in this project, this approach was used only to a limited extent.

Sampling

Obtaining a randomly selected and statistically representative sample was not the goal of this study. Rather, for this type of study data are needed from a non-random but systematically selected sample. The intention of this study was largely to follow up individuals or institutional representatives that were identified in previous work as knowledgeable "industry experts" and key fishery participants who can identify relationships and associations (both historic and current) between themselves and other fishery participants. Also targeted were community officials, and key persons in other sectors of the local economy and social structure to allow for a characterization of the role of the fishery in the local economy and a description of (and perspective on) co-occurring changes over the relevant time frame.

Given that a specific type of information is desired, and this information is not randomly distributed within the group, efficient gathering of these data required a well-defined, targeted approach. Such targeted sampling approaches include quota sampling, purposive sampling, and "snowball" or network sampling. These methods are systematic approaches to the identification of appropriate interviewees. Each is briefly described below.

Snowball sampling may be used as an entrée for research with members of various interest and stakeholder groups as a means to identify the full range of groups that are similar to or different from the point of entrée. Like most other research of this type, initial field data collection among any particular group identified almost always begins with informant networking. Networking is a process whereby the researcher requests several key informants to identify others who would be suitable to interview. The process begins with the researcher contacting and interviewing a person who holds a formal status in the group, such as an association executive director, or the like. The informants are apprised of the research project during the interviews, and if they are confident that the researcher will not violate group interests and values, they will usually refer the researcher to other knowledgeable individuals. This sampling technique provides an effective means of building an adequate sampling frame in short order, particularly in a small population where people are likely to be in contact with one another and when the research is focused to the point where the type of information desired is held by a relatively few individuals. Snowball sampling is also a useful tool when studying small, bounded, or difficult to locate populations. In this case, we started with the various industry and/or sector associations and worked outward in addition to recontacting individuals known from previous research.

Quota sampling can be used to a degree to assure adequate coverage of geographical areas, interest groups, and stakeholders. In quota sampling the researcher decides on the categories of interest before the research begins. The sample is selected from those predetermined categories and then a targeted number of individuals are interviewed from each category. That is, the researcher constructs a matrix describing all of the characteristics of information to be obtained. A relative proportion is assigned to each cell in the matrix, and data are collected from persons who possess the characteristics of a given cell. Of all the non-probability sampling techniques, quota sampling is closest to approximating a true random sample. In addition, it guarantees that all the research categories of interest will be represented in the study. In most instances, it is

possible to indicate some sort of estimate or evaluation, since this sort of sample represents the population from which it is drawn. Under extremely good conditions, quota sampling results in a stratified random sample, but in most cases it is not possible to determine if members of all categories have had an equal chance of selection. For the purposes of this research, the relatively small number of interviews conducted in any one location, and the focus of such interviews on "key" people and sector/industry experts, would not result in any sort of random sample. In any event, however, the research did benefit from well-defined categories for the beginning "matrix" so this did not prove to be a significant difficulty.

Purposive or "judgment" sampling refers to the selection of a sample based on what the researcher believes will yield the most comprehensive understanding of the subject under study. This sampling technique is similar to quota sampling in that the researcher selects his or her target categories of inquiry based on the objectives of the research. However, for this type of sample there is no overall sampling design that dictates how many respondents from each category are needed for the study. Purposive samples are often used when a researcher wants to select only a few cases for intensive study, when conducting life history research, or when engaging in qualitative research on special populations. The potential problems of defining and enumerating the sampling universe exist for this method as well. This type of sampling, in practical terms, means keeping the design flexible so that, in the words of National Standard 8, "the analysis does not have to contain an exhaustive listing of all communities [or, by extension subcommunities or subsectors] that might fit the definition [of fishing communities]; a judgment can be made as to which are primarily affected" (Fed. Reg. 1997:41918). Purposive sampling allows for reasoned judgment in adjusting interview targeting strategies once the fieldwork is underway, information begins to be developed, and salient issues begin to become apparent. In practical terms, purposive sampling allowed for efficient use of very limited field time.

Use of formal interview instruments that would require Office of Management and Budget (OMB) approval was precluded by the short time horizon and amount of resources available for the work. Further, it was recognized that representative samples in a statistical sense (at least for some communities and sectors) would not be achievable. A complete characterization of the population before sampling was infeasible (such description was, after all, one of the intended goals of the research), and the random selection (and contact) of interviewees impractical. Given these limitations, the sampling strategy was guided by previous research. Based on this categorization and the focus on community effects, and in view of the amount of other information already available and a judgment as to the extent of change in different sectors of the fishery since the construction of the last sector profiles, the decision was made to focus on those Alaska communities with the most direct linkages to the BSAI crab fisheries—Unalaska/Dutch Harbor, Akutan, King Cove, and Kodiak for the present profiling effort, given that Sand Point, Adak, St. Paul, and St. George profiles had been completed within the last few months. This decision was made prior to study initiation and was made a part of the scope of work. No targets for "samples" were set in each community, primarily due to the brevity of field time in any field location, and the availability of prior information. Fieldwork for this project was in essence to "calibrate" the existing information in terms of its applicability and usefulness for this document. Target goals for the adequate description of each sector and a discussion of the dynamics of change in that sector were established.

For sectors with a small number of participants it was judged necessary to contact as high a proportion of category members as possible, within the constraints of the project. This was most

pressing in the processing sectors, given the ties to the specific communities involved. For catcher vessels, due to limitations of time and resources, and the dispersed nature of the sector, we worked primarily with secondary data supplemented by contacts with vessel organizations and opportunistic interviews in the field. Catcher vessels interviews are inherently a difficult challenge, partly because of the larger number of individual entities and the variation among them, as well as the wider geographical distribution of these entities. For Kodiak specifically, crew impacts as a crab rationalization issue has been well documented as part of the public input process before the NPFMC and, given that another study focused specifically on crew impacts of crab rationalization is taking place simultaneously, this was not a prime focus of the limited field effort for the community profile updates.

Effort was also made to contact a number of fishery support service entities in each community. In practical terms, we were able to cover the range of these businesses in the smaller communities where the types of entities and the total number of these entities are few. These interviews were used to elicit local views on community trends, in terms of fishery dynamics, from experience with previous rationalization efforts as well. For the most part, this information confirmed the information derived from other measures, which were also based on partial, rather than complete or statistically representative information (housing sales, tax revenue trends, spending in general). Interviews with "key" community officials also fit into this category, as the information derived from them was not robust enough by itself to establish any trends or conclusions, but in conjunction with other information was useful to establish at least the direction (if not the magnitude) of effects. The following is a summary of in-person field contacts and substantive telephone contacts.

Table A3-1. Summary of Community Profile Update Contacts

Unalaska	City	9
	Processors (Companies)	7
	Catcher Vessel Owners/Crew/Entities	2
	Support Service Entities	31
	Native Corporation/Tribal Entities/CDQ Groups	1
	Other	1
Akutan	City/Borough	3
	Processors (Companies)	0
	Catcher Vessel Owners/Crew/Entities	3
	Support Service Entities	2
	Native Corporation/Tribal Entities/CDQ Groups	2
	Other	0
King Cove	City	6
	Processors (Companies)	1
	Catcher Vessel Owners/Crew/Entities	11
	Support Service Entities	13
	Native Corporation/Tribal Entities/CDQ Groups	5
	Other	1
Kodiak	City/Borough	9
	Processors (Companies)	8
	Catcher Vessel Owners/Crew/Entities	4
	Support Service Entities	15
	Native Corporation/Tribal Entities/CDQ Groups	0
	Other	2

Other Methodological Considerations

There are four interrelated concerns that should be noted regarding the data utilized in this research. These topics are confidentiality, informed consent, and self-interest.

Confidentiality: The tasks required for the specified scope of work impose substantial challenges in the area of guaranteeing confidentiality for those research participants who desire this protection. Any ethnographic fieldwork in small communities requires that the form of publicly disseminated products be carefully designed and written so that the privacy of individuals is protected. When this is combined with potential financial and operational confidential information concerns, these considerations are even more accentuated. A verbal process of informed consent for research participants, combined with the coding of field notes and a restrained use of information identifying individuals in public reports, is usually adequate to handle these problems. This project was less problematic in these regards than it could have been because of the clear awareness most industry participants have in these areas, and their familiarity with the NPFMC analysis and decision-making process. For virtually all of the businesses contacted, disclosure of identity was problematic, rather, it was specific business practices and/or levels of revenue that were considered confidential. Confidentiality is, however, a large issue when it comes to the ability to undertake community level analysis with fisheries statistical data, as noted elsewhere.

Informed Consent: Informed consent is a challenging subject, because if everyone were truly "fully informed" of all of the more remote potential consequences of their participation, this would be an extraordinarily extensive discourse, and few would be likely to participate in whatever they are being asked to do. Most social science is conducted within ethical guidelines and with verbal, or even implied, informed consent obtained. Verbal informed consent, through a disclosure of the research goals and process, as well as contractor and sponsor information, was a part of every interview, as was the question of whether the individual wished to speak with us. (Notes made about public behavior were not subject to such informed consent.)

Self-Interest: It must be recognized that much of the information, other than that derived from data sets obtained from NPFMC staff, is from parties with a vested interest in the management decisions made by the NPFMC. As such, all can contain potential sources of self-interest bias. This is not an unusual situation, however, and truly "objective" information about any human endeavor is extremely rare. The object is not to eliminate self-interested information from this research, but rather to balance that information with data from other sources. Further, a priority was placed on re-contacting entities that had previously been interviewed during the pre-BSAI crab rationalization SIA process to help provide a perspective on potential recall or self-interest bias.

This page intentionally left blank.

Terry.
Haines

Crew Quota Proposal and Purpose and Need Statement:

Problem Statement

What is wrong with Crab Rationalization as it is presently structured?

The program has created an unnatural imbalance in the most basic economies of fishing communities by focusing access rights into the hands of a very few, allowing them to charge lease fees that extract the maximum possible value. The result is less money in fishing communities and less opportunity for fishermen.

How can these problems be corrected?

Skippers and crew, that is, boots on deck fishermen, will be allowed access to a portion of the quota equal to their traditional share on a yearly basis with no ownership rights. Quota owners will be required to have a significant stake in the industry at a time certain or they must divest themselves of their held quota. Meaningful vessel caps will be implemented, allowing more opportunity for traditional users.

Purpose and Need Statement

To restore traditional balance in the industry a redesignation of a portion of the TAC equal to the traditional share taken by skippers and crew will occur. This redesignated quota, or Crew Quota, will be accessible to BOD (Boots On Deck) fishermen without landing restrictions on a yearly basis based on past participation. In this way the entry level fisherman will be able to work his way up, working boats will be relieved of the burden of heavy lease fees, and the cash value of the fishery will be distributed in a more traditional manner, with fishing communities benefiting from more money in more hands.

Suggestions on refining PS and P and N:

Preliminary Crew Quota Proposal Worksheet
NPFMC Meeting, September 2008
Proposal

Quota would be redesignated in three ways:

1. All increases in TAC will be designated Crew Quota. **(Suggestion at AP: cap on yearly increase)**

2. All holders of crab quota will be required to show a significant investment in the industry, or to divest themselves of said quota at a time certain. At the time of transfer a share of the transferred quota will be redesignated as Crew Quota. **(Questions: what qualifies as a significant investment? What is a reasonable amount to "shave" at time of transfer? What is a reasonable timeline to show investment?)**

3. A portion of existing "A" and "B" shares will be immediately redesignated as Crew Quota. **(Question: What is a reasonable amount to immediately redesignate?)**

BOD fishermen will then be encouraged to form a Regional Fishery Association as defined in MSA:
The term Regional Fishery Association means an association formed for the mutual benefit of members--
A) To meet social and economic needs in a region or sub region;
B) Comprised of persons engaging in the harvest or processing of fishery resources in that specific region or sub region or who otherwise own or operate businesses substantially dependent on a fishery.
(Question: Who would be members of such an association? What can an RFA do to help with administration of the Crew Quota?)

This worksheet is meant to be a starting place for discussions which could aid further NPFMC at its October 2008 meeting in Anchorage Alaska. All interested parties are encouraged to contact the Crewmen's Association to help refine the proposal.
Terry Haines, CA representative, 907-942-0365, yohaines@alaska.com