



C5 Squid and sculpin processing

February 2020 Council Meeting

Action Memo

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Other Presenters: Megan Mackey (AFSC)
Action Required: 1. Initial Review Draft – review
2. Confirm preliminary preferred alternative

Action

This document analyzes alternatives to reconsider processing restrictions on squids and sculpins, two species recently added to the Ecosystem Component (EC) category in the Fishery Management Plans (FMPs) for groundfish in the Bering Sea and Aleutian Islands (BSAI) and Gulf of Alaska (GOA). At this meeting the Council will confirm or change their preliminary preferred alternative.

Background

In June 2017, the Council took final action to move squids to the EC category in the BSAI and GOA (BSAI FMP Amendment 117, GOA FMP Amendment 106). In October 2019, the Council took final action to move the sculpin complex to the EC category (BSAI FMP Amendment 121, GOA Amendment 110). The Final Rule for Amendments 117/106 restricted processing of squids to fishmeal only by adding squids to Federal regulations at 50 CFR 679.20(i)(5) which limits processing of forage fish, grenadiers, and squids to fishmeal. This restriction conflicts with the Council’s intention for Amendment 117/106 that squids caught incidentally during other fisheries could be processed into whole bait and whole fish/food fish, as had been practice before squids were moved to the EC category. During analysis for Amendments 121/110, staff noted that moving sculpins into the EC category would result in prohibitions on retention, processing, and sale of sculpins other than as fishmeal as is the case for all other EC species, including squid. Although the Council disagreed with the regulation prohibiting processing and sale of sculpins and squid, they chose to proceed with the change in status for sculpins, and at the same time initiated this analysis to reconsider the processing and sale restrictions. No other species are considered in this action, processing and sale restrictions will remain in place for prohibited species, forage fish, and grenadiers under any of the alternatives.

There are not currently any developed Federal or state water fisheries for squids or sculpins. Squids and sculpins are caught incidentally in the prosecution of groundfish fisheries in the BSAI and GOA. In both the BSAI and GOA, the majority of squids are caught incidentally to pollock trawl fisheries. In Southeast Alaska, the ADF&G has authorized exploratory fishing for market squid (*Doryteuthis opalescens*) under conditions of a Commissioner’s Permit (note that this is different than the analysis). A proposal was submitted to the Alaska Board of Fisheries (BOF) in 2017 to open a state purse seine market squid fishery, the proposal failed at the BOF in part because of concerns about bycatch of declining king salmon stocks and a general lack of data on market squid in Alaska.

Alternatives

The Council adopted two alternatives for analysis, and identified Alternative 2 as its preliminary preferred alternative (**bold**)

Alternative 1. Status Quo. Squids and sculpins in both the BSAI and GOA FMPs are designated as non-target ecosystem component species with prohibition on the use of squids and sculpins other than as fishmeal.

Alternative 2. Squids and sculpins in both the BSAI and GOA FMPs are designated as non-target ecosystem component species.

Because squids are already in the EC category, and the Council took final action to move sculpins into the EC category in October 2019, the only real difference in these alternatives is the allowance for processing and sale of squids and sculpins as either fishmeal only (Alt 1) or without the fishmeal-only regulation (Alt 2). Table 2-3 in the analysis provides a summary of the two alternatives considered in this action.

Table 2-1 Summary of Management Measures in Alternatives 1 and 2

Management Measure	Alt 1- No Action	Alt 2 – No Processing Restrictions
Prohibit Directed Fishing	Yes Prohibit directed fishing in regulations at 679.20(i)	Yes Prohibit directed fishing in regulations at 679.20(i)
Retention and Sale	Yes Retention and sale allowed as fishmeal only, subject to MRA limits.	Yes Retention and sale as any product form allowed, subject to MRA limits.
Annual Harvest Specifications	No - Periodic reports on biomass information from current surveys will be included in the SAFE - Catch does not accrue to optimum yield cap	No - Periodic reports on biomass information from current surveys will be included in the SAFE - Catch does not accrue to optimum yield cap
Incidental Catch Management	Yes MRA = 20% for all basis species	Yes MRA = 20% for all basis species
Recordkeeping and Reporting	Yes Require catch reporting	Yes Require catch reporting

Analysis of impacts

Based on information to date, this action is not likely to, individually or cumulatively, have a significant effect on the quality of the human environment and therefore may be categorically excluded from the need to prepare an Environmental Assessment (EA).

Incidental catch of squids increased greatly in 2019, the first year they were managed under the EC category. Some processors incorrectly assumed that squid could still be processed into whole bait, and squid did enter the market until processors were informed by NMFS that processing into bait was

prohibited. Moving squids to the EC category also had the effect of removing the need for vessels fishing for pollock to move away from grounds when the squid encounter rate was high. These factors, along with the poor population estimates for squids in the BSAI and GOA suggest that multiple reasons, including the overall abundance of squid, and the effects of avoiding Chinook salmon and sablefish, may have contributed to the increased catch of squids in 2019.

There do not appear to be conservation concerns for either squids or sculpins. Impacts from either alternative are primarily economic. Neither alternative is likely to have any significant impact on the overall value of the BSAI or GOA groundfish fisheries, but some impacts may be significant to individual operators, depending on how much of their annual revenue is generated from processing squid.

Alternative 1 would continue to manage squids and sculpins as EC species in the BSAI and GOA FMPs, and would limit allowable processing and sale of squids and sculpins to fishmeal only, consistent with other EC species. For reasons outlined in the analysis, it is difficult to predict levels of incidental catch of squids in the BSAI and GOA. If anomalously high levels of squid catch seen in 2019 occurred in the future, under Alternative 1 processors may experience higher costs associated with discarding squid or converting fish meal plants to be able to efficiently process squid. Total costs to each processor would depend on individual processors' decisions to discard or process squid to fish meal. Under Alternative 1, processors would also forgo revenue from the sale of squid as product forms other than as fish meal. Table 4-5 shows revenue from the sale of whole bait from 2009 – 2018 totaled approximately \$2.3 million while fish meal provided \$7,115 for the same period. Because there has never been a significant market for any sculpin products, and they are caught and retained at low levels, it is unlikely that removing processing restrictions on sculpins will change the level of incidental catch or the value of that catch.

Alternative 2 would continue to manage squids and sculpins as EC species in the BSAI and GOA FMPs, and would remove regulations limiting processing and sale of squids and sculpins to fish meal. As for Alternative 1, it is difficult to predict the level of incidental catch of squids in the BSAI and GOA. If anomalously high levels of squid catch seen in 2019 occurred in the future, under Alternative 2 processors may be able to generate additional revenue from the sale of squid as whole bait or whole fish/food fish, as well as preventing waste of incidental squid catch. Total additional revenue would depend on individual processors' decisions to process squid to saleable products or discard. Table 4-5 shows revenue from sale of whole bait from 2009 – 2018 generated approximately \$2.3 million, and whole fish/food fish generated \$374,835 for the same period. As in Alternative 1, removing processing restrictions on sculpins is not likely to affect the level or value of incidental sculpin catch.

Analysts did not identify any impacts that could create adverse economic impacts on any fishing community or cause any other adverse social impacts for either alternative. Both alternatives would directly regulate any processor receiving squids or sculpins in the Federally managed groundfish fisheries in the BSAI and GOA. It is possible that one or more processors in the BSAI or GOA that processes squids or sculpins could be small entities if the processing company and its affiliates worldwide employ fewer than 750 people. Total employment numbers of processing companies and their affiliates worldwide are not available to make that determination.

There are no anticipated implications for State fishery management. The Council's FMPs do not preclude development of directed fisheries in state waters. The State of Alaska Board of Fisheries could authorize a state waters fishery for any squid species as they determine it to be appropriate.

Net benefits to the Nation relative to the No Action alternative would likely increase marginally under Alternative 2 by allowing processing and sale of squids and sculpin products and by helping to prevent waste of the incidental catch of these species.