



D4 Economic SAFE reports (SSC only)

April 2023 Council Meeting

Action Memo

Council Staff: Jon McCracken
Other Presenters: Dr. Brian Garber-Yonts (AFSC)
Action Required: 1. Review Groundfish and Crab Economic SAFE reports
2. Make recommendations as necessary

BACKGROUND

At this meeting, the SSC will review the Groundfish and the Crab Economic SAFE reports as presented by the Alaska Fisheries Science Center (AFSC)'s Economic and Social Science Research Program.

BSAI and GOA Groundfish Economic SAFE report

The Groundfish Economic SAFE report contains detailed information about economic aspects of the groundfish fisheries including:

- Ex-vessel, first-wholesale, and effort data tables.
- Economic performance indices
- In-season ex-vessel revenue estimates for 2022
- Wholesale product price projections and ex-vessel price projections
- Market profiles for the most commercially valuable species
- Amendment 80 management program economic report
- Gulf Trawl economic data report (EDR) summary

Below are the excerpted minutes from the December 2022 Joint Groundfish Plan Team meeting concerning the Groundfish Economic SAFE report.

Brian Garber-Yonts presented the November draft of the Economic SAFE Report. The Teams noted that the usual draft chapter was not available for the meeting. He noted that despite changes in staffing there are plans to continue the Economic SAFE Report but this was a transition year. The Economics and Social Sciences Program (ESSR) will be again seeking feedback on the most useful content for the chapter (and noted that it will be reviewed by the SSC at the February 2023 meeting). The AKFIN HD data explorer was introduced as a resource for downloading and exploring economic fisheries data. First Wholesale revenues and prices were down during 2019-2021 (COVID period) and inflation also had an impact on Wholesale Economic Value estimates, i.e., increasing prices offset decreasing volume. The Teams inquired about the timing of getting economic information for EPRs and ESPs earlier and whether the middle of October was possible. They noted that this earlier timing should be possible, but fish ticket data is sometimes delayed. ESSR is trying to speed this up. The process for inflation adjustment for fisheries was discussed and whether the ESSR incorporated international inflation or if only U.S. inflation was included. For the Economic SAFE Report, the ESSR incorporated international prices using the exchange rates to weight prices for inflation and consumer prices

were adjusted by the consumer price index (CPI). For the Economics SAFE Report the ESSR was consistent with the inflation adjuster across the board (across all prices). Further discussion centered around whether present inflation adjusted prices should be included. The ESSR could provide adjustments, but it was decided that multiple versions of every index would be burdensome for both the users and the ESSR. The HD data explorer would be a good place to show both versions of prices, but the report itself would double if both versions were reported. The Teams suggested that the ESSR could present adjusted numbers in years when inflation was particularly important.

BSAI Crab Economic SAFE report

The Crab Economic SAFE report contains the following economic information for the crab fisheries:

- Production, sales, revenue, and price indices in the harvesting and processing sectors
- Income, employment, and demographics of labor in both harvesting and processing sectors
- Vessel operating expenditures in the crab fishery
- Quota share lease and sale market activity
- Changes in distribution of quota holdings
- Financial performance in the crab harvesting sector
- U.S. imports and exports of king and snow crab

Below are the excerpted minutes from the January 2023 Crab Plan Team meeting concerning the Crab Economic SAFE report.

Brian Garber-Yonts provided an overview of the Economic Status Report, which covers data through the 2021 calendar year, with some limited data through 2022. Jean Lee and Anna Abelman (AKFIN) contributed to the report. The document was not available to the CPT in advance of this meeting or at the time of the presentation. The complete economic SAFE will be reviewed by the SSC during their April 2023 meeting.

Much of the data in the Economic SAFE are available online on the AKFIN human dimensions data explorer website, where data tables may be queried. (<https://reports.psmfc.org/akfin/f?p=501:2000>). The data are reported by calendar year unless otherwise indicated; for fishery seasons that substantially span calendar years (AI golden king crab and BS Tanner crab), calendar year values reported include early and late portions of successive crab years.

A set of report card indices is included in the Executive Summary and are presented as time series figures as developed for use in Ecosystem and Socioeconomic Profiles, though not the same set of indicators as reported in ESPs. The indices report the mean and standard deviation (SD), with data represented as black dots (within one SD of the mean), red dots (above one SD of the mean) and blue dots (below one SD of the mean). The CPT commented that these plots are difficult to interpret for low levels in recent years and requested that the plots be revised to include an additional y-axis so that low values are easier to discern. Many of these quantities had much higher values before rationalization. Several indices are at historical lows, including the number of participating vessels, pounds landed, and the number of active processors.

Record high prices were recorded in 2021 for AI golden king crab, BS Tanner crab, and BS snow crab. These prices were likely driven by the shift from food service markets to retail markets during COVID-19 lockdowns. Prices started to decline at the end of 2021, likely as retail demand declined with relaxing lockdown measures, while food service markets could not sustain the higher prices. As a result, there remains considerable unsold inventory, which effectively drove prices down. As an aside, the largest snow crab producer globally is the Canadian Atlantic, and their harvest increased by about one-third last year. Russian red king

crab and snow crab flowed into US markets well into 2022, as previously contracted imports were exempted from embargos on imports from Russia put into place early in the year.

Crew positions and crew days at sea decreased in 2021, but crew pay per day increased. On average across all crab stocks, crew pay was over \$1,100 per day in 2021. Total processing labor hours and wage earnings increased by approximately 20% in 2021, while hourly processor wages increased slightly.

A new set of figures that describe crew and processing employment and income by community was presented. Note that the y-axis varies among these plots, so they cannot be directly compared within and outside of Alaska. Total crew employment numbers for Alaska and Washington are approximately equal, however, aggregate Washington crew earnings are substantially higher than for Alaska. Residents from Alaska and Washington each made up 33% of the 2021 crew labor pool. The largest component of processing employees is seasonal workers from outside of Alaska. The CPT requested that one plot incorporate Alaska and non-Alaska communities simultaneously to make these comparisons easier to visualize. The non-Alaska communities could be added on top of the Alaska ones so that both are visualized. Including Alaska-specific graphs is helpful for seeing differences among Alaskan communities.

Regarding vessel income and costs, gross profit in 2021 was \$1.3 million, up 14% from 2020. Lease costs represented 39% of gross revenue for the average vessel. However, vessel owners can report lease costs in different ways, making it difficult to determine actual lease costs. At the fleet level, the quota share sector had 56% of aggregate gross profit, and the vessel sector had 44%, although all operating costs are not included. Generally, there is an increasing trend in distribution of operating profits towards the quota share sector.

Quota share pool holdings have increased over time in trust/estate and CDQ/nonprofit ownerships and away from corporate ownership, although some of the latter shift may be a result of data coding changes over time. The quota share pool held by active owners (defined as a person holding ownership in a QS entity and in a crab vessel active in one or more crab fisheries during the same crab year) varied among QS pools. For example, AI golden king crab fisheries quota is predominantly held by active owners, while snow crab, king crab, and Tanner crab have lower active ownership. Active quota share participants across Bristol Bay red king crab, snow crab, and Tanner crab held 62% of the quota shares in the 2020/21 crab year, but this percentage dropped to 55% during 2021/22. In contrast, active quota share participants in the AI golden king crab fishery remained over 85% in the eastern area and 95% in the western area. There is also a trend in increased shares owned by CDQ groups.

Priorities for the 2023 Economic SAFE will be to: track economic conditions during the period of closures and develop additional indices; better integrate the crab and groundfish economic SAFEs; improve accessibility of data through AKFIN; and prepare for the 2023 NPFMC review of the crab rationalization plan.

Alaska Bering Sea Crabbers commented that they are reaching out to NOAA Fisheries to inquire about how independent crab fishermen vulnerable to crab closures than other entities engaged in fishing.