

**D2 Council Motion 2**  
**Crab Rationalization Discussion Paper**  
**June 10, 2024**

The Council requests a staff discussion paper on the following components of the arbitration regulations in the Bering Sea crab rationalization program and their effects, to determine if changes are necessary to reduce industry costs, increase transparency and predictability, and/or respond to lower crab TACs.

1. Timing of joining an arbitration organization. Current regulations require annual membership by May 1 prior to the fishing year before any crab catch limits are set (including no TACs), which requires participants to incur costs to hire:
  - Share-matching agent
  - Contracted arbitrators
  - Market analyst and non-binding price formula arbitrator
2. Requirements of the binding arbitration system
  - Only harvesters (Class A IFQ holders) can initiate binding arbitration
  - The arbitrator must only select a remedy proposed by one side, they cannot select an independent or compromise remedy based on the facts provided in the arbitration
  - Ability for parties to receive the arbitrator's written report and rationale, as well as a publicly available report providing key rationale (without including confidential information).
3. Evaluate whether current regulations allow an IPQ/IFQ holder to withdraw their application for quota any time prior to the quota being issued.
4. Consider an alternate structure under low TAC levels in which binding arbitration would not apply, to remove the burden of the system in low TAC years while still providing stability and protection to both harvesters and processors.