

MEMORANDUM

TO: Council, SSC and AP Members  
FROM: Chris Oliver *Chris*  
Acting Executive Director  
DATE: April 2, 2001  
SUBJECT: BSAI Crab Rationalization

ESTIMATED TIME  
3 HOURS

**ACTION REQUIRED**

Review committee recommendations for developing a BSAI crab rationalization program.

**BACKGROUND**

Since the February Council meeting, the Crab Rationalization Committee held two meetings, one in Seattle on February 15-16 and another in Anchorage on March 22-23. Minutes for both meetings are attached under Item C-5(a). During these two meetings, the Committee made significant progress toward defining elements and options for analysis of a rationalization program for the BSAI crab fisheries. The Committee feels that it has essentially completed its task and recommends that the Council task staff to initiate analysis of the proposed program.

As outlined in the elements and options, the proposed rationalization program consists of a three-component IFQ program that would allocate harvesting quota shares to the harvesting sector, processing quota shares to the processing sector and impose regional restrictions on both harvesters and processors. The Committee's proposal also includes several options for fitting the three components together. For example, in order to implement regionalization, both harvesting and processing quota shares may need to be categorized by region. While a rationalization program may be based on just one or two of the components, the Committee has not reached consensus on the relative desirability of a one-pie, two-pie or three-pie IFQ program. Thus, the Committee recommends that all three components be included in the analysis, recognizing that the Council may choose to adopt a subset of the three.

Regarding cooperatives as an alternative to an IFQ program, the Committee has not developed a set of options specific to co-op's. While this potential approach to rationalization was considered at length during the ad-hoc committee meetings, the majority of participants (especially harvesters) felt that an IFQ program offered a more elegant solution. As a result, the Committee devoted its time almost entirely to the development of elements and options for an IFQ program. Should the Council decide to include cooperatives as an additional alternative to the proposed IFQ program for purposes of analysis, the Committee would need to meet again to develop options specific for cooperatives.

On the topic of cooperatives and, more generally, the analysis of potential approaches to crab rationalization, staff seeks guidance from the Council on how and when to respond to the Act requesting the North Pacific Council to present its analysis to Congress. The legislative language is repeated below for convenience:

"The North Pacific Fishery Management Council shall examine the fisheries under its jurisdiction, particularly the Gulf of Alaska groundfish and Bering Sea crab fisheries, to determine whether rationalization is needed. In particular, the North Pacific Council shall analyze individual fishing quotas, processor quotas, cooperatives, and quotas held by

communities. The analysis should include an economic analysis of the impact of all options on communities and processors as well as the fishing fleets. The North Pacific Council shall present its analysis to the appropriations and authorizing committees of the Senate and House of Representatives in a timely manner.”

Since this request is essentially the full analysis that staff would prepare anyway for Council review and action, staff recommends that it proceed with its normal analysis rather than develop a separate analysis for Congress. This approach would leave open the possibility for staff to prepare a summary version of its full analysis (once completed) for purposes of fulfilling the Council’s obligation to Congress.

On a separate topic, NMFS (Phil Smith) provided a brief update on the status of the crab buy-back program to the Committee during the March meeting. Recall that amendments to the statute governing the buy-back program are needed (1) to ensure all vessels that were intended to be included under the Council’s recency proposal are included in the vessel certification provisions, (2) to ensure that replacement of vessels in the BSAI crab fishery would be allowed, and (3) clarify the eligibility requirements for participation in the buy-back program. Proposed technical amendments prepared by NMFS were reviewed with Dave Russell (from Senator Stevens’ office) during a conference call on March 26. Meanwhile, NMFS is proceeding to implement the current law that sets eligibility standards for vessels to participate in the BSAI crab fisheries and requires a final buyback rule to be in place by May 1. The proposed amendment (if passed) would extend this deadline to June 30 but retain the December 31, 2001 deadline for completion of the actual buyback.

Finally, during the Committee’s meeting in March, representatives from ADF&G (Herman Savikko and Kevin Duffy) reviewed its letter dated March 22, 2001 to the Council discussing ADF&G’s position on efforts to rationalize fisheries under the Council’s jurisdiction. A copy of the ADF&G letter is included under Item C-5(b). In general, the ADF&G letter expresses support for rationalization but also outlines several concerns. The Committee considered the issues raised in the letter and also highlighted during two separate Q&A sessions with Mr. Savikko and Mr. Duffy as it finalized the elements and options for analysis. In addition, the Committee recommends that the Council request the State to work with staff to address two issues: (1) collection of economic data to monitor the impact of rationalization, and (2) funding sources for management, research and enforcement. The basis for these requests are discussed in ADF&G’s letter as well as in the Committee’s minutes for the March meeting. To the extent that the State provides the requested input to staff, both issues will be addressed more fully in the analysis.

**Crab Rationalization Committee - March 22-23, 2001 Draft Meeting Minutes**

The Crab Rationalization Committee met in Anchorage on March 22-23. The following members were in attendance:

Dave Hanson, Chair	Gordon Blue	Paula Brogdan
Tom Casey	Terry Cosgrove	John Garner
Don Giles	Leonard Herzog	John Iani
Kevin Kaldestad	Frank Kelty	Linda Kozak
Steve Minor	Brent Paine	Gary Painter
Joe Plesha	Dale Schwarzmiller	Jeff Steele
Tom Suryan	Arni Thomson	Karen Wood-Dibari

Others in attendance included Maria Tsu (Council staff), Phil Smith (NMFS), Herman Savikko (ADF&G), Kevin Duffy (ADF&G, Friday only) and Marcus Hartley (Northern Economics).

Dr. Hanson opened the meeting by reiterating that the Committee would operate on a consensus basis and that the Committee's goal is to develop reasonable options for analysis and not to select a preferred alternative at this time. Throughout the meeting, Dr. Hanson reminded the Committee members of these ground rules. Thus, while there was disagreement between Committee members concerning the desirability of (1) processor quota shares, or (2) harvester quota shares without processor shares, the Committee agreed by consensus that both options would be included for purposes of analysis. In addition, Dr. Hanson reminded the Committee members of the agreement reached in previous meetings regarding ground rules for considering proposals from each sector. That is, the Committee had previously agreed to consider a proposal from the harvesters (for a harvesting quota share program), a proposal from the processors (for a processor quota share program) and a community protection proposal. Each proposal would receive consideration and be discussed by the entire Committee. In each instance, the Committee agreed that no option was to be brought forward by another sector that was considered a 'poison pill' by the proposers.

Maria Tsu distributed several handouts including (1) a letter dated March 22, 2001 to the NPFMC from Kevin Duffy discussing ADF&G's position on efforts to rationalize fisheries under the jurisdiction of the NPFMC, (2) a proposal from Skippers for Equitable Access (SEA) provided by Tom Suryan, (3) copies of the Sablefish and Halibut IFQ regulations, and (4) an excerpt from the NPFMC analysis of the Sablefish and Halibut IFQ Program addressing transfer issues.

**Status of Buy-Back Legislation.** The Committee began with a presentation from Phil Smith (NMFS) regarding the status of efforts to amend the statute governing the crab buy-back program. Amendments are needed to clarify the eligibility requirements for participation in the buy-back program. The NMFS Alaska Regional Office has drafted proposed technical amendments to the statute which have been forwarded to NMFS Headquarters. A conference call has been scheduled for March 26 to review the proposed changes with Dave Russell (from Senator Stevens office). Meanwhile, NMFS is proceeding to implement the current law that requires a final rule to be in place by May 1. The proposed amendment (if passed) would extend this deadline to June 30 but retain the December 31, 2001 deadline for completion of the actual buyback.

**ADF&G Letter on Rationalization.** The Committee next requested Herman Savikko to provide an overview of ADF&G's letter. Mr. Savikko began by noting that the ADF&G letter expresses support for rationalization but also outlines several concerns. Some of the concerns highlighted include (1) if the GHIL is converted to a TAC under an IFQ system, ADF&G may have to be more conservative, (2) seasonality will continue to be an issue since certain characteristics of the fishery (e.g., soft shell stage) will continue to

warrant controls, (3) funding of ADF&G test fishery activities, (4) rationalization efforts need to keep community interests in mind, and (5) more aggressive data collection is needed to monitor economic impacts.

The Committee had a number of questions on these issues. In responding to these questions, Mr. Savikko clarified ADF&G's position on several additional issues. For example, in terms of addressing community issues, the State would like the Committee to consider ways to protect the interests of communities (e.g., via regionalization, etc.) and was not necessarily looking for an increase in the CDQ percentage allocation. Also, regarding observer coverage, ADF&G is not expecting 100% observer coverage and has not discussed funding for an observer program. With respect to the GHL versus TAC issue, NMFS (Phil Smith) noted that developing an IFQ program based on a GHL may not be overly problematic. For example, a first round of IFQs could be issued based on the bottom of the GHL range and a second round of IFQs could be issued if the limit is raised mid-season.

Many of these issues were discussed again on Friday when Kevin Duffy (ADF&G) offered to clarify any questions the Committee might have. Regarding community issues, Mr. Duffy reiterated that the State would like the Council to look at an increase in the CDQ allocation but he acknowledged that regionalization could address community concerns in other ways. Mr. Duffy also reiterated that observer coverage needs to be addressed although the State still needs to consider how to pay for observer coverage. Regarding the funding of observer coverage, it was suggested that the State could consider the approach used by the AFA coops that pool costs for observer coverage.

Based on these discussions, the Committee agreed to recommend that the Council request the State to work with staff to address two issues: (1) collection of economic data to monitor the impact of rationalization, and (2) funding sources for management, research and enforcement.

Public Testimony. The Committee next received testimony from several members of the public in attendance (see endnote for list of those in attendance). John Black (Kodiak processor) requested that the history used for processors match that used for harvesters. Steve Hall (brown crab fisherman in west) requested that the qualifying period for brown crab be the same as that used for Opilio since the seasons run in parallel. He felt that those in the brown crab fishery want to be included in any rationalization program but that processor caps would be needed to keep the industry competitive (there are now only two processors and one C/P that process brown crab). Steve Toomey (fishing vessel) requested the Committee to publish an information bulletin to disseminate information to the fleet. Finally, Russ Moore (brown crab fisherman) requested that the Committee consider the option of zero processing shares for all fisheries, not just brown crab.

Review of Minutes from February Meeting. The Committee recommended that the minutes be revised to reflect the following: (1) that some processors would omit brown king crab from a processor quota share program or only include the Dutch Harbor fishery (and not include the Aleutian Islands fishery); and (2) that any "use it or lose it" provision should be symmetrical and apply to both processors and harvesters. Staff indicated that these revisions would be made. The Committee then accepted the minutes.

Proposal from Alaska Marine Conservation Council (AMCC). Karen Wood-DiBari next presented a proposal from AMCC that outlined its position on a number of issues related to rationalization. In general, she expressed that the AMCC is not opposed to rationalization but feels that there are ways to proceed that would promote conservation and safety, and provide incentives for clean fishing. The other Committee members asked a number of questions regarding this proposal. In responding, Ms. Wood-DiBari clarified the AMCC's position on several issues. For example, she clarified that the AMCC would like to see an option that does not include processing shares and that the AMCC supports measures that would preserve

choices for harvesters and opportunities for processors. The AMCC also supports a periodic review of the program.

Revision of Elements and Options for Analysis. The Committee devoted the remainder of its time to finalizing the options for analysis, focusing in particular on the transferability issues and how the different components of the program would fit together. The Committee made extensive revisions to the elements and options which are reflected in Attachment 1. In many cases, the agreed upon changes were preceded by a considerable amount of discussion by the Committee. In a few cases, the Committee could not reach consensus on a proposed change and these instances are noted in the Attachment (in italics). Some of the items that involved extensive discussion by the Committee are summarized below.

1. Who is eligible to receive QS by transfer. The Committee agreed to not restrict who could buy harvester quota shares, so long as the buyer is a U.S. citizen or entity. Many Committee members felt that it would be better to limit ownership by establishing caps rather than restrict who would be eligible to buy quota shares. While some felt that potential buyers should be required to demonstrate active participation in the fishery, the vast majority felt that there should be no "owner-on-board" requirement. Phil Smith (NMFS) also noted that, under the buy-back statute, only vessels that are certified and not bought back will be allowed to participate in the crab fishery.

2. Categories of harvester quota shares. The Committee discussed whether there should be another category of shares that would be allocated to communities or to CDQ groups. It was noted, however, that since not all communities are included in the CDQ groups, regionalization represented a more practical way to address community concerns. The Committee agreed that regionalization would be the main vehicle for addressing community issues.

3. Harvester ownership caps. The Committee agreed to include options for ownership caps of 3%, 5% and 8% for all crab fisheries except brown king crab and Adak red king crab. For brown crab and red crab, options for caps would range from 30-40% and 20-30%, respectively. The Committee agreed that the caps would apply individually and collectively and that ownership linkages would need to be defined for purposes of analysis. Phil Smith noted that the existing IFQ program distinguishes use (or ownership) caps from vessel caps or the amount a single vessel would be allowed to harvest. The Committee, however, did not define separate use caps for vessels.

4. SEA captain and crew proposal. Tom Suryan reviewed the SEA proposal for captains and crew. The proposal is motivated by a desire to protect the historical participation of the captain and crew members in the crab fisheries and provide crew members with a "first right of refusal" on 10% of all shares transferred. In addition, there was a request for a low interest rate loan program to assist crew purchases of QS. The Committee discussed the SEA proposal at length and raised concerns regarding how the "first right of refusal" proposal would work in practice. The Committee agreed to adopt the three options proposed by SEA with the understanding that the first two options would need to be fleshed out prior to presentation to the Council. Tom Suryan agreed to provide a revised proposal prior to or at the next Council meeting, recognizing that there would be no time for the Committee to comment on it.

5. Qualifying years for processor shares. The Committee discussed at length whether the qualifying years used for processors should match the years used for harvesters as requested during public testimony. This would require that the qualifying years for processors include another option for the 1990-'99 period. Many felt that if the harvesting years were added to the processor program, then the processing years should be added to the harvester program. The Committee could not reach consensus on this issue. Thus, the Committee agreed (with one member objecting) to not include 1990-1999 as an option for processing years.

6. Amount awarded to eligible processors. As proposed, eligible processors would receive quota shares for 80-90% of their processing history during the qualifying years. The Committee discussed whether the 80-90% range should be broadened for purposes of analysis. Several members representing processors opposed lowering the range and felt that the open access portion of the fishery would allow new entrants into the industry. While some felt that the AFA experience may shed light on whether 10% (open access) gives harvesters sufficient bargaining power, it was noted that coops are not necessarily comparable to IFQs.

7. Regionalization. The Committee agreed to drop the three-region model and consider only a two-region model that would divide each fishery into a North Region and a South Region. The Committee also discussed whether all harvesting sector quota shares should be categorized by region with some objecting to this option. In general, the regional restrictions would prevent quota shares for one region from being used in the other region. The Committee noted, however, that there may need to be provisions that would relax the regional restrictions in the event of an emergency.

8. Cooperatives. The Committee agreed to drop consideration of an option to allow listed AFA vessels to form a cooperative for Bristol Bay red king crab. The Committee felt that if the Council would like to consider coops as an alternative to the proposed IFQ program, the AFA proposal could be included in that context. In addition, the Committee would need to meet again to flesh out options specific for cooperatives.

9. Caps on processor ownership of harvesting quota shares. The Committee discussed whether there should be limits on processor ownership of harvester shares. The potential need for limits is based on concerns that a high degree of vertical integration may give processor-owned catcher vessels a competitive advantage. The Committee agreed to request both sides (processors and harvesters) to provide information on cross-ownership so that the analysis could shed light on whether separate caps for processors are needed.

10. Catch history for harvester quota shares. One member of the Committee felt strongly that the years 1990 and 1991 should be dropped for Opilio and red king crab. This was based on concerns that including these years may disenfranchise fisherman that more recently bought into the fishery, especially those based in Homer. A few members felt that the range of qualifying years for harvesters reflect lengthy efforts of the ad-hoc rationalization committee and that 1990-'91 should be retained for purposes of analysis. The Committee could not reach consensus on this issue. While a large majority of the Committee members were agreeable to dropping 1990 and 1991, several members objected.

11. Analysis of catch history. The Committee discussed the fact that significant amounts of catch history from vessels that have left the crab fishery are known to have been assigned to vessels that are currently active in the crab fishery. This reassigned catch history could increase QS pools if it is counted as qualifying catch history. In order to make the analysis of the potential QS distribution more realistic, the Committee requested that the analysis reflect the full catch history for each qualifying period rather than including only the catch history of vessels that meet the recency requirement.

Finally, the Committee recommended that the revised elements and options be presented to the Council during the April meeting and that the Council task staff to initiate analysis of the proposed crab rationalization program. While the Committee has not scheduled another meeting prior to that time, they agreed to communicate amongst themselves to finalize any remaining items that need expansion (e.g., the skipper and crew proposals). The meeting then adjourned.

Endnote: Members of the public in attendance included the following: Kate Troll (at the request of ADF&G), Steve Toomey, Jim Niemela, Jay Anderson, Stephan Hall, Russell Moore, Bing Henkel, Rick Mezich, Kevin Suydam, Don Jester, Allen Oakley and Kim Hansen.

**BSAI Crab Rationalization - Elements and Options for Analysis**  
(March 22-23, 2001)

**Draft Problem Statement**

The crab fisheries in the Bering Sea/Aleutian Islands are fully utilized. Despite amendments to the LLP Program and AFA sideboards, capacity in these crab fisheries far exceeds available resources. The ability of crab harvesters to diversify into other fisheries has been severely curtailed under the LLP program and other management actions designed to bring stability to other gear groups and species. Many of the concerns identified by the NPFMC at the beginning of the comprehensive rationalization process in 1992 still exist for the BSAI crab fisheries. The race for fish continues to result in:

1. Resource/conservation management problems
2. Bycatch/handling mortality and dead loss
3. Excess harvesting capacity
4. Lack of economic stability
5. Safety issues

In the continued process of comprehensive rationalization, prompt action is needed to protect the crab resource and to promote stability for those dependent on the crab fisheries. In order to achieve a balanced resolution, the concerns of harvesters, processors and coastal communities must be addressed.

**Elements and Options for Crab IFO Program**

1. **Harvesting Sector Elements**

- 1.1 Crab fisheries included in program are those subject to the Federal FMP for BSAI  
Suboption: include closed and developing fisheries

*[Note: Several Committee members felt that there should be protocol for adding more fisheries in the program but that such protocol would need to be fleshed out.]*

- 1.2 Persons eligible to receive an initial allocation of QS must be:  
(a) persons that have L.L.P. permits and endorsements for each crab species; and  
(b) U.S. citizens, U.S. corporations or partnerships eligible to document a U.S. fishing vessel.

1.3 Categories of QS/IFQs

- 1.3.1 **Crab Fishery Categories** - QS/IFQs will be assigned to one of the following crab fishery categories: Opilio, Bairdi, Bristol Bay red king crab, Pribilofs red king crab, Pribilofs blue king crab, St. Matthew blue king crab, Brown king crab or Adak red king crab.

1.3.1.1 Brown king crab options:

- |           |  |
|-----------|--|
| Option 1. | A single category for all areas in catch history   |
| Option 2. | Split into two categories: Dutch Harbor brown king crab and Western Aleutian Islands brown king crab |

- 1.3.1.2 Adak red king crab options (*this fishery has been closed for several years*):
- Option 1 Do not include Adak red king crab until it becomes a viable fishery again
  - Option 2. Include Adak red king crab in crab IFQ program

1.3.2 Harvesting sector categories - QS/IFQs will be assigned to one of the following harvesting sector categories:

- (a) catcher vessel (CV), or
- (b) catcher/processor (CP)

1.3.3 Processor delivery categories - QS/IFQs for the CV sector may be assigned to processor delivery categories if Processor quota shares (PQs) are included in the program. Several options for implementation exist as follows:

Option 1. No processor delivery categories (*processors may either accept deliveries on an open-access basis first or only accept open-access deliveries after their processing quota shares are utilized - see Processing Sector Elements.*)

Option 2. Two processor delivery categories (*options for the percentage split between class A/B shares for initially allocated QS appear under the Processing Sector Elements*):

- (a) Class A - allow deliveries only to processors with unused PQs
- (b) Class B - allow deliveries to any processor

1.3.4 Regional Categories - QS/IFQs for the CV and C/P sectors may be assigned to regional categories if Regionalization is included in the program. Two regions would be defined as follows (*see Regionalization Elements for more detailed description of regions*):

- (a) North Region - All areas on the Bering Sea north of 56° 20' N. Latitude.
- (b) South Region - All areas south of 56° 20' N. Latitude

#### 1.4 Initial allocation of QS

1.4.1 Calculation of initial QS distribution will be based on legal landings excluding deadloss.

*[Note: The Committee discussed the fact that significant amounts of catch history from vessels that have left the crab fishery are known to have been assigned to vessels that are currently active in the crab fishery. This reassigned catch history could increase QS pools if it is counted as qualifying catch history. In order to make the analysis of the potential QS distribution more realistic, the Committee requested that the analysis reflect the full catch history for each qualifying period rather than including only the catch history of vessels that meet the recency requirement.]*



1.4.2 Qualifying Periods for Determination of the QS Distribution:

*[Note: the Committee discussed at length whether 1990 and 1991 should be dropped for Opilio and red king crab. The Committee could not reach consensus on this issue although a large majority of members were agreeable to dropping 1990 and 1991.]*

1.4.2.1 Opilio

Option 1. 1990 - 1999

- (a) All years
- (b) Best 7 years

Option 2. 1992 - 1999

- (a) All years
- (b) Best 5 years

Option 3. 1995 - 1999

- (a) All years (consistent with buyback program)
- (b) Best 3 years

1.4.2.2 Bristol Bay red king crab

Option 1. 1990 - 1999

- (a) All years
- (b) Best 7 years

Option 2. 1993 - 1999 (consistent with buyback program)

Option 3. 1992 - 1999

- (a) All years
- (b) Best 5 years

Option 4. 1995 - 1999

- (a) All years
- (b) Best 3 years

1.4.2.3 Bairdi

Option 1. 1992 - 1996 (consistent with buyback program)

Option 2. 1994 - 1996

Option 3. 1990 - 1997

1.4.2.4 Pribilofs red king crab

Option 1. 1993 - 1998

Option 2. 1994 - 1998 (consistent with buyback program)

Option 3. 1996 - 1998

1.4.2.5 Pribilofs blue king crab

Option 1. 1993 - 1998

Option 2. 1994 - 1998 (consistent with buyback program)

Option 3. 1996 - 1998

1.4.2.6 St. Matthew blue king crab

Option 1. 1993 - 1998

Option 2. 1994 - 1998 (consistent with buyback program)

Option 3. 1996 - 1998

- 1.4.2.7 Brown king crab (based on calendar years ending 12/31)  
(Options apply to both Dutch Harbor and western Aleutian Island brown king crab)
- Option 1. 1990 - 1999
  - Option 2. 1992 - 2000
  - Option 3. 1995 - 1999 (consistent with buyback program)
  - Option 4. 1995 - 2000

Suboption: award each initial recipient 50/50 Dutch Harbor/western Aleutian Island brown king crab QS instead of according to historical participation in each region.

- 1.4.2.8 Adak Red King Crab
- Option 1. 1992 - 1995
  - Option 2. Define qualifying years in separate amendment if fishery reopens

1.5 Annual allocation of IFQs:

1.5.1 Basis for calculating IFQs:

- Option 1. GHL
- Option 2. Convert GHL to TACs and use TAC as the basis.

[Note: the Committee had a discussion of whether GHL's would be compatible with an IFQ program. NMFS (RAM Division) suggested that IFQs could be issued based on the bottom of the GHL range and that additional IFQs could be issued based on an in-season adjustment.]

1.6 Transferability and Restrictions on Ownership of QS/IFQs:

1.6.1 Persons eligible to receive QS/IFQs by transfer - All persons eligible to document a U.S. fishing vessel are eligible to own or purchase harvest vessel QS and IFQs

[Note: under the buy-back statute, only vessels certified and not bought back will be allowed to participate in the crab fishery.]

1.6.2 Leasing of QS (Leasing is equivalent to the sale of IFQs without the accompanying QS.)

- Option 1. Leasing QS is allowed with no restrictions
- Option 2. Leasing QS is not allowed

[Notes: (1) The Committee recognized that a prohibition on leasing would require a direct linkage between the owner of the QS and the vessels on which the IFQs are fished, e.g., the owner of the QS must be a part owner of the vessel on which the IFQs are fished or an employee of the QS owner must be on board the vessel fishing the IFQs. (2) The Committee also recognized that, depending on nature of the leasing restrictions, hardship provisions may be needed to allow leasing in the event that a vessel is lost.]

1.6.3 QS Ownership Caps - apply to all QS categories pertaining to a given crab fishery with the following provisions:

- (a) initial issues that exceed the ownership cap would be grandfathered;
- (b) apply individually and collectively to all QS holders in each crab fishery;

[Note: This provision implies that owners of QS will be required to report corporate structures to NMFS in order for NMFS to verify that no individual or organization exceed the caps. Calculation of ownership of QS for partners or corporations would be done on a multiplicative basis. For example, if A owns 10% of Company X and 20% of Company Y and both companies own 10,000 QS then A effectively owns a total of 3,000 QS.]

- (c) percentage-cap options for the Bristol Bay red king crab, Opilio, Bairdi, Pribilofs red king crab, Pribilofs blue king crab and St. Matthew blue king crab fisheries (*a different percentage cap may be chosen for each fishery*):
  - Option 1. 3% of the total QS pool for the fishery
  - Option 2. 5% of the total QS pool for the fishery
  - Option 3. 8% of the total QS pool for the fishery
- (d) percentage-cap ranging from 30%-40% for the Dutch Harbor and western Aleutian Island brown king crab (*a different percentage cap may be chosen for each fishery or may be applied to the combined fisheries if not categorized separately*).
- (e) percentage-cap ranging from 20%-30% for Adak red king crab (if QS for this fishery are issued)

[Notes: (1) The committee also asked that staff analyze ownership caps under a buy-back scenario assuming a maximum potential 25% reduction in fleet capacity. (2) The Committee discussed whether there should be caps on processor ownership of harvester quota shares. It was agreed that each side (harvesters and processors) would provide information on their ownership of the other so that an assessment of whether caps are needed could be made.]

- 1.6.4 Captain and Crew Proposal - Eligible captains and crew will have first right of refusal to purchase up to 10% of any quota shares that are transferred.

[Note: the Committee agreed to adopt this option with the understanding that it would be further fleshed out prior to adoption by the Council.]

## 1.7 Use of IFQs:

- 1.7.1 Use by harvesting sectors - IFQs must be used in accordance with the privileges defined for the associated QS category. The following provisions also apply:

- (a) CP-IFQs may be used on catcher vessels to harvest and process on board;
- (b) CV-IFQs may be used on catcher/processors for harvesting but must be delivered to another processor unless sufficient processing quota shares are also held;
- (c) Processing quota shares may be used on catcher/processors to process crab harvested with CV-IFQs (whether by itself or another catcher vessel).

- 1.7.2 Catch Accounting Under IFQs - All landings including deadloss will be counted against IFQs. Options for treatment of incidental catch are as follows:

- Option 1. No discards of legal crab will be allowed, and sufficient IFQs for legal crab must be available.
- Option 2. Discards of incidentally caught crab will be allowed. (*This option would allow, for example, incidental catch of Bairdi Crab in a Red King Crab fishery to be discarded without counting against Bairdi IFQs.*)

1.7.3 Use caps on IFQs harvested on any given vessel [*Note: the Committee did not define caps for using IFQs on an individual vessel.*]

1.8 Other Optional Provisions - the Committee included several other options for analysis as follows:

1.8.1 Other options for skippers and crews:

Option 1. Protection of traditional and historical crew share percentages with no sunset.

[*Note: the Committee agreed to adopt this option with the understanding that it would be further fleshed out prior to adoption by the Council.*]

Option 2. A low-interest rate loan program for skipper and crew purchases of QS would be established or made part of the existing loan program for IFQ purchases.

1.8.3 Options for AFA vessels:

Option 1. AFA harvester sideboard caps on crab species shall be eliminated upon implementation.

Option 2. If crab buy-back program goes into effect without crab rationalization, modify AFA crab sideboards to permit AFA vessels to share proportionately in any increase in crab harvest opportunities that accrue to remaining crab vessels.

[*Note: an additional option for AFA vessels that would convert the AFA BBRKC sideboard limit into a crab quota and allow listed AFA vessels to form a crab cooperative was not adopted by the Committee. This was based on the understanding that should the Council wish to include analysis of cooperatives as an alternative to an IFQ program, this option could be included in that context.*]

## 2. Processing Sector Elements

[*Note: the Committee has not reached consensus on the desirability of processing sector quota shares at this time. This issue will be addressed in future meetings following additional analysis.*]

2.1 Eligible Processors - processors eligible to receive an initial allocation of processing quota shares (PQs) are defined as follows:

- (a) U.S. Corporation or partnership (not individual facilities), and
- (b) processed crab for any crab fishery in 1998 or 1999.

2.2 Categories of Processing Quota Shares

2.2.1 Crab fishery categories - processing quota shares will be issued for the following crab fisheries: Bristol Bay red king crab, Pribilof red king crab, Pribilof blue crab, St. Matthew blue crab, Opilio, Bairdi and brown king crab.

[*Note: the Committee discussed whether the brown king crab fishery should be divided into two areas for processing quota shares but did make a decision to do so.*]

2.2.2 Regional categories - processing quota shares will be categorized into two regions if regionalization is adopted (*see Regionalization Elements for description of regions*):

- (a) Northern Region - All areas on the Bering Sea north of 56° 20' N. Latitude

## (b) Southern Region - All areas south of 56° 20' N. Latitude

- 2.3 Initial allocation of processing quota shares - Processing quota shares shall be initially issued to Eligible Processors based on three-year average processing history<sup>1</sup> for each fishery, determined by the buyer of record listed on ADF&G fish tickets, as follows:
- (a) 1997 - 1999 for Bristol Bay red king crab
  - (b) 1996 - 1998 for Pribilof red king crab
  - (c) 1996 - 1998 for Pribilof blue crab
  - (d) 1996 - 1998 for St. Mathew blue crab
  - (e) 1997 - 1999 for opilio crab
  - (f) Bairdi crab based on 50/50 combination of processing history for BBRKC and opilio
  - (g) 1996/97, 1997/98 and 1998/99 for brown king crab
- 2.4 Annual distribution of individual processing quota (IPQs) - IPQs will be issued for a portion of the season's GHL (or TAC) for each species, to provide open access processing as a means to enhance price competition. Two options are proposed:
- Option 1. 80% of the GHL (or TAC) would be issued as IPQs – the remaining 20% would be considered open access.
  - Option 2. 90% of the GHL (or TAC) would be issued as IPQs – the remaining 10% would be considered open access.

*[Note: there was much discussion among Committee members concerning the adequacy of the 80-90 percentage range under consideration. Although no consensus was reached regarding the range's adequacy, the Committee agreed to set aside any further discussion of these options since the proposers of the processing quota share program considered that any expansion of this range for analysis would constitute a 'poison pill.' ]*

- 2.5 Implementation of the open access processing portion of the fishery (three options):
- Option 1. Catcher vessel QS/IFQs are categorized into Class A and Class B shares. Purchases of crab caught with Class A shares would count against IPQs while purchases of crab caught with Class B shares would not. Crab caught with Class B shares may be purchased by any processor on an open-access basis.
  - Option 2. No separate A/B categories for catcher vessel QS/IFQs. Deliveries to processors holding processor quota shares will count against their IPQs first. When its IPQs are fully utilized, a processor may take additional deliveries until the open access portion of the fishery is closed. Open access processors may purchase crab until the open access portion of the fishery is closed.
  - Option 3. No separate A/B categories for catcher vessel QS/IFQs. Initially, all processors may purchase crab on an open-access basis until the open access portion of the fishery is closed. Then, any remaining crab may be purchased by processors with unutilized IPQs.

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<sup>1</sup>The three-year average shall be the three-year aggregate pounds purchased by each Eligible Processor in a fishery divided by the three-year aggregate pounds purchased by all Eligible Processors in that fishery.

- 2.6 Transferability of processing shares - provisions for transferability include the following:
- (a) Processing quota shares and IPQs would be freely transferable, including leasing
  - (b) IPQs may be used by any facility of the Eligible Processor (without transferring or leasing)
  - (c) Processing quota shares and IPQs categorized for one region cannot be transferred to a processor for use in a different region.

2.7 Ownership and Use Caps - different percentage caps may be chosen for each fishery:

Option 1. Ownership caps - based on maximum share for processors by fishery plus a percentage of 5%, 10% or 15%

Option 2. Annual Use Caps ranging from 30%-50% of the GHL (or TAC) by fishery

2.8 Other Optional Provisions

2.8.1 The crab processing caps enacted by Section 211(c)(2)(A) of the AFA would be terminated.

2.8.2 Penalties - Eligible Processors must fully utilize their processing quota shares in the season while a fishery is open or lose the amount that is not utilized in the next season.

*[Note: the Committee agreed to this option with the understanding that appropriate (use it or lose it) penalties may be required for both harvesters and processors. In addition, the Committee recognized that provisions for managing overages and underages may be needed.]*

3. Regionalization Elements

3.1 Two regions are proposed:

- (a) Northern Region - All areas on the Bering Sea north of 56° 20' N. Latitude. *(This region includes the Pribilof islands and all other Bering Sea Islands lying to the north. The region also includes all communities on Bristol Bay including Port Heiden, but excludes Port Moller and all communities lying westward of Port Moller.)*
- (b) Southern Region - All areas south of 56° 20' N. Latitude *(This region includes all parts of the Alaska Peninsula westward of and including Port Moller. All of the Aleutian Islands are included in the South Region as are all ports and communities on the Gulf of Alaska.)*

3.2 Regional categorization of processing and/or harvesting quota shares - . . .

3.2.1 Categorization will be based on all historical landings. Periods used to determine regional percentages are as follows (two options):

Option 1. 1995 - 1999

Option 2. 1997 - 1999

3.2.2 Options for the harvesting sector:

Option 1. C/P and all CV quota shares are categorized by region

Option 2. C/P and only Class A CV quota shares are categorized by region

3.2.3 Options for the processor sector:

- Option 1. Processing quota shares and IPQs are categorized by region
- Option 2. Regional restrictions apply to deliveries made on open access basis  
*(Note that it may not be possible to enforce this option if the catcher vessel Class B shares are not categorized by region.)*

3.2.4 Once assigned to a region, processing and/or harvesting quota shares cannot be reassigned to a different region.

3.3 Delivery and processing restrictions - the following provisions apply to the delivery and processing of crab with IFQs or IPQs that are categorized by region:

- (a) Crab harvested with catcher vessel IFQs categorized for a region must be delivered for processing within the designated region
- (b) Crab purchased with IPQs categorized for a region must be processed within the designated region.

3.4 Other optional provisions of Regionalization:

- Option 1. Pribilof/Bering Sea Region (Federal) subsidies for goods and services for the duration of the disaster

4. Duration of program

The following options apply to all program elements:

- Option 1. Program review after 5 years
- Option 2. No sunset

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

AGENDA C-5(b)  
APRIL 2001

**DEPARTMENT OF FISH AND GAME**

OFFICE OF THE COMMISSIONER

P.O. BOX 25526  
JUNEAU, ALASKA 99802-5526  
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March 22, 2001

**RECEIVED**

MAR 26 2001

David Benton, Chairman  
North Pacific Fishery Management Council  
605 West 4<sup>th</sup> Avenue, Suite 306  
Anchorage, AK 99501-2252

N.P.F.M.C.

Dear Chairman Benton:

Fleet rationalization resulting from the American Fisheries Act (AFA) has stimulated industry efforts to rationalize additional fisheries under the jurisdiction of the North Pacific Fishery Management Council (Council). The Alaska fishing industry is considering two immediate rationalization programs for Bering Sea and Aleutian Islands crab and Gulf of Alaska groundfish fisheries. These are perhaps the two most important rationalization efforts ongoing in the entire United States, and the State of Alaska realizes these efforts must succeed in order for individuals, harvesters, processors, and communities to have viable fisheries now and in the future.

In a September 21, 2000, letter to Senator Ted Stevens, Governor Knowles went on record supporting an extension of the Individual Fishing Quota (IFQ) moratorium. He also provided comments on issues for the Council to consider in rationalization of fisheries in Alaska. For the Bering Sea and Aleutian Islands crab fisheries, he wanted some assurance of participation by all sectors of the fishing industry, including coastal fishing communities, as elements and options for a rationalization program are developed.

As Governor Knowles explained, difficult decisions concerning crab conservation, over-capitalization, and rationalization of these fisheries will need to be made. In order to proceed with the best possible decisions, the Governor wanted, through the Council process, a thorough analysis of current conditions in the Bering Sea and Aleutian Islands crab fisheries.

Industry and communities in Alaska have invested a great deal of time and effort to make this work, and the rationalization process is moving at a rapid pace. As we move forward there are general policy and specific management considerations that should be analyzed. General policy considerations the Governor asked the Council to include in the analysis were:

- Conservation and sustainability of biological resources is the highest priority
- Ensuring an appropriate increase in quota to the CDQ program and/or creating some other opportunity for community-based access to quota
- Protecting the communities' historic reliance on crab processing



- Maintaining an independent fleet and arms-length price negotiations between harvesters and processors to ensure market and fleet diversity
- Minimizing disruption to the processing sector and evaluating the best means to address overcapitalization in the processing sector
- Protecting against excessive concentration of quota
- Examining possible limited-duration quota systems that allow for periodic review of the assignment and transfers of quota

The Alaska Department of Fish and Game also has concerns about specific management details involving an IFQ system. At issue are differences in the interpretation of Guideline Harvest Levels (GHLs) or Total Allowable Catches (TACs). In some years, the department has made inseason adjustments to the GHL for a particular fishery when inseason fishery performance suggests population abundance has been under/over-estimated due to survey error or unexpected mortality. On the other hand, TAC is generally considered to be a fixed target goal that is a necessary component of a quota share system. TAC allows fishermen participating in IFQ fisheries the confidence that regardless of when they choose to harvest their quota shares, their quota amount would not change for the duration of the season. Those opting to get a later start should have no concern that the catch ceiling may be reduced, thereby reducing their allocated percentage of the total catch as compared to a fisherman who had fished his share early in the season. Since a change from a GHL to a TAC approach would not allow for seasonal harvest quota adjustment based on fishery performance, harvest quotas for unsurveyed crab stocks, such as the Bering Sea brown king crab, grooved and triangle Tanner crabs, would be very conservative, using something less than the long-term average population estimates. In addition, several crab fisheries, notably the Norton Sound red king crab and the Korean hair crab would not likely be part of the rationalization process.

Under rationalized fisheries that provide individuals the ability to fish within extended open fishing periods, staff would need to reevaluate the current biological seasons and management implications. Existing biological seasons are very broad, and an IFQ or coop program would potentially allow fishing at any time during those seasons. Although major changes in the biological periods are unlikely, new information on crab mating and molting would be used to more accurately describe biological seasons. If a CDQ, AFA, or IFQ fisherman chose to fish late in the spring and softshell crab were encountered, ADF&G may need to close prior to the TAC being achieved. In addition, the department may also need to review the effect of broader fishing seasons with respect to natural mortality during the interval between the survey and the fishery. Another issue to be evaluated would be the potential for increased handling mortality from catch that is sorted multiple times in a season.

There is also the issue of funding sources for management and research needs. Currently we conduct test fisheries in the Bering Sea and use receipts to help meet research and management funding demands. Some similar form of industry support would have to continue under any program. In the existing halibut and sablefish IFQ programs off Alaska, the IFQ permit holder pays an amount up to three percent of the exvessel value of the IFQ landings, and those dollars can only be used to fund research and management costs of those stocks. The intent is to reimburse the agency for costs incurred that result directly from IFQ management and enforcement. However, the cost recovery system required under the Magnuson/Stevens Act is

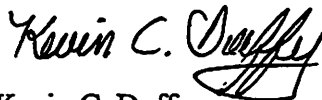
only for IFQ fisheries; whether that mandate would extend to some variation on IFQ management (e.g., cooperatives) remains to be seen. Under a rationalized fishery, seasons become more protracted, requiring sampling efforts over an extended duration, at a larger cost to ADF&G. Similarly, enforcement efforts would need to cover longer periods of fishing opportunity. Additionally, passage of a rationalization program will result in subsequent changes to existing state regulations and require a major rewrite of the present crab FMP. This will result in further costs to the state. Therefore, I assume that if the state incurred increased costs in monitoring, enforcing, or implementing a crab IFQ program, it would be a worthy candidate for some level of reimbursement.

The state is concerned that under a rationalization program fishing practices could change to meet economic considerations and these changes may result in unintended biological consequences. In order that the state meet its statutory responsibility to conserve the resource, the state believes that the rationalization plan should include a representative observer coverage, similar to the AFA requirements.

Along with the need for creating a crab rationalization program that promotes resource sustainability, the state is also very interested in sustainability of its residents and communities. Following the creation of the halibut and sablefish IFQ program, the State of Alaska launched a major initiative to fully analyze the economic changes created by the IFQ program. There were, however, serious data constraints in tracking these changes in the industry due to insufficient economic information. For a crab rationalization program, the state would prefer to see this shortcoming corrected by recommending a more formal collection effort of key industry economic information to track the industry. This effort would allow for the evaluation of the long-term economic consequences of this program on vessel owners, crew, skippers, processors, and the local communities.

I am hopeful that the crab rationalization committee will take these issues under consideration as they move forward in the development of elements and options for a crab rationalization program.

Sincerely,



Kevin C. Duffy  
Deputy Commissioner

cc: Chris Oliver  
Frank Rue  
Doug Mecum  
John Sisk

**Crab Rationalization Committee - February 15-16, 2001 Meeting Minutes**

The Crab Rationalization Committee met in Seattle on February 15-16. The following members were in attendance:

Dave Hanson, Chair	Paula Brogdan	Tom Casey
Terry Cosgrove	John Garner	Don Giles
Leonard Herzog	John Iani	Kevin Kaldestad
Frank Kelty	Linda Kozak	Brent Paine
Gary Painter	Joe Plesha	Dale Schwarzmiller
Jeff Steele	Steve Minor (for Simeon Swetzof)	Arni Thomson

Chris Oliver and Maria Tsu from the Council staff, Gretchen Harrington from NMFS and Herman Savikko from ADF&G also attended. Marcus Hartley from Northern Economics was also in attendance at the request of Council staff.

Dr. Hanson opened the meeting by welcoming new Committee members Paula Brogdan and Kevin Kaldestad. He reiterated that the Committee's goal is to develop reasonable options for analysis and not to select a Preferred Alternative for the Council at this time. Dr. Hanson also expressed his desire that the Committee would operate on a consensus basis and that there would not be formal motions and votes. The Committee agreed to operate under these rules.

Chris Oliver provided an overview of several handouts prepared by staff, including (1) a summary of past meetings by the ad-hoc industry committee, (2) the latest version of issues and options developed by the ad-hoc industry committee (called "Bering Sea Crab Cooperative Options"), and (3) a discussion of analytical issues (including available data) developed by Council staff.

Dr. Hanson then requested the Committee's input regarding how best to proceed in order to prioritize the Committee's time. Several members expressed an interest in spending more time on the models or framework for crab rationalization (i.e., Harvester IFQs, Processor IFQs, Cooperatives, Community Quotas, Regionalized Quotas, 2-Pie IFQ Model, etc.). Members also indicated that the Committee should try to avoid getting too bogged down in the details such as harvester catch history. This suggestion was based on the view that the ad-hoc industry committee had already spent a great deal of time discussing qualifying years for harvester catch history and that a consensus could be reached quickly. The Committee then agreed to consider proposals from each of the three major stakeholder groups, one at a time, with the understanding that the members of the other two groups would participate in the discussions and suggest changes but would not attempt to add measures or options that would be counter-productive. Following consideration of each proposal, the Committee agreed to consider modifications that may be needed to fit the proposals together.

**Proposal for a Harvesting Sector IFQ Program:**

The Committee then proceeded to review a proposal for harvest vessel IFQs forwarded by Jeff Steele (hereafter referred to as the Steele Proposal). The Steele Proposal contained a Problem Statement, a set of objectives, a suite of options for IFQs for catcher vessels, and a set of conditions that would make a two-pie system more acceptable to harvesters. The Committee spent several hours discussing and making significant changes to the options for the harvesting sector IFQs (see Attachment 1 for revised issues and options). One committee member objected to a number of points but did not want to block consensus at this point. Some of the main issues discussed were as follows:

1. General consensus was reached to include years 1990-1999 only. While a few expressed an interest in including 2000/2001, the vast majority recommended that 2000/2001 be excluded. The main reasons cited for excluding 2000/2001 were (a) processing side-boards were in effect, (b) the low GHLS in both 2000 and 2001, (c) icy conditions in 2000 delayed the season, and (d) the harvester strike in 2001.
2. The Committee discussed how deadloss would be treated. It was agreed that deadloss would not count in the initial allocation but would count against a harvester's quota. The main reason cited for excluding deadloss in the initial allocation was to avoid rewarding those with high deadloss. Also, there was concern that the method used to report deadloss in the early years was not accurate.
3. The Committee had a lot of discussion on who would be eligible to receive quota shares by transfer. As proposed, only initial issuees or eligible crew members could receive quota shares by transfer. Concerns were raised that this may create a "closed class" system. Others suggested that participants in other (Federal) fisheries should be able to buy into the crab fishery. The Committee was not able to reach consensus on this issue and agreed to postpone further discussion until the March meeting.
4. The Committee discussed the various options for transferability. Since many felt that the options for transferability would require significant more thought and discussion, the Committee decided to postpone further discussion of transferability until the March meeting. To assist in identifying suitable options for transferability, the Committee requested staff to provide any previous analyses that could shed light on the goals and effectiveness of various types of transfer restrictions.

#### Proposal for Processing Quota Shares:

The Committee next considered a proposal for processing quota shares from Don Giles (this proposal supersedes all previous processing sector proposals discussed during the ad-hoc industry committee meetings). The proposal suggested a "two-pie" system, in which processor shares for a predetermined percentage of the GHLS would be allocated to eligible processors based on processing history, with the remainder of the GHLS available to any processor as a means to promote competition. The Committee accepted the range of allocated shares suggested by the processors of 80 to 90% of the GHLS, recognizing that the Council was free to broaden the range for analytical purposes. (There was much discussion and lack of consensus on this range of percentages.)

The Committee then discussed how the processing quota share system would be implemented based on a proposal provided by Arni Thomson. In order to implement the processing quota share system, harvesters would receive two classes of harvesting quota shares, A and B. Any amount harvested using Class A shares must be delivered to a processor holding processing quota shares. Any harvest using Class B shares may be delivered to any processor qualified to receive harvest under the "open access" terms and conditions.

With respect to the two-pie IFQ proposal, the Committee discussed several other issues identified by those representing the harvesting sector (page 3 of the Steele Proposal). The Committee agreed that the degree of vertical integration (processor ownership of harvesters) should be analyzed. The degree of vertical integration is viewed as relevant to whether restrictions are needed to prevent further vertical integration of the industry. Staff noted that determination of the degree of vertical integration may be expensive and time consuming. Members representing the processing sector agreed that processors would provide this information. The Committee also requested that the analysis include the Halverson report, which analyzes the "balance of power" issue between harvesters and processors.

Proposal for a Regionalization Model:

The Committee next reviewed a proposal to restrict transfers of harvesting and/or processing shares between regions of the BSAI (presented by Steve Minor). Two regions were proposed—a Pribilof/Bering Sea Region (PBS) and Aleutian Chain/Alaska Peninsula Region (ACAP). Under the proposal, an endorsement would be assigned to processing shares which restricts the region in which the shares may be used based on deliveries to the region in the past. The endorsements would be assigned to harvesting shares, if processing shares are not approved. Under the regionalization model, harvesting and/or processing quota shares may be transferred within a region but transfers between regions would be restricted. The Committee agreed that the proposed regionalization model should be considered as an overlay to the harvester and/or processor quota share programs for purposes of analysis.

Proposal for AFA Vessels under BSAI Crab Rationalization:

The Committee considered several options for incorporating AFA vessels into a crab rationalization program (handout from Brent Paine). The proposal consisted of three parts: (1) convert the AFA BBRKC Sideboard limits into quota and allow AFA vessels to form a cooperative to manage this quota; (2) terminate regulations governing AFA crab sideboards if a quota-based crab rationalization program is implemented; and (3) if capacity reduction goes into effect without crab rationalization, modify AFA crab sideboards to allow AFA catcher boats to share proportionally in any increase in crab harvest opportunities that accrue to remaining crab vessels. While the Committee did not object to this request, many Committee members were opposed to the idea that AFA vessels could buy or sell quota shares from non-AFA vessels.

BSAI “Buyback” - Fishing Capacity Reduction Program:

NMFS staff (Gretchen Harrington and Phil Smith via teleconference) provided an update on the status of proposed revisions to the “Buyback” legislation. The potential time-line was reviewed for the *best case scenario* as follows: if the proposed rule is published in early March, following a 45-day comment period, the final rule could be published in early May. Then, a list of eligible bidders would be published in early July and invitations to bid would be mailed to eligible bidders by the end of July. After NMFS collects the bids, the bids would be ranked and assigned bid scores. Those whose bids are accepted would be notified. Following notification, a referendum would be held to allow a fleet-wide vote on the buyback based on the number of vessels, number of licenses and gross value of the accepted bids. If the referendum fails, the buyback would also fail.

The Committee then reviewed proposed revisions to the legislation and made several suggestions. The Committee strongly objected to some of the changes NMFS had proposed. NMFS indicated that these suggestions would be taken into consideration. The Committee further recommended that the legislative language be clarified so that the term “permits” is interpreted broadly to include potential IFQs, Co-op’s, or other rationalization programs rather than being narrowly interpreted to refer only to LLP licenses. Finally, the Committee recommended that NMFS move forward as quickly as possible on the revisions and implementation of the Buyback program.

Next Committee Meeting:

The Committee scheduled their next meeting for March 22-23 in Anchorage (starting at 10:00 am on March 22). The Committee expressed its intent to flesh out the options governing transferability and to finalize the list of issues and options for analysis in time for the Council meeting in April.

**BSAI Crab Rationalization - Issues and Options for Analysis**  
(February 15-16, 2001)

**Draft Problem Statement**

The crab fisheries in the Bering Sea/Aleutian Islands are fully utilized. Despite amendments to the LLP Program and AFA sideboards, capacity in these crab fisheries far exceeds available resources. The ability of crab harvesters to diversify into other fisheries has been severely curtailed under the LLP program and other management actions designed to bring stability to other gear groups and species. Many of the concerns identified by the NPFMC at the beginning of the comprehensive rationalization process in 1992 still exist for the BSAI crab fisheries. The race for fish continues to result in:

1. Resource/conservation management problems
2. Bycatch/handling mortality and dead loss
3. Excess harvesting capacity
4. Lack of economic stability
5. Safety issues

In the continued process of comprehensive rationalization, prompt action is needed to protect the crab resource and to promote stability for those dependent on the crab fisheries. In order to achieve a balanced resolution, the concerns of harvesters, processors and coastal communities must be addressed.

**Harvesting Sector IFQ Program Options**

**General Features of IFQ Program:**

1. Crab fisheries included in program:
  - a. Those subject to Federal FMP for BSAI
  - b. Closed and Developing Fisheries
2. Basis for calculating QS/IFQs:
  - a. GHL
  - b. TAC
  - c. Deadloss:
    - i. does not count in initial allocation of QS
    - ii. counts against season's IFQ allocation
  - d. Landings:
    - i. IFQs required only for processed and landed catches
    - ii. IFQs required for all crab species landed in a crab fishery
3. Categories of QS/IFQs:
  - a. By crab species (Red King Crab, Blue King Crab, Brown King Crab, Opilio Crab and Baridi Crab)
  - b. By harvesting sector:
    - i. Catcher Vessel (CV)
    - ii. Catcher/Processor (CP)
  - c. No vessel size categories
  - d. By type of processor to which deliveries are made (applies to CV shares only):
    - i. Class A shares - deliveries only to Eligible Processors that hold processing quota shares
    - ii. Class B shares - deliveries to any processor

[Note: these options were added to reflect the Committee's proposal for implementing the two-pie IFQ system.]

- e. By BSAI region (applies to CV and C/P shares):
  - i. Two-region model
  - ii. Three-region model

[Note: these options were added to reflect the Committee's proposal for implementing the regionalization model.]

- 4. Gear and seasonal restrictions:
  - a. Pots are only legal gear for retention of crab
    - i. Pot limits
    - ii. No pot limits
  - b. Seasonal restrictions do/do not apply
- 5. Persons eligible to receive an initial allocation of QS:
  - a. Persons that have L.L.P. permits and endorsements for each crab species
  - b. U.S. citizens
  - c. U.S. corporations and partnerships

Qualifying periods for determination of QS distribution (fishery-by-fshery options):

[Note: the Committee agreed to replace the proposed qualifying periods (in the Steele Proposal) with the fishery-by-fishery options from the ad-hoc Co-op options (staff handout). General consensus was reached to include years 1990-1999 only.]

- 1. Opilio
  - a. 1990 - 1999
    - i. All years
    - ii. Best 7 years
  - b. 1992 - 1999
    - i. All years
    - ii. Best 5 years
  - c. 1995 - 1999
    - i. All years
    - ii. Best 3 years
- 2. Bristol Bay red king crab
  - a. 1990 - 1999
    - i. All years
    - ii. Best 7 years
  - b. 1992 - 1999
    - i. All years
    - ii. Best 5 years
  - c. 1995 - 1999
    - i. All years
    - ii. Best 3 years
- 3. Pribilofs
  - a. 1996-1998
- 4. St. Matthew
  - a. 1996-1998
- 5. Bairdi
  - a. 1994 - 1996
  - b. 1990 - 1997
- 6. Adak red king crab

- a. 1992-1995
- 7. Adak brown crab
  - a. 1996-1998
- 8. Closed or Developing Fisheries

Calculation of Initial Allocation of OS

- 1. Based on 100% of average catch history during qualifying years for each fishery
- 2. Percentage categorized as Class A or B (under a two-pie IFQ system):
  - a. 80% Class A, 20% Class B
  - b. 90% Class A, 10% Class B
- 3. Percentage of CV and C/P quota shares endorsed by BSAI region:
  - a. Based on region where catch was landed
  - b. Based on region where catch was processed

Transferability of OS (permanent) and IFQs (leasing):

- 1. Persons eligible to receive QS/IFQs by transfer:
  - a. U.S. Citizens of crab QS/IFQ record
  - b. U.S. Corporations and partnerships of crab QS/IFQ record
  - c. Crew member program developed to allow eligibility

Suboption: owner on board and/or 20% ownership rule

*[Note: the Committee had a lot of discussion on who would be eligible to receive quota shares by transfer. The Committee was not able to reach consensus on this issue and agreed to postpone further discussion until the March meeting.]*

- 2. Transfer restrictions between harvesting sectors:
  - a. No transfers (convertibility) of QS/IFQs between CV and C/P sectors
  - b. Transfers allowed between CV and C/P sectors
- 3. Limits on transfers during first 2 years after implementation
  - a. Leasing (of IFQ) only (no permanent transfers) during first 2 years
    - i. Only by those qualified to purchase QS
    - ii. Only to vested owners of 20% or more in vessel
  - b. Leasing allowed upon implementation
- 4. Caps
  - a. Apply only to transfers and new purchases; grandfather initial issuees at their initial allocation
  - b. Percentage range appropriate for each crab fishery
  - c. Apply individually and collectively for each crab fishery

*[Note: the Committee agreed that the options for caps need to include ranges for each fishery.]*

- 5. Other transfer restrictions:
  - a. By processor category (Class A/B)
    - i. No convertibility between Class A and Class B shares
    - ii. Freely transferable within CV sector among those qualified to receive transfers
  - b. By regional designation
    - i. No transfers (convertibility) between BSAI regions
    - ii. Freely transferable within BSAI regions among those qualified to receive transfers



**Processing Sector IFQ Program Options**

1. Eligible Processors:
  - a. Crab processors that processed crab for a fishery in 1998 or 1999
  - b. Eligible to receive Bairdi crab processing shares if:
    - i. Eligible for opilio processing shares
    - ii. Eligible for Bristol Bay red king crab processing shares
2. Processing shares shall be awarded to Eligible Processors based on three-year average processing history for each fishery as follows:
  - a. 1997-1999 for Bristol Bay red king crab;
  - b. 1996-1998 for Pribilof red king crab;
  - c. 1996-1998 for St. Mathew blue crab;
  - d. 1997-1999 for brown king crab [*Note: some processors would omit this fishery or include the Dutch Harbor fisher but not include the Aleutian Islands fishery*]
  - e. 1997-1999 for opilio crab;
  - f. Bairdi crab based on 50/50 combination of processing history for BBRKC and opilio
3. Amount of processing quota shares awarded to Eligible Processors:
  - a. Based on a percentage of its processing history for each crab fishery:
    - i. 80%
    - ii. 90%
  - b. Remaining percentage allocated to deliveries made on an open-access basis:
    - i. 10%
    - ii. 20%
  - c. Classification by BSAI region:
    - i. processing quota shares
    - ii. include deliveries made on an open-access basis
4. Implementation:
  - a. Deliveries using Class A shares count against the processor's quota shares
  - b. Deliveries using Class B shares do not count against the processor's quota shares
5. Transferability of processing shares:
  - a. Freely transferable, including leasing
  - b. May be used by any facility of the Eligible Processor (without transferring or leasing)
  - c. No transfers between BSAI regions (defined by regionalization program)
6. Caps - Terminate the crab processing caps enacted by Section 211(c)(2(A) of the AFA
7. Program remains in effect unless overridden by subsequent amendments to the MSFCMA.
8. Penalties - Eligible Processors must fully utilize their processing quota shares in the season while a fishery is open or lose the amount that is not utilized in the next season. [*Note: some Committee members felt that "use it or lose it" penalties should apply symmetrically to both harvesters and processors.*]

## **Regionalization Program**

**Proposed Goal:** Protect community/regional investments (jobs and infrastructure) and history in the crab industry within a framework that allows the private sector to decapitalize and shift effort in a reasonable manner.

### **Features of Regionalization Program:**

1. Number of regions:
  - a. Two regions (Pribilof/Bering Sea Region and Aleutian Chain/Alaska Peninsula Region)
  - b. Three regions (Pribilof Islands; Alaska Peninsula and Aleutian Islands; Kodiak)
2. Restrictions on other sectors:
  - a. Harvesting sector (one-pie or two-pie IFQ program)
    - i. All quota shares are classified by region
    - ii. Only class A shares are classified by region
    - iii. No transfers of quota shares between regions
    - iv. Transfers (including leasing) allowed within a region
  - b. Processing sector (two-pie IFQ program)
    - i. Processing quota shares are classified by region
    - ii. Regional restrictions apply to deliveries made on open access basis
    - iii. No transfers of processing quota shares between regions
    - iv. Transfers (including leasing) allowed within a region
  - c. Basis for regional designation
    - i. Historical landings
3. Recency Provisions for each sector
  - a. Harvesting:
    - i. 1990-1999
    - ii. 1992-1999
    - iii. 1995-1999
  - b. Processing:
    - i. 1995-1999
    - ii. 1997-1999
4. AFA sideboards shall be eliminated upon implementation
5. Other competitive features:
  - a. Pribilof/Bering Sea Region (Federal) freight subsidy for the duration of the disaster

### **Options for AFA Vessels**

1. Convert the AFA BBRKC sideboard limit into a quota (crab QS/IFQs)
  - a. Allow listed AFA vessels to form a cooperative
  - b. Allow AFA vessels to buy/sell crab QS/IFQs
2. If quota-based crab rationalization program goes into effect, terminate regulations governing AFA crab sideboards.
3. If crab buy-back program goes into effect without crab rationalization, modify AFA crab sideboards to permit AFA vessels to share proportionately in any increase in crab harvest opportunities that accrue to remaining crab vessels.

John Barnes  
4/16/01

**Aleutian Islands Brown Crab  
And  
Adak Red Crab  
Local Community Development Considerations**

The Aleutian Islands Brown Crab and Adak Red Crab are among the BSAI crab fisheries included in the list proposed for consideration for rationalization by the Crab Rationalization committee. Both fisheries occur West of 174 degrees west longitude, near the communities of Atka, Adak and further west.

Processing of crab onshore in the Aleutian Islands did not begin until 1999, when the military base at Adak was turned over to private interests allowing onshore development by the Aleut community. Since that time a significant portion of the Brown Crab quota from the region has been processed in Adak. Additionally, the Atka Community Development Plan includes a proposed new crab processing operation.

The development of processing onshore in the Aleutians has made it more economically possible for catcher vessels to participate in and harvest the Aleutian Islands quotas. Prior to this time, especially in years of lower crab values, the fleet did not always take the Brown Crab GHL in the Aleutian Islands. During the three year period from 96/97 through 98/99 (the 12 month season spans the calendar year), the fishery never closed and an average of 83% of the GHL was taken during the period.

Under the options proposed by the rationalization committee, both processing and harvesting rights will be based upon periods of time that will exclude the Aleutian Island communities. For this reason, we propose that any rationalization system under consideration for the Aleutian Islands have, AS AN OPTION FOR CONSIDERATION BY THE COUNCIL, the following elements:

1. Any portion of the GHL not harvested during the base period shall remain "free quota" for processing by any processor, which will include processors onshore in the Aleutian Islands.
2. Processor and harvester shares derived from the portion of the GHL actually harvested (whether 90/100, 80/100 or any other variation of shares finally adopted) will apply only to that share of the GHL in the future.
3. 50% of the crab IFQ and IPQ in the Aleutian Islands shall be processed onshore within the region.

OUTLINE OF THE TESTIMONY  
OF ARNI THOMSON, EXECUTIVE DIRECTOR, ALASKA CRAB COALITION  
TO THE NORTH PACIFIC FISHERY MANAGEMENT COUNCIL

April 16, 2001

Anchorage, Alaska Crab Coalition

The following are NPFMC references and background information on the ad-hoc industry co-op committee work on the two pie IFQ program and the Crab Rationalization Committee instructions on the development of elements and options for analysis of a crab rationalization program. This background is pertinent to the controversy some Committee members are raising, and it attempts to deal with the question of why they and their allies waited until April 16<sup>th</sup> to submit major proposals to the Advisory Panel for analysis by the NPFMC.

- September 25, 2000, memorandum of Chris Oliver, Acting Executive Director, NPFMC, Agenda Item D-2, BSAI Crab Issues, for the October NPFMC meeting.

(b) Crab Co-op Development and Buyback: "Regarding developments on the co-op front, the industry co-op committee also met again in September, with their discussions focused on some fundamental, major issues, particularly the issues of processor inclusion, hired skippers, and communities. **While co-ops were the original focus of this initiative, a potential IFQ program, or two-pie IFQ program, now seems to have taken center stage in those discussions.**"

Attached to Oliver's memorandum is a copy of the industry draft two pie ITQ proposal, the agenda for the September 7, 2000 co-op committee and a harvester two pie ITQ proposal presented by harvesters to the processors at the September 7, 2000 committee meeting.

- October 8<sup>th</sup>, 2000, at the Sitka NPFMC meeting in Sitka, Agenda item D-3, Staff tasking, **Linda Kozak** and some of her clients presented a problem statement to the NPFMC, requesting the Council adopt the problem statement and reconstitute a formal crab rationalization committee. The problem statement, adopted by the Council, is reprinted in the AP minutes. **A key goal is restated here: "In the continued process of comprehensive rationalization, prompt action is needed to protect the crab resource and to promote stability for those dependent on the crab fisheries. In order to achieve a balanced resolution, the concerns of harvesters, processors and coastal communities must be addressed.**
- December 15<sup>th</sup>, 2000, Chris Oliver sends a memorandum to the new Crab Rationalization Committee members announcing their appointments and the Council's charge to the committee. **"The Council's action requests a Committee report in April, with final recommendations by June, at which time the Committee would dissolve, unless extended by the Council. The task of the committee is to develop elements and options for analysis, not necessarily to arrive at final resolution of all the issues. To the extent possible, the Committee should build off the previous work of the ad hoc industry Committee."**
- January 11, 2001, Crab Rationalization Committee Summary:
  1. The committee discussed and recognized the importance of the work previously done by the ad hoc industry Committee as a starting point for further development.
  2. **Linda Kozak proposed the Committee adopt a goal of attempting to complete their work by April Council meeting and the Committee adopted her recommendation.**
- February 15-16, 2001, Crab Rationalization Committee Minutes and attachments:
  1. Council staff presented the latest version of issues and options developed by the ad hoc industry committee, which featured an expanded cooperative proposal and a summary two pie proposal.
  2. None of the committee members expressed any degree of interest in the cooperative proposal, but most focused on the ITQ proposal and the Two Pie ITQ proposal.

CATCHER PROCESSOR (CP) SUMMARY ANALYSIS:

Revised 4-16-01

ARNI THOMSON, ACC

13: NUMBER OF CURRENT CATCHER PROCESSORS WITH CP ACTIVITY IN 1998 OR 1999

22: ADDITIONAL POTENTIAL CATCHER PROCESSORS, GOP AND EOP LLP QUALIFIED. SOME OF THESE VESSELS HAVE TRANSFERRED LLPS AND CATCH HISTORY, 1990-1994, WITHIN COMPANIES THAT HAVE OTHER CURRENT CRAB CATCHER VESSELS

35: TOTAL POTENTIAL CATCHER PROCESSORS

22: TOTAL AMENDMENT 10 QUALIFIED CATCHER PROCESSORS

14 TOTAL CATCHER PROCESSORS GREATER THAN 165 FEET IN REGISTERED LENGTH, NOT U.S. DOCUMENTED AS OF SEPTEMBER 25, 1997, AND UNDER THE PROVISIONS OF THE AFA ARE INELIGIBLE FOR A USCG FISHERY ENDORSEMENT.

4: TOTAL AMENDMENT 10 RECENCY QUALIFIED CATCHER PROCESSORS THAT ARE NOT U.S. DOCUMENTED FISHING VESSELS

8: TOTAL NUMBER OF ALEUTIANS BROWN CRAB AMENDMENT 10 QUALIFIED CP LLPS. Note, 5 of the CP permits are being held by the owners of catcher vessels that are current participants in the Aleutians brown crab fishery. Currently there is only one CP operating in this fishery, and this vessel reportedly catches and processes over 25% of the entire Aleutians GHL, in conjunction with the owner's catcher vessel.

The exvessel value of the 5.8 million pound 1999-2000 fishery was an estimated \$14.5 million and the first wholesale value an estimated \$28 million. There are 17 vessels currently participating in the fishery, most of whom concentrate on the Dutch Harbor area with a 2.7 million pound quota. Last fall these vessels shared an average gross stock estimated at \$650,000 per vessel, in the month of September, then participated in the Bristol Bay king crab fishery and the winter opilio crab fishery, adding another \$300,000 to their gross stock, while the average gross stock for the 210 vessel Bering Sea fleet was only \$300,000.

CATCHER PROCESSOR CATCH HISTORY:

(References: ADF&G Westward Region, and NMFS RAM Division)

Opilio crab:

2001: 7 vessels 13% of the GHL  
2000: 9 vessels 4% of the GHL  
1995-1999 Average: 10.2% of the GHL  
1995-1999 Average vessels: 15  
1990-1994 Average vessels: 23

Bristol Bay king crab:

2000: 6 vessels 2.7% of the GHL  
1993-1999: 5.7% of the GHL  
1993-1999 Average vessels: 9



Bering Empire	Sold to Russia, LLP transfer to current CV, Mystery Bay, Kennedy, last CP activity 1993	165	59501	Yes							1	1						
Blue Dutch	Current CP, Ex Kiska Enterprise, Burns Brothers	180	54865	Yes	1	1		1	1	1		1	1	1	1	1	1	1
Bountiful	Current CP, Trident Sfds.	167	34053	Yes			1	1	1	1	1	1	1	1	1	1	1	1
Clipper Endeavor	Converted to freezer longliner, Ex Nordic Monarch, last CP activity not available	132	56602															
Courageous	Current CP, Wells & Assoc.	180	35833	Yes	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Deepsea Harvester **	Sold to Russia, LLP held by Deep Sea Harvester Inc. Boggs/Hastings & Assoc. last CP activity 1997, NMFS certified crab LLP vessel #226	180	54822	Yes	1	1					1	1	1	1	1	1		
Evening Star **	Sold to Russia, no record of LLP holder, last CP activity 1994	180	55729								1	1	1					
Glacier Enterprise (Aleutians brown crab)	TT Acquisition Inc. Trident Sfds. last CP activity 1996, inactive in Aleutians brown crab	180	59456	Yes		1						1	1	1	1			
Gulf Wind	Converted to freezer longliner, Ex U.S. Liberator, Rudy Peterson, last CP activity 1996	162	08522	Yes	1	1					1	1	1	1	1			
Horizon	Converted to freezer longliner, Ex Pengwin, Swasand, last CP activity 1996	148	29089	Yes	1	1					1	1	1	1	1			
Jacquelyn R (Aleutians brown crab)	Sold to Russia, LLP held by Mark Maring & Assoc. last CP activity 1997, inactive in Aleutians brown crab	156	54677	Yes	1		1				1				1	1		
Karla Faye **	Sold to Russia, LLP held by Karla Faye Co-Ownership, Kim Hansen Ent. owner of CV, Ocean Olympic, Aleutians brown crab, last CP activity 1995	180	62525		1						1	1	1	1				

Mr B	Current CP, Ex East Point, a floater processor, LLP transfer from Pacific Orion, S. Atlantic Fish. Miller & Assoc.	180	34905	Yes						1	1									1	1	
Northern Enterprise **	Sold to Russia, LLP held by TT Acquisition Inc. Trident Sfds.last CP activity 1996	180	53764	Yes	1	1							1	1	1			1				
Ocean Storm **	Sold to Russia, Ex Perseverance, LLP not on record, last CP activity 1993	180	55200		1								1	1								
Olympic **	Sold to Russia, LLP held by Kim Hansen Ent. Inc. owner of Ocean Olympic, current Aleutians brown crab CV, last CP activity 1995,	180	56174		1								1	1	1	1						
Pacific Lady	Current CP, converted to freezer longliner, Ex Pacific Wind, last CP activity 1998, Ch. 11 settlement	137	40837	Yes	1	1							1	1	1	1	1	1	1	1		
Pacific Orion **	Sold to Russia, LLP transfer to Mr. B, a current CP, above	180	62776		1								1	1								
Patricia Lee (Aleutians brown crab)	Current CP, Richard Powell	130	35767	Yes							1				1		1					
Pavlof	Current CP, John Sjong	166	37374	Yes	1	1	1	1	1	1			1	1	1	1	1	1	1	1	1	1
Pro Surveyor	Current CP, Paul Duffy	171	53810	Yes		1	1	1	1	1			1	1	1	1	1	1	1	1	1	1
Royal Enterprise (Aleutians brown crab)	Current CP, T.T. Acquisition Inc., Trident Sfds, inactive in Aleutians brown crab	212	61182	Yes		1		1	1				1	1	1	1	1	1	1	1	1	1
Seawind (#1) (Aleutians brown crab)	Sold to Russia, LLP transfer to current CV, Aleutian #1, Ron Peterson, current Aleutians brown crab, last CP activity 94	156	54744	Yes	1								1	1	1							
Seawind (#2) ** (Aleutians brown crab)	Current CP Sold to Russia 1998, LLP transfer history unknown; LLP Venture Pacific Marine & Cosgrove & Moore, owners of current Aleutians brown crab CVs, AK Beauty and N. Pacific, last CP activity 1998	185	04067	Yes																		
Sjovind **	Sold to Russia LLP held by Sjovind Ent. Inc. former owners, Cosgrove & Moore, last CP activity 1994	180	56963										1	1	1							



Southern Wind	Converted to CV, Norquest Sfds. Current CV last CP activity 1996	144	40921	Yes	1	1				1	1	1	1	1				
Vin Ce	CP qualification unverified, Sliney	98	59392				1	1	1	1					1	1		
Western Enterprise **	Sold to Russia, LLP held by TT Acquisition Inc. Trident Sfds. last CP activity 1995	180	56139			1						1	1	1	1			
Westward Wind*	Current CP, Chaffee & Assoc.	160	32660	Yes	1	1		1	1	1	1	1	1	1	1	1	1	1
Windance ** (Aleutians brown crab)	Sold to Russia, transfer to current CV, Spirit of the North, Hall, current Aleutians brown crab, last CP activity 1992	185	56524									1						
				<b>Years</b>	<b>92</b>	<b>93</b>	<b>96</b>	<b>97</b>	<b>98</b>	<b>99</b>	<b>92</b>	<b>93</b>	<b>94</b>	<b>95</b>	<b>96</b>	<b>97</b>	<b>98</b>	<b>99</b>
				<b>Totals</b>	<b>22</b>	<b>18</b>	<b>8</b>	<b>11</b>	<b>12</b>	<b>13</b>	<b>30</b>	<b>29</b>	<b>25</b>	<b>20</b>	<b>20</b>	<b>14</b>	<b>12</b>	<b>10</b>

# ANALYSIS OF CRAB CATCH PROCESSORS LIVE WEIGHT POUNDS HARVESTED

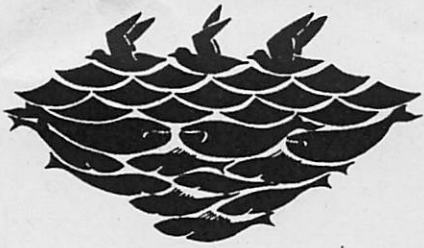
SEASON	c. opilio			BRISTOL BAY king crab			
	vessels	Pounds	% of GHL	vessels	pounds	% of GHL	
2000	9	1,356,553	4.1%	6	209,181	2.7%	
1999	11	10,209,956	5.2%	8	602,279	5.4%	
1998	14	17,100,704	7.0%	10	847,103	5.9%	
1997	15	13,199,735	10.2%	8	306,392	3.5%	
1996	15	10,539,213	16.3%	4	422,926	5.9%	
1995	17	3,663,460	11.6%	NO FISHERY			
* Average 1995-99	15	Average $\frac{\text{lb}}{\text{Vessel}}$ .68	10.2%				
1994	22	21,525,072	14.8%	NO FISHERY			
1993	19	13,234,771	5.7%	17	1,292,314	8.9%	
1992	29	23,127,433	7.0%	NA	NA		
1991	23	24,920,334	7.6%	NA	NA		
1990	17	12,827,586	8.0%	NA	NA		
* Average 1990-94	23	Average $\frac{\text{lb}}{\text{Vessel}}$ .39	8.7%	Average 1993-99	Average $\frac{\text{lb}}{\text{Vessel}}$ .63	Average $\frac{\text{lb}}{\text{Vessel}}$ .63	Average % GHL 5.7%

Notes: Comparing the average number of cps 1990-1994 to the average number of current cps 1995-1999 - 23 to 15, 7 have left the fisheries, mostly for Russian crab fisheries. However, the catch histories, an average 320 per vessel for 8 vessels (aggregated) has been spotted on current catchers vessels, along with the RP LLD designations.

Source: ADP & G Westward Region

Total live weight pounds harvested by catcher / processors

season	<i>c.opilio</i>		king crab	
	vessels	pounds	vessels	pounds
2000	9	1,356,553	6	209,181
1999	11	10,205,956	8	602,279
1998	14	17,100,704	10	847,103
1997	15	13,199,735	8	306,392
1996	15	10,539,213	4	422,926
1995	19	8,623,460	NO FISHERY	
1994	22	21,525,092	NO FISHERY	
1993	19	13,234,771	17	1,292,314
1992	29	22,127,433	NA	NA
1991	28	24,920,334	NA	NA
1990	17	12,827,586	NA	NA



*Presented by Karen Wood-Divari*

## Alaska Marine Conservation Council

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### Recommendations to the North Pacific Fishery Management Council for Bering Sea Crab Rationalization Elements and Options

April 16, 2001

#### Recommendations

1. Adopt the draft problem statement recommended by the Crab Rationalization Committee and the Advisory Panel (p. 5 of AP minutes).
2. Section 1.7.2 (p. 11 of AP minutes). Add a suboption to Options 2, 3, and 4 to provide an incentive to avoid bycatch in the directed crab fishery.  
  
Suboption: Discard of all legal and incidentally caught crab will be counted against IFQs or GHIL (whichever is appropriate for the fishery), at rates of estimated 5%, 15% and 25% mortality.
3. Section 2.4.1 (p. 13 of AP minutes). Provide a broader range of individual processor quota holdings for analysis. The AP discussed adding a 5<sup>th</sup> option to this section, which would allocate 50% of GHIL as individual processor quotas, and leave the remaining 50% for open access. (Suggestion: 0%, 25% 50%, 70%, 80%, 90% and 100%)

The National Environmental Policy Act requires that documents prepared for the public must be sufficiently broad in scope, as well as provide sufficient contrast between options.

4. (P: 15 and 16 of AP minutes) Adopt the list of programmatic, overall issues to evaluate in the analysis. This list of items for analysis addresses important issues such as conservation benefits, vertical integration, market competition, and spillover effects on other fisheries. Make Item R a top priority, requiring a dedicated section of the analysis to evaluate conservation benefits and other implications of individual fishing quotas, processing quota, regionalization, community quota and cooperatives.
5. Request the State of Alaska to work with the NPFMC staff to address two issues in the analysis: 1) collection of economic data to monitor the impact of rationalization, and 2) funding sources and needs for management, research and enforcement. (P. 2 of BSAI Crab Rationalization Memorandum, dated April 2, 2001)

# C.R.A.B. GROUP

## Crab Rationalization and Buyback Group

907-747-7967 • P. O. Box 1064 • Sitka, Alaska 99835

**DATE:** April 2001  
**TO:** Independent Crab Harvesters  
**FROM:** C.R.A.B. Group  
**SUBJ:** New Crab Organization

**HISTORY:** You may have heard of the original C.R.A.B. Group which was formed several years ago to work on the development of regulations to implement a buyback of crab licenses, history and vessels. That effort was successfully completed when Senator Stevens got legislation passed last year to provide for a buyback for the crab fishery in 2001. Draft regulations are expected to be issued in May, and C.R.A.B. Group members are actively working to get money appropriated and assist in technical amendments to that law. This will ensure that all of the elements outlined in the North Pacific Council's Amendment 10 "recency" recommendation, which was passed over two years ago, are incorporated in the law. This past year Congress also decided to extend the moratorium on new IFQ programs, but crab vessel owners who are now part of the C.R.A.B. Group, along with other Alaska fishing interests, got Congress to include specific instructions to the North Pacific Council to analyze and report on different rationalization tools for the Bering Sea/Aleutian Islands crab fisheries.

**CURRENT STATUS OF ISSUES:** The issues of buyback and rationalization are moving ahead quickly and many fishermen are asking questions about the potential changes and what impact these changes will have on their businesses. It is clear to many of us in the crab fishery that if we don't stay involved in the process, someone else will make the decisions regarding our future. On April 15, the North Pacific Council will receive a report from the Crab Rationalization Committee and will be starting the process of analyzing various options. In addition, Congress will be considering the IFQ moratorium again this year as it debates the reauthorization of the Magnuson-Stevens Act. Hearings in Congress are being scheduled and the issue of IFQs and processor shares will be a major part of the public discussion.

**C.R.A.B. GROUP REVITALIZED:** It is important for the independent crab harvesters to begin working closely together in order to ensure that our views are not left out of the process and that our concerns are addressed. For this purpose, the C.R.A.B. Group has been revitalized. An interim board will serve until a full board election can be held at the June Council meeting in Kodiak.

*More on back ➤*

**C.R.A.B. GROUP MEMBERSHIP:** In just over three weeks, the C.R.A.B. Group membership has increased to over 70 vessels. Members are owners and managers of independent crab vessels from Alaska, Washington and Oregon.

**SUPPORT AND INFORMATION:** Several consultants are advising the C.R.A.B. Group, including Earl Comstock, a Washington D.C. attorney and former fisheries staffer for Senator Stevens. Together they will keep the membership informed of activities at the North Pacific Council and in Washington.

**BUYBACK ASSISTANCE:** Because the buyback is complicated and will require bids to be completed, the C.R.A.B. Group is planning to hold workshops in various communities to answer questions and provide information. Firms who specialize in consulting and tax work are becoming familiar with the draft regulations. When regulations are published and the bid process begins, the C.R.A.B. Group will be able to provide crab fishermen with information on companies who can assist in bid preparation.

**MISSION STATEMENT AND SIGN-UP:** Please review the enclosed Mission Statement, which details the principles under which the group is organized. If you agree with us that we need to work closely together to ensure the continued survival of independent crab fishermen, please complete the sign-up sheet and fax or mail it right away to the C.R.A.B. Group bookkeeper listed on the sign-up sheet.

**CRAB PETITION:** Another form which is enclosed is a statement by Steve Hall regarding the petition circulated last fall that many crab fishermen signed. He is rescinding his signature and support of the two-pie system. Please review his statement and if you agree, sign and return that form as well.

**INTERIM BOARD:** If you have questions or comments, please don't hesitate to contact any one of the interim board members listed below.

**Gordon Blue - Sitka**  
Phone: 907-747-7967  
E-Mail: [gblue@ix.netcom.com](mailto:gblue@ix.netcom.com)

**Paula Brogdon - Kodiak**  
Phone: 907-486-6814  
E-Mail: [pbrogdon@worldnet.att.net](mailto:pbrogdon@worldnet.att.net)

**Terry Cosgrove - Seattle**  
Phone: 425-822-6980  
E-Mail: [tlc@fms-incorporated.com](mailto:tlc@fms-incorporated.com)

**Dick Powell - Kodiak**  
Phone: 907-486-4250  
E-Mail: [rpowell@ptialaska.net](mailto:rpowell@ptialaska.net)

# **C.R.A.B. GROUP**

## **Crab Rationalization and Buyback Group**

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**907-747-7967 • P. O. Box 1064 • Sitka, Alaska 99835**

### ***Mission Statement***

C.R.A.B. is an organization of fishermen and other interested participants in the Bering Sea and Aleutian Islands (BSAI) crab fisheries that has been formed to support implementation of:

1. An individual fishing quota regime for all BSAI crab fisheries; and
2. A successful buyback program for BSAI crab fishing vessels and licenses.

In implementing its two goals C.R.A.B. seeks to ensure maximum participation by all crab fishermen in order to achieve a fair and equitable rationalization program. The IFQ program for BSAI crab fisheries should take into account the concerns of fishermen, communities, and processors.

C.R.A.B. does not support individual processor quotas as an answer to processor concerns. In designing solutions to processor over-capacity, C.R.A.B. believes the North Pacific Fishery Management Council and Congress should ensure that any such solutions do not result in an undue restraint of trade.

C.R.A.B. believes the North Pacific Fishery Management Council is the primary body through which all parties should resolve crab rationalization issues. The IFQ program C.R.A.B. supports will address the following issues identified by the North Pacific Fishery Management Council:

1. Resource problems;
2. Excess harvesting capacity;
3. By-catch mortality and dead loss concerns;
4. Safety; and
5. Economic stability.

C.R.A.B. supports the buyback program for BSAI crab fisheries adopted by Congress in 2000, and intends to work with crab fishermen, the National Marine Fisheries Service, and Senator Ted Stevens to:

1. Have Congress adopt technical amendments to fully implement Amendment 10 to the License Limitation Program and to allow for replacement vessels;
2. Get \$50 million appropriated by Congress to implement the program; and
3. Provide information concerning the program to fishermen.

# C.R.A.B. GROUP

## Crab Rationalization and Buyback Group

907-747-7967 • P. O. Box 1064 • Sitka, Alaska 99835

- YES, I support the goals identified in the Mission Statement.
- YES, I would like to join the efforts of the C.R.A.B. Group
  - Individual Vessel Owner - \$250.00 per quarter
  - Group/Organization - \$500.00 per quarter
    - Payment Enclosed
    - Bill Me
- I am willing to serve on a C.R.A.B. Group board or committee
- I am willing to participate at rationalization meetings of the NPFMC
- I am willing to travel to Washington D.C. with a group
- Please send me the newsletter and informational updates

\_\_\_\_\_  
Vessel/Organization Name

\_\_\_\_\_  
Representative Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Street or P. O. Box Number

\_\_\_\_\_  
Phone

\_\_\_\_\_  
City

\_\_\_\_\_  
State

\_\_\_\_\_  
Zip

\_\_\_\_\_  
Fax

\_\_\_\_\_  
E-Mail

\_\_\_\_\_  
Cell

**Please Return as soon as possible to:**

Nancy Forbis, C.R.A.B. Bookkeeper  
519 North 102<sup>nd</sup>  
Seattle, Washington 98133  
Fax: 206-297-2949  
Phone: 206-297-2727



# **TAKE MY NAME OFF THAT LIST !!**

I recently returned from a meeting of the North Pacific Council's crab rationalization committee at the Anchorage Hilton Hotel.

At that meeting some crab organization representatives kept referring to a list of 165 crab vessel owners who signed a petition last fall supporting a two-pie system, with IFQs for harvesters and processing shares for the processors.

Having listened to what was said by processors and fishermen at the meeting, it is clear to me that a two-pie system would reduce competition among processors and lower the price paid for crab to the fishermen. The processors offered no alternatives to ensure competition for my crab.

I did sign that petition last fall based on claims that we were guaranteed to receive IFQs immediately. It didn't happen.

I told the committee that I no longer support the two-pie approach. However, the crab representatives continued to talk about the "list" throughout the meeting as if we all still support a two-pie system.

Did you sign the petition? Are you regretting it now? If so, join me in asking that our names be removed from the list.

**Steve Hall**  
**Spirit of the North**  
**541-265-7209**

If you agree with me, please sign your name below and fax this form to the C.R.A.B. Group at 206-297-2949. They will pass it on the petition organizers.

**Take My Name Off That List**

Name \_\_\_\_\_

Vessel(s) \_\_\_\_\_

STEVE MINOR

ST. PAUL

**Crab Rationalization Committee – Majority Report**

The Crab Rationalization Committee and its predecessor, the (ad hoc) Crab Co-op Committee, have worked for more than 18 months to develop a framework for rationalization. We believe that Senator Stevens (in the 2001 Consolidated Budget Act) has given us a specific opportunity to rationalize the Bering Sea crab industry in early 2002, and we encourage the North Pacific Fisheries Management Council to expedite its Options and Analysis consistent with the industry and community endorsed Preferred Framework incorporated in this Majority Report.

This report and the recommended framework that it includes is endorsed by the following Crab Rationalization Committee members:

(will paste in list after signatures are gathered)

**Preferred Framework**  
*A Regionalized Two-Pie System*

The majority of committee members agree that any rationalization program must accomplish these goals:

- Recognize and protect the investments of current participants, including harvesters, processors and communities.
- Provide for a rational decapitalization of the industry
- Maintain a competitive balance between harvesters and processors
- Create opportunities for crew members to become equity participants
- Provide for a better resource management regime
- Allow for new entrants – but not new vessels – into the industry
- Create a safer fishery

We believe that the Preferred Framework outlined in this Majority Report, combined with the Crab Vessel Buy-back program, meets all of these goals in a manner that is economically and politically viable. There are several issues within this framework which remain unresolved and that will require Council analysis. We believe that the industry is largely committed to accepting the Council's final decisions regarding those issues identified for analysis within this framework.

On the following pages, we outline our Preferred Framework, and the critical Options and Analysis that we recommend the Council undertake. All of these elements are also embedded in the Crab Rationalization Committee meeting minutes dated March 22 and 23, which we fully accept and endorse.

### Catcher-Processor IFQ's-IPQ's

Each catcher-processor will receive an equal amount of IFQ's and IPQ's based on their catch history during the qualifying period, with no regionalization requirements. These shares shall be classified as "C-share IFQ's".

#### Regionalization of live crab deliveries

Regions are protected to assure that future landings are consistent with recent, pre-rationalization landings. A regional endorsement would be added as an umbrella to IFQ's and IPQ's. Regions may be discounted, say 15%, in this example, consistent with IPQ's.

If a Bering Sea crab IFQ-owner delivered 40% of his Opilio catch (during the qualifying years) in the region that includes the Pribilof Islands and to floaters inside that region's 3-mile limit, for example, and 60% to processors in the region that includes Unalaska, under the terms of this example, he would deliver his Opilio IFQ's as follows

15% to any crab processor anywhere in Alaska = 15% of his total IFQ

40% of 85% to IPQ-processors in any endorsed port  
in the region that includes the Pribilof Islands = 34% of his total IFQ

60% of 85% to IPQ-processors in any endorsed  
port in the region that includes Unalaska = 51% of his total IFQ

### Transferability of catcher vessel IFQ's

Catcher-vessel IFQ's may be sold, leased or transferred (with all regionalization requirements maintained) to other catcher-vessels and to catcher-processors when they are operating within 3 miles of an endorsed port.

2. A "first right of refusal" QS-purchase program for qualified crew members (along with a parallel financing program) is being developed and will be submitted to the Council for analysis. This program is supported as an important part of this framework.

### Transferability of 3-mile limit IPQ's

1. IPQ's may be sold, leased or transferred to any crab buyer licensed by the State of Alaska for use within the 3-mile limit, including catcher-processors, with all of the regionalization requirements maintained.

## Preferred Framework *Overview*

**Purpose:** To assist the NPFMC and the U.S. Congress to implement individual fishing quotas in 2001 for Bering Sea crab fishermen, crab processors and coastal communities

### Individual Fishing Quotas (IFQ's)

A crab LLP license holder will receive IFQ's for the exact percentage of the total catch that his vessel landed during the qualifying years for each crab species and area.

Over 150 Bering Sea crab vessel owners have signed a Two-Pie IFQ legislative petition supporting the principle that 80% to 90% of their IFQ's will be delivered to IPQ-processors operating inside the 3-mile limit.

*For the purposes of this example only*, assume that 85% of the IFQ's will be delivered only to IPQ-processors under the regionalization plan described below. These IFQ's shall be classified as "A-share IFQ's".

*For the purposes of this example only*, assume that 15% of the IFQ's can be delivered to any crab buyer licensed by the State of Alaska. These IFQ's shall be classified as "B-share IFQ's".

The final determination of exactly how many "A-share IFQ's" (80%-90% of the vessel owner's total IFQ's) will be delivered to IPQ-processors inside 3-miles will be made by the NPFMC or by the Congress after receipt of the IFQ-IPQ analysis from the NPFMC mandated by the 2001 Consolidated Budget Act.

*own king crab and Adak red king crab IFQ's will require additional analysis as outlined in the Committee report dated March 22-23.*

### Individual Processing Quotas (IPQ's)

Each crab buyer which processed crab in 1998 or 1999 (which qualifies under a new recency requirement) will receive IPQ's for 80-90% (final determination to be made by NPFMC/Congress during 2001) of the total pounds he purchased (on a regional basis) during processing history years, which will be specified for each fishery as the last three years that the fishery was open or, for Bairdi, processing history shall be based on a 50/50 combination of processing history of Bristol Bay red king crab and opilio crab. Processing shares shall be awarded to the processing entity that owned the crab during the processing phase. The crab processing caps enacted by Section 211(c) (2) (A) of the American Fisheries Act are terminated upon implementation of the processor provisions recommended above.

For the purpose of this example only, assume that a qualified crab processor receives IPQ's for 85% of the total pounds purchased during the qualifying years.

**ENDORSEMENT**

I have read the attached Majority Report and agree with the statements and Preferred Framework included in that report. I support the Regionalized Two-Pie framework as defined in this document, and ask that the Council expedite it's Options and Analysis so that the Bering Sea Crab Industry might be rationalized prior to the 2002 seasons.

PETER PAN SEAFOODS, INC.

Name

Dale Schumpfle

Date

4/07/01

425 002 1000 P.01/01

**ENDORSEMENT**

I have read the attached Majority Report and agree with the statements and Preferred Framework included in that report. I support the Regionalized Two-Pie framework as defined in this document, and ask that the Council expedite it's Options and Analysis so that the Bering Sea Crab Industry might be rationalized prior to the 2002 seasons.

Unifco, Inc.  
~~L. John Tani~~  
L. John Tani

Name

Date 6 April 2001

**ENDORSEMENT**

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Name	Date

*Joseph J. Pesku*      *4/5/01*

ENDORSEMENT

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*John Kelly* City of Unalaska

Name

Date

4/3/01



**ENDORSEMENT**

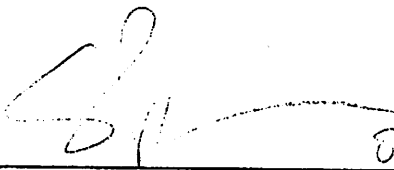
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John Gunn  
Name NORQUEST SEAFOODS

Date 4-5-01

**ENDORSEMENT**

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Ernst Paul Island

Name

April 6, 2001

Date

FORMER SENATORS 001

## ENDORSEMENT

I have read the attached Majority Report and agree with the statements and Preferred Framework included in that report. I support the Regionalized Two-Pie framework as defined in this document, and ask that the Council expedite it's Options and Analysis so that the Bering Sea Crab Industry might be rationalized prior to the 2002 seasons.

DON GILES  
Name Don G Date 7/7/01

**From:** Tom Casey <tcasey@wolfenet.com>

**To:** <steve@wafro.com>

**Date:** Tuesday, April 10, 2001 3:57 PM

**Subject:** Text on signature page


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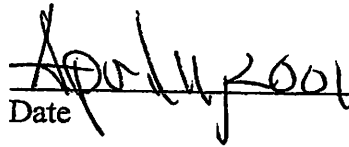
We signators encourage the NPFMC to complete an fair, equitable and market-driven analysis of Bering Sea crab rationalization options, especially our preferred option, in time for the June 2001 meeting in Kodiak.

Thomas A. Casey, Executive Director  
Alaska Fisheries Conservation Group  
for himself and  
Gary Poutar, Managing Owner  
FU TRAILBLAZER

**ENDORSEMENT**

I have read the attached Majority Report and agree with the statements and Preferred Framework included in that report. I support the Regionalized Two-Pie framework as defined in this document, and ask that the Council expedite it's Options and Analysis so that the Bering Sea Crab Industry might be rationalized prior to the 2002 seasons.

  
Name \_\_\_\_\_

  
Date \_\_\_\_\_

**ENDORSEMENT**

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Herin Haldestad ff  
Name

4/12/01  
Date

**ENDORSEMENT**

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*Pam Anderson*  
Name *Executive Director*  
*Alaska Crab Coalition*

*4/12/01*  
Date

**ENDORSEMENT**

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*Tommy Deegan*  
Name \_\_\_\_\_

*4/12/01*  
Date \_\_\_\_\_

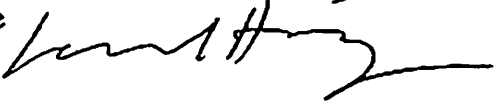


TO STEVE MINOR  
FAX 907-265-7140  
FROM Leonard Herzig

1106

**ENDORSEMENT**

I have read the attached Majority Report and agree with the statements and Preferred Framework included in that report. I support the Regionalized Two-Pie framework as defined in this document, and ask that the Council expedite it's Options and Analysis so that the Bering Sea Crab Industry might be rationalized prior to the 2002 seasons.

Leonard Herzig  
Name 

4/14/2001  
Date

~~2/2/2~~

2 outs - Cttee up (not AP down)



**BSAI Crab Rationalization**

Skippers for Equitable Access proposal to the North Pacific Fishery Management Council for Skipper/Crew participation in crab rationalization.

- 1) **Protection of traditional and historical share-based compensation for captains and crew with no sunset.** SEA maintains that historical crewshares will be undermined by rationalizing to a Quota Share (QS) based system without protection written into the plan. There is ample evidence of this happening in Blackcod and Halibut as well as in IFQ fisheries in British Columbia. SEA proposes that disclosure of past levels of compensation to crewmen be made by the vessel owner to NMFS at the time of application for QS and that the vessel be required to maintain that level of compensation after rationalization. We feel that this is in keeping with the spirit of rationalization and that it would be an equitable exchange for the release of an individuals catch history for the purpose of calculating quota share.

Additionally, SEA proposes that a cap on royalties charged back to the crew on leased quota share be set. Such a cap is needed to prevent charging such high amounts for leases that the gross stock of the vessel is drastically reduced thereby severely reducing the crewshares protected above.

- 2) **Creation of a separate category of QS available only to active fishers upon transfer after the initial allocation.** At the time of initial allocation every QS recipient would receive 10% of their shares as crew shares. This category will be earmarked as Crew QS and any transfer of QS must include 10% of this category. If the seller does not hold sufficient Crew QS to meet the 10% requirement, then the seller must include all of its remaining Crew QS in the transaction. This QS would be made available to eligible crew as a "First Right of Refusal" with a time limit attached so that in the unlikely event no eligible crew appear as buyers of the QS the transfer would not be held up indefinitely. We feel that time limits on the first right of refusal of one to two months should be analyzed.

SEA suggests that criteria be established to determine who would be eligible to purchase Crew QS that would include both recent participation in the crab fisheries in question as well as demonstrating financial dependence on those same crab fisheries. Our intent is to make available a portion of QS to active fishers and to keep that QS on the vessels. SEA also proposes that a stipulation of "use it or lose it" be attached to this category so that if a fisher decides to leave the fishery they must put their QS back on the market. We do not want to allow leasing of these shares in order to prevent the creation of a new class of absentee landlords staying onshore and collecting rents. This category would apply to both C/V and C/P shares and would be for all fisheries under consideration.

*add some  
part of  
ownership.* →

- 3) **Establish a low interest loan program, or be made a part of the existing program in Blackcod and Halibut, for skippers and crew for the purpose of buying QS. SEA feels that the availability of low interest loans for the purpose of buying QS is crucial to the success of this program.**

Skippers for Equitable Access requests that the above elements for crew participation in crab rationalization be included in the analysis of the proposed Crab Rationalization Plan which is now being considered.

Sincerely,



Tom Suryan  
President SEA  
4756 34<sup>th</sup> Ave. N.E.  
Seattle, WA. 98105  
(206) 522-1249  
tomsuryan@aol.com

Presented by Gordon Blue

Testimony of Alaska Longline Fishermen's Association  
At the North Pacific Fisheries Management Council  
Anchorage, April 16, 2001  
Concerning: Bering Sea Crab Rationalization

The Alaska Longline Fishermen's Association has long supported a fishery management approach that favors strong, independent vessel owners and operators as the key to responsible stewardship of the fisheries. The types of quota share in contemplation for the BSAI crab rationalization program raise concerns of ALFA members not only for their impacts on the BSAI crab fishermen and communities (including processors) but for the obvious ramifications which these programs have for the other fisheries.

- a. Bering Sea crab fishery rationalization has become an issue of fundamental NATIONAL importance in fishery rationalization, because of a Congressional mandate to the NPFMC to include processor shares in analysis.
- b. Congressional mandate -

***"The North Pacific Fishery Management Council shall examine the fisheries under its jurisdiction, particularly the Gulf of Alaska groundfish and Bering Sea crab fisheries, to determine whether rationalization is needed. In particular, the North Pacific Council shall analyze individual fishing quotas, processor quotas, cooperatives, and quotas held by communities. The analysis should include an economic analysis of the impact of all options on communities and processors, as well as the fishing fleets."***

The purpose of my testimony is to examine the deficits in the committee/AP framework, with respect to this Congressional Mandate, and suggest means of filling the shortfalls, WITHOUT CREATING DELAY. ALFA recognizes the acute distress of the fishermen and the communities of Western Alaska that has been created by the crab resource difficulties of the BSAI. ALFA recognizes that a properly balanced program of rationalization is essential to the relief of these communities and to the rebuilding of the crab fisheries. ALFA is committed to achieving this rationalization through NPFMC process, and is opposed to attempts to force the issue through congressional action beyond the mandate which has been given.

We have three models that have been proposed for rationalizing the BSAI crab fisheries:

- (1) Halibut/Sablefish type, harvest ITQ - extensively studied, including the nation-wide study required by the Magnuson-Stevens Act, conducted by the national Academy of Sciences, Sharing The Fish.
- (2) AFA pollock cooperatives - under intense study, many papers are in preparation, including ten that were delivered to the North American Association of Fisheries Economics (NAAFE) Forum in New Orleans, April 2, 2001.
- (3) Scott Matulich's "Two-pie" - published in Journal of Environmental Economics and Management, this is a unique proposal, and it is not new. There were NO papers on two-pie presented at the NAAFE Forum. Dr. Matulich presented a paper there, on AFA coops.

John Ward, the NMFS chief economist, gave one of three keynote addresses at the NAAFE forum. He stated that the Agency and the Councils had more than 140 lawsuits active, with hundreds more possibly already in the pipeline. Ward said that the government has become convinced that the regional councils and NMFS must begin to do a more adequate job of satisfying the NEPA, and that NMFS has obtained new funding for economics. The national processor lobby group, the National Fisheries Institute, began last summer to lead the demand to Congress to require that only "The Best Available Science" be used in setting our fisheries policy. With "two-pie" we have the economic equivalent of a claim to discovery of cold fusion.

We need a superior analysis before we institute such a processor-share program. The chief obstacle to a first-class analysis is lack of data. The data which is required, is data held by the processors, themselves. This data is necessary to distinguish whether the loss of profitability claimed by processors after halibut/sablefish ITQs was the result of those programs, or simply part of a more general trend, caused by competitive pressure between the processors. The data required, includes that necessary to distinguish the extent of vertical integration, and consolidation, already brought about by these same competitive pressures. Without it, there can be no first-class analysis, and the satisfaction of John Ward's standards is threatened. The NPFMC can provide a useful incentive to this end.

- **ALFA recommends that the further analysis of processor shares be made contingent upon the provision of data adequate to provide the baseline information necessary for the analysis, by the proposers of the program.**
- **If there are similar gaps in information leading to the development of harvester shares, then NPFMC should also provide the same incentive to harvesters to produce the data.**
- **In no event, should the withholding of data by one party or another be allowed to create a "poison pill" to another's program. For example, if harvesters have, and refuse to provide, information which would be useful to the analysis of processor shares, the analyst should note this, and then make the most reasonable assumptions available, and continue.**
- **This incentive system will help to expedite the analysis of harvester and processor shares which is required under the Congressional mandate**
- **The analytical package necessary to further the data gathering and the analysis itself may be divided into parts, to proceed independently, but to be re-integrated at the final stages of program design. This approach is similar to the "trailing amendment" package that facilitated the halibut/sablefish ITQ analysis.**

The most extensive review of the two-pie idea to date, was given by the National Academy of Sciences panel of experts, reported in Sharing The Fish. What they said was: ". . . the committee found no compelling reason to recommend the inclusion *or* exclusion of processors from eligibility to receive initial [*fishery*] quota shares. Nor did the committee find a compelling reason to establish a separate, complementary, processor quota system (the 'two-pie' system). . . . with a concomitant increase in the complexity of the program." The report then suggested a number of alternatives to consider, for protecting processors. One of these was "an inshore-offshore allocation." Inshore-offshore is not a directly applicable protection for the BSAI crab fisheries, because the LLP has already limited the extent to which offshore processing can impact shoreside processors.

One of the most remarkable accomplishments of the Crab Rationalization Committee was the agreement reached with both harvesters and processors, on the regionalization proposal. This provision is NOT a rationalization measure, and does not require legislation, and is not subject to the moratorium on ITQs. It is a creative and effective measure that will help to protect both communities and the processing plants in those communities, and it functions by an allocation that is equivalent to inshore - offshore. In this instance, there is no disagreement, and communities on both sides were represented in the Crab Rationalization Committee. The mechanisms to regulate a the regional proposal have already been tried, and made to work, to accomplish crab processing caps due to the American Fisheries Act.

- **ALFA recommends** that the regional proposal be fast-tracked ahead, on a separate analytic path for simplicity and expedience. It is unconscionable to hold our communities hostage in order to impose some other form of rationalization. This action is necessary to meet part of the requirement of the congressional mandate, on impacts, but is not sufficient to entirely meet the analytical requirement for community quotas, which should also include a portion of any potential processing quota share.

The crab LLP, the crab buyback program development, the NPFMC discussions of BSAI crab overfished fisheries, and the crab rationalization committee meetings have served to establish the need for rationalization which is required to be met, under the congressional mandate.

- **ALFA recommends** that Council staff be tasked to pull the requisite materials from the record of NPFMC meetings, to demonstrate this need. This is the quickest way to accomplish this.

The ad-hoc industry crab cooperative committee summarily rejected coops and began working for "two-pie" because of the limited term of the AFA - this is not an intrinsic attribute of coops, and it is far from sufficient basis for meeting the requirement of the Congressional mandate that cooperatives be analyzed. This is important when it is recognized that several different crab industry groups have been discussing the potentials of cooperatives for their fisheries, and becomes the key element in developing understanding of the economics of the BSAI crab industry when it is recognized that the status quo has demonstrated the superior competitive advantages of cooperative ventures of fishermen and processing - Icicle, Trident, Norquest, Royal Aleutian, Alyeska, and Yardarm Knot ALL have been ventures which integrated vessel owners and processing facilities in their inceptions.

- **ALFA recommends** that NPFMC contract with a nationally recognized economist, with a neutral attitude (that is, neither Dr. Halvorson, nor Dr. Matulich) to conduct this requisite portion of the analysis.
- This should include the full range of data and options necessary to include: status quo - no catch history allocation; harvester-only cooperatives, which meet the terms of the terms of the Fishermen's Cooperative Act of 1934, and include catch history allocation; American Fishery Act -type harvester/processor cooperatives.
- The analysis should include examination of the effect of a set term, versus perpetuity, for these agreements.



RECEIVED  
MAR - 9 2001  
N.P.F.M.C

March, 9, 2001

Mr. Chris Oliver  
Acting Director  
NPFMC

Dear Chris,

As you know I was unable to participate in the February 15-16<sup>th</sup> Crab Rationalization Committee Meeting in Seattle due to the fact that I was skippering the Bristol Mariner in the 2001 Opilio crab fishery.

I have reviewed the minutes from the meeting and I see that industry participants have submitted proposals for rationalization of the crab fisheries.

At this time, I would like to resubmit the Skippers for Equitable Access proposal of September 7, 2000 to the Crab Rationalization Committee. This proposal was submitted to the NPFMC and was under consideration by the Ad-Hoc Crab Cooperative Committee last fall. Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script that reads "Tom Suryan".

Tom Suryan  
President, SEA  
4756 34<sup>th</sup> Ave. NE  
Seattle, WA. 98105  
(206) 522-1249 (ph)  
(206) 525-7311 (fax)  
tomsuryan@aol.com





September 7, 2000

**CO-OP SHARES/IFO'S FOR CAPTAINS**

Since the last industry co-op meeting on May 18, 2000, and much discussion with various industry representatives, SEA has decided to drop its original request for a 10 percent initial allocation of quota for captains. SEA believes that some form of a rationalization program that dictates safety and better harvesting practices is essential for the survival of the fleet and the resource. For this reason, SEA did not want to become a stumbling block in order to secure a future for the crab industry. Hopefully other segments of the industry will recognize this concession and feel the same. SEA believes strongly that captains are direct contributors to catch history, and that in order to have some form of security in the future, captains and crew need protection. Traditionally, historical crew shares are 40% of adjusted gross stock after expenses (i.e. fuel, bait, groceries).

SEA believes that in any rationalization program, there are two points of security that are needed to protect their futures:

1. Captains and crew need traditional and historical crew share percentages protected with no sunset.
2. A set aside of 10% of any quota share that sells – Captain and crew will have first right of refusal to purchase those shares.

Although these two points are open for discussion, SEA will make no further concessions.

**RECEIVED**

APR - 4 2001

N.P.F.M.C

**To : North Pacific Fisheries Management Council**

**From; Randy Walton**

**Regards: Implementing I.F.Q.s in B.S.A.I. Crab Fisheries**

**My main concern with I.F.Q.s in the crab fisheries is giving all the quota shares to the vessel owners only.**

**I agree that there needs to be changes in the current system that we use now, I think I.F.Q.s make the most sense with the following points to be centered.**

**In my case I owned all the crab pots and leased them to the vessel. The vessel would not have a catch history for any quota shares without leasing my crab pots, you can not have one without the other to come up with catch history.**

**My point is that the vessel owner had money invested in the boat and I had money invested in the crab pots. This situation worked well for both of use for capital that we had to use at the time.**

**I do not think it is right that only a person who holds a L.L.P.( vessel owner ) be the one that receives any Quata Shares when there was other people with vested interest in the vessels operation which inturn qualifited it for Quata Shares.**

**These are some of my concerns that need to be centered in any further I.F.Q.s in the crab fisheries.**

**Sincerely;**

**Randy Walton**

**Pequod, Inc.**  
*F/V Early Dawn*

April 3, 2001

Mr. David Benton, Chairman  
North Pacific Fishery Management Council  
605 West 4th Ave., Ste. 306  
Anchorage, AK 99501-2252

RECEIVED  
APR - 3 2001  
N.P.F.M.C.

RE: Comment on Agenda Item C-5, 150th Plenary Session  
LLPs for Deep Water Crab Fisheries in BSAI

Dear Chairman Benton and Council Members:

I am concerned over the future existence of two BSAI crab fisheries: the tanneri crab and Bering Sea Priblof District brown crab. I, Rick Mezich, am an independent owner of a Bering Sea crab vessel that I have owned and fished since 1978. As one of the pioneers of these two crab fisheries, I would like to see them preserved and protected from overcapitalization.

There are two crab fisheries in the BSAI that do not have LLPs. They are the tanneri crab fishery in the BSAI and the Bering Sea Priblof District brown crab fishery. Both of these crab fisheries have pot limits and established GHLS. The Alaska Department of Fish and Game has indicated any substantial increase in participation in these fisheries may create an unmanageable situation for the opening of these crab fisheries given the small GHLS. Both fisheries were established in the early 1990s.

To protect these fisheries, I am requesting that the NPFMC establish LLPs for the BSAI tanneri fishery and the Bering Sea Priblof District brown crab fishery. I would suggest the Priblof District brown crab LLP have the same qualifying years (1992 to 1994 with 3 deliveries in the area) as the brown crab fishery in the Aleutian Islands. For the tanneri fishery which was established in 1993, I propose the LLP qualifying years of 1993 to 1995, with the same deep water crab requirement of 3 deliveries in each area: Bering Sea (area Q), Dutch Harbor (area O), Aleutian Islands (area R).

I believe it is extremely important to establish LLPs for these two crab fisheries immediately. The current low GHLS in other crab fisheries may cause increased effort in these two non-traditional crab fisheries, possibly resulting in their closure.

Thank you for your consideration of my proposal.

Sincerely,



Rick Mezich  
Pequod, Inc.  
Fax: 425-742-7712  
email: rmezich@aol.com  
Phone: 206-769-4047

**RECEIVED**  
APR - 4 2001  
N.P.F.M.C

**To : North Pacific Fisheries Management Council**

**From; Randy Walton**

**Regards: Implementing I.F.Q.s in B.S.A.I. Crab Fisheries**

**My main concern with I.F.Q.s in the crab fisheries is giving all the quote shares to the vessel owners and not including the operators of the vessels.**

**I agree that there needs to be changes in the current system that we use know, I think I.F.Q.s make the most sense with the following points to be centered.**

- 1. Operators are the ones that have risked their lives, not the owner who sits on the beach during these fisheries.**
- 2. My self as an operator, have had to pay for my own Interm use Permits for each fishery that are provided by the State of Alaska, that you have to have on board by law before the vessel can participate in a fishery.**
- 3. The Interm Use Permits that are in the operators name, which inturn is put on the fish ticket that prouldes the catch history for the vessel, which inturn will decide the amount of quota shares any vessel can receive. All of this is generated by the operator of the vessel, not the owner.**
- 4. In most cases, the operator of a vessel has been with said vessel for years. He has been the one dealing with crew, fishing through storms, being away from home and family. Their needs to be some compensation for this dedication in any kind of I.F.Q. system for crab.**

**These are some of my concerns that need to be centered in any further I.F.Q.s in the crab fisheries.**

**Sincerely;**

**Randy Walton**

**HEUKER BROS., INC.**  
62975 NE Tumalt Road  
Cascade Locks, OR 97014  
(541) 374-8255 • Fax: (541) 374-8553

March 30, 2001

**RECEIVED**

VIA FACSIMILE 907-271-2817

David Benton, Chairman  
and NPFMC Council Members  
605 West 4<sup>th</sup> Ave, Ste 306  
Anchorage, AK 99501-2252

APR - 2 2001

**N.P.F.M.C**

**SUBJECT: Crab Rationalization - Replacement Vessel/Catch History**

We are the owner of the F/V Sandra Five, ADF & G #70770, a replacement vessel for the F/V Chevak, which sank in February 1994. Before being lost, the Chevak was a crab catcher vessel with catch history dating back to the 1980s. The Chevak was strictly a pot fishing catcher vessel, and if not lost, it would still be active in the pot fisheries.

Plans for replacement of the Chevak and purchase of the fishing rights and catch history began in 1996. Final contracts were acquired in October 1997, and construction of F/V Sandra Five began November 4, 1997 with completion on June 20, 1998. The Chevak had catch history from 1990-1994 and F/V Sandra Five has catch history from 1998 (blue and red king crab) and 1999 (opilio, blue and red king crab).

I understand the committee is considering catch history from 1990-1999, 1992-1999 or 1995-1999. Due to the time and financial commitment required, replacement vessels cannot be completed in between seasons. Therefore, under the first option (1990-1999), we would lose 40% of our catch history. For the years 1992-1999, we would lose 60% of our catch history, and for the years 1995-1999, we would lose 80% of our catch history. This is based on the opilio fishery only. A reduction of this magnitude would put undue hardship on our participation in the future crab fisheries, and ultimately affect the financial stability of the families relying on the income from this vessel.

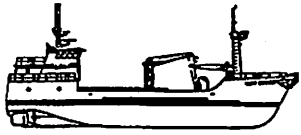
To my understanding, there are 10-12 vessels in the same situation. The vessels could average their catch history over the years they participated and apply the result to the years they lost during replacement of the vessel. It would be unreasonable to apply zero catch histories in coming up with an average for the vessel as the vessel has proven history when the vessel was participating. This would not apply to vessels that left to participate in another fishery, rather only those vessels that did not participate in any fishery at all.

With this said, it would be our recommendation that the Crab Rationalization Committee address the issue of replacement vessels and find ways to resolve it in the planning stages rather than later where there is potential for delaying adoption of the program.

Sincerely,



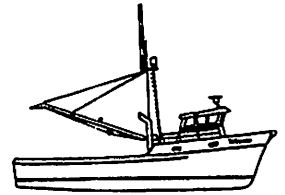
Chris Heuker



F / V LADY ALASKA  
 F / V LADY KODIAK  
 F / V LADY ALEUTIAN

# KEVIN SUYDAM

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F / V WENONA

North Pacific Fisheries Management Council  
 605 West 4<sup>th</sup> Ave. Suite 306  
 Anchorage, Ak. 99501-2252

**RECEIVED**

March 28, 01

APR - 2 2001

Dear Mr. David Benton-Chairman;

**N.P.F.M.C**

I am submitting this as a request to remove the Aleutian Islands Brown Crab Fishery from the Crab Rationalization Process. It was my understanding that initially it was the intent to keep the Brown Crab Fishery out of the Crab Rationalization process. It was only after heavy lobbying by a select few Brown Crab vessel owners that it was included.

This Aleutian Island Brown Crab Fishery has a very limited number of vessels at approximately 16 actively fishing in this Fishery. During the last five or so years there has been a changeover of about a third of the vessels participating, as there are vessels now that have dropped out of the fishery on their own free will; while other vessels have started in the fishery. Additionally there may be some LLP Licenses lost due to not meeting the endorsement qualifications of the LLP. If IFQ's were to be issued today, approximately two thirds of the Quota would be distributed with about one third left as unclaimed. This is due to the changeover of vessels fishing.

The Eastern district or commonly referred to as the Dutch Harbor area is abundant and very lucrative. For example, this last season, single vessel catches were in the hundreds of thousands of pounds of King crab; to as high as in excess of a half of a million pounds of King Crab in this seven week fishery. Following this Eastern sub-district closure, the Western sub-district Fishery continues with Vessel catches that are equally abundant. It takes longer to harvest the Western district, which continues year round; as less than half of the active Vessels participate. It is most typically closed by Alaska Department date book closure, as the Quota is not caught.

Any exclusion of any active participant Vessel in this Brown Crab Fishery, through elimination by an IFQ allocation process; constitutes a measure in which it was done for the sole purpose of Economic Allocation. This is against the National Standards of the Magnuson-Stevens Act as published in the Federal Register; that states that no Fishing Quota program shall be granted with the sole purpose of Economic Allocation. My Vessel the Lady Alaska, is a Vessel having a LLP License with a Brown Crab endorsement, that has invested in excess of a half of a million dollars in gear and equipment to engage in this Aleutian Island Brown Crab Fishery; because it was legal to do so. There would be no legitimacy to remove my vessel through an IFQ as there is over-abundance the Brown Crab resource. I ask that the Aleutian Brown Crab Fishery be removed from the Crab Rationalization process, unless the Rationalization process is structured to recognize each actively fishing vessel at their full harvesting capability. Anything less could solicit legal challenges. Thank you.

Respectfully Submitted,

*Kevin Suydam*  
 Kevin Suydam

ALAN BING HENKEL  
F/V ERLA-N

1736 205 THE PL NE  
Sanunamish WA 98074  
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APR - 2 2001

N.P.F.M.C

April 2, 2001

Honorable David Benton, Chairman  
NPFMC

David Benton,

I am writing you this letter on behalf of nine boats that participate in the Aleutian Island brown crab fishery. We request that our nine boats be represented in the industry meetings that deal with crab rationalization. In recent years our group of boats has been more competitive and has progressively strengthened our catch histories. This sets us apart from other boats that are now represented on the crab rationalization committee.

There are only 17 boats actively participating in this fishery, a number limited by the huge investment that is required. The Aleutian Island brown crab fishery has survived because it is well managed and fished by a small number of boats.

We propose the years 1995-2000 for the qualifying years for the Aleutian Island brown crab industry. Our group believes that the exclusion of the year 2000 as a qualifying year for the crab fisheries should not apply to the brown crab industry for these reasons. (a) Unlike other active crab fisheries, the brown crab GHL/s have remained strong and stable, (b) processing sideboards had no effect, (c) there are no icing conditions and (d) there was no strikes.

We would also like to bring it to the council's attention that if the years between 1990 and 1994 were used for qualifying years, the calculation would involve numerous boats no longer participating in this fishery. The result would be that a few of the larger quota share holders will acquire even larger shares of the Aleutian Island brown crab fishery. It is our proposal that each boat or corporation be capped at a reasonable percentage of the total quota.

As you know the Aleutian Island brown crab fishery is divided into two separate areas, Dutch Harbor area and the western Aleutians. As a group, we feel it is extremely important that these areas remain separate and that each boat is assigned a quota share according to its area of historical participation.

We are confident you will give these matters careful consideration.

Sincerely,



List of boats and owners:

F/V Handler  
Owner: Jerry Matsen

F/V Lady Alaska  
Owner: Kevin Suydam

F/V Aleutian No. 1  
Owner/Operator: Jostein J. Karlsen

F/V Erla-N  
Owner/Operator: Bing Henkel

F/V Alaska Sea  
Owner: Ozzie Nordheim

F/V Tiffany  
Owner: Erla-n LLC

F/V Western Viking  
Owner: Gordon Rush

F/V Ballyhoo  
Owner: John Sjong

F/V Shishaldin  
Owner: Jonn Sjong



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MAR 14 2001

N.P.F.M.C

March 14, 2001

Mr. David Benton, Chairman  
North Pacific Fishery Management Council  
605 West 4<sup>th</sup> Avenue, Ste. 306  
Anchorage, Alaska 99501-2252

Dear Mr. Benton,

My name is Rob Trumble. I am captain and part owner of the 80' crabber/tender F/V Denali. I have spent the last 24 years of my life fishing crab in the Bering Sea. Eleven of those years I was deckhand (1977-1988). The last thirteen years I've operated the Denali (bought into the boat in 1991). I consider myself fortunate, for I love my job, but I also consider myself lucky; I survived Opilio 2001, another deadly race for fish.

Since I started operating the F/V Denali, I've never missed a season crabbing. I also haven't had an incident happen like that which took place February 12th. Knowing the limits of my boat, I've been able to stay out of disastrous situations and still make a living. I emphasize, "make a living"...not being out there to catch every last crab so we could build a 'bigger boat'. This boat has survived fishing crab in the Bering Sea since 1968. It is an excellent sea boat, its history is its proof.

When I heard the Board of Fisheries decided not to move the January 15th Opilio season to April 1st, a feeling of dread came to my mind. (However, delaying the season until April 1st for small quota fisheries, is not a long term solution. We need to rationalize the fishery with a quota based program.) I told my crew of four after King Crab 2000 was over, "Boys, I'll tell you right now, we might not make a dime this coming January/February. The weather, as you know, is horrendous that time of year. The big boats can keep fishing when we cannot. It's going to be a big IF. I thought back to the late 70's and early 80's when we'd lose a boat and a man for every week in February. I'm telling you this so if you don't want to come back, let me know." They all came back.

We finally started fishing February 3rd, after over two weeks of price negotiations. On February 11th we delivered 30,000 pounds, somewhat shy of the 100,000 pound average per boat. We took on 4,000 gallons of badly needed fuel (in the aft tanks) and headed back to the fishing grounds. I made my mind up to start putting the gear away early, something I've never done before. We had a gap in between storms to go out and grab about 40 pots and get back to St. George Island, where we store a large portion of our gear. We started stacking the gear aboard at 0900 February 12th, in SSE winds of 30 knots with a forecasted 60 knots coming. By 1200 we were almost finished. We had one more string of 10 pots to go. I let my crew grab a quick bite to eat while we idled back to our next string. About 1300 the window in front of me exploded, but not before I got the main engine into reverse. Things went downhill very fast after that point.

I survived the shattered glass, only to be electro-shocked (ten, maybe fifteen seconds, I'm not sure) by a 220 volt panel to my immediate left via the water in the pilothouse. I was conscious of a very loud roaring in my head and a paralyzing pain throughout my body. I believe the roll of the boat finally broke my connection to the panel. The voltage exited out my right elbow, blowing off the end of the bone, and made a bloody hole in the surrounding skin.

Coming to, I realized I was making a mayday call on a non-working radio, as they were all ruined by the saltwater. My crew (God bless each and every one of them) were quick to act. As my mind was recovering from the 220 volt shock I received, they regained control of the boat and had us traveling in a fair swell. As I gained control of my thoughts, the crew made a window patch from our emergency spares, while I changed into some dry clothes and boots. We deactivated the power to the pilothouse to keep the chance of a fire minimal, and started bailing out the water with buckets and a wet/dry shop vac.

At approximately 1330 I activated our 406 E.P.I.R.B. Within ten minutes, we had a U.S. Coast Guard C-130 aircraft circling overhead. We were able to communicate to them with a small hand-held VHF, which brought other boats to our position.

Within the next hour, the F/V Billikin and my partner boat the F/V Entrance Point showed up on the scene. From them we received more sealant for the window and a VHF radio. We were safe for the time being. We spent at least another hour trying to get our power-steering back online, bailing water, sealing up the window and trying to stabilize our situation.

By 1600 we were ready to try make it back to St. Paul Island, into safe harbor. We had a distance of 38

miles with a course of 60 degrees, steering the boat by hand in the trough (at right angle to the swell). Being escorted by the F/V Entrance Point, we were confident we were going to make it.

During the next three hours, we made good headway traveling in the trough, and we left the F/V Entrance Point behind. I told the captain, Jim Wolkoff, "Jimmy we have to go for it. The wind is supposed to come up." He wished us good luck.

By 1900 the wind blew up to 80 knots with seas to 40 feet. We were against all odds. The waves started curling and breaking over the boat. I emphasize, "over the boat." At a point not long after that, we started heeling over 60 to 70 degrees. I ordered the crew to don survival suits, as anything could happen now. I let that be known (via VHF) to any boats in the area. I had three boats respond immediately. The F/V Brittany, F/V Lady Blackie and F/V Last Frontier were heading in our direction. Thanks again guys, we owe you one.

At this point, we still had a working G.P.S. to fix our position, and a working radar. Being at the helm, steering by hand, and trying to dodge breaking waves, I had little time to navigate the boat. We were steering a course of 60 degrees to safe harbor at St. Paul Island. After giving our position every 15 minutes for an hour or so, Paul (owner/operator of the F/V Last Frontier) told me that if we continued on our present course, we wouldn't find safe harbor. We had to slow down and bring our bow into the wind, something I really didn't want to do. Was the window patch going to hold? Would we take in more windows? We had no choice. I slowed the boat down and brought the bow into the wind, dodging curling waves and making little headway, but headway, none-the-less. We managed to make safe harbor by midnight. I was very angry those last few miles, but also very thankful to be alive.

In retrospect, we have one of the most dangerous fisheries on the planet, the one with the worst safety record, and we are still racing for fish in frenzied derbies. We need a fair ITQ quota style system. One that will let free enterprise still operate. One that will let the captains make the decisions about the weather they can safely operate in, especially in the winter months.

This fleet is rugged. We have to be.... Like so many other fishermen, we go fishing because we have to.... On a small G.H.L. (quota) such as this, we have no choice. We have to try and make a few dollars for our boats and families, and also maintain our catch histories, so we don't lose out on the next phase of rationalization. There were many things that happened before our season started that led up to this disastrous season. And disaster it was. Did you know that as many as 11 boats took windows out during Opilio 2001? And many more boats were damaged in one way or another. Yet, miraculously, not one fatality occurred, not one. That is unprecedented and pure luck. There are many boats with worse stories than mine, and I hope they read this and write their own letters to you. As for me, I'm very happy to be alive, and plan on doing all that I can to make this fishery safer for the men who ultimately take the risks.

Sincerely,

Rob Trumble  
Captain, F/V Denali  
P.O. Box 274  
King Cove, Alaska 99612

cc: The Honorable Ted Stevens  
The Honorable Frank Murkowski  
The Honorable Don Young  
The Honorable Tony Knowles  
The Honorable Alan Austerman  
Representative Drew Scalzi  
Frank Rue, Commissioner, ADF&G  
Wesley Loy, Anchorage Daily News  
Charlie Ess, National Fisherman