

D1 Eastern Aleutian Islands Golden King Crab Facility Use Caps Discussion Paper



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History of Action

June 2021

- Council received 5 letters proposing changes to current regulations that prohibit crab processing facilities from using more than 60% of the Eastern Aleutian Islands golden king crab Individual Processing Quota (IPQ)
- The letters explain of a live crab market opportunity with Royal Aleutian Seafood/ UniSea. Unaffiliated IPQ holders and associated harvesters wish to participate in this market; however, this facility is constrained from additional participation by the 60% facility use cap.
- At the June 2021 meeting, the Council also received a proposal to change the start data of both AI golden king crab fisheries (Eastern and Western)
- In response, the Council tasked a discussion paper to cover both issues.

October 2022

- The Council bifurcated these issues and scheduled this facility use cap piece independently.



EAG Fishery Location

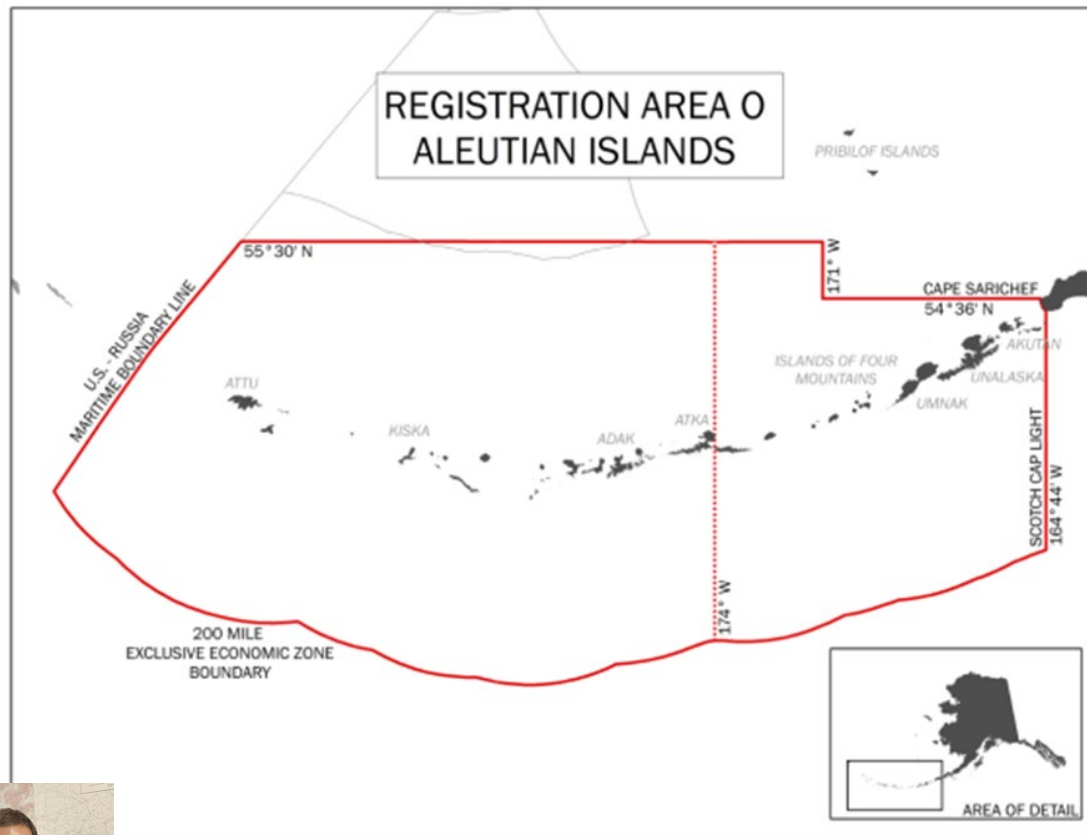


Figure A.1, pg. 10 (ADFG)

- Aleutian Islands golden king crab is managed as two separate fisheries, with separate TACs
- Eastern Aleutian Islands golden king crab (EAG) east of 174°W
- Western Aleutian Islands golden king crab (WAG) west of 174 °W



EAG Catch

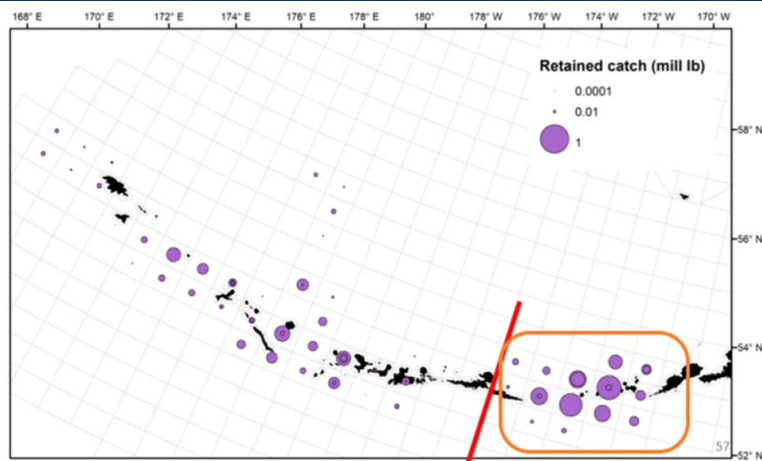


Figure A.5, pg. 23 (Daly & Milani, ADFG & NOAA)

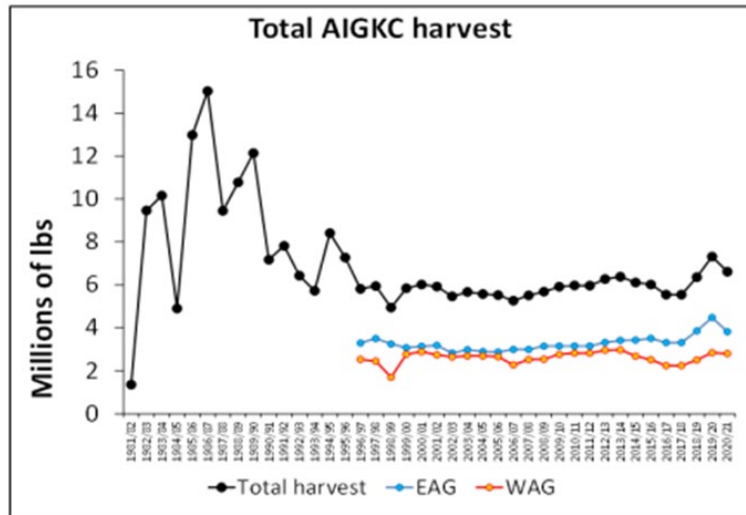


Figure A.3, pg. 20 (Daly & Milani, ADFG & NOAA)

- 2021/2022 EAG TAC was set at 3.61 million lbs.
- EAG vessels have historically harvested nearly 100% of the TAC
- Fishing not concentrated, greatest amount of fishing occurs in 3 statistical areas, making up ~37% of the catch, the rest of the harvest dispersed throughout the region



EAG Season length

- Season lasts from August 1 to April 30
 - Moved 15 days earlier in 2015/16 from 08/15-5/15
- Early opening on July 1 to accommodate ADF&G survey in 19/20 and 21/22 seasons
- In 21/22, vessels were active an average of 129 days last delivery occurring on December 13th



EAG Fishery

- 3 vessels participated in the EAG fishery in 2021/22
 - All catcher vessels with processing on shore
- Fished using longline pots, average of 2000 pots registered to a vessel
- Long soak times compared to other similar fisheries. Average of 389 hours, or 16 days
- Vessels rotate through strings, delivering a portion of a set at a time
- Vessels are fairly specialized, limited diversity in other fisheries (BBRKC and BS snow crab)
- 3 processing facilities in 2021/22, 2 in Dutch Harbor/Unalaska and 1 in Akutan



EAG Harvester Allocations

- 32 QS holders
- CDQ groups allocated 10% of the EAG TAC
- CVO A shares only South designated
 - 32.23% this pool belongs to four CDQ groups
- CPO shares make up 4.8% of the QS pool
- 10 CVC holders in 21/22, 0 CPC holders
- EAG harvest quota is issued to five crab cooperative, consolidated to three vessels

Table A.9 EAG QS holdings by share type, region, and operations type, 2021/22

Share type	Share holdings by region and operation type					Across regions and operations types		
	Region/ catcher processor	# of QS holders	% of QS pool	Mean % holding	Maximum % holding	# of QS holders	Mean % holding	Maximum % holding
Owner quota shares	South	20	95.2%	4.8%	20.0%	32	3.1%	19.4%
	Catcher processor	5	4.8%	1.0%	2.4%			
Crew quota shares	Catcher vessel	10	100.0%	10.0%	4.8%			

Source: NMFS RAM, Permits and licenses: <https://www.fisheries.noaa.gov/alaska/commercial-fishing/permits-and-licenses-issued-alaska#bsai-crab>

Table A.9, pg. 24



EAG Processor Allocations

Table A.13 Number of EAG QS holders, IPQ holders, processing companies, and facilities 2010-2021

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
# of PQS holders	10	10	10	10	9	9	9	10	10	10	10	10
# of IPQ holder	7	7	7	7	7	*	6	6	7	7	8	6
# of processing companies	7	9	10	9	7	6	7	7	8	7	10	7
# of processing facilities	4	5	5	5	3	3	4	4	4	3	5	3

Source: NMFS RAM, Permits and licenses: <https://www.fisheries.noaa.gov/alaska/commercial-fishing/permits-and-licenses-issued-alaska#bsai-crab>

* Not included in the NMFS RAM dataset

Table A.13, pg. 26

Table A.17 EAG processing facilities, 2010-2021

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Adak												
Facility 1											x	
Akutan												
Facility 1	x	x	x	x	x	x	x	x	x	x	x	x
Anchorage												
Facility 1		x	x	x								
Dutch Harbor/ Unalaska												
Facility 1	x	x	x	x			x	x	x		x	
Facility 2	x	x	x	x	x	x	x	x	x	x	x	x
Facility 3	x	x	x	x	x	x	x	x	x	x	x	x

Source: comprehensive_ft sourced through AKFIN

Table A.17, pg. 27



- 3 facilities processed EAG in 21/22
 - 1 in Akutan, 2 in Dutch Harbor/Unalaska
- 10 PQS holders
 - IPQ holder affiliated and unaffiliated with processing facilities
 - Royal Aleutians Seafoods grandfathered in over the 30% cap with 45.4% of the PQS pool



Crab Fishery TAC - 10% for CDQ & Adak = IFQ allocation

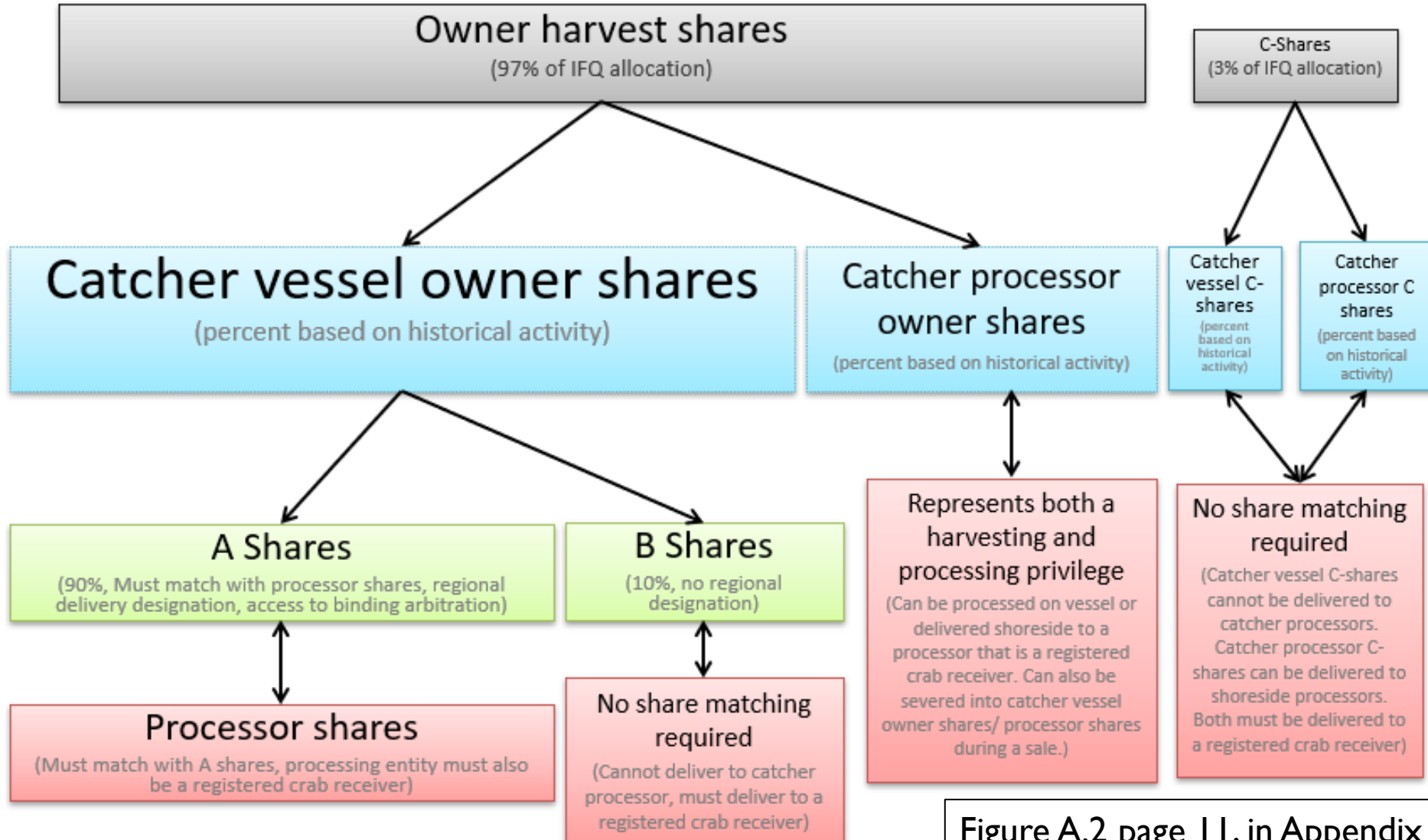


Figure A.2 page 11, in Appendix I



Crab Fishery TAC - 10% for CDQ & Adak = IFQ allocation

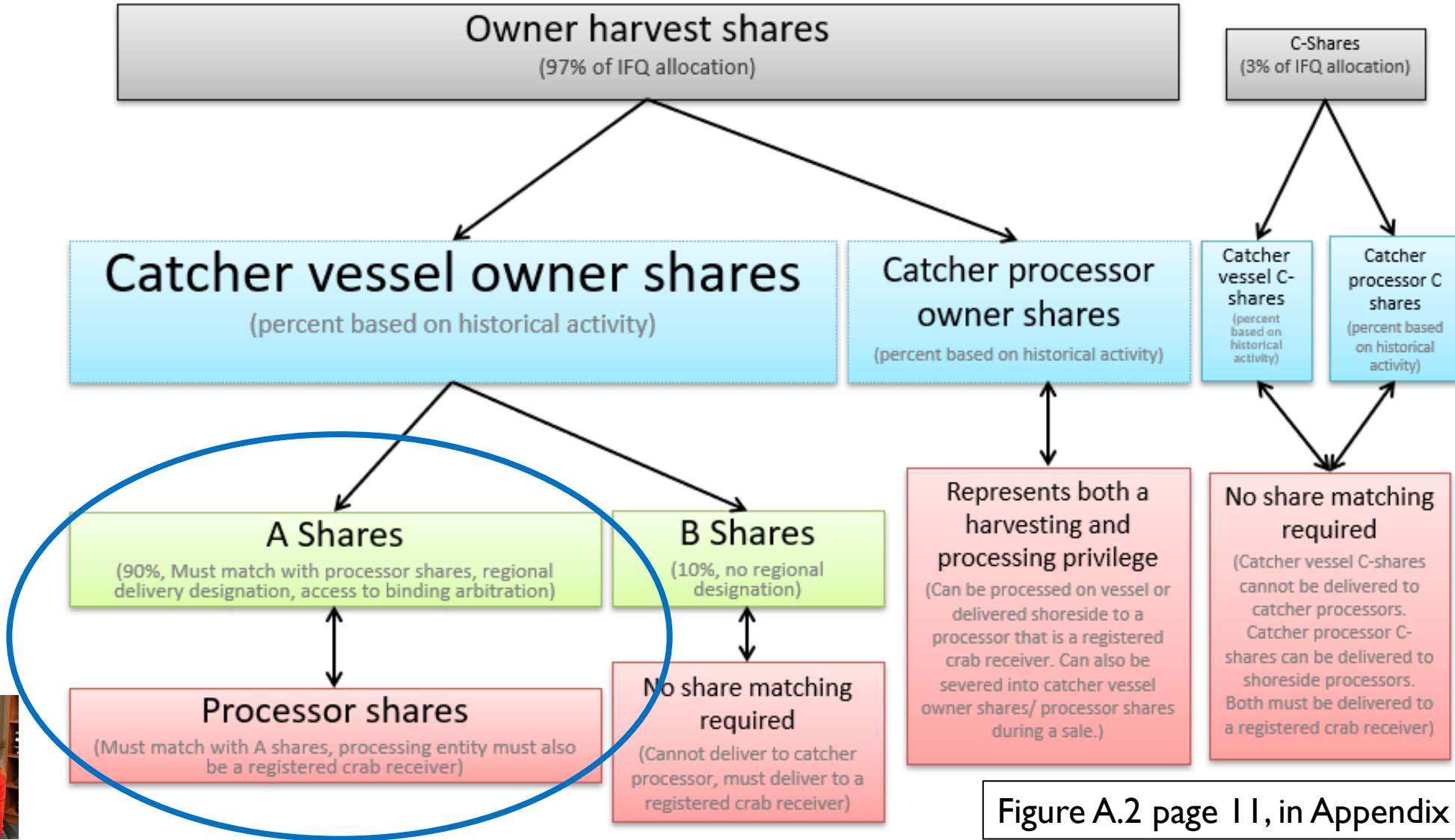


Figure A.2 page 11, in Appendix I



Regulatory Caps on Crab Processing – Original Program Caps

Limits to how much PQS a person can hold § 680.42(b)

- No more than 30% of the PQS initially issued in the fishery
- Includes affiliations – 10% rule
- Exceptions for PQS holders that received an initial allocation in excess of this amount based on historical processing
- The EAG fishery does have an entity that was “grandfathered in” above the use caps

Limits to how much IPQ a person can “use” § 680.42(b)

- No more than the amount of IPQ resulting from 30% of the PQS initially issued
- Except if they were “grandfathered in”

Prohibition on how much a shoreside or stationary floating processor can process § 680.7(a)(8)

- No more than 30% of the IPQ issued for a crab fishery
- Except if they were “grandfathered in”



Regulatory Caps on Crab Processing - Amendments

Amendment 27 (effective June 2009)

Exempted customed processed IPQ from the PQS/ IPQ use caps in the following fisheries:

- Bering Sea *C. opilio* with a north region designation
- Western Aleutian Islands golden king crab fishery, provided that IPQ crab is processed west of 174° W. long;
- Western Aleutian Islands red king crab fishery
- **Eastern Aleutian Islands golden king crab fishery**
- St. Matthews blue king crab fishery
- Pribilof red and blue king crab fishery



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→ But also, added new 60% facility use cap to EAG and WAI fisheries for any shoreside or stationary floating processor east of 174° W. long;



Regulatory Caps on Crab Processing - Amendments

Amendment 41 (effective June 2013)

- Established process for exempting from regional delivery requirements
- Includes exemption for custom processed IPQ counting toward the PQS/IPQ use caps

Amendment 47 (effective January 2017)

- Added *C. bairdi* fisheries to the list of fisheries for which custom processed IPQ does not count towards PQS/IPQ use caps
 - Note: this leaves Bristol Bay red king crab, *C. opilio* with a north region designation, and Western Aleutian Islands golden king crab processed west of 174° W. long as the only fisheries for which custom processed IPQ DOES count toward the PQS/ IPQ use caps



Possible Actions

Would require changes to Fed Regulations and the Crab Fishery Management Plan

- Remove the prohibition for both EAG and Western AI red king crab fishery west of 174° W. long;
- Delete the “EAG” from the prohibition (it would still apply to the WAI fishery west of 174° W. long;)
- Increase the facility use cap above 60%



Preliminary Assessment of Status Quo

- Processing facilities east of 174° W. long would continue to be prohibited from using more than 60% of the IPQ issued in the EAG and WAI crab fisheries
- This would require more than one processor to receive deliveries of EAG in order for TAC to be processed
- Does not require deliveries west of 174° W. long
- Although use caps can provide market space for another processing facility – it does not guarantee that a processing facility will be available (e.g., *C. bairdi* fisheries)
- Some unaffiliated IPQ holders and associated harvesters may not have the opportunity to process their EAG at a facility if it would exceed the cap (such as described in the proposals) – would need to identify a different facility to custom process with



Preliminary Assessment of Proposed Actions

Expected changes

- Would allow additional custom processed IPQ to the facility near the cap
- Beneficial to unaffiliated IPQ holders and harvesters by potentially providing more custom processing market opportunities (such as this live market) and more competition

Expected to remain the same

- Would still be limited by the 30% PQS/IPQ use caps for affiliated IPQ
- If PQS or IPQ is sold, would still trigger Right of First Refusal (i.e., ROFR holders Unalaska Inc and APICDA)
- Continued opportunities to enter into the processing market by purchasing or leasing PQS, or accepting deliveries of B or C class IFQ or CDQ crab

Uncertainty in changes

Would not prohibit all EAG IPQ from being landed in 1 facility

- Unclear the level of consolidation that may occur in the future
- Analysis does not expect consolidation into 1 facility as IPQ has recently been affiliated with 3 different companies that own facilities
- However, there has been some recent consolidation, not identified in the analysis
- External circumstances may influence any additional consolidation



Next Steps

- Consider scope of regulatory action
- If warranted, establish a purpose and need/ set of alternatives – including no action, for further analysis



Questions?

