

MEMORANDUM

TO: Council, SSC and AP Members  
FROM: Chris Oliver  
Executive Director  
DATE: November 28, 2011  
SUBJECT: Crab Management

*DO FOR*

ESTIMATED TIME 8 HOURS (All C-4 items)
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**ACTION REQUIRED**

Receive BSAI crab stakeholder reports (5-year review issues), and take action as necessary.

- (a) Crew compensation/active participation/excessive lease rates
- (b) Binding arbitration
- (c) Community issues/ROFR

**BACKGROUND**

At its December 2010 meeting, the Council received a five year review of the crab rationalization program (Executive Summary attached as Item C-4(a)). On reviewing the report, the Council concluded that many aspects of the program are working well. Participants have adapted to the complexity of the program and safety goals continue to be achieved under the program. Despite these successes, the Council acknowledged that other aspects of the program may require additional consideration, including crew compensation, leasing practices, entry opportunities, and the arbitration system. The Council acknowledged that it would like additional time to evaluate the five year review and assess testimony prior to determining whether action is needed to address these concerns. The Council requested that, in the intervening time, stakeholders work to develop measures to address aspects of the program that have created these concerns. At this meeting, the Council will consider stakeholder proposed measures and whether to develop an amendment package to address these stated concerns. The items included under (a) (i.e., crew compensation, active participation, and excessive lease rates) will be considered as an agenda item, as those factors interact. The binding arbitration program will be considered separately under (b).

Under the crab rationalization program, a community that meets certain thresholds for historical processing received rights of first refusal on transfers of processing shares derived from processing that occurred in that community. Over the course of several meetings, the Council has considered an action to amend the rights of first refusal to make those rights more effective. At its February 2011 meeting, the Council elected to delay further action on the amendment package to allow stakeholders to continue to develop solutions to issues with the rights of first refusal. At this meeting, the Council intends to review the current purpose and need statement and alternatives, as well as consider stakeholder suggestions that could improve the effectiveness of the rights of first refusal. To assist the Council, a brief discussion paper is attached (Item C-4(c)) that includes the purpose and need statement, the alternatives, and a brief discussion of notices and information concerning the state of rights (including whether rights are triggered and whether rights have lapsed). The discussion of notices and information is included at the suggestion of stakeholders, and is intended to assist stakeholders and the Council in considering whether addition notification requirements could improve the effectiveness of the rights.