

MEMORANDUM

TO: Council, SSC and AP Members

FROM: Clarence G. Pautzke  
Executive Director

DATE: December 3, 1998

SUBJECT: Crab LLP Eligibility

ESTIMATED TIME  
8 HOURS

**ACTION REQUIRED**

Consider revising October action.

**BACKGROUND**

The crab License Limitation Program (LLP) was revised by the Council in October, by adding a third qualification criterion which required one legal BS/AI crab landing at any time from January 1, 1996 through February 7, 1998 to keep a crab license package earned under the original program valid. This action reduced the number of crab licenses that are expected to be issued in the year 2000 by over 20 percent (excluding Norton Sound summer red and blue king crab). The numbers of licenses and endorsements that are expected to be issued under the Council's revised program are provided in Table 1 under Item C-3(a). Other tables under this tab item include the number of licenses and endorsements that would have likely been issued within the original program, and a summary table of the alternatives from which the Council selected in October.

The Council discussed crab LLP in the context of the American Fisheries Act and State management concerns in November, but postponed action until December. At this meeting the Council is scheduled to consider revising their October action. No action at this meeting will reaffirm the Council's intent to adopt Alternative 9. If the Council does wish to amend the October action they may select an alternative from the August 1998 LLP package (summarized under Item C-3(a)), or direct staff to develop additional alternatives for a final decision at a future meeting. Delaying a final decision on the LLP package will likely impact NMFS ability to have the program in place by January 1, 2000. As discussed in October, interim licenses could be issued in the year 2000.

The AP took action on this issue in November. They requested that the Council take no further action on this issue, under the LLP heading. Their minutes state:

*"The AP believes that ... elimination of latent capacity in the crab fisheries was adequately dealt with by Council action in October 1998, and that further catcher vessel restrictions for vessels fishing in co-ops shall also restrict their catch from exceeding the aggregate of their traditional catch as far as SB 1221 is concerned. Motion carries 10/8/2."*

The AP then went on to request that the Council direct staff to develop an amendment package looking at measures to mitigate the impacts of S1221 on the crab fisheries. The AP's motion was:

*"The AP recommends the Council initiate analysis of the following options to mitigate impact of possible spillover effects of 1221 on other fisheries:*

1. *No crossover allowed into any crab fisheries for vessels with membership in a pollock co-op.*
2. *No crossover allowed in the Tanner crab fishery only (opilio and bairdi).*

*Sub-option: vessels which qualified based on bycatch of bairdi in red king crab would be restricted to bycatch of bairdi in the red king crab fishery.*

*Duration sub-options:*

- a. *Permanent based on participation in co-op*
  - b. *Only for year vessel is involved in co-op.*
3. *Measures which would restrict pollock co-op vessels to their aggregate traditional harvest including:*
    - a. *Restriction to the percentage of crab harvest in all species between 1995, 96, and 97.*

*Motion carries 17/0/2."*

Alternative 3, as directed by the Act, would limit the pollock co-op vessels from exceeding their traditional harvest in crab fisheries. Alternative 1, and to some extent Alternative 2, would (if adopted) have the same effect as a more restrictive LLP eligibility, for those catcher vessels participating in a pollock co-op; i.e., it would extinguish their crab license, permanently under sub-option a. Council direction under Agenda C-2 should clarify the inclusion of these alternatives, and the extent to which they interact with the LLP agenda item.

Item C-3(b) contains the correspondence received on this issue since the October Council meeting.

## Summary of Licenses Under Various Crab LLP Alternatives

Table 1 contains a summary of the number of licenses and endorsements that are projected to be issued under Alternative 9. If the Council takes no action on crab LLP at this meeting, these are the crab licenses that are expected to be issued in 2000.

The number of vessels and endorsements are slightly different from those reported in October. The changes are primarily due to exemptions included within the Council's preferred alternative and updates to the vessel transfer information. Excluding vessels that were added to the list of qualifiers through an exemption, the number of qualified vessels increased by 13 over those reported in October. Four vessels were added because of corrections to the qualification data base. The remaining additions were made because of updates to the transfer data.

Table 1. Number of Crab Licenses and Endorsements Under Alternative 9

Vessel Length	Number of Vessels	BSAI Tanner	D.Harbor Brown	St.Matt. Blue/Red	Prib. Blue/Red	Adak Brown	Adak Red	B.Bay Red
<60'	14	2	-	-	12	-	-	4
60-124'	199	193	10	126	105	12	21	192
≥125'	84	83	8	57	37	11	8	82
Total	297	278	18	183	154	23	29	278

Note: Excludes vessels only qualified for a Norton Sound endorsement, vessels under construction, and the 1998 landings exemption.

Table 2 shows the number of vessels and endorsements that were expected to be issued under the original crab LLP passed by the Council in June 1995. A total of 365 vessels were projected to have qualified under this alternative. This is 68 more vessels than would qualify under Alternative 9.

Table 2. Number of Crab Licenses and Endorsements Under the Original (June 1995) LLP Program.

Length Class	Number of Vessels	BSAI Tanner	D.Harbor Brown	St.Matt. Blue/Red	Prib. Blue/Red	Adak Brown	Adak Red	B.Bay Red
<60'	14	2	-	-	12	-	-	4
60-124'	253	226	11	137	122	16	22	239
≥125'	98	95	10	64	41	11	9	93
Total	365	323	21	201	175	27	31	336

Note: Excludes vessels only qualified for a Norton Sound endorsement, vessels under construction, and the 1998 landings exemption.

Tables 3 and 4 are updated summaries of the number of vessels that are projected to qualify under Alternatives 2 through 11, and the number of endorsements issued by fishery within each alternative. The Table reporting

the number of vessels is broken out by the three vessel length classes. This format of reporting vessel classes is slightly different from that used in the LLP EA/RIR document reviewed at the October meeting. Recall in that document the vessel classes provided more detail on the characteristics of the vessels that would qualify. For example, there were categories including Factory Trawlers, Pot Cvs 60'-124', and Trawl Cvs 60'-124'. However, it was not possible to determine exactly how many vessels were in each of the three length classes.

Table 3. Number of Vessels Under Alternatives 2 through 11

Alternatives	Qualified				Not Qualified			
	0-59'	60-124'	125'+	Total	0-59'	60-124'	125'+	Total
Alt. 2: 1996	14	175	74	263	0	68	34	102
Alt. 3: 1995 & 96	14	169	67	250	0	74	41	115
Alt. 4: 1996 & 97	14	169	68	251	0	74	40	114
Alt. 5: 1997 & 98	14	143	63	220	0	100	45	145
Alt. 6: 1995-97	14	163	61	238	0	80	47	127
Alt. 7: 1996-98	14	142	60	216	0	101	48	149
Alt. 8: 1995-98	14	141	55	210	0	102	53	155
Alt. 9: Once, 1996-98	14	199	84	297	0	44	24	68
Alt. 10: Once, 1995-98	14	209	87	310	0	34	21	55
Alt. 11: Twice, 1995-98	14	188	80	282	0	55	28	83

Note: Excludes vessels only qualified for a Norton Sound endorsement, vessels under construction, and the 1998 landings exemption.

Table 4. Number of Endorsements Under Alternatives 2 through 11

Alternatives	BSAI Tanner		Adak Brown		Adak Red		Bristol Bay Red		D. Harbor Brown		Pribilof Blue/Red		St. Matt. Blue/Red	
	Q	N	Q	N	Q	N	Q	N	Q	N	Q	N	Q	N
Alt. 2: 1996	244	79	23	4	27	4	244	92	18	3	145	30	170	31
Alt. 3: 1995 & 96	231	92	20	7	26	5	232	104	16	5	143	32	165	36
Alt. 4: 1996 & 97	233	90	22	5	27	4	233	103	17	4	139	36	164	37
Alt. 5: 1997 & 98	203	120	18	9	24	7	204	132	16	5	132	43	156	45
Alt. 6: 1995-97	220	103	19	8	26	5	221	115	15	6	137	38	159	42
Alt. 7: 1996-98	199	124	18	9	23	8	200	136	16	5	129	46	152	49
Alt. 8: 1995-98	193	130	16	11	23	8	194	142	14	7	128	47	149	52
Alt. 9: Once, 1996-98	278	45	23	4	29	2	278	58	18	3	154	21	183	18
Alt. 10: Once, 1995-98	288	35	24	3	29	2	289	47	19	2	159	16	185	16
Alt. 11: Twice, 1995-98	263	60	23	4	29	2	263	73	18	3	153	22	179	22

Note: Excludes vessels only qualified for a Norton Sound endorsement, vessels under construction, and the 1998 landings exemption.



333 First Avenue West / Seattle, WA 98119 USA / 206-286-8584 / FAX: 206-286-8810 / TELEX: 49612854 PRMPAC

November 18, 1998

Mr. Rick Lauber, Chairman  
Dr. Clarence Pautzke, Executive Director  
North Pacific Fishery Management Council  
605 W 4<sup>th</sup> Avenue, Suite 306  
Anchorage, Alaska 99501-2252

RECEIVED  
NOV 19 1998  
N.P.F.M.C

RE CRAB LLP

It is with regret that we note that this discussion which was already discussed, debated and decided upon, is back on the agenda for the December 1998 meeting. With so much to do it is unfortunate that the resources are wasted in going over already well plowed ground again.

Nonetheless, we must state again for the record that on behalf of the Ocean Phoenix Limited Partnership we are categorically against the efforts by those that want to block future participation in the crab fisheries from those vessels with a history of participation in those very same fisheries. The issue is a simple takings of licenses from vessels already licensed and active in the fishery and such action should not be allowed.

In a broad sense the reasons for **not** taking the licenses away from the combination crabber/trawlers are three:

First; The combination boats in our fleet were crabbers first and trawlers second. The Mark 1, Margun, Oceanic, Vesteraalen and the Fury boats were crabbing since the very beginning of the Alaskan fishery. It was only after the King Crab collapse in the early 1980's that these vessels made the investment in trawling and began to participate in Joint Venture fishing. Our fleet, in the truest expression of the spirit of Americanization, then invested in their own U.S. built

and flagged processor at the end of the JV era. Since the end of 1988 these vessels have trawled pollock and cod for the Ocean Phoenix. They have also fished King, Bairdi and Opilio crab for the Ocean Phoenix in the 1990's. These vessels have an economic heritage in the fishery as old as any pure crabber and should not be excluded from the fishery.

Secondarily: In the American Fisheries Act lasts for only six years and then sunsets. LLP is permanent. To use the American Fisheries Act which is temporary in its duration as leverage to exclude boats with 30 some years of crab history borders on piracy.

Third: Under the American Fisheries Act the quota for mothership catcherboats is 12% less than they have taken over the past three years. To make up this shortfall they will continue to participate in their historical fisheries which includes in addition to shoreside pollock and cod, opilio, bairdi, and king crab plus tendering. They need these fisheries to order to complete their year. Only 60 – 70% of their income comes from mothership pollock deliveries, the rest comes from other sources. These other sources are not new fisheries but rather are fisheries in which these vessels have participated for many, many years.

The solution to the over capitalization in the crab fleet is simple and the model is already in place as are the prerequisite building blocks.


The American Fisheries Act was not a reallocation of fish between industry sectors. Rather, quite clearly, the onshore industry **purchased** quota from the factory trawlers. Senate Bill 1221 established a government loan to finance the buy out of quota. The same scenario could be utilized in the crab fleet.

The crab fleet is well on the way to establishing a buy back program. They would like to just take away some 45 licenses from the combo boats before instituting the buy back program. This is a naked takings and should not be allowed. If the crabbers want to reduce capacity they should proceed the same way the pollock fleet did, they should buy out that capacity at a mutually negotiated price between buyer and seller.

In conjunction with the American Fisheries Act Congress has already authorized \$1 million of seed money to start a \$100 million buy back program in the crab fisheries. This provision is stated In the Congressional Record, Sec120 "...\$1,000,000 for the cost of a direct loan in the Bering Sea and Aleutian Islands crab fisheries under the authority of section 312(b) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1861 a(b)),..." By this Action Congress has already anticipated the fair and equitable resolution to the overcapacity problem in the crab fishery.

To simply take away endorsements prior to the commencement of a buy back program is outright thievery and should not be permitted by the Council.

Sincerely Yours,

  
Douglas C. Forsyth  
Vice President  
General Manager

November 30, 1998

Revised 1213

Mr. Rick Lauber, Chairman  
Dr. Clarence Pautzke, Executive Director  
North Pacific Fishery Management Council  
Post Office Box 103136  
Anchorage, Alaska 99510

Re: C2 - 1221, & C3 - Crab LLP

Dear Rick,

The Council has on its agenda two separate but inter-related items dealing with participation in the crab fisheries. One is the issue of whether to rescind the adoption of Alt. 9. The Council should let this action stand. The second is the development of "sideboards" governing the participation of "1221" vessels in the crab and other fisheries. The Council should avoid confounding these two issues.

**Rescind Alt. 9 of LLP Proposed Action 5? - NO**

The extent of the problem statement page 80 of the EA/RIR, was to state that the "purpose is to reduce the qualified crab fleet to numbers that reflect recent participation." Since the Council took action in October, the American Fisheries Act directed the Council to eliminate latent crab licenses. Some have suggested that this is the basis for new action on this LLP analysis.

Webster's defines latent as "*lying hidden and undeveloped.*" The EA/RIR does a fine job of demonstrating what constitutes a latent license at the umbrella level. Latent licenses are those which are extinguished by adoption of Alt. 9. The EA/RIR is sufficient to act on Alt. 9, but not sufficient to justify adopting a more restrictive action, such as Alt. 4.

To the extent that latency exists beyond the extent addressed by Alt. 9, it is at the endorsement level, not at the umbrella level. Neither the analysis, nor any of the alternatives, address the issue of whether there are latent endorsements.

The section of the EA/RIR dealing with Action 5 concludes by measuring the 61 potential alternatives against the CRP problem statement, but without differentiating the alternatives. *The EA/RIR does not measure any alternatives against the national standards or the MS 303(b)(6) provisions* that speak to:

- present participation,
- historical fishing practices,
- dependence on the fishery,
- fairness and equity.



It is also questionable whether the EA/RIR really includes the range of reasonable alternatives for dealing with the issue of latency in a diversified fleet. Quantitatively there are plenty of alternatives. But, qualitatively, all the alternatives are of one type.

*What is lacking is real rationalization, through the use self-adjusting mechanisms such as time units, effort units, pot units, and quota shares.* For example, Individual Transferable Pot Limits are a missing alternative that could result in voluntary consolidation of effort to reach desired fleet size.

The action, to repeal LLP permits in fisheries currently being fished by qualified recipients of such permits, goes beyond creating a limited access regime. This action treads close to being a "takings." Whether it reaches the legal threshold or not, it pre-empts the appropriate function of a buy-back program which could be designed to provide compensation proportionate to the degree of utilized capacity being retired. There was no analysis of the "takings" implications.

The Australian fisheries managers are currently dealing with a very similar issue relating to latent endorsements for crab fisheries held by vessels which are also qualified to use trawl gear or other net gear. An analysis prepared by Noel Taylor-Moore has been forwarded to the Council, which provides a relevant template for getting at dependency/diversity issues for "combo" boats.

Without the development of a new problem statement and much more extensive analysis examining latency at the endorsement level together with analysis of the issues of dependence and diversity, the Council should not rescind its October decision.

### **Latent Crab Species/Area Endorsements**

If the Council undertakes a new analysis for the purpose of identifying and repealing latent crab endorsements at species and area level, the following factors need to be considered:

- The need for 'prey diversity' by fishers in a dynamic ecosystem. (which may be undergoing a regime shift)
- How diversification has been important in a historical context. (e.g.: why does ADF&G characterize entry into crab by 'trawlers' as speculative, when most of those combo boats were built as crabbers and fished crab before fishing groundfish?)
- The degree of dependency on crab fishing by combo boats, measured at the individual boat level. (not lumping combo boats with the entire pollock fleet)
- Comparisons of combo boats with non-combo pollock boats on such parameters as horsepower and cubic hold capacity, and ranking within the pollock fleet by catch. (these are indicators of whether a vessel is 'pollock optimized' and thus more or less dependent on diversified options)
- Comparisons of the fraction of a "true combo" vessel's income represented by RKC, with the fraction of a "true crabber's" income represented by RKC. (including other sources of income for "true crabbers" such as tendering and fixed gear groundfish fishing)
- The relative economic dependency of "small entities" (independently owned vessels) vs. company boats on access to the combination of pollock and crab fisheries.
- The relative utilization (or latency) of RKC endorsements vs. opilio endorsements.

- ADF&G's intentions on allowing bycatch retention of bairdi in RKC fisheries.

If the Council analyzes repealing crab endorsements, it should consider an option of separating the tanner endorsement into separate bairdi and opilio endorsements.

Based on the information provided in the ADF&G Nov. 6 memo, it is apparent that there are latent opilio endorsement attached to active umbrellas. However, the RKC endorsements have been fairly consistently utilized in the RKC fishery by the combo boats throughout the 90's. Vessels that qualified for a tanner endorsement under LLP without actual landings in a directed opilio fishery, can justifiably be viewed as holding latent opilio endorsements.

### Latency, "Sideboards," and 1221 Vessels

The appropriate context for addressing the question of latent opilio endorsements is in the context of "sideboards" governing the activity of vessels participating in co-ops under 1221.

If 1221 vessels participate in pollock co-ops, the opportunity exists to restructure their A-season fishing in such a way as to participate in the opilio fishery. Likewise, they could restructure their B-season to participate in St. Matthew's or Pribilof king crab fisheries. However, participation in a co-op does not enhance the opportunity to fish Bristol Bay RKC, because that season occurs after the close of open access pollock fishing.

In developing sideboards the Council should follow the advice in the unanimous AP motion which stated that *"the CV protective measures be limited to protecting against adverse results of fishery co-ops on other fisheries, and therefore would not be applied to those pollock CVs not participating in co-ops."*

#### *The following are elements that should be included in sideboard guidelines:*

- Participation in a co-op is defined as either the direct harvesting of pollock in a co-op, or the use of a vessel's catch history by a co-op, even when harvested by another vessel
- Co-op vessels' harvest levels should be restricted only in those fisheries that occur during the same time periods as the normal open access pollock fishery. (i.e.: opilio in the A-season, St. Matthew's and Pribilof king crab, rock sole and P. cod during the months of January and February)
- Harvest levels in certain fisheries may be defined as either absolute harvest percentages, or by degree of effort. (i.e.: if the aggregate effort of co-op vessels in the opilio season measured in days or pots is 2% of total fleet effort, participation levels could be limited by those parameters, rather than by pounds harvested)
- Protection of other fisheries from adverse impacts doesn't automatically translate to a limitation equal to the catch history in a particular set of years such as 95-97.
- The degree of protection should depend in part on whether the fishery is one in which the TAC is achieved on a regular basis.
- CV sideboards should not be more restrictive than the CP sideboards included in 1221. Note that the CP sector catch limits, applying to the 20 eligible vessels, include the catch history of the 9 ineligible vessels. (the 9 vessels accounted for over half the P. cod catch of the 29 CPs)

- Consideration should be given to the relative advantage provided shoreside CVs vs mothership CVs by the re-allocation of pollock under 1221. (i.e.: sector specific application of sideboards)
- Relative dependency of CVs on pollock should be considered. There is a need to differentiate between new entry into a fishery by a vessel that has been 95% pollock dependent, versus a vessel that has typically made 50% of its revenue in non-pollock fisheries.

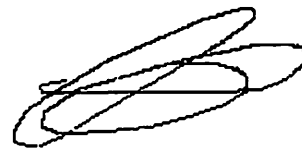
### **An Example of an Appropriate Application of Possible Sideboards**

Company A owns two 1221 eligible vessels, X and Y. Both vessels' catch history is used by a co-op, but only one of Company A's vessels (X) will actually fish pollock. Both vessels hold tanner endorsements though neither has fished opilio in recent years.

- Neither vessel may fish opilio, for two reasons – 1<sup>st</sup>, because both vessels are participating in a co-op, and 2<sup>nd</sup> because they have no recent catch in a fully subscribed fishery.
- Vessel Y may fish cod while vessel X fishes for pollock, but only up to the aggregate catch history of the members of the co-op for the period from January 20<sup>th</sup> through March 1<sup>st</sup>. After March 1<sup>st</sup>, both X and Y may fish cod because that portion of the season doesn't coincide with normal open access pollock.
- Vessel Y may fish yellowfin sole during the pollock season, because it has a history of participation in that fishery dating back to Joint Ventures, and because the TAC for YFS is rarely constraining.

Thank you for your consideration of these suggestions.

Sincerely,



F/V Muir Milach  
P.O. Box 771  
Port Townsend, Washington 98368



December 2, 1998

RECEIVED

DEC - 2 1998

N.P.F.M.C

Dear Mr. Pautzke,

I am currently a board member on the Alaska Marketing Association and member of the Alaska Crab Coalition. Being now a 50% owner/operator in two crab vessels (with first vessel ownership in 1980) and also a Bristol Bay gillnet permit holder, I am very concerned about changes in S.1221. It appears that what started out as a good idea to remove vessels that circumvented congress's intent with the Anti-Reflagging Act and help solve the overcapitalization problem has turned into a program that specifically benefits only a few select processing companies, most of these are foreign owned. Independent processing companies and independent fisherman are the losers with these recent changes in S. 1221.

Co-ops, subco-ops and defacto ITQ's for catcher vessels and processors has the potential for pollock boats to become fully active crab boats and have devastating and widespread financial consequences for the dedicated crab vessels. Over the last three years, in their latent state of operation in king crab and mostly Bairdi fisheries, pollock boats have accounted for 15% of annual revenues or \$90,000 - \$120,000. Under the cooperative system, the impact could double overnight. The cooperative system, as it is being developed, would be based on catch history for 1995, 1996, 1997 and shares would be transferable (in some way) allowing for consolidation, reduction in fishing vessels, reduced costs and improved profits. However, it would also free up the vessels to fish in other fisheries.

Being as numerous entities in the pollock industry own multiple vessels, 39 of which are crab qualified, they could virtually transfer their pollock shares, as need be, to other pollock vessels in order to free up their crab vessels for crab seasons. This occurred dramatically in the 1997 Bristol Bay King Crab season, with the influx of 39 pollock boats. The potential for declining quotas in pollock, could affect the length of the pollock A season for roe, and an influx into Bering Sea Opilio fisheries, the "bread and butter" of the Bering Sea crab fleet, just as pollock is the bread and butter of the Bering Sea trawl fleet.

This could leave independents, like me, with a very tough time finding markets due to the many company owned boats, and leave little or no leverage when it comes to price

**Cascade Boat Co.**

16771 N.E. 80th Street, Suite 207, Redmond, Washington 98052

Office (206) 885-6664, Fax: (206) 885-6345

negotiations. Once the smaller independent buyers are run out of business, my options will be greatly diminished.

The issue that threatens our crab fisheries is overcapitalization and reducing this is our goal. Why would anyone consider one landing in 1997 for vessel qualification and eligibility in Bsai crab L.L.P.? Some participants are demanding to the U.S. Congress and the N.P.F.M.C. eligibility in the Bsai crab L.L.P. as historic participants and "pioneers" of the Bering Sea crab industry. How can a fisherman call himself a "pioneer" if he can only support a landing qualification requirement for 1997 only? Also, many of these "pioneers" only made a delivery for Bristol Bay red crab. Why should they qualify for any other crab fisheries which they did not participate in? These pollock vessels who deliver to inshore processors have received an increase of 20% over 1998 allocations, but still they want more - to be participants in our overcapitalized fisheries.

Issues involved in S. 1221 negotiations call for a reduction in participants, funded by government and industry. Also they would be allowed to form harvesting cooperatives that would preallocate the harvest into individual shares. Shouldn't the crab industry be given these same opportunities?

This fishery is on the verge of crisis and it is time for some effective legislation. We are in favor of the most restrictive proposal clause on historic participation - Alternative #8.

Sincerely,



Ronald R. Brill  
Owner/Operator

**RECEIVED**

DEC - 2 1998

N.P.F.M.C

F/V ROLLO  
16905 13TH AVE. NW  
SEATTLE, WASHINGTON 98177

*Dec. 2 - 98.*

Clarence Pautzke, Exec. Director, NPFMC  
Anchorage, AK.

Dear Mr. Clarence Pautzke.

Please reconsider the decision that was adopted  
in October on alternative 4, qualifying 250  
vessels.

Sincerely  
Ragnvald Svino

RAGNVALD SVINO  
MANG. - Owner. F/V Rollo.

From : SUINVENT INC 2865460493

Dec. 02. 1998 05:37 PM P03

**RECEIVED**  
DEC - 2 1998

F/V ROLLO  
16905 19TH AVE. NW  
SEATTLE, WASHINGTON 98177

N.P.F.M.C

Clarence Tautzke  
Executive Director, NPFMC  
Anchorage, AK

Re: Crab license prioritization Program,

Dear Mr. Tautzke,

Please reconsider the NPFMC recommendation  
to adopt Alt. # 9.

As a Crabboat owner, making a living exclusively  
from crabbing, I can only support Alt # 5.

Sincerely,  
Luis Tejada

**HANSEN ENTERPRISES INC**  
**18361 8th Avenue NW Seattle, WA 98177**

December 2, 1998

North Pacific Fisheries  
 Management Council

**RECEIVED**

DEC - 2 1998

Dear Council Members,

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

I wish to register my opinions on issues to be discussed at the December 6th thru 14th meetings in Anchorage.

I am the owner of a Crab Catcher boat. Myself and two of my sons have fished for crab for 34 years. We now find our livelihoods, not to mention the the next generation of Hansens, jeopardized by decisions to be reached this month at the Council meeting.

We wish to register our support for the reduction of the crab fleet to 220 boats. We object to an increase in fleet size to include trawlers who depend on pollock and groundfish for a living.

The trawl fleet has benefited from the Council's October actions and will not have to worry about crab vessels entering their fisheries. We deserve the same consideration. We wish to point out that most crab boats are not suited to any other fishery, except pot caught cod, which is a fully utilized fishery. We are economically dependent on the crab quota.

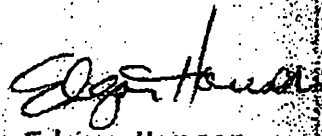
We also wish the Council to reconsider the Crab LLP issue. Again giving our fleet the same financial appropriations given to the groundfish fleet. The number of vessels in the Crab LLP should be reduced.

We hope you will listen to the Crab Fleet's recommendations and take a fair and equitable approach. Our families would appreciate it.

Sincerely,

  
 Sverre Hansen

  
 Sigurd Hansen

  
 Edgar Hansen

**F/V NORTHWESTERN**



**FARR FISHERIES, INC.**

8941 179th PL. S.W.

EDMONDS, WA 98026

(206) 672-9345

FAX (206) 776-9894

December 1, 1998

Clarence Pautzke  
Executive Director, NPFMC  
Anchorage, AK  
Fax: 907 271 2807

**RECEIVED**

DEC - 2 1998

N.P.F.M.C.

RE: Crab LLP Reconsideration

I started fishing crab in the Bering Sea in 1974 and became an owner of the crab boat Kevleen K in 1981. I have seen the ups and down of the crab fleet. My first season fishing for Red King crab in Bristol Bay there were 38 boats, this 98 Bristol Bay season there were 275 boats. My first season fishing red King crab lasted about three months This last season lasted six days. We are a pot boat and crab is where we make are living, we always have been a crab boat since the boat was built in 1968.

Things don't stay be same, but I think overcapitalization has gotten way out of hand, with the 275 boats that fished this last season. Alternative 9 that was voted for in the October meeting will let too many boats in the fisheries. ADF&G has said that more than 250 boats in the fisheries would make the fisheries unmanageable and it was evident in this last Bristol Bay King Crab season. The season was shut down before the fleet caught the quota leaving about a million pounds unharvested. With so many boats fishing and the season so short, boats fish harder, even in marginal weather conditions, when they shouldn't even be fishing. If the season is only six days you have to fish to catch your share.

I have heard it said that this last season wasn't that bad because we only lost one fisherman. Anytime we lose one fisherman it is a bad season, I think we were lucky that the weather wasn't worse or more lives would of been lost.

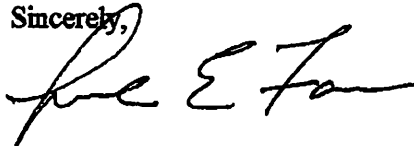
The last concern I have is a conservation one that with so many boats you get a lot of bycatch of small crab. We have big minium mesh size requirements so the small crab can escape on the soak. However everyone is pulling the pots so fast that the pots are still fishing and the small crab are still in the pots. If we had less boats we would be able to let the pots soak longer and give the large mesh time to work and let the small crab walk out.

I hope the council will adopt alternative 4 for the Crab LLP at this meeting . The crab fleet does not need a bunch boats in the fisheries that haven't been fishing crab the last few years. The crab fleet is totally dependent on the crab fisheries for there livelihood. To many new boats in the fisheries will probably put some dedicated crab boats out of business. To many boats make the fisheries unmanageable for ADF&G and when they shut the season down early, it hurt's everyone. To many boats make people fish when they shouldn't and make for unsafe conditions.

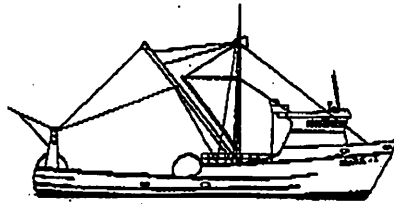
Less boats in the fisheries are a start to make a better fisheries for fisherman and the crab stocks. We need to start so we will have a fisheries in the future. Alternative 4 is a good start.

In conclusion, the council should be aware there are over 30 Pollock dependent trawlers fishing king crab, that are claiming dependency on crab fisheries. These vessels have other options open to them, namely, yellowfin sole and other flatfish that are underutilized. Crabbers do not have other economically viable options. These boats should direct their activities to their normal gear type-trawling and give crab pot boats the opportunity to make a living.

Sincerely,



Lance E. Farr



## MARK I, INC.

511 WEST COMSTOCK STREET • SEATTLE, WASHINGTON 98119 • (206) 286-0168 • FAX (206) 285-6480

November 25, 1998

Mr. Rick Lauber, Chairman  
North Pacific Fisheries Management Council  
605 W 4<sup>th</sup> Avenue, Suite 306  
Anchorage, Alaska 99501-2252

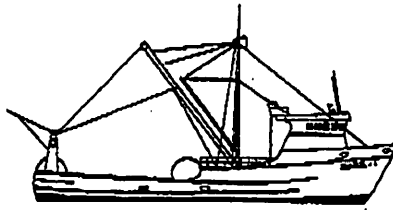
RECEIVED  
DEC - 1 1998  
N.P.F.M.C

Dear Mr. Lauber,

My wife and I are the owners of the fishing vessel Mark I, a 98 foot combination boat that fishes for crab and ground fish in Alaska. As a third generation fisherman and skipper in Alaska, I am disturbed by the fact that the council decided to agenda action on the crab L.L.P. issue again at the December 1998 NPFMC meeting. Our rights to fish crab were re-affirmed at the October 1998 council meeting while I was away fishing. This is such an important issue to us that I've decided to write you this letter.

My grandfather built the f/v Mark I in 1967 and began fishing crab shortly after. He and my uncle fished crab steady until 1985 at which time my grandfather, being the pioneer he was, decided to make a big investment in trawl gear and go fish pollock in the joint ventures. At this time crab stocks were very low. In 1991 when things were looking up for crab stocks and getting ever more competitive in the pollock business, we again put the pots on and went crabbing. We have relied heavily on crab revenue to keep us going ever since. Boats like ours rely on all fisheries that we qualified for under the current moratorium and LLP. There have been seasons over the years that we have not participated in because of timing or the fact that the quotas were so low that we felt it better to pick an alternate fishery for that season. We have been responsible and followed all the rules. We have met all criteria to keep our crab qualifications that we have had for 25 plus years.

There are some groups like the Alaska Crab Coalition that want to pick a particular year to qualify after they have found out that there were many boats that didn't fish certain seasons for one reason or another. We shouldn't have to fish all seasons just to protect future rights. All this does is put more pressure on fisheries when some people may have done other things. We need to know where we stand so that we can make reasonable decisions. I think this is a sort of "Witch Hunt" by the ACC and it really upsets me. If the crab fisheries are difficult to manage as ADF&G has said, there are other ways to make it easier than removing boats from the fishery that rely on crab to make ends meet, and have such a long history in the fishery. Six of the last seven Bristol Bay red king crab fisheries have had more than 250 boats. This is nothing new.



## MARK I, INC.

511 WEST COMSTOCK STREET • SEATTLE, WASHINGTON 98119 • (206) 286-0168 • FAX (206) 285-6480

I have been fishing for 15 years on the Mark I. I make my living not as an owner of a fishing vessel but as a fisherman as did my family before me. The council made the right decision in October, 1998. This decision protected people like myself who have historically depended on more than one gear type and more than one fishery. Thank you for this decision. I believe you will make the right decision again in December.

Sincerely,

A handwritten signature in cursive script, appearing to read "Chris Garbrick".

Chris Garbrick  
F/V Mark I

**To: Clarence Pautzke, Executive  
Director, NPFMC, Anchorage, AK.**

**1 of 3 pages**

**MR. CHAIRMAN AND PRESTIGIOUS COUNCIL MEMBERS:**

My name is Bob Miller, owner and operator of the F/V Northern Cascade, Cascade Boat Company. Thank you for your interest in revisiting the incredibly complex issues before you!

I'm writing to address my continuous concerns about the delays in implementation of LLP. As you know, there has been a huge division of wealth in the Bering Sea crab and groundfish industry. Some of us would just enjoy the opportunity to participate in safe, affordable and independent fisheries.

I am writing to update you on the facts about the declining state of our fishery, the lack of opportunities and poor economic health of the few surviving independent crab boat operators!

**FACT #1 Overcapitalization - Overcapitalization**

It is alive and smothering our ability to pay our bills and provide reasonable income to the men and women who we represent. Any attempt to allow additional non-qualifying vessels into the crab fisheries **MAKES NO SENSE**. There clearly is not enough resource to share any more.

The result would be monopolies that would completely dominate the industry. The monopolies will displace small boat companies and crews, and as a result kill the small business owners who support our industry. And WE are the 25-year veterans of the Bering Sea crab industry!

N.P.F.M.C

DEC - 1 1998

RECEIVED

Page 2.

**FACT #2 Lack of Alternatives**

Our fishery has been struggling to find smaller, more competitive methods of income by diversifying. We have tried pot-cod, snails, hair crab, salmon and herring tendering and freight hauling. All of these put wear and tear on the vessels with no positive cash flow.

At a time when every fishery is trying desperately to manage their resource and come up with plans for equitable participation PLEASE close the door on the crab industry!

L.L.P. could still be an effective plan.

It is my understanding that the intent of the Council for eligibility in the L.L.P. is for "pioneers and historic participants". Let's not lose sight of that. I don't think anyone here would call "one landing" in one season of 1997, 1998 a *pioneering interest* in the industry. If participation is too large, this L.L.P. will have accomplished nothing at all.

This fishery is on the verge of crisis and it is time for some EFFECTIVE legislation. We are in favor of the most restrictive proposal clause on historic participation - Alternative # 8.

**FACT #3 Management by the Alaska Department of Fish & Game and The North Pacific Fishery Management Council**

Protecting the resource and managing the sheer number of current qualifying members is staggering. Crossovers are not acceptable! We need to be able to maintain stability and growth of our resources. Do not divide our industry more than it already is. Without financial stability we can not provide safe and reliable fishing vessels.

Page 3.

St. Mathew King Crab 1998 season, in September, was a perfect example of the future of our industry. There was 130 boats chasing 2.5 million pounds of crab without a market for our product. C.P.U.E. averaged 4 crab to the pot on our boat. It turned out to be a disaster and a loss for 3 weeks of very hard work.

Bering Sea King Crab 1998 season, in November, was also ridiculous. There were too many pots and too many boats, the season went so fast, too many vessels had no time to catch their share. Unless you landed on the main school, the result was, some vessel doing great. And the rest of the fleet unable to make ends meet.

I am writing to personally ask the members of this Council to take a moment to consider the impact that an open-door L.L.P. has on fishing families like ours.

The big companies will always get by; Pollock is a huge financial windfall for them! But this one section on participation will be the beginning of the end for small boat owners like us.

PLEASE vote for the most restrictive plan - alternative #8 - and allow the crab fishery to be managed in a safe, respectable and effective manner.

Thank you, Robert W. Miller Owner and Operator, Cascade Boat Co. F/V NORTHERN CASCADE, F/V CASCADE.

*Robert W. Miller 12-01-98*

# F/V VESTERAALEN

14007 S.E. 45TH COURT  
BELLEVUE, WASHINGTON 98006

Phone 425-562-1264  
Fax 425 641-3251

November 26, 1998

Council Members of NPFMC  
605 West 4th Ave.  
Suite 306  
Anchorage, AK. 99501-2252

RECEIVED  
NOV 30 1998  
N.P.F.M.C.

Dear Council Member,

As a fisherman and vessel owner in Alaskan trawl and crab fisheries for the past 22 years, I am becoming alarmed with the increasing ferocity of battles over species rights among fishermen and the subsequent political fights which take place within governmental bodies. The taking of species rights from one group to another is causing us to become more species specific and ultimately, will make us single species dependent. This dependency will end in economic disaster if that particular single species becomes biologically unstable and T.A.C.'s are cut to sizes that make it economically and/or biologically impossible to harvest.

This year alone, with the passage of S.1221, the next five years hold the promise of less income for my vessel, and myself. As the owner and operator of a 123 ft. combination vessel, the passing of S.1221 has cut my share of pollack that I deliver to a mothership, and after 1999, makes it impossible to search out other markets outside the mothership sector where I could deliver my catches in the past

After the October 1998 North Pacific Fishery Management Councils' meeting, I believed that my Bering Sea crab rights were protected from future L.L.P.s. But the challenge reared its' ugly head again at the special November 1998 NPFMC meeting, was put back on the agenda for the December 1998 NPFMC meeting in Anchorage. So now I am forced to plead my case before the Council members again.

The issue of crab L.L.P.s' will be brought forward in the December 1998 NPFMC meeting largely in part through the efforts of Arni Thompson, the current executive director of the Alaska Crab Coalition. Mr. Thompson has presented all combination vessels in a poor light in the presence of the Council. I take particular offense with his presenting my vessel in the worst light possible-that of being a vertically integrated vessel within the Ocean



Phoenix partnership. Although I am a limited partner in the ownership of that mothership, I have no voice in its' management, and they have none in the management of my vessel.

After six of the past seven Bristol Bay red crab seasons having more then 250 vessels participating which the Alaska Department of Fish and Game managed successfully, I find it equally disturbing that ADF&G now claims it has difficulty managing a crab fishery where the number of participating vessels exceeds 250. I suggest that the timing of the ADF&G report is linked with efforts by the A.C.C., and Mr. Thompson, to persuade the Council that combination vessels are the villains. It comes as no surprise to me that the number of combination vessels (between 25 and 40, depending on the particular alternative chosen) Mr. Thompson proposes to eliminate from the crab fishery is closely aligned with the number of vessels ADF&G claims that it needs to remove from crab fisheries so they can adequately manage it. Rather then cut the number of participants, I would suggest other avenues of management be explored especially further limitation on the number of crab pots used per vessel in a season.


The A.C.C. and other crab-only fishermen portray the combination vessels throughout trade publications and in testimonies as 'casual' crabbing participants; as vessels where income gained through their crab fishery participation is a small amount (<5%) relative to their annual income; and finally, as a method of preventing a future crab license loss by keeping a 'foot in the crab fishery door'. I counter that the manpower and expense it takes to convert a combination vessel from a trawler to a crabber and back to a trawler is substantial in both effort and expense and that if such crab fisheries were 'casual' pursuits for me, my time would be better spent vacationing on a tropical isle in the Pacific. I can attest that the 1998 Bristol Bay red king crab fishery income earned by my vessel was in no way a small portion of its' annual income-it accounted for 15% of gross 1998 receipts. The 1998 income to the vessel from the pollack fishery was severely low, in large part due to the Asian financial crisis-the crab income made up for some of this loss and turned what appeared to be a disastrous year into one that was somewhat bearable economically. Lastly, it would seem absurd to claim that combination vessels need to 'keep a foot in the door' when my vessel has met the license limitations and moratorium criteria at least four times in the past 10 years. These proposals which could be used to eliminate my vessel from future crab fisheries were met for the years 1988-1992 under vessel moratorium and crab L.L.P.'s , with species endorsements for the years 1988-1992, and as recently as October 1998 with crab landings made between 1996-1997 being the criteria for the ability to participate.

The greatest discomfort I feel with the entire crab issue is not economic though: it is the pitting of fishermen against fishermen. People that were once friends now go out of their way to avoid those on the other side of the fence. Rather than seeking out common ground to present issues and come to mutually acceptable solutions, fishermen have become like the early 19th century feud between ranchers and farmers where land was the most precious commodity and each party did whatever was necessary, whether it be legal, ethical or unlawful, to hold it.

Economically, the crab fishery is an important part of my vessels', and my own personal, income. Historically, I have been a participant in the crab fishery, beginning in 1976 in the Bering Sea. My vessel began crab fishing in the Bering Sea in 1979 after its' christening, participating through 1982, when it became an economic reality that crab fishing alone would not sustain the vessel. Participating in J.V. trawling from 1983-1989, I saw foreign fishing operations go from directed fisheries to complete elimination from U.S. waters. Torn between delivering to shore-side markets or developing an off-shore market, both of which required substantial financial investment in the vessel, I chose to remain in the off-shore sector-investing in a platform which could replace the once-present foreign factory vessels. With increased competition for trawl caught roundfish and the advent of an 'Americanized' factory trawler fleet, the economic reality of diminishing income from trawling caused me to re-enter the crab fishery in 1991. I have participated in every crab season since which made economic sense to fish.

And so, with my story told, I would ask you to support my position during the December 1998 Council meetings with regard to any crab rights loss through crab L.L.P.s' which are aimed at eliminating combination vessels. And I would further encourage you to impose some safeguard method which would keep these crab issues off the agenda for some reasonable number of years . It has been a battle which sorely needs to be put to bed.

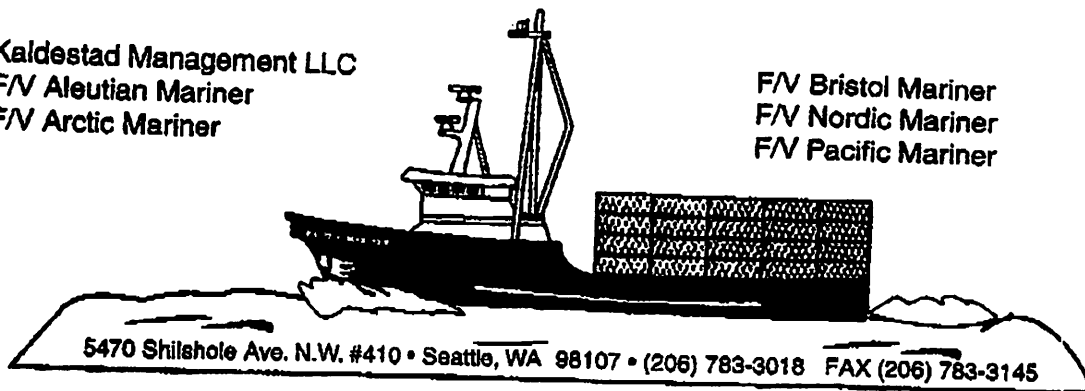
Sincerely,



Timothy P. Cosgrove, owner/operator  
F/V Vesteraalen

Kaldestad Management LLC  
 F/V Aleutian Mariner  
 F/V Arctic Mariner

F/V Bristol Mariner  
 F/V Nordic Mariner  
 F/V Pacific Mariner



December 1, 1998

North Pacific Fishery Management Council  
 605 West 4th Avenue, Suite 306  
 Anchorage, AK 99501-2252

**RECEIVED**

DEC - 2 1998

RE: CRAB LLP, AGENDA ITEM C-3

Dear Council Members,

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

I am writing concerning the upcoming decision to reconsider the October action in choosing alternative #9 as the preferred alternative for the crab LLP. It is very important for the crab LLP to start from a reasonable number of licenses in order to reduce participants. Alternative #9 does not accomplish this. Alternative #9 allows at least 284 vessels in the crab fishery according to Council documents. This is more vessels than presently fish crab.

Using the recently concluded Bristol Bay red crab fishery as an example shows that a large number of vessels (274) makes it difficult for the State of Alaska to manage the fishery. In the 1998 red crab fishery the quota fell short of the target number resulting in loss of revenue to crab dependent vessels. Lower pot limits suggested by some only result in decreased soak time for pots and increased handling of juvenile and female crab which is contrary to the conservation measures in the Magnuson-Stevens Act.

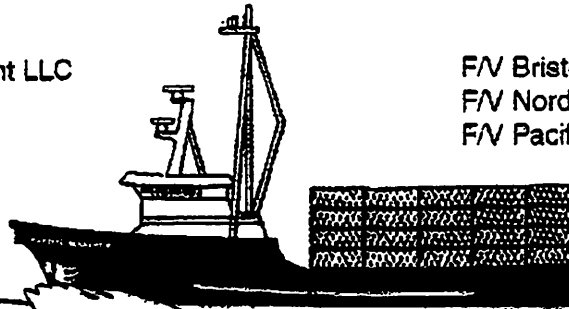
I urge the Council to reconsider it's October action and adopt a more reasonable alternative such as #4 which will truly reduce the size of the crab fleet to a level where the dedicated crab vessel can experience economic stability.

*Kevin L. Kaldestad*

Kevin L. Kaldestad

Kaldestad Management LLC  
F/V Aleutian Mariner  
F/V Arctic Mariner

F/V Bristol Mariner  
F/V Nordic Mariner  
F/V Pacific Mariner



5470 Shilshole Ave. N.W. #410 • Seattle, WA 98107 • (206) 783-3018 FAX (206) 783-3145

**RECEIVED**

November 03, 1998

NOV - 4 1998

N.P.F.M.C

North Pacific Management Council  
605 West 4th Avenue, Suite 306  
Anchorage, AK 99501-2252

Re: Crab LLP and Senate Bill 1221

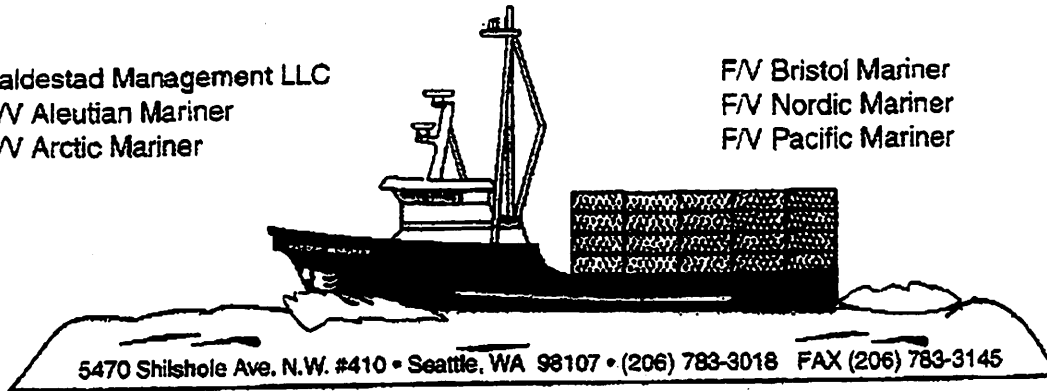
Dear Council Members,

The council's action on adopting alternative #9 for the recent participation requirement for crab licenses, along with the provisions of SB 1221, would create undue hardship on the dedicated crab fleet if allowed to go forward for the following reasons:

- 1) The number of crab licenses created would be approximately 284 which exceeds the number of active and dedicated vessels which rely on the crab fisheries for their primary source of income. The main crab fisheries, Bristol Bay red crab and Bering Sea opilio fisheries, had 196 vessels in 1996 and 256 vessels in 1997 for red crab and 234 vessels in 1996 and 226 vessels in 1997 for opilio according to the 1998 Crab SAFE document prepared by NPFMC.
- 2) Once a license is created, it becomes an asset and will be more likely to be used. One needs only to look to the Bristol Bay salmon fishery to see an example of this. The passage of SB 1221, which allows for pollock co-ops to form, provides an opportunity for crossover pollock vessels to participate in the main crab fisheries.
- 3) The State of Alaska Board of Fisheries, who is responsible for managing crab fisheries, has stated that if the fleet size exceeds 250 vessels for Bristol Bay red crab under certain quota scenarios, then management measures such as reduced pot limits and pre-announced season closures can be in effect. The reduced pot limits create increased handling mortality for females and undersized crab. The pre-announced creates added fishing pressure on vessels in the crab fishery given a limited amount of time to produce successfully.
- 4) The crab fisheries have historically experienced the highest rate of deaths and injuries in the fishing fleets. To add capacity to the existing fleet under a license limitation plan is absurd. In

Kaldestad Management LLC  
F/V Aleutian Mariner  
F/V Arctic Mariner

F/V Bristol Mariner  
F/V Nordic Mariner  
F/V Pacific Mariner



the Status of BSAI Crab Stocks report which the Council received in October, it is well noted that the opilio stocks in the Bering Sea will "decline dramatically over the next two years." This fishery has been the crab fleets mainstay for the past several years. More vessels in the fishery and economics will create situations where vessels again have to fish harder to survive. This will not create a safer working environment for crab vessels and crewmembers. The Magnuson-Stevens bill mandates that safety be considered in future fisheries management plans. The issuance of more crab licenses than are currently participating does not meet this test.

5) If the proposed crab permit buyback program is to go forward, the high number of permits initially issued make it prohibitably expensive and unworkable. In order for the program to accomplish it's intended goal of a reasonable fleet size that can economically exist in the crab fisheries, a lower starting number of crab permits must be realized.

The council should reconsider the action taken at the October meeting and adopt a more reasonable and equitable alternative such as Alternative 4 which, in light of SB 1221, provide fairness for the crab fleet which depends almost exclusively on the crab fisheries to earn a living.

Sincerely,

Kevin L. Kaldestad

# STATE OF ALASKA

TONY KNOWLES, GOVERNOR

## DEPARTMENT OF FISH AND GAME

*Board Support Section*

P.O. BOX 25526  
JUNEAU, AK 99802-5526  
PHONE: (907) 465-4110  
FAX: (907) 465-6094

November 4, 1998

Mr. Richard B. Lauber, Chairman  
North Pacific Fishery Management Council  
605 West 4<sup>th</sup> Avenue, Suite 306  
Anchorage, AK 99501-2252

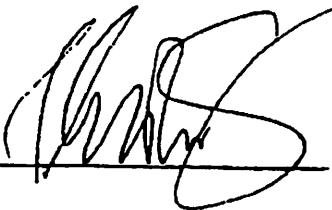
Dear Chairman Lauber:

The Alaska Board of Fisheries understands that the North Pacific Fishery Management Council will be considering the combined impacts of SB 1221 and the council's License Limitation Program (LLP) on the State of Alaska's management of Bering Sea and Aleutian Islands king and Tanner crab fisheries during your special November meeting. The Board of Fisheries wishes to provide the following comments.

Several BSAI crab stocks have experienced recent periods of low abundance. The Board of Fisheries adopted a conservative harvest strategy for Bristol Bay red king crabs in 1996, and we plan to similarly consider a conservative harvest strategy and rebuilding plan for Eastern Bering Sea Tanner crabs in March 1999. These new management plans may not maximize yield but they will provide better biological protection when stocks are low.

For some time now the Board of Fisheries has been concerned with maintaining a manageable number of vessels in the BSAI crab fisheries. An effort limitation program needs to recognize that crab stocks are not characterized by stability: periodic recruitment leads to large increases and decreases in stock abundance over relatively short periods of time. In the past, periods of high crab productivity stimulated increases in fishing effort that led to a highly overcapitalized fleet during periods of average or low crab productivity. The Board believes that the appropriate number of vessels is significantly less than 250 vessels. Increased participation substantially affects the Board's and the Staff's ability to manage these fisheries.

There is a substantial record to support this determination. A presentation of the salient portions of this record will be presented at the Council meeting. The Board respectfully requests that the Council revisit its recent action affecting the crab LLP and lowers its determination of the number of vessels able to participate in these fisheries.



Dr. John White, Chairman  
Alaska Board of Fisheries



**REPORT TO THE NORTH PACIFIC FISHERY MANAGEMENT COUNCIL  
SUPPORTING THE ALASKA BOARD OF FISHERIES' CONCERN FOR  
BSAI CRAB CONSERVATION AND MANAGEMENT  
UNDER LLP ALTERNATIVE 9 AND SB 1221**

November 6, 1998

The North Pacific Fishery Management Council (Council) amended the crab and groundfish License Limitation Program (LLP) October 1998 to reduce latent capacity in the Bering Sea Aleutian Islands (BSAI) crab fisheries. At that time the Council also recognized that passage of Senate Bill 1221 could alter the outcome of their action with regard to the crab LLP. The Council requested a report from Alaska Department of Fish and Game (ADF&G) be presented November 1998 concerning the impact of recent participation requirements and SB1221 on conservation and management of the Bering Sea Aleutian Islands king and Tanner crabs. The following report provides information on the crab fishery management plan (FMP) and Board of Fisheries (Board) conservation and management policies that regulate effort in BSAI crab fisheries, the stock management and conservation concerns under SB 1221, and impacts of fleet size on management of crab fisheries.

Conservation and Management Policies for Effort Regulation in BSAI Crab Fisheries

In 1989, the Council adopted *The Fishery Management Plan for King and Tanner crab Fisheries in the Bering Sea and Aleutian Islands*. The FMP defers much of the crab fishery management to the State of Alaska following three categories of management measures: those that are fixed and require an FMP amendment by the Council (e.g. limited access); those that are frameworked and may be changed by the Board following specific criteria (e.g. pot limits) and those measures which are at the discretion of the Board (reporting requirements). Because the FMP fixes limited access, the Board is constrained from directly addressing overcapitalization. The Board has been confined to the tools available under Categories 2 and 3 when attempting to mitigate impacts on management from overcapitalization.

In the past, periods of high crab productivity stimulated increases in fishing effort that led to a highly overcapitalized fleet during periods of average or low crab productivity. As the fleet became more efficient (better electronics, lengthening and sponsoning of old vessels or adding

new ones) and competition for the existing crab resource became greater, the number of pots each vessel fished increased. This led to safety concerns, grounds crowding and preemption, concerns over gear loss and an inability to cap fishing power and improve management control. In evaluating management measures to address these issues the Board has recognized that crab stocks are not characterized by stability: periodic recruitment leads to large increases and decreases in stock abundance over relatively short periods of time. This volatility necessitates protection of reproductive stock and requisite conservation measures

The Board has a record of conservation measures adopted for BSAI crab fisheries to protect, maintain, improve and extend these resources for the greatest overall benefit to Alaska and the Nation. Several actions have been in concert with the Council. These include: pot limits; harvest strategies (Bristol Bay red king crab); coincident seasons for fisheries with low guideline harvest levels (GHL) (Pribilof and St. Matthew Islands); coincident fishery openings (Bristol Bay red king and Tanner crab) fishery closures; gear escape mechanisms; overfishing thresholds (Board and Council); trawl closure areas (Board and Council); and bycatch caps in groundfish fisheries (Council).

One of the most significant management measures implemented by the Board to constrain effort is pot limit restrictions. Prior to 1992 the number of pots a vessel could fish was unlimited. Increases in the number of vessels and pots combined with small to moderate GHLs lead to very short seasons. One of the reasons pot limits were implemented in crab fisheries was to extend the length of the fishing season. The department believes that fisheries must extend for sufficient time to allow inseason data collection and analysis to minimize the risk of overfishing. If total effort confounds inseason management precision then more restrictive effort controls such as preseason closures and low pot limits are necessitated to insure conservation of the resource. The agency can manage the fishery at almost any fleet size but management might occur at significant social and economic costs to the fleet: for example, with 1000 vessels a limit of one pot per vessel might be needed to achieve inseason management.

Because the BSAI crab fisheries are managed under a federal FMP, the delegation requires that the Board's management consider social and economic ramifications of their management options. It is this requirement to consider net benefits in constructing management regimes that result in selecting approaches that lead to inseason management. Greenberg and Hermann (1997) noted that pre-announced season closures (announced prior to the season's opening) mostly lead to significant under harvest due to the need for conservative estimates when setting pre-season closures. On the other hand, inseason management can provide managers with flexibility to target either the upper or lower bounds of the GHL, depending on inseason reassessment of stock levels. Additionally, if a storm occurs, or other factors that slow the fishery, seasons can be extended to allow for the entire GHL to be harvested. Clearly inseason management presents the best scenario for maximizing net benefits.

Early in the Board's efforts to constrain fishing effort using pot limits Greenberg and Hermann (1994) noted that fleet participation had to remain constant to cap the total amount of gear on the



grounds. A stable fleet is thus important to provide access to the effort controls afforded by pot limits. At a fixed fleet size, pot limits allow predetermination of fishing effort and should improve estimates of daily catch rates. A stable fleet size from year to year would enhance the manager's ability to predict fishery performance and project season closure to align with the achievement of annual GHL.

In order to reduce latent capacity in the BSAI crab fisheries, the Council considered alternatives to amend the LLP. They selected alternative 9 which reduced the overall number of eligible vessels in the fleet from 365 to 286. Under the context of a stable annual participation, this alternative reduced some latent capacity. Unfortunately, this conclusion may not reflect reality if groundfish season constraints are removed and participation increases as a result of trawl vessel crossover.

The Board frameworked their pot strategy to aid in management at low GHGs. In the past, participation somewhat followed the magnitude of the GHG. But, in more recent years participation has increased by participants attempting to qualify for LLP licenses. In addition, Council and Congressional actions on the comprehensive rationalization plan (CRP) encouraged vessel owners that are let into fisheries under the LLP and moratorium to maintain participation and accumulate catch history. Greenberg and Hermann (1997) believe that they will continue to participate in a fishery even if fishery costs exceed expected revenues on the anticipation of capturing free rents.

The Northern Economic report illustrates that the two groups of vessels which had posed the greatest concern in respect to latent capacity in the BSAI crab fisheries were the groundfish trawl vessels and the dedicated crab vessels that had left the north Pacific. Under the various alternatives the Council considered in October 1998, recent participation requirements could reduce vessel permits for those no longer fishing the north Pacific and consistency requirements eliminate casual participants.

The Council had already implemented criteria of non-severability to groundfish/crab licenses. The Council made this choice to recognize and limit the casual level of participation of the trawl crossover vessels. Their licenses were made non-severable so as not to increase capacity in the crab fisheries. It was recognized that though a few vessels had on-going participation, most had speculatively entered the fishery during the moratorium. Those vessels only participated in crab harvests when pollock seasons provided opportunity (Figure 1). Any action which altered this constraint would be expected to stimulate use of these latent permits.

#### Stock Management and Conservation Concerns Under SB 1221

The passage of SB 1221 confounds the constraints provided by the LLP and provides an avenue for unanticipated annual participation by trawl crossover vessels in BSAI crab fisheries. When the Board developed its program to index tiered pot limits and pre-season/in-season management for the Bristol Bay red king crab fishery, the projections were based upon an average number of

vessels participating in a particular manner (Figure 1, Table 1). SB 1221 provides for a harvest cooperative (co-op) so that the pollock industry participants can consolidate and rationalize. It will allow trawl vessels to schedule their pollock harvest around crab seasons. These vessels are not only large and very efficient; their fixed cost will likely be covered under their co-op and/or through funds provided under SB 1221. In essence, the average fleet used to make our tiered pot limit index projections may well be larger, more efficient and of higher capacity.

Additionally, under the Council's LLP no distinction was made between *Chionoecetes bairdi* (Tanner crabs) or *C. opilio* (snow crabs). If a vessel qualified for one species, it also received an endorsement for other. In fact, many of the cross-over Bristol Bay red king crab pollock trawl vessels never targeted Tanner crab, but landed it as allowed bycatch during the red crab fishery (Table 1). These vessels, many of which never fished *C. opilio* but are now endorsed for it, can - under the options provided by SB 1221 - fish the opening of the opilio season and then return to fish the pollock "A" season when roe quality is highest.

SB 1221 also increases the percent allocation of pollock to the inshore fleet. Much of this increased pollock harvest will occur in the catcher vessel operational area (CVOA). The CVOA is coincident with important Tanner crab habitat (Figure 2). The Council should be reminded that the crab plan team has initiated a rebuilding plan for Eastern Bering Sea Tanner crab. Conservation of Tanner crabs is paramount as this crab resource is overfished. In 1997 the National Marine Fisheries Service survey of the Eastern Bering Sea encountered about 50% of the small male and female Tanner crabs in the CVOA. The 1998 survey encountered about 30% of small crabs in the CVOA. During both survey years 20% of the large males and 30-35% of the large females were encountered in the CVOA. Observed groundfish harvests in this area have relatively high rates of bycatch of Tanner crab per ton of catch.

#### Impacts of Fleet Size on Management of Crab Fisheries

In context of impacts of fleet size relative to management of Bering Sea king and Tanner crab fisheries, "manage a fishery" means "to control and direct a fishery harvest towards desired goals." Those goals can, among other considerations, include optimum yield, conservation, vessel safety, and orderliness of the fishery. Generally, the management goals are achieved by directing the fishery towards its GHL that is determined pre-season. However, conservation goals may be achieved by closing the fishery below the GHL, if information gathered in-season indicates a conservation concern (e.g., performance indicating that the lower end of guideline harvest range is more appropriate for stock conditions or high incidence of crab in soft-shell condition). On the other hand, the harvest may be allowed to exceed a GHL if the situation warrants and no conservation concern is indicated (e.g., to accommodate safety and orderly fishery concerns or if fishery performance indicates that the upper end of guideline harvest range is more appropriate for stock conditions).

ADF&G employs two approaches to active fisheries management in Bering Sea king and Tanner crab fisheries. The first is in-season management, in which information collected during the

current fishery is used to manage that fishery. In inseason management, trends in effort, performance, and harvest from the current fishery are coupled with expectations from historic fisheries to predict the "best" time to close a fishery. The other approach is that of the preseason closure announcement, in which the effort, performance, and harvest trends from past fishery seasons are used to predict the "best" time to close a fishery. In this approach closure time is announced prior to or shortly after the fishery opening so that the only current information from the fishery that is available is the number of vessels and pots registered for the fishery. Inseason management is the preferred approach of ADF&G because it is based on additional and more current information and allows for reacting to current conditions. The preseason announcement approach is only used when inseason management appears infeasible.

The impact of increased fleet size on crab fishery management is obvious. More vessels lead to more pots fished, thus increasing the harvesting capacity of the fleet. That, in turn, can increase the rate at which the harvest accumulates towards the GHL. Large fleet size becomes an important and, occasionally, acute concern when the harvesting capacity is large relative to the GHL (Tables 2, 3 and 4, Figure 3). That situation is especially likely to occur when GHLs are low, such as occurs when stock sizes are low or under conservative harvest strategies. Under such conditions inseason management cannot be implemented without seriously risking a harvest significantly greater than the GHL. When the GHL is low and the harvesting capacity is high, the daily harvest can be so large relative to the GHL that the harvest accumulates towards and beyond the GHL faster than it can be tracked or responded to. It is, in fact, possible for the harvest to reach the GHL in less time than is necessary to gather inseason data and estimate fishery trends. That is exactly what occurred in the 1996 Bristol Bay red king crab fishery when the 5 million-pound GHL was exceeded by 68% by 196 vessels in a 4-d season.

ADF&G and the Board have addressed the management problems of high harvest capacity relative to the GHL by two approaches. The first is to abandon the preferred inseason management approach in favor of preseason closure announcements. That approach was used to manage the St. Matthew blue king crab fishery in 1990, 1991, and 1992. The other approach has been to establish per-vessel pot limits. The intent of pot limits is to reduce harvest capacity of the fleet by reducing the harvesting efficiency of individual vessels. The goal is to slow down the harvest accumulation rate and thus prolong the season to a duration that can accommodate inseason management. Given the importance of inseason management in achieving management goals, the Board has established pot limits in fisheries to minimize the need for preseason closure announcements. Due to such concerns, as well as to reduce pot loss during fisheries, beginning in 1992 pot limits were established for the Bristol Bay red king crab, St. Matthew Island blue king crab, Pribilof Islands blue and red king crab, Bering Sea *C. bairdi*, and Bering Sea *C. opilio* fisheries (Figure 3). Note that, although they may vary from fishery to fishery, in all the BSAI crab fishery pot limits, a vessel < 125' LOA is limited to 80% of the pots allowed to vessels > 125'.

The large potential fleet size for these fisheries, however, has allowed for high annual variability in fleet size: over the last 10 fishery seasons fleet size has, for example, varied by 106 vessels in

the Bristol Bay red king crab fishery and by 185 vessels in the Bering Sea bairdi fishery (Table 2). The inseason management goal of pot limits can be thwarted by this high annual variability in fleet size. A notable example of this occurred between the 1991 and 1992 St. Matthew Island blue king crab fisheries. A preseason closure announcement was necessitated in the 1991 fishery when 68 vessels registered 13,100 pots to fish towards a 3.2 million-pound GHL. Following the 1991 season a limit of 100 pots per vessel was instituted for the St. Matthew fishery. A preseason announcement was nonetheless necessitated for the 1992 season because an increase in fleet size resulted in an increase in number of registered pots: 174 vessels registered 17,400 pots to fish towards a 3.1 million-pound GHL for the 1992 season.

The most recent attempt by ADF&G and the Board to solve the problems of inseason management resulting from a high harvesting capacity relative to the GHL is provided in the pot limit regulations established in 1997 for the 1997 and 1998 seasons (5 AAC 34.825 (i); Table 5). The Board took up management issues for the Bristol Bay red king crab fishery in 1997 in response to a petition from ADF&G that outlined problems of inseason management in the fishery following adoption of a more conservative harvest strategy by the Board in 1996. Although scheduled for review and possible change during the March 1999 Board meeting, 5 AAC 34.825 (i) provides a template for regulatory determination of pot limits and management approach that is likely to remain with the Bristol Bay red king crab fishery. It is possible that this approach may also be extended to other BSAI fisheries. There are three key components of this regulation: a minimum GHL for the season to open, per-vessel pot limits that increase with increasing GHLs and decrease with increasing number of participating vessels, and a maximum fleet size for inseason management at lower GHLs. Relative to the current discussion on the license limitation program for BSAI crab fisheries it is notable that the Board determined the Bristol Bay red king crab fishery cannot be managed inseason when the number of participating vessels exceeds 250 and the GHL is less than 12 million pounds.

ADF&G and the Board have yet to address the issue of manageability relative to fleet sizes and GHLs in the Pribilof Islands king, St. Matthew Island blue king, Bering Sea *C. bairdi*, Bering Sea *C. opilio* fisheries. Nonetheless, these issues will likely need to be addressed in the near future for most of these fisheries. For any future considerations, it should be noted that implementation of more conservative harvest strategies in any of these fisheries will be made more problematic by a fleet with a large and unpredictable harvesting capacity. It was, after all, the adoption of a more conservative harvest strategy for the Bristol Bay red king crab fishery that brought the problems of inseason management in that fishery to a head in 1996.

Inseason management towards low (2-5 million pound) GHLs in the St. Matthew Island blue crab fishery, for example, has been maintained since the 1993 season only because of a concurrent season opening with the Pribilof Islands fishery that serves to "split" the fleet (Tables 2, 3, and 4). Was the Pribilof Island fishery to not open in the near term, as is very possible, the number of vessels entering the St. Matthew fishery could increase to a level that would require a preseason closure announcement the present pot limits and GHLs. The Pribilof Islands had been closed for

five straight years between 1988 and 1992. Those considerations serve to expose the limitation of using concurrent seasons to control fleet size in low GHL fisheries.

Fleet size and pot limits will also likely become critical considerations at the reopening of the Bering Sea *C. bairdi* fishery. That stock has been closed for the last two seasons and is now considered overfished. Trends in effort and performance from past fisheries may have little application to expectations for fisheries of the near term because a rebuilding strategy being developed for Bering Sea *C. bairdi*. That strategy will undoubtedly involve a more conservative harvest strategy than currently in place and may involve the division of Bering Sea *C. bairdi* into two separate stocks for management. Hence, upon its reopening, the GHLs for the Bering Sea *C. bairdi* fishery (or fisheries) will likely be low and, like the Bristol Bay red king crab fishery, fleet sizes in excess of 250 vessels may pose problems to inseason management. On the other hand, the ability to manage the Bering Sea *C. opilio* fishery inseason has not been a concern because of the typically large GHLs and long-duration seasons: the lowest Bering Sea *C. opilio* GHL in the last 10 seasons was 50.7 million pounds, whereas the shortest Bering Sea fishery *C. opilio* fishery occurred in 1995 when 75.3 million pounds was harvested by 253 vessels in 33 d (Tables 2,3, and 4). Bering Sea *C. opilio* stocks are currently in decline, however, and it is unclear how low GHLs will be and what problems fleet size will pose to management in the near future.

Figure 1. Comparison of Bering Sea crab and pollock fishing seasons; total vessels and Alt. 9/SB 1221 qualified vessels.

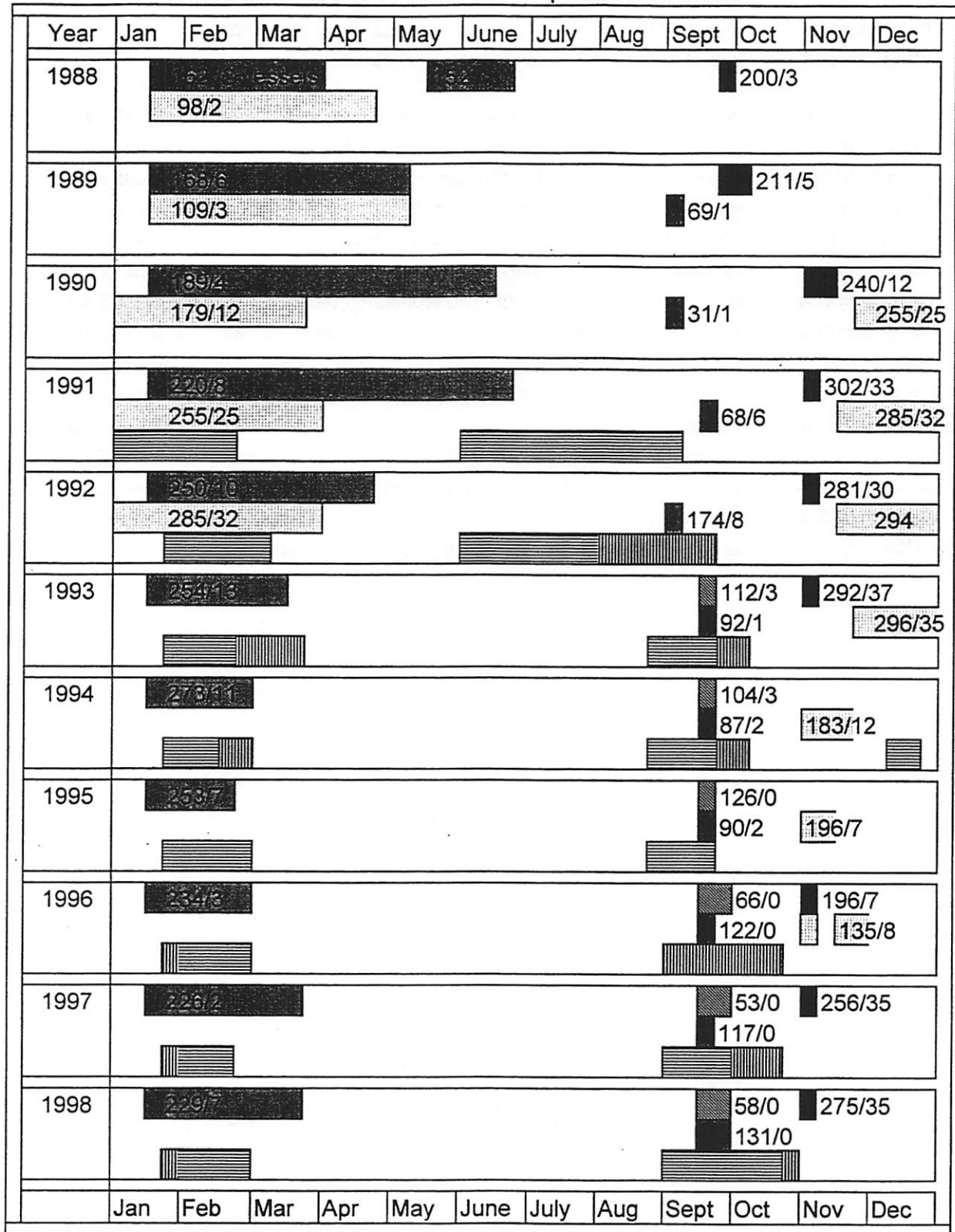


Figure 2. Distribution of Tanner (*C. bairdi*) crabs in the CVOA.

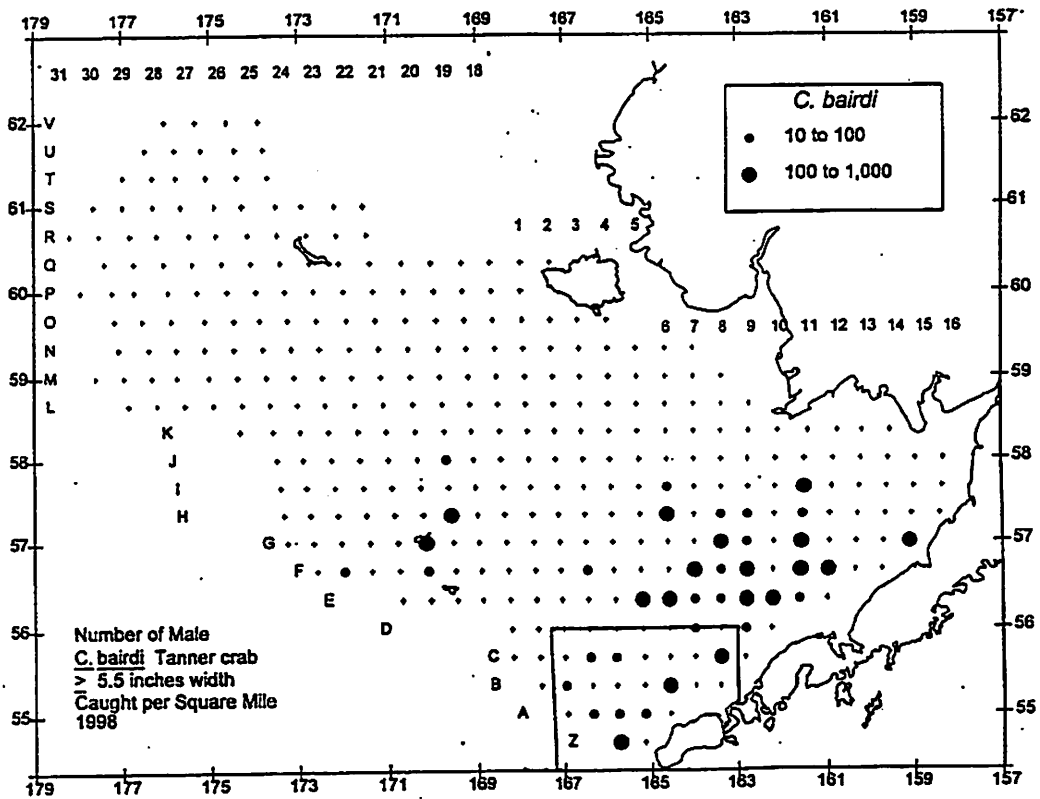
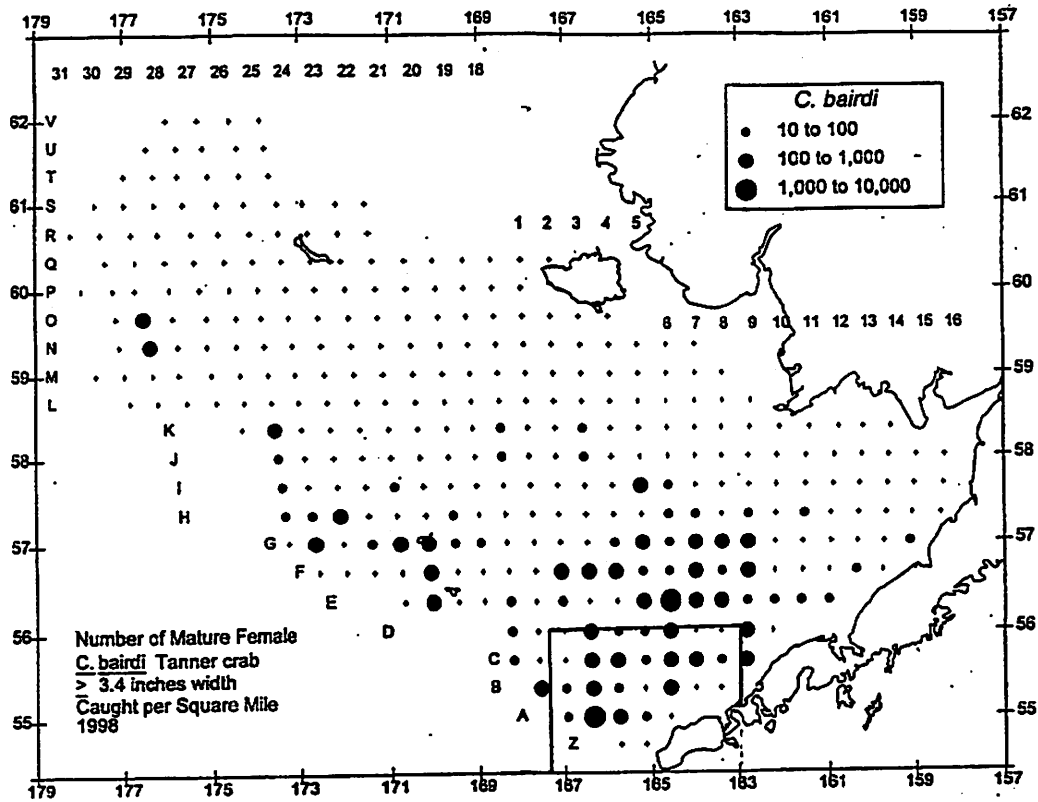


Figure 3. Bering Sea crab fishery characteristics.

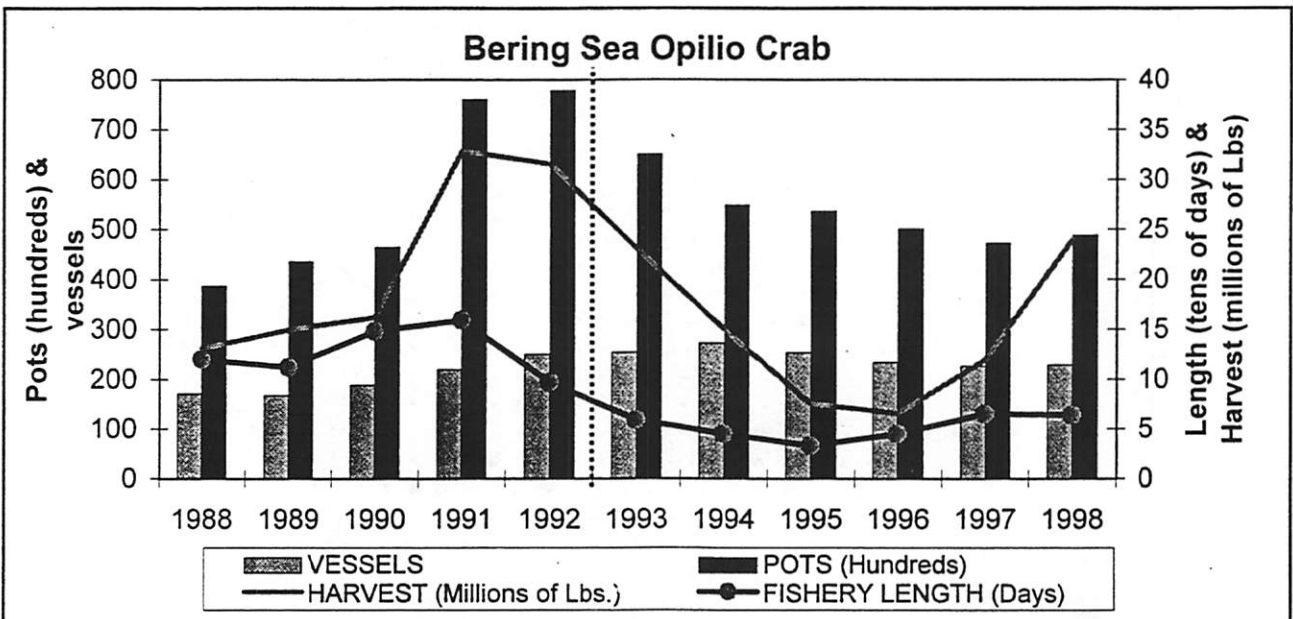
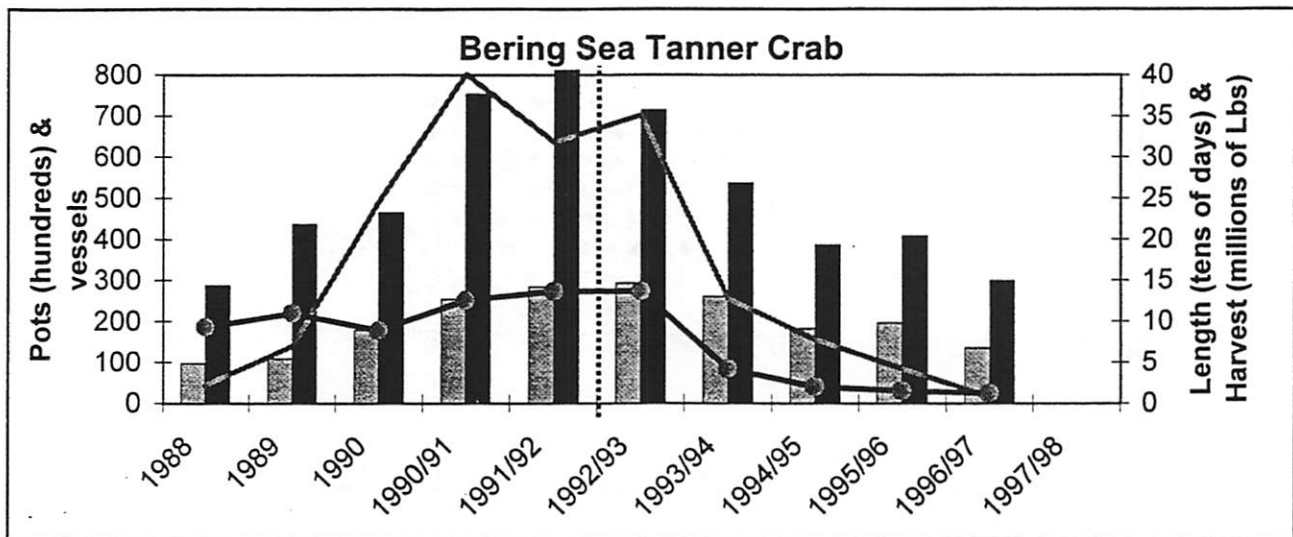
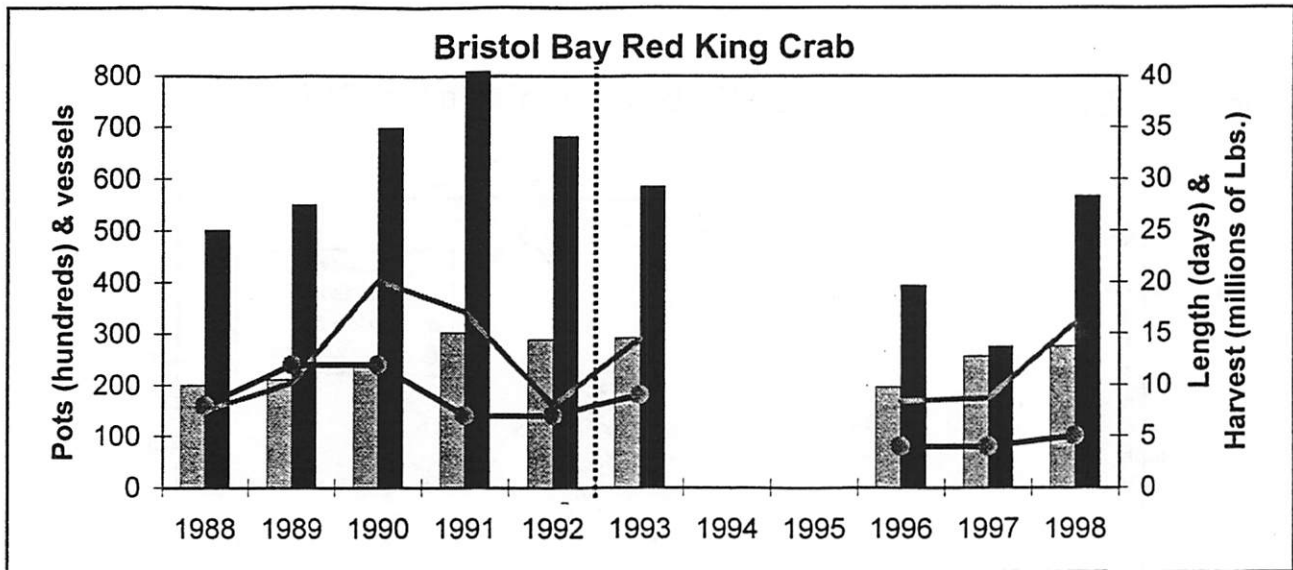
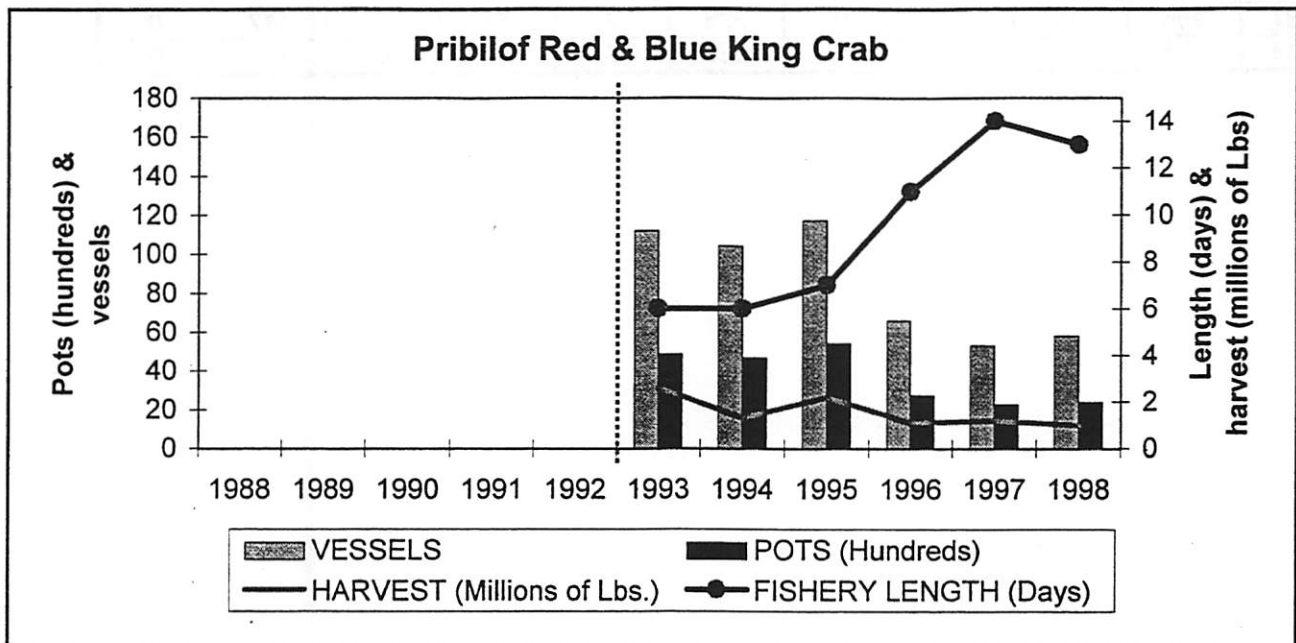
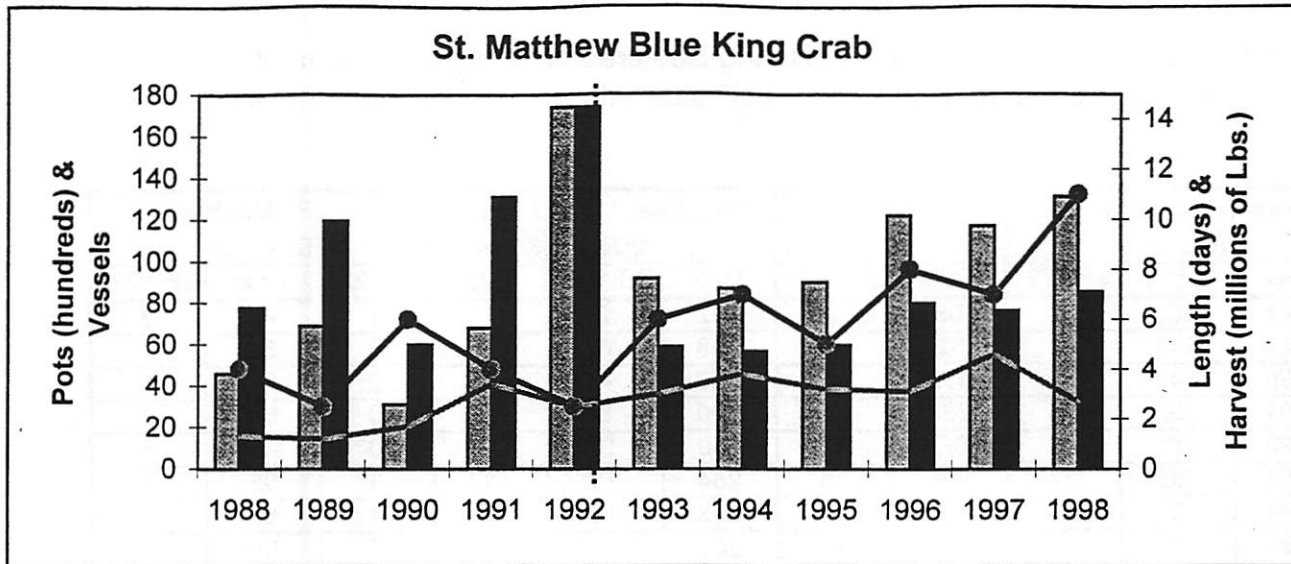




Figure 3 (cont.). Bering Sea crab fishery characteristics



VESSELS
  POTS (Hundreds)

HARVEST (Millions of Lbs.)
  FISHERY LENGTH (Days)

Table 1. Total vessel participation in Bering Sea crab fisheries and the number of vessels that qualified under LLP alternative 9 and SB 1221 Vessels

Fishery	Bristol Bay Red King		Bering Sea Tanner ( <i>C. bairdi</i> )		Bering Sea Snow ( <i>C. opilio</i> )		Pribilof Blue & Red king		St. Matthew Blue King	
	Total	SB 1221	Total	SB 1221	Total	SB 1221	Total	SB 1221	Total	SB 1221
1988	200	3	98	2	162	2		1	46	2
1989	211	5	109	3	168	6	0	0	69	1
1990	240	12	179	12	189	4	0	0	31	1
1991	302	33	255	25	220	8	0	0	68	6
1992	281	30	285/294	32	250	10	0	0	174	8
1993	292	37	296	35	254	13	112	3	92	1
1994	0	0	183	12	273	11	104	3	87	2
1995	0	0	196	19	253	7	126	0	90	2
1996	196	7	135	8	234	3	66	0	122	0
1997	256	35	0	0	226	2	53	0	117	0
1998	275	35	0	0	229	7	58	0	131	0

**Table 2. Number of Vessels Registered for Bering Sea Crab**

Fishery Season	Bristol Bay Red King Crab	Bering Sea Tanner ( <i>C.bairdi</i> )	Bering Sea Snow ( <i>C.opilio</i> )	Pribilof Blue and Red King Crab	St Matthew Blue King Crab
1989	211	109	168	no commercial season	69
1990	240	179	189	no commercial season	31
1991	302	255	220	no commercial season	68
1992	289	285/294	250	no commercial season	174
1993	292	261	254	112	92
1994	no commercial season	183	273	104	87
1995	no commercial season	196	253	117	90
1996	196	135	234	66	122
1997	256	no commercial season	226	53	117
1998	275	no commercial season	229	58	131

**Table 3. Number of Registered Pots for Bering Sea Crab**

Fishery Season	Bristol Bay Red King Crab	Bering Sea Tanner ( <i>C.bairdi</i> )	Bering Sea Snow ( <i>C.opilio</i> )	Pribilof Blue and Red King Crab	St Matthew Blue King Crab
1989	55,000	43,607	43,607	no commercial season	11,983
1990	69,906	46,440	46,440	no commercial season	6,000
1991	89,068	75,356	76,056	no commercial season	13,100
1992	68,169	85401/71481	77,858	no commercial season	17,400
1993	58,581	53,737	65,081	4,860	5,895
1994	no commercial season	38,670	54,837	4,675	5,685
1995	no commercial season	40,827	53,707	5,400	5,970
1996	39,461	29,955	50,169	2,730	8,010
1997	27,499	no commercial season	47,036	2,270	7,650
1998	56,640	no commercial season	48,855	2,398	8,546

**Table 4. Total Harvest (millions of Lbs) and Duration of Fishing Season (days) for Bering Sea Crab**

Fishery Season	Bristol Bay Red King Crab	Bering Sea Tanner ( <i>C.bairdi</i> )	Bering Sea Snow ( <i>C.opilio</i> )	Pribilof Blue and Red King Crab	St Matthew Blue King Crab
1989	10.2 in 12 d	7.0 in 110 d	149.5 in 112 d	no commercial season	1.2 in 2.5d
1990	20.2 in 12 d	24.5 in 89 d	161.8 in 148 d	no commercial season	1.7 in 6 d
1991	17.1 in 7 d	40.1 in 126 d	328.6 in 159 d	no commercial season	3.4 in 4 d
1992	8.0 in 7 d	31.8/35.1 in 137 d	315.3 in 97 d	no commercial season	2.5 in 2.5 d
1993	14.5 in 9 d	12.8 in 42 d	230.8 in 59 d	2.6 in 6 d	3.0 in 6 d
1994	no commercial season	7.8 in 20 d	149.8 in 45 d	1.3 in 6 d	3.8 in 7 d
1995	no commercial season	4.2 in 15 d	75.3 in 33 d	2.2 in 7 d	3.2 in 5 d
1996	8.4 in 4 d	0.8 in 12 d	65.7 in 45 d	1.1 in 11 d	3.1 in 8 d
1997	8.7 in 4 d	no commercial season	119.5 in 65 d	1.2 in 14 d	4.6 in 7 d
1998	16 in 5 d	no commercial season	240.0 in 64 d	1.0 in 13 d	2.7 in 11 d

Table 5. 1997 Board of Fisheries tiered pot limits for Bristol Bay red king crab.

GHL Range	Number of Vessels	Number of Pots		Management
		Vessels>125	Vessels=125'	
<4.0	Any	0	0	Season Closed
4.0-5.9	<200	80	100	Inseason
	200-250	60	75	Inseason
	>250	60	75	Pre-announce Closure
6.0-8.9	<200	120	150	Inseason
	200-250	100	125	Inseason
	>250	100	125	Pre-announce Closure
9.0-12	<200	200	250	Inseason
	200-250	160	200	Inseason
	>250	160	200	Pre-announce Closure
>12	Any	200	250	Inseason



# ALASKA CRAB COALITION

3901 Leary Way (Bldg.) N.W., Suite #6 • Seattle, WA 98107 • (206) 547-7560 • FAX (206) 547-0130

DATE: November 5, 1998

TO: Mr. Rick Lauber, Chairman  
North Pacific Fishery Management Council  
605 West 4<sup>th</sup> Avenue, Suite 306  
Anchorage, Alaska 99501-2252

FROM: Ami Thomson, Executive Director *Ami Thomson*

RE: COMMENT ON AGENDA ITEM C-1, SENATE BILL S. 1221, AND  
POTENTIAL IMPACTS ON CRAB FISHERIES MANAGEMENT AND  
THE CRAB LICENSE LIMITATION PROGRAM

This Comment provides an analysis of the harvesting and processing shares in the onshore sector of the BSAI pollock industry. This Comment does not concentrate on the offshore sector. The reason is that S. 1221, as enacted in the omnibus appropriations measure for fiscal year 1999, set in motion the means of achieving the original, worthy objectives of the proposal. Americanization and decapitalization of the offshore sector. While one may question the taxpayer subsidy provided for these purposes, the fact remains that it is other aspects of the legislation, i.e., those not originally contemplated and not made the subject of public hearings, that threaten the BSAI crab fisheries with severe, adverse conservation and economic consequences, while at the same time unjustly enriching a relatively small number of individuals and companies. It is the effect of these provisions, relating principally to the onshore component, that is the subject of this Comment.

The seven processing companies and 29 of the affiliated pollock catcher vessels, many of which are owned by the major processors, are also involved in the BSAI crab fisheries. Unless the NPFMC reconsiders and the Secretary concurs, an additional 11 catcher vessels, 7 of which are partners in the mothership, Ocean Phoenix, will also be licensed along with the other 29 (a total of 40), in the NPFMC crab LLP program, in January 2000. (See attachment.)

These vessels represent significant, previously latent fishing capacity. Twenty-nine of these could be eliminated from the crab LLP under the pending Alternative #4 amendment to the LLP. Without adoption of Alternative #4 on a reconsideration vote of the NPFMC, these vessels could become regular participants in the Bering Sea snow crab fishery, the "bread and butter" of the 235-vessel, Bering Sea crab fleet, under the cooperative-related provisions of S. 1221, as enacted in the federal omnibus appropriations measure for fiscal year 1999. When finally invited to participate in an S. 1221 meeting in Washington D.C. on September 17, 1998, the ACC proposed the Alternative #4 landing requirement as a protection measure. However, the parties

involved in the negotiations strongly opposed any significant protections for the BSAI crab-dependent fleet, and subsequently lobbied to undo such protections as had been secured. (See Comment of the Alaska Crab Coalition and the CRAB Group on "Basic Elements of Agreement on S. 1221 - 9/11/98, dated Sept. 16, 1998, also submitted to the NPFMC, Agenda C-1.) **Thus, S. 1221 authorizes quota shares for catcher vessels, and there are no restrictions on transfers to other vessels that would prevent freeing-up the crab LLP qualified pollock catcher vessels to fish in crab and other groundfish fisheries, except as may be provided by the NPFMC with the approval of the Secretary of Commerce in accordance with the new law.**

The following is a summary analysis. It is based on a list of pollock catcher vessels, their owners and major markets, submitted by Brent Paine of United Catcher Boats to the U.S. Senate on September 17, 1998, for the Manager's Amendment to S. 1221, as potentially eligible to be harvesting vessels in the proposed pollock cooperatives and the NPFMC groundfish LLP. The list itself is based on NMFS groundfish catch records for the BSAI, 1995, 1996 and 1997. (See attachment.)

There are seven major shorebased companies effectively identified in S. 1221. They are: Alyeska and Westward Seafoods, UNISEA, Trident Seafoods, Tyson Seafoods, Northern Victor, and Peter Pan Seafoods. The acknowledged major companies are the Alyeska and Westward companies (controlling interest in each held by Maruha), UNISEA and Trident, each having a reliably estimated share of 30% (give or take 1% or 2% for each), of onshore pollock production and marketing (13.5%, each, of the total pollock TAC). **The aggregate processing and marketing share of the three major companies is equivalent to approximately 40% of the total BSAI pollock TAC.** Northern Victor and Tyson share the remaining 8-9%, at an estimated 4% each (and Tyson also has a substantial share of the offshore quota). Peter Pan Seafoods has an estimated share of 1-2% of the onshore pollock production.

**The seven onshore pollock companies not only dominate the shorebased pollock industry, but they also have over 60% of the processing and marketing share of the Bering Sea crab industry. In 1998, these companies processed and marketed 175,000,000 pounds of opilio, produced by 158 of the 229 vessels registered in the fishery.**

According to the list of pollock catcher vessels (and other reliable industry sources), there are an estimated 77 vessels with "established markets" that catch and deliver pollock to the plants on a scheduled rotation basis during the pollock A and B seasons. UNISEA has 12, Alyeska and Westward have 16 (9 of which are vertically integrated), Trident has 32 (12 of which are vertically integrated), Tyson has 6 (all vertically integrated), and Northern Victor has 8. (See the S. 1221 United Catcher Boats list of vessels, owners, and markets.)

	1998 Pollock	Boats	1998 Opilio	Boats
Unisea	30%	12	12%	30
Alyeska & Westward	30%	16	12%	27
Trident	30%	32	22%	56
Northern Victor	4%	8	2%	7
Peter Pan	2%	3	14%	35
Tyson	4%	6	1%	3
Totals	100%	77	63%	158 --

In 1998, these 77 vessels and related processing plants will have produced and marketed 365,000 metric tons of pollock (average ex vessel price, \$154/mt) worth an ex vessel value of \$56,210,000. According to industry estimates, each of the 3 major companies will have purchased and/or produced an estimated 110,000 mt of raw product for \$17 million, to process and market value-added surimi and some fillets.

The average ex vessel revenue, from pollock only, for the 77 vessels, is \$730,000. Add to this a vessel's three-year average catch of other groundfish, an estimated \$100,000 to \$150,000 and the conservative estimate of the average ex vessel revenue for a BSAI pollock trawler is \$830,000 in 1998.

By their own standards, 1998 has been considered a tough year for the pollock industry. However, as a result of S. 1221, and a de facto 42% increase in the shorebased allocation of pollock, to 50% of the TAC, revenue estimates for 1999 look much brighter for the 77 fishing vessels and the related shorebased plants.

Assuming the total TAC remains the same in 1999, and the price does not decline, the inshore component will share 497,800 mt of pollock in a similar ratio, worth an ex vessel value of \$76,538,000. The large plants could each increase their catch and production from 110,000 mt to 150,000 mt, and this would increase their dockside delivery value from \$17 million to \$23 million **—a 35% increase in gross revenue for shorebased plants.**

Similarly, the 77 catcher vessels could increase their average gross revenue from pollock in 1999 from \$730,000 to an estimated \$994,000 **—a 36% increase in gross revenue for shorebased catcher vessels.** Add to that their average catch of other groundfish, \$100,000 to \$150,000, and the average vessel revenue for a BSAI pollock trawler could be \$1.1 million in 1999, very similar to the shorebased pollock fleet's three year average gross revenue, an estimated \$1,010,905. (See attachment, ACC presentation to the NPFMC, October 8, 1998, Comparative Economic Analysis of Bering Sea/Aleutian Islands Inshore Trawl Catcher Vessel Revenues Vs. Crab Vessel Revenues, 1995-1997.)

In addition to S. 1221 legislating an increase in the onshore allocation of pollock from 35% to 50% of the TAC and reduced costs and improved profits that can develop from the cooperative structure, **the bill also creates windfall profits for all sectors of the pollock industry.**

This is clearly illustrated in the bill under (d) **PAYMENTS.—(2)(A)**:

Contained in this section is a payment of \$5,000,000 to Tyson Seafoods, owners of the catcher processors listed in paragraphs 10-14—a negotiated settlement for giving up ½ of 1% of the pollock TAC to the mothership sector in order to secure an industry agreement.

According to reliable industry sources, this negotiated price has established an opening market value for pollock quota shares. **Each one per cent of the Bering Sea and Aleutian Islands pollock TAC is valued at \$10 million.**

With the onshore pollock allocation now increased to 50%, or a net of 45%, after deduction of 10% for CDQs, **the onshore allocation is worth an estimated \$450 million and there is an equal value for the offshore sector.**

Industry sources also recognize that with the S. 1221 restriction on entry of new pollock processing companies, in both the onshore and offshore components, **a similar or greater value has been added to all the processing companies for processing rights**, thereby greatly increasing their financial leverage over non-pollock companies and independently owned fishing vessels. **Unfortunately, some may argue that a precedent has been set for limiting processors in other fisheries.**

To determine the quota share value (or windfall) at the individual vessel level, one simply divides the 45% onshore allocation by the 77 regular rotation onshore catcher vessels. **Each vessel has on average, 0.6 of 1% of the TAC, or a quota share worth an estimated \$4 million to \$6 million.** Of course, the larger catcher vessels will have as much as 1% of the TAC, or \$10 million in quota share, and multiple vessel owners will have multiples of \$4 to \$10 million worth of quota shares.

This market value estimate is not without substantiation. The rule of thumb in the halibut/sablefish quota share market is that quota shares run about four times the annual ex vessel value of the vessel. Note the 1999 estimated average gross revenue for the BSAI catcher vessel is about \$1.1 million. And with the beginning of quota share programs, the market value of the shares usually start high, as the ex vessel value of the fish usually increases the first year. As the resource increases, the value of the quota share also increases, provided that the ex vessel price does not decline.

**The average Bering Sea crab vessel's revenue of \$500,000 or less for 1998, and a permit value of \$1,000 per foot (worth on average, \$114,000 per vessel) pale in comparison to corresponding values for the average pollock trawlers, 40 of which claim, without justification, economic dependence on Bering Sea crab fisheries. If those vessels succeed in gaining limited entry permits for the Bering Sea crab fisheries, it will be due solely to their political influence and it will be contrary to the provisions of fairness and equity, conservation, and safety in the Magnuson-Stevens Act.**



The influx of 40 additional vessels into the BSAI crab fisheries, according to a recent letter from the Alaska Board of Fisheries to the NPFMC on this issue, could render these fisheries unmanageable. Conservation impacts on the fragile resources could be extremely severe, with further serious consequences to all participants. Of course, the pollock catcher vessels would be in an advantageous financial position to weather increased competition for the crab resource and yet another period of decline in the crab fisheries. This could lead to widespread business failures within the traditional crab fleet and displacement by the pollock catcher vessels. Consequences for safety, already the worst among all U.S. fisheries, could be severe. The three major processors will begin to compete aggressively for crab production, accelerating the race for fish, as the industry now anticipates that the BSAI crab fishery is the next target of the onshore pollock companies for processor-dominated cooperatives.

In conclusion, it needs to be said that the only crabs the BSAI pollock trawlers have depended on for economic survival the last fifteen years have been the dead ones they have hauled up in their cod ends, their bycatch allocation, that allows them to prosecute their groundfish fisheries. If these vessels become active in the crab fisheries, it is foreseeable they could bifurcate the fleet on bycatch and pot limit measures, creating a conflict of interest on these and other issues that would further exacerbate conservation and rebuilding programs. This has already been evidenced in the bycatch policies of their representatives at the NPFMC.

REVISED 11/5/98

LIST OF BERING SEA S 1221 COOP-ELIGIBLE POLLOCK/GROUNDFISH TRAWLERS, NPFMC APPROVED.  
 ALTERNATIVE #9 FOR THE LICENSE LIMITATION PROGRAM. FOR BERING SEA KING & TANNER  
 CRAB FISHERIES TOTAL VESSELS: 40

VESSEL NAME	ADF&G	LOA	OWNERSHIP INFORMATION
AJ	57934	150	Saga Sfds. WA
ALASKA DAWN	69765	78	William Gilbert AK
ALDEBARAN	48215	119	Trident Sfds. WA
ALSEA	40749	124	Halls OR
AMERICAN EAGLE (OK alt 4)	00039	120	R. Tynes, J. Wabey WA
ARCTIC WIND	01112	123	Victor Sfds. WA
ARCTURUS	45978	119	Trident Sfds. WA
ARGOSY) (OK alt 4)	38547	124	Halls OR
BLUE FOX (Attached, NMFS memo)	62892 or 66039 ?	85	Pacific Draggers Inc OR
COMMODORE	53843	118	Victor Sfds., J. Hohannesen WA
DOMINATOR) (OK alt. 4)	08668	124	Trident Sfds WA
DONA MARTITA (OK alt. 4)	51672	165	Trident Sfds R. Desautel WA
ELIZABETH F	14767	81	S. Stutes AK
FIERCE ALLEGIANCE (OK alt. 4)	55111	167	Westward Sfds WA
FLYING CLOUD (OK alt. 4)	32473	124	Trident Sfds WA
GOLDEN DAWN	35687	122	Trident Sfds., APICDA AK
GUN MAR	41312	137	G. Ildhuso, (Ocean Phoenix) WA
LADY JOANNE (OK alt 4)	62922	58	David Wilson AK
LISA MARIE	70221	78	YDFDA AK
MAJESTY	60650	98	Trident Sfds WA
MAR GUN	12110	98	G. Ildhuso, ( Ocean Phoenix) WA
MARCY J (OK alt. 4)	00055	79	H Jones AK
MARGARET LYN	31672	87	R. Czesler (Ocean Phoenix) WA
MARK I	06440	98	E. Pederson, (Ocean Phoenix) WA
MUIR MILACH	41021	86	D. Fraser WA
NORDIC FURY	00200	93	M. Stone, S. Hovik WA
NORDIC STAR	00961	123	C Swasand WA
OCEAN HARVESTOR (OK alt. 4)	00101	108	K Ness (Trident partner) WA
OCEANIC	03404	122	E. Langesater WA
PACIFIC FURY	00033	110	M. Stone, (Ocean Phoenix) WA
ROYAL AMERICAN	40840	105	O. Austneberg, WA
SEA STORM	40969	123	W Pereyra WA
SEA WOLF	35957	143	AK Boat Co WA
SEADAWN	00077	124	F. Yeck OR
STAR FISH (OK alt. 4)	00012	123	C Swasand WA
STARLITE	34931	123	C Swasand WA
STARWARD	39197	123	C Swasand WA
STORM PETREL	39860	123	Victor Sfds., J. Johannesen WA
VESTERAALEN	38342	105	E Pedersen, (Ocean Phenix) WA
VIKING EXPLORER (OK alt. 4)	36045	125	Trident Sfds WA

MAJOR PERMIT HOLDERS Ocean Phoenix group 7, Swasand/Starbound 4, Trident Sfds 9, Victor Sfds  
 Johannesen 3, Sub Total, 23 of 40

ADDITIONAL COOP VESSELS CURRENT PARTICIPANTS IN BSAI CRAB NOT QUALIFIED UNDER  
 ALT #9 DONA LILLIANA, GOLDEN PISCES, HALF MOON BAY, POSEIDON, ROYAL ATLANTIC,  
 SUNSET BAY, VANGARD Sub Total 7

LIST OF POTENTIAL BERING SEA POLLOCK CATCHER VESSELS FOR COOPERATIVES

	<u>VESSEL NAME</u>	<u>OWNER</u>	<u>DELIVERS</u>	<u>MARKET</u>
C-	ALYESKA <i>Out on #9</i>	WAATCH, INC	MOTHERSHIP	EXCELLENCE
	CALIFORNIA HORIZON	KYDAKA, INC	MOTHERSHIP	EXCELLENCE
	MISTY DAWN	KATAHDIN, INC	MOTHERSHIP	EXCELLENCE
	PACIFIC CHALLENGER	CHET PETERSON	MOTHERSHIP	EXCELLENCE
	PAPADO II	PAPADO, INC.	MOTHERSHIP	EXCELLENCE
	ALEUTIAN CHALLENGER	BOB BRESKOVICH	MOTHERSHIP	GA
	AMBER DAWN	BURTON PARKER	MOTHERSHIP	GA
	AMERICAN BEAUTY	AMERICAN BEAUTY, INC	MOTHERSHIP	GA
	OCEAN LEADER	OCEAN LEADER, INC	MOTHERSHIP	GA
C	- VANGUARD <i>Out on #9</i>	VANGUARD PART	MOTHERSHIP	GA
C	- MARGARET LYN	BOB CZEISLER	MOTHERSHIP	OCEAN PH
C	- MAR-GUM	ILDUSO FISHERIES	MOTHERSHIP	OCEAN PH
C	- MARK I	CHRIS GARBRICK	MOTHERSHIP	OCEAN PH
C	- NORDIC FURY	STAN & SCOTT HOVIK	MOTHERSHIP	OCEAN PH
C	- OCEANIC	EINAR LANGESATER	MOTHERSHIP	OCEAN PH
C	- PACIFIC FURY	STAN & SCOTT HOVIK	MOTHERSHIP	OCEAN PH
C	- VESTERAALEN	EINAR PEDERSON, TC	MOTHERSHIP	OCEAN PH
	WESTERN DAWN	THOR & STEVE OLSEN	MOTHERSHIP	OCEAN PH
	KAREN EVICH		INSHORE (sp)	TRIDENT
	NIGHTWATCH		INSHORE (sp)	TRIDENT
	OCEAN STORM		INSHORE (sp)	TRIDENT
	ALASKA ROSE	ALASKA BOAT COMPANY	INSHORE	ALYESKA
	BERING ROSE	ALASKA BOAT COMPANY	INSHORE	ALYESKA
	DESTINATION	ALASKA BOAT COMPANY	INSHORE	ALYESKA
	GREAT PACIFIC	ALASKA BOAT COMPANY	INSHORE	ALYESKA
	MORNING STAR	DAVID STANCHFIELD	INSHORE	ALYESKA
	PACIFIC MONARCH	AAS FINANCE LLC	INSHORE	ALYESKA
C	- SEA WOLF	ALASKA BOAT COMPANY	INSHORE	<u>ALYESKA</u>
C	- ARCTIC WIND	ARCTIC WIND	INSHORE	NV
C	- COMMODORE	COMMODORE PART	INSHORE	NV
C	- HALF MOON BAY <i>Out on #9</i>	VESSEL HOLDING INC	INSHORE	NV
C	- <del>POSEIDON - NO CRAB LLP</del>	POSEIDON & OWNERS	INSHORE	NV
C	- ROYAL AMERICAN		INSHORE	NV
C	- ROYAL ATLANTIC <i>No LLP</i>	JOHN JOHANNESSEN	INSHORE	NV
C	- STORM PETREL	STORM PETREL PART	INSHORE	NV
C	- SUNSET BAY <i>Out on #9</i>	VESSEL HOLDING INC	INSHORE	<u>NV</u>
C	- ELIZABETH F	ELIZABETH F INC	INSHORE	PPSF
C	- LISA MARIE	YUKON-DELTA CDQ	INSHORE	PPSF
	WALTER N	ELIZABETH F INC	INSHORE	<u>PPSF</u>
C	- ALASKA DAWN	WILLIAM GILBERT	INSHORE	TRIDENT
C	- ALDEBARAN	ROYAL VIKING INC	INSHORE	TRIDENT
C	- ARCTURUS	ROYAL VIKING INC	INSHORE	TRIDENT
C	- BLUE FOX		INSHORE	TRIDENT
	COLUMBIA	ROYAL VIKING INC	INSHORE	TRIDENT
C	- DOMINATOR	ROYAL VIKING INC	INSHORE	TRIDENT

C: Denotes pollock cv's moratorium and/or crab LLP qualified to fish Bering Sea crab fisheries

\*Historically many vessels have delivered into more than one sector

25

45

C- DONA LILIANA <i>NO CRAB LLP</i>	NINA FISHERIES	INSHORE	TRIDENT
C- DONA MARTITA	NINA FISHERIES	INSHORE	TRIDENT
C- DONA PAULITA <i>NO CRAB LLP</i>	NINA FISHERIES	INSHORE	TRIDENT
ENDURANCE		INSHORE	TRIDENT
EXODUS	RONALD COWLES	INSHORE	TRIDENT
C- FLYING CLOUD	TRIDENT 50%	INSHORE	TRIDENT
C- GOLDEN DAWN	ROYAL VIKING INC	INSHORE	TRIDENT
GOLDEN PISCES	ELMER MCNABB	INSHORE	TRIDENT
C- LADY JOANNE	LADY JOANNE INC	INSHORE	TRIDENT
LISA MELINDA	LISA-MELINDA FISH	INSHORE	TRIDENT
C- MAJESTY	ROYAL VIKING INC	INSHORE	TRIDENT
MARATHON	PERRY BUCHANAN	INSHORE	TRIDENT
C- MARCY J	MARCY J INC	INSHORE	TRIDENT
MESSIAH		INSHORE	TRIDENT
MISS BERDIE	STANLEY SCHONES	INSHORE	TRIDENT
MS AMY	STAN SCHONES	INSHORE	TRIDENT
PACIFIC RAM	BLUE SEA FISHERIES	INSHORE	TRIDENT
PACIFIC VIKING	ROYAL VIKING INC	INSHORE	TRIDENT
PEGASUS	CAPE LOOKOUT INC	INSHORE	TRIDENT
PEGGY JO	PEGGY DYSON	INSHORE	TRIDENT
PERSEVERANCE	MARCON FISHERIES INC	INSHORE	TRIDENT
PREDATOR	GARY BERNHARDT	INSHORE	TRIDENT
RAVEN	DAVID HAINES	INSHORE	TRIDENT
SEEKER	JAMES SEEVERS	INSHORE	TRIDENT
TRAVELER	REX HOCKEMA	INSHORE	TRIDENT
C- VIKING EXPLOREK	ROYAL VIKING INC	INSHORE	TRIDENT
ARCTIC I	ARCTIC FISHERIES	INSHORE	TRIDENT
ARCTIC III	ARCTIC FISHERIES	INSHORE	TYSON
C- ARCTIC IV <i>Out on #9</i>		INSHORE	TYSON
C- ARCTIC VI	TYSON SEAFOODS	INSHORE	TYSON
OCEAN ENTERPRISE	TYSON SEAFOOD GROUP	INSHORE	TYSON
PACIFIC ENTERPRISE	TYSON SEAFOOD GROUP	INSHORE	TYSON
C- ALSEA	RONDYS	INSHORE	UNISEA
C- AMERICAN EAGLE	REIDAR TYNES & JW	INSHORE	UNISEA
C- ARGOSY	RONDYS	INSHORE	UNISEA
AURIGA	ALASKA OCEAN SEAF	INSHORE	UNISEA
AURORA	ALASKA OCEAN SEAF	INSHORE	UNISEA
DEFENDER	ALEUTIAN SPRAY FISH	INSHORE	UNISEA
C- GUN-MAR	ILDIUSO FISHERIES	INSHORE	UNISEA
C- NORDIC STAR	ALEUTIAN SPRAY FISH	INSHORE	UNISEA
C- SEADAWN	FY FISHERIES	INSHORE	UNISEA
C- STARFISH	ALEUTIAN SPRAY FISH	INSHORE	UNISEA
C- STARLITE	ALEUTIAN SPRAY FISH	INSHORE	UNISEA
C- STARWARD	ALEUTIAN SPRAY FISH	INSHORE	UNISEA
ALASKA COMMAND	WESTWARD SEAFOODS	INSHORE	WESTWARD
C- CATLIN ANN	J&R DOOLEY	INSHORE	WESTWARD
CHELSEA K	JIM THILL	INSHORE	WESTWARD
C- FIERCE ALLEGIENCE		INSHORE	WESTWARD
C- PACIFIC KNIGHT <i>Out on #9</i>	WESTWARD SEAFOODS	INSHORE	WESTWARD

Historically many vessels have delivered into more than one sector

PACIFIC PRINCE		INSHORE	WESTWARD
PROGRESS	RONDYS	INSHORE	WESTWARD
VIKING	WESTWARD TRAWLERS	INSHORE	WESTWARD
WESTWARD I	WESTWARD TRAWLERS	INSHORE	<u>WESTWARD</u>
CAPE KIWAHDA	BEN HOGEVOLL	INSHORE	
CARAVELLE		INSHORE	
CAREFREE	WILLIAM HOFFMAN	INSHORE	
CELTIC	LOUIS BERNTSEN	INSHORE	
COLLIER BROS	JAMES SCHONES	INSHORE	
GOLD RUSH	MICHAEL JONES	INSHORE	
HICKORY WIND	HICKORY WIND LLC	INSHORE	
OCEAN HOPE 1	US MARINE CORP	INSHORE	
OCEAN HOPE 3	US MARINE CORP	INSHORE	
PERSISTENCE	PERSISTENCE FISH	INSHORE	
ROSELLA		INSHORE	
TOPAZ	EMILHIAN REUTOV	INSHORE	
NEAHKAHNE	FRANK BOHANNON	FT	ARCTIC FJORD
C SEA STORM	SEA STORM FISHERIES	FT	ARCTIC STORM
FORUM STAR	FORUM STAR	FT	ASC
TRACY ANNE	TRACY ANNE INC.	FI	ASC
AMERICAN CHALLENGER	AMERICAN SEAFOODS	FT	ASC
C- AJ	SAGA SEAFOODS PART	FT	ASC, HL
C- MUIR MILACH	MUIR MILACH, INC.	FT	ENDURANCE
C- OCEAN HARVESTER	KOKOPELLI FISHERIES	FT	STARBOUND
EXCALIBUR II	KENT LESLIE		
GOLDEN PRIDE			
HAZEL LORRAINE	HL JV		
LESLIE LEE	LESLIE LEE INC		
MEGAN HOPE			
U-RASCAL	CHRIS FIALA		

(4)	Total BSAI pollock cv's:	124
e	Total BSAI crab qualified pollock cv's:	50
	Total BSAI pollock cv's qualified in the original crab LLP:	46
	Total BSAI pollock cv's qualified under Alt. #9, crab LLP:	90

(30)

## Comparative Economic Analysis Of Bering Sea/Aleutian Islands Inshore Trawl Catcher Vessel Revenues Vs. Crab Vessel Revenues

### Inshore CV Revenue

Year	Total Pollock Revenue	Pollock Vessels	Other Gfish	Other Gfish Boats	Ave. Pollock Revenue	Ave. Other Gfish Revenue	Total Ave. Gfish Revenue
1995	\$84.9M	84	\$20.4M	104	\$ 1,010,000	\$ 196,000	\$ 1,197,000
1996	\$71.3M	92	\$17M	119	\$ 775,000	\$ 142,857	\$ 917,857
1997	\$71.3M	92 (est.)	\$17M	119 (est.)	\$ 775,000	\$ 142,857	\$ 917,857
Averages					\$ 853,333	\$ 160,571	\$ 1,010,905
					Pollock is 84% of Groundfish Total		

### Crab Fleet Revenue (Based On Alt. 4, 245 Vessels)

Year	Total Crab Revenue	Crab Revenue Ave. (Alt.4, 245 Standardized)	# of XO's Fishing Crab	Ave. Crab Revenue of Pollock Vessels	% of Ave. Gfish Revenue	Potential Ave. Loss to Crabber (43 XO's)	Net Ave. Revenue to Crabbers
1995	\$205.6M	\$ 839,184	22	\$60,000 (Bairdi)	5%	\$ 125,295	\$ 713,889
1996	\$130.9M	\$ 534,286	11	\$171,000 (BBKC)	18%	\$ 79,772	\$ 454,514
1997	\$134.7M	\$ 549,796	36	\$110,000 (BBKC)	12%	\$ 82,088	\$ 467,708
Averages		\$ 641,088	Opilio is 73% of Crab Total	\$ 113,667	11.7%	\$ 95,718	\$ 545,370

Actual Crab Vessel Participation Has Ranged From 196-257

References: Economic Status Of The Groundfish Fisheries Off Alaska, NMFS (1997). Alaska Dept. of Fish & Game, Westward Region Shellfish Economic Report (1997)

Crab Revenue Based on Major Fisheries: Bering Sea Opilio and Bairdi, Bristol Bay Red King Crab, and St. Matthews/Pribiloffs Blue and Red King Crab

**From:** Jessica Gharrett <Jessica.Gharrett@noaa.gov>  
**To:** acc-crabak@email.msn.com <acc-crabak@email.msn.com>  
**Cc:** epoulsen@u.washington.edu <epoulsen@u.washington.edu>; Tracy Buck  
 <Tracy.Buck@noaa.gov>  
**Date:** Wednesday, November 04, 1998 3:53 PM  
**Subject:** Re:REQUEST FOR MORATORIUM QUALIFICATION INFORMATION ON CRAB

---

✓ 1. Re the F/V Blue Fox (ADF&G 62892). This vessel was formerly named the F/V Golden Pride. Vessel Moratorium Qualification (VMQ) # 7987 and Vessel Moratorium Permit (VMP) # MP2422 were issued to E.L. McNabb, Jr., (the vessel owner), in March, 1996. The MVQ was endorsed for groundfish with hook, pot, and trawl gear; but not for crab. On June 19, 1996, after examination of evidence submitted and reconsideration of the landings history, RAM reissued to Mr. McNabb the MVQ and MVP with the added crab endorsement; for the renamed vessel, F/V Blue Fox. The vessel was subsequently sold to Pacific Draggers, Inc. and H.B. Lee, Inc. An application to transfer the qualification to the new owners was approved in April, 1996. Those owners also applied for, and received, an MVP # MP3086.

Pacific Draggers, Inc. also owned a different vessel named F/V Blue Fox, ADF&G # 66039. That vessel became qualified for the Moratorium when we approved on April 8, 1996 a transfer of MVQ # 7901 from the original qualifying vessel and its owners (Sea Venture ADF&G # 62426 owned by Matthew Doney and John McLeod) to Pacific Draggers, Inc. for the F/V Blue Fox (ADF&G # 66039). Pacific Draggers, Inc. obtained an MVP # MP3074 for this F/V Blue Fox (issued on April 11, 1996). The qualification and permit were endorsed for groundfish with hook, trawl, and pot gear. The MVQ (# 7901) was transferred to New Life, Inc. for use on the vessel F/V New Life (ADF&G 21845). The F/V Blue Fox was sold to Paul Ward and renamed the F/V Grumpy J. Mr. Ward received another MVQ (# 5179) by transfer from L.G. Fisheries, Inc. and the F/V Lady Grace (ADF&G 16866). On 1/19/98, Paul Ward was issued MVQ (# 5179) and MVP (# MP8261) for the F/V Grumpy J.

2. Re the F/V Swell Rider: VMQ # 4700 originated with the F/V Polar Star (ADF&G # 00043). Owner PSF, Inc. used that VMQ to obtain VMP # MP2290. On 1/6/97 the VMQ was transferred to Todd Marine Leasing, Inc. but still named the F/V Polar Star, and an VMP (# 3393) was issued to the new vessel owner. On 12/2/97 RAM approved a transfer of the VMQ from Todd Marine Leasing, Inc. to William Williams and from the F/V Polar Star to (no named vessel). In 4/98 the F/V Polar Star was purchased by William Williams in a Marshall's sale; also, sometime between 12/97 and 6/98 she was renamed F/V Swell Rider. The F/V Swell Rider was sold by William Williams to Bayshore Mgmt., Inc. and on 6/15/98 the VMQ (#4700) was transferred to that vessel and a new VMP (#8310) was issued to the owner.

September 29, 1998

Mr. Rick Lauber, Chairman  
North Pacific Fishery Management Council  
605 West 4th Avenue, Ste. 306  
Anchorage, Alaska 99501-2252

RECEIVED  
SEP 29 1998  
N.P.F.M.C

RE: Agenda Item C-1, License Limitation Plan Amendments

Dear Rick,

The purpose of this letter is to explain the necessity of Alternative 4 of Proposed Action 5 (Require recent crab fishery participation), scheduled for the October Council meeting in Seattle. Alternative 4 is a necessity for three reasons: The proposed industry funded Bering Sea/Aleutian Islands crab license buyback, current conditions of the crab industry, and agreements made between the crab and groundfish industries in the early 1990's.

#### BS/AI Crab Industry Funded Buyback

History has shown that the most debilitating issue facing any buyback program (industry or government funded) is latent capacity. The greater the latent capacity, the greater the chance of failure. Historical examples of buyback programs fraught with latent capacity are: Washington State Salmon Buyback, East Coast Groundfish Buyback, British Columbia Salmon Buyback, and the United Kingdom Decommissioning Scheme. None of these programs were able to retire any substantial amount of effective capacity. All of these fisheries were license limited with loose entry requirements resulting in latent capacity (for example, it has been estimated that 75% of current East Coast Groundfish licenses are latent). Most of the time this occurs because license limitation is chosen as a solution to declining harvests and increasing effort. However, by the time the license limitation plan is in place it is too late. More vessels are licensed than the amount which traditionally fished the resource, an economic collapse typically occurs, and a huge amount of latent capacity exists as few vessels can depend upon the resource. Those that never were dependent on the fishery continue fishing for their dependent fishery with license in hand from the previously licensed fishery.



The Bering Sea crab industry is showing all the telltale signs of continuing this trend. The Northern Economics analysis projects 365 vessels to qualify for BS/AI crab fisheries. However, the number of vessels which depend upon crab (i.e. are not financially viable without it) is in the low 200's. This can be shown by determining which fisheries the traditional crab fleet depends upon for financial viability. For the last five years, vessels have averaged \$573,619 during Opilio, while averaging only \$94,200 and \$71,400 for King and Bairdi crab respectively. Put another way, 77.6% of average vessel revenue is generated in the Opilio season.

The implications of this are that a vessel can not depend upon either King crab or Bairdi. This is further evidenced by the closure of King crab in both 1994 and 1995 and closure of Bairdi in 1997. Basically, the traditional crab fleet which depends upon crab fisheries for financial viability can be determined by looking at those vessels which consistently fish Opilio crab.

The number of vessels making Opilio landings between 1995-1998 has averaged 235. Analysis of the State of Alaska's Commercial Fisheries Entry Commission lists show that there is some speculation going on even within this group of crabbers. Due to this speculation, the true number of core crab vessels which are economically dependent on crab is most likely somewhat less than 200 vessels. This is also shown in the analysis under alternative 8 which requires landings in each of the years between 1995-1998. One would expect that if a vessel is truly financially dependent on crab, the vessel would have made numerous landings in each one of these years. 1998 should be included even though the data only includes Opilio, since Opilio represents 77.6% of all revenue generated by a crabber. The analysis shows only 193 vessels made landings during this period.

I support Alternative 4 which requires crab landings in 1996 and 1997 because it is fair while still eliminating most of the latent capacity present within the industry. Alternative 4 would qualify 245 vessels (after reductions and exemptions). This amount is somewhat greater than the number of vessels financially dependent upon crab. However, it also allows flexibility for those vessels which have extenuating circumstances.

Qualification of any amount of crab vessels greater than 245 will result in undue latent capacity. This latent capacity will hinder, if not destroy, any chance of the industry funded crab buyback. It makes no sense for the crab industry to buy out vessels which are opportunistic and speculative. Little effective capacity could be retired with the amount of money available for the buyback. Basically, vessel owners would be asked to pay more for the program than the benefits they would receive from a smaller fleet size.

However, with qualification of 245 vessels, the industry funded Crab Buyback Plan would have a very good chance of buying out effective capacity. In this way, the Crab Buyback would actually receive greater benefit in decreased fleet size, than they pay out to support the buyback loan.

In summary, Alternative 4 should be implemented because it is a fair way to achieve a fleet of mostly true crabbers (financially dependent on crab). By doing so, the industry funded Buyback will then have a very good chance of approval and becoming a success.

### **Current Conditions of the Bering Sea Crab Industry**

The Bering Sea crab industry is in a very poor economic state at the present time. The attached chart reveals that average vessel revenues are at the same level experienced during 1983-1984 adjusted for inflation. It was during this time that many crab vessels crossed over to become trawlers. The current situation is just as desperate. Although difficult to determine, it is most likely that the average vessel revenue is below the average economic break even point. This implies that vessels are having a very difficult time paying the bills.

Where vessel owners used to maintain vessels to the best of their ability, vessels owners are now forced to scrimp on maintenance. I believe that the prolonged decreased average revenues crabbers are experiencing will become apparent soon for the traditional crab fleet (especially if some severe weather is experienced), as may be evidenced by an increase in vessel sinkings and injuries.

There is a very important difference between traditional crabbers which are dependent on crab and those latent vessels which are not dependent. Latent vessels do not need to earn enough money during crab season to cover their fixed costs, while traditional crabbers do. Thus, it makes sense for vessels from other industries to participate in the short King and Bairdi seasons, even when average revenue levels are very low.

For example, as long as a vessel is able to cover fuel, bait, and food expenses (as well as applicable insurance) it makes sense for a vessel to fish a short season such as King or Bairdi. These variable costs are quite low for these fisheries since they are so short. It should be expected that many vessels will then enter these fisheries to cover a portion of their fixed costs (i.e. interest, taxes, licenses, legal, accounting, phone, a portion of insurance, and vessel maintenance). These vessels which are not dependent on crab are mainly trawlers and longliners as well as 24 large crab vessels fishing in other countries, which have healthy industries. For example, trawlers averaged \$1,731,770 in

1996 and over \$2 million in 1995. Basically, they are able to cover all fixed costs in their dependent fisheries while making pure profit in King and Bairdi.

Unfortunately, the traditional crab fleet must be able to cover nearly all fixed costs during the Opilio season. This has been exceedingly difficult as average revenues during the Opilio fishery have dropped dramatically. In 1995 average Opilio revenue was \$711,462 then dropping almost in half to \$365,811 in 1996 and remaining depressed in 1997 at \$409,292. The situation looks just as bleak for the future in regards to Opilio. A lack of recruitment means that we have already seen the peak in abundance, and quota levels will begin to drop off dramatically. Unfortunately, the nagging influence of the Japanese economic crisis will continue to depress all crab prices. Canadian and Russian harvests of Opilio and King continue to depress prices as well.

What this means is in a few years traditional crab fishermen will be forced to rely on another resource as Opilio quotas are slashed and prices do not compensate for the decline. However, there are no new crab resources to develop. Bairdi is currently closed and shows no sign of recovery. This leaves King as the future mainstay of the traditional crab industry. However, with increased King crab abundance and revenues, latent capacity will come flooding in resulting in an inability of crabbers to pay for their fixed costs.

The result of the above will be an economic disaster for the traditional crab fleet if Alternative 4 is not implemented.

#### **Industry Agreements on Crossovers**

During June 22-28 of 1992, the North Pacific Fishery Management Council met and took final action on the vessel Moratorium. The July 7, 1992 Council Newsletter states, "There are no further restrictions on a qualified vessel crossing over from one fishery to another (groundfish, crab, or halibut) during the moratorium, regardless of past participation." This agreement was struck between the various fishing industries at this time.

We are now at a point where halibut has gone Individual Transferable Quota, and both the groundfish and crab industries are attempting to eliminate the crossover provision. This is fine as long as both sides are willing to eliminate the ability to crossover. An important fact to consider is that it is relatively easy for both trawlers and longliners, as well as any other vessel which so desires, to lease crab pots and make a landing in the crab fishery. At the same time, it is not an easy task for a crabber to attach trawl gear to the vessel and make a landing.

For the above reason, crossovers should be eliminated, and Alternative 4 of Proposed Action 5 should be implemented. Alternative 4 will eliminate many of the speculative vessels which do not depend on crab, but made a landing due to the ease of doing so with the desire to obtain a license for a fishery in which they rarely fish.

### Conclusion

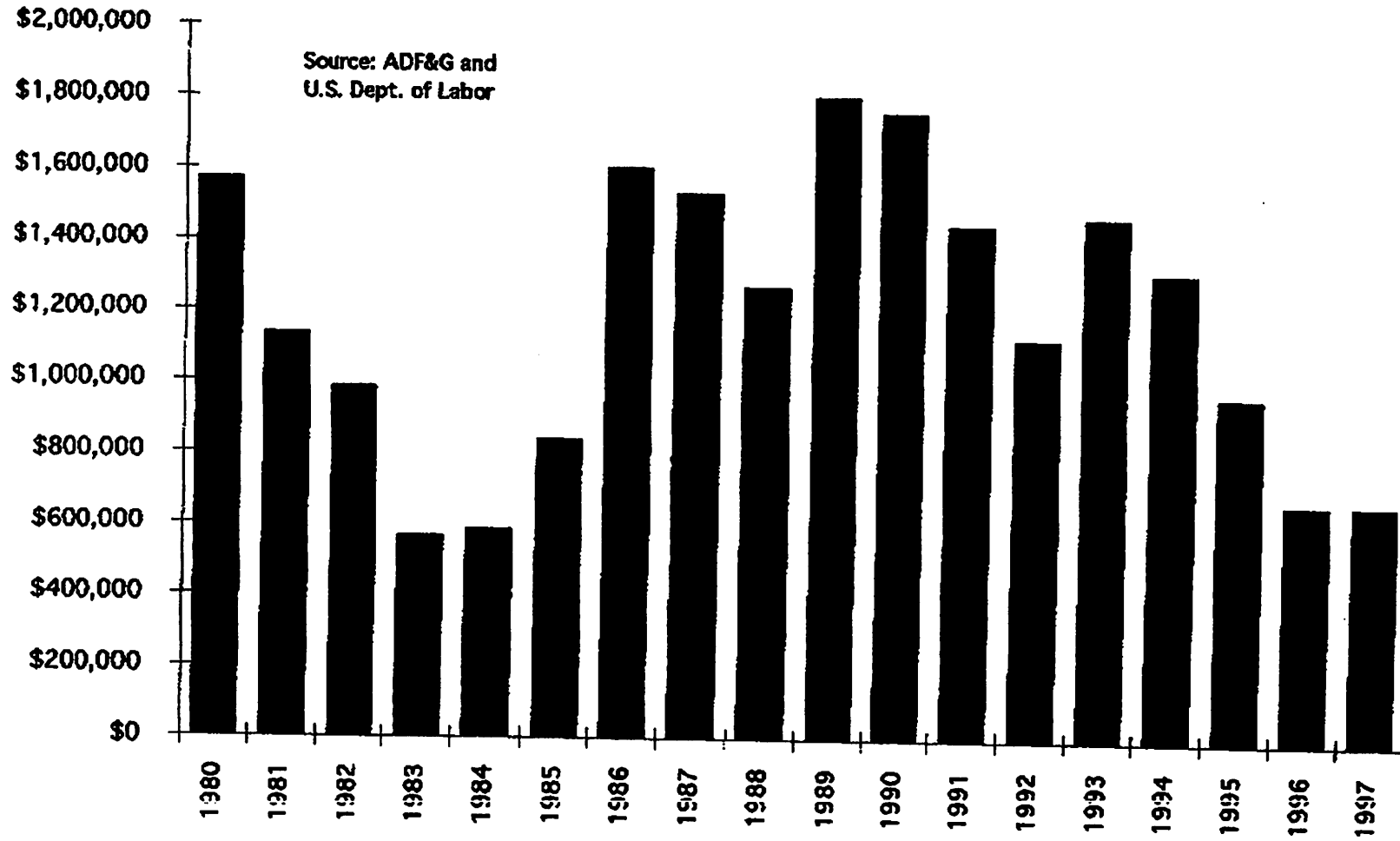
The Bering Sea/Aleutian Islands crab industry is currently in an economic recession due to low prices and an abundance of vessels. Many of these vessels fish speculatively and opportunistically, which results in economic hardship upon the traditional crab fleet which is economically dependent upon crab. For the industry funded Crab Buyback Plan to have any chance at success and to avert the very real possibility of an economic collapse of the traditional crab industry, Alternative 4 of Proposed Action 5 should be implemented.

Sincerely,



Edward Poulsen  
Kris Poulsen & Associates

### Average Crab Vessel Revenue Adjusted for Inflation



701 Dexter Avenue N., Suite 403  
Seattle, WA 98109  
206) 283-6605 / (206) 282-4572

## Royal Aleutian Seafoods, Inc.

PO Box 920128  
Dutch Harbor, AK 99692  
(907) 581-1671 / (907) 581-1743

November 4, 1998

Richard B. Lauber, Chairman  
North Pacific Fishery Management Council  
605 West 4<sup>th</sup> Avenue, Suite 306  
Anchorage, AK 99501

Re: Crab License Limitation Program

Dear Mr. Lauber,

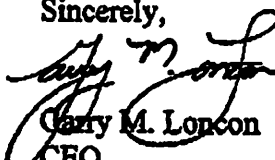
Please accept this letter as Royal Aleutian Seafoods, Inc. ("RAS") comments regarding the License Limitation Program. RAS is concerned with NPFMC's ("the Council") recommendation to adopt Alternative 9. RAS supports the adoption of Alternative 4, which qualifies approximately 250 vessels in the BSAI crab fisheries. Alternative 9 would qualify approximately 290 vessels to fish crab. The difference between Alternative 4 and Alternative 9, in essence adds approximately 40 trawlers that have limited participation in BSAI crab fisheries and fail to demonstrate an economic dependency on crab.

Senate Bill 1221, Section 211, directs the Council to recommend conservation and management measures to (A) prevent the pollock catcher vessel fleet from being able to exceed in the aggregate the traditional harvest levels of such vessels in other North Pacific fisheries (Bering Sea crab fisheries) as a result of coops in the pollock fishery; and (B) protect non-pollock processors from adverse effects as a result of S. 1221 or fishery cooperatives. The Council's adoption of Alternative 9 runs counter to Congress' intent to protect non-pollock participants from adverse effects of S. 1221.

Further, in a recent meeting, the Alaska Board of Fisheries ("BOF") expressed concerns with the passage of LLP that would allow greater than 250 vessels and adversely effect the management of crab fisheries.

RAS strongly encourages the Council to revisit action taken during the October meeting relative to the number of vessels qualified to fish crab under LLP. The adoption of Alternative 4; (A) satisfies the intent of S. 1221 to limit adverse effects to other fisheries, (B) addresses the concerns of BOF regarding management issues and fleet size and (C) preserves the integrity of the proposed Crab Buyback Program.

Sincerely,

  
Gary M. Loncon  
CEO

RECEIVED  
NOV - 4 1998  
N.P.F.M.C

# LATE COMMENT

December 2, 1998

Mr. Rick Lauber, Chairman  
North Pacific Fishery Management Council  
605 W. 4<sup>th</sup> Avenue, Suite 306  
Anchorage, Alaska 99501-2252

RE: Agenda Items C-2, SB 1221 and C-3, Crab LLP Eligibility

Dear Chairman Lauber and Council members,

My name is Scott Hovik. My family and I have been fishermen in the Alaska fisheries for three generations. At the age of nine, I began my fishing career working on deck with my father and grandfather. I've been involved with the family fishing operations to this day, and now am captain and oversee the F/V Nordic Fury, the boat I started on in the Bering Sea crab fishery in 1972. I am writing you to express my feelings on the upcoming Crab LLP Eligibility issue as well on the S1221 issue.

Back in 1972 there were 35 boats in the crab fleet working out of Dutch Harbor. Times were good and the crab resource was plentiful, sparking the dynamic capitalization of the industry. In the following eight years the 35-boat fleet swelled to over 250 boats. The red king crab resource, once healthy enough to support a 127 million-pound quota, was decimated to the point that the King crab fishery was suspended altogether for five years. The year 1981 was a very grim year to be a crabber. I know because I was there. Fortunately, we had the guidance of the Magnuson Act and were able to displace the directed foreign fishing, which was going on in the Bering Sea. This Act provided the needed supplement to a suffering fleet and the Americanization of the pollock industry began. My family and I converted our vessels, along with many other Bering Sea fishermen, into combination crabber/trawlers in order to provide opportunity for the vessels. Our crab pots and crab gear, however, were not discarded and we continued to participate in crabbing.

However, as overcapitalized as the crab fisheries were, I witnessed more and more vessels entering the fishery as well as more and more pots. We asked for the Council to shut the door to new participants, yet action on an effective moratorium and LLP was a day late. Now, to the contentious issue at hand. The Alaska Crab Coalition, which represents only 39 vessels of the 275 that were registered for the 98 king crab season, maintains that all the vessels that converted their boats to fish pollock should no longer be allowed to participate in the crab industry. Many of the statements presented to you by ACC, by way of Arne Thomson at the October and November 1998 Council meetings, are misleading and some are total fabrications.

Please allow me to give you some background information in regards to my particular situation. The Magnuson Act stated that up until the American fleet had the capacity and was actively engaged in the pollock fishery, the foreign fleets would be allowed to continue operating in American waters. The Bering Sea crab fleet was quick to meet and

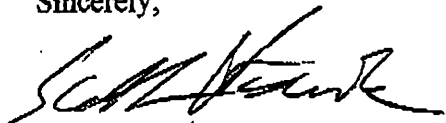
overcome the challenge with joint ventures. The year 1989 saw the last of the joint ventures and domestic markets for catcher boats had to be created. At that time seven vessel owners met with Senator Stevens to get his view of an idea to purchase a large container ship and continue a joint venture type of operation. He strongly endorsed the idea and so, the Ocean Phoenix was born. The OP has succeeded as a U.S. processor and the surimi she produces is the standard by which all others are judged. Then came shoreplants and factory trawlers and the cry of preemption, which ushered in Inshore/Offshore I in 1991. At that time I testified before council to give mothership operations their own quota rather than being painted with the same brush as factory trawlers. Instead we were pitted against the F/Ts as part of the offshore contingent and had to compete for fish against the F/Ts.

Arni Thomson wants you to believe that since my family has an interest in a floating processor along with six other fishing families, that we are too big and too successful, thus we should have our crab rights stripped away (see ACC Nov. 5, '98 letter to NPFMC). Interesting to note that a few of his members also have, over the years, bought into, and started, floating processing operations. For example, Kris Poulsen has his own processor Royal Aleutian Inc. Many of Alaska's premiere fishermen started processing companies, such as Icicle Seafoods, Silver Lining Seafoods (now NorQuest), Yard Arm Knot, and many others. Why should we be singled out because we choose to invest in a groundfish processor?

Enter S1221. The new landscape in the pollock business is a far cry from the way it originally looked. S1221 increases the shoreside quota by about 42%, While the mothership quota was reduced by roughly 12%. Because our vessels, the Nordic Fury and Pacific Fury were fishing crab before and after the offshore pollock fishery during the past three years, we did not make the 250 mt threshold for being qualified as a shoreside catcher vessel under S.1221. If the BSAI pollock quota is further reduced, the 10% allocated to motherships will shrink to the point of making the Ocean Phoenix too costly to keep in operation. I don't have the option of fishing shoreside for pollock because of my lack of a shoreside pollock endorsement.

Thus, my letter to you. If I can't work with Ocean Phoenix or go to a shore plant and ACC gets their way, our source of income is seriously jeopardized. Having been a pioneer in both the crab and pollock industries, I find it a travesty that my boats, with as long and proud history, now stand on the brink of collapse due to the high greed factor in what I see as a blatant attempt at a fish grab. Thank you for your time. I ask you to vote in a manner that maintains my opportunity to fish the fisheries I pioneered and have depended on since I was nine years old.

Sincerely,



Scott Hovik  
Captain, F/V Nordic Fury



# LATE COMMENT

December 4 1998

Mr. Clarence Pautzke  
Executive Director NPFMC  
Anchorage Ak.  
Fax 907-271-2807

RECEIVED  
DEC - 7 1998

Re: Crab LLP consideration

Dear Mr. Pautzke

N.P.F.M.C

Presently before the council is a great opportunity to undo a very controversial decision that the council made at the October meeting. An opportunity to help make sense of the BS/AI crab fisheries, to do good for both the true consistent participants in the BS/AI crab fleet and the true consistent players of the pollock/crab crossover vessels, the ones who have year after year consistently participated in the crab fisheries. The council has the opportunity to recind the decision of opening the flood gates into the already overcrowded crab fisheries that Alternative 9 allows, and reconsider- adopt Alternative 4 which more truly reflects who the consistent participants have been in the Bering Sea crab fisheries for the past several years.

I myself, have been involved in the fisheries as a fisherman, owner/ operator for the past 29 years. I have participated in nearly every crab season in that time and continue to operate my vessel today. With the collapse of the king crab stocks in the early 80's, my partners and I made the decision to convert our vessel to an efficient trawler/crabber combination vessel in 1981. We have continuously fished crab in between trawl seasons at every opportunity since the vessels conversion 18 years ago. Several of the other so called trawler/crabber combination vessels elected not to participate in the crab fisheries even though they had similar opportunities such as we've had. In fact many, if not most of these converted crabber to trawler vessels sold off much or all of their crab pots during those years leading up to the present. We on the other hand, have continued our commitment and shown our dependency in the crab fishery by virtue of our consistent participation and our capital expenditure on gear and improvements.

There is obviously no solution that is going to be perfect for all those involved, but I take some offense when many of the so called "crossover" vessels suddenly seem to display a "historical dependency flag" claiming their very recent participation in the tremendously overcapitalized crab fisheries as being one they have desperately depended on but just could'nt take the time to participate in, that is until the threat of being shut out became a possibility. At the same time they have worked very effectively to keep out anymore entrants into the pollock fishery.

As an independent fisherman, I really don't like the boxed in feeling that we are having to face in the name of rationalization, but some sense must be made of things to preserve at least what we have now to try to stay in business. I sincerely hope the council will take the necessary action to reduce the number of wild cards in the BS/AI crab fishery by adopting Alternative 4 which more accurately represents the numbers and participants who have consistently fished, taken the economical as well as the physical risks that go along with the crab fisheries. Thank you for the consideration.

Sincerely

  
Joseph Wabey  
f/v American Eagle  
f/v Arctic Eagle