



**ALASKA DEPARTMENT OF FISH AND GAME JUNE 2000  
REPORT TO THE NORTH PACIFIC FISHERY MANAGEMENT  
COUNCIL**

Fisheries of Council interest managed under the State of Alaska's authority since the last Council meeting includes crab, salmon and state waters Pacific cod.

**BERING SEA/ALEUTIAN ISLANDS KING AND TANNER CRAB FISHERIES:**

**Bering Sea snow crab:** The Bering Sea snow crab fishery closed at 12:00 noon on April 8<sup>th</sup>. The fishery was delayed from January 15 to April 1 due to unseasonably heavy sea ice. Total harvest in the seven-day fishery from 302 deliveries was 30,774,849 pounds. The harvest guideline was 26.4 million pounds. A total of 231 vessels, including 9 catcher processors, participated. In addition, five floating processors also operated on the grounds during the fishery. Weather conditions during the April fishery were extremely mild. No vessels or lives were lost in the 2000 snow crab fishery.

The fishery was managed on daily reports from fishers. A total of 34% of the fleet reported. Based on these reports, fishers averaged 129 retained crabs per pot pulled (CPUE). Crabs averaged 1.4 pounds. Ex-vessel price was \$1.85 per pound and the fishery value is estimated at \$55 million.

Due to American Fisheries Act (AFA) processor caps, some vessels experienced longer wait times to offload, and some vessels were late in clearing their gear from the fishing grounds. Preliminary analysis does not indicate AFA caps contributed to higher than normal levels of crab deadloss.

**Aleutian Islands golden (brown) king crab:** Through May 27, approximately 2.42 million pounds have been taken from the western Aleutians fishery. Effort has declined and only two vessels remain registered in the Aleutian Islands golden king crab fishery; though it is anticipated that two additional vessels will start fishing in early June. Catch rates are currently low and it does not appear that guideline harvest level of 2.7 million pounds will be taken prior to the August 15 regulatory closure.

**Pribilof Islands golden king crab:** Through May 27, 85,000 pounds have been landed. Effort has decreased and only two vessels are currently participating in the Pribilof District golden king crab fishery. Catch rates are also low in this fishery and it is unlikely that the fleet will harvest the 150,000 pound guideline harvest level.

## SALMON TROLL FISHERY

The spring troll fisheries targeting Alaska hatchery chinook salmon opened April 15<sup>th</sup>, and will remain open through June 30<sup>th</sup>. The harvest, as of June 1<sup>st</sup>, is approximately 2,000 chinook salmon, with an Alaska hatchery contribution of about 32%. This compares to a 5-year average catch of about 3,000 fish through June 1<sup>st</sup>, and an Alaska Hatchery contribution of about 45%.

**STATE WATERS PACIFIC COD FISHERY:** The Cook Inlet Area opened on March 5<sup>th</sup>, 24-hours after the closure of the Central Gulf. The Prince William Sound and Kodiak Areas opened on March 11<sup>th</sup>, seven days after the closure of the Central Gulf, and the South Alaska Peninsula Area opened on March 11<sup>th</sup>, seven days after the closure of the Western Gulf of Alaska. The Chignik area opened on April 15<sup>th</sup>. The following is an update through May 30, 2000.

Prince William Sound The Prince William Sound Area GHLL is 2.95 million pounds, which is 25% of the Eastern Gulf of Alaska TAC for cod. Through May 22<sup>nd</sup> the harvest by both pot and jig gear is 106,766 pounds from 10 vessels in 21 landings. The fishery will remain open until the allocation is taken.

Cook Inlet The Cook Inlet Area GHLL is 2.16 million pounds, which is equal to 2.25% of the Central Gulf of Alaska TAC for Pacific cod. The guideline is split equally between pot and jig gear. The harvest through May 22<sup>nd</sup> is 674,425 pounds from 219 landings by 21 vessels. Pot gear closed by regulation on May 1<sup>st</sup>, and will reopen June 1<sup>st</sup>. This gear has accounted for more than 90% of the total harvest. The fishery will remain open until the allocation is taken.

Kodiak The Kodiak Area GHLL is 12.0 million pounds, which is 12.5% of the Central Gulf of Alaska TAC for cod. The guideline is split equally between pot and jig gear. The harvest through May 30<sup>th</sup> is 7.4 million pounds. Sixty-two pot vessels have harvested 5.1 million pounds. One hundred thirty three jig vessels are registered and their harvest is 2.3 million pounds to date. Both pot and jig activity is expected to continue throughout the summer.

Chignik The Chignik area GHLL is 6.7 million pounds, which is 7% of the Central Gulf of Alaska TAC for cod. The guideline is allocated 85 percent to pot gear and 15 percent to jig gear. The season opened on April 15<sup>th</sup>. Nineteen pot vessels have harvested 1.8 million pounds. Although three jig vessels are registered there has been no reported harvest. Jig and pot fishing are expected to remain open through the summer.

South Alaska Peninsula The South Alaska Peninsula Area GHLL is 15.1 million pounds, which is 25% of the Western Gulf of Alaska TAC for cod. The guideline is allocated 85 percent pot gear and 15 percent jig gear. The South Alaska Peninsula Area closed for pot gear on April 8, 2000. Sixty-seven pot vessels harvested 14.4 million pounds. Twenty-one jig vessels have taken 315,000 pounds. Jig fishing is expected to close in June.

**TESTIMONY OF JEFFREY BUSH, DEPUTY COMMISSIONER  
ALASKA DEPARTMENT OF COMMUNITY AND ECONOMIC  
DEVELOPMENT  
TO THE  
NORTH PACIFIC FISHERIES MANAGEMENT COUNCIL  
JUNE 7, 2000**

**SIMPLIFICATION PLAN FOR CDQ  
COMMUNITY DEVELOPMENT PLAN REPORTING**

The state has been working with the CDQ groups to provide flexibility within the state regulatory framework – flexibility that would take into consideration the increasing business needs of the CDQ groups, but would also maintain the integrity of state compliance and monitoring of the CDQ program.

Both the CDQ groups and the state recognize that oversight needs to be an integral part of the CDQ program. The major change is an effort to simplify and streamline the notification/plan amendment process while maintaining accountability in the program.

The state worked closely with the CDQ groups to prepare the conceptual draft. The majority of the groups are in support of it. Clearly, a change in state regulations of this magnitude will require changes in federal CDQ regulations. The proposed concept draft has included the participation of NMFS staff.

The majority of the current state and federal monitoring and compliance requirements will stay in place. CDQ program standards which require evidence of specific and measurable benefits to each community participating in a CDP, and the appropriate level of due diligence that reflects the value of each investment, will remain intact.

Quarterly reports will continue to be required. This includes consolidated financial statements, year-to-date reporting of all CDQ harvesting and processing activities, complete data regarding training, education, and employment efforts and minutes for any board or directors meetings held during the quarter.

CDQ groups will also continue to need to submit annual independent audits that meet generally accepted accounting principles and procedures.

## Attachment

### Concept Draft

#### Simplification Plan for Community Development Plan (CDP) Reporting

##### Project Notification and Plan Amendment Process

- 1) For projects which are fully described and budgeted in the CDP the notification process would apply and no plan amendment will be required except as provided in item two listed below;
- 2) A substantial plan amendment to a CDP will only be required if the proposed investment by a CDQ group, or a CDQ partnership where the CDQ group has controlling interest (50% or greater) in the entity making the investment, meets one or more of the following conditions:
  - a) If a cumulative investment, including any phasing of a project, is greater than \$1 million in total expenditures;
  - b) An investment in a new venture includes any new processing capacity (upgrades to existing processing operations would not be subject to this provision);
  - c) An investment is made in a vessel equal to or exceeding 125-feet in length;
- 1) A plan amendment will not be required if the CDQ groups is a minority partner (less than 50% ownership) and is not directly contributing to the investment either by assuming debt or providing funds;
- 2) In the absence of plan amendments, a CDQ group will be required to provide the state with timely written notification within 30 days of all investment transactions, or other changes in accordance with the existing notification policy;
- 3) The state will have a two-year allocation cycle for all species beginning in the fall of 2000.

Mr. Chairman:

My name is Eugene Asicksik. I am president and CEO of the Norton Sound Economic Development Corporation (NSEDC). NSEDC represents fifteen communities that participate in the western Alaska Community Development Quota (CDQ) program. In the eight years that the CDQ program has been in existence NSEDC has been well-run and financially successful.

On behalf of the NSEDC board of directors, I appreciate the opportunity to testify on the State of Alaska's proposal to the Council that it recommend to the Secretary of Commerce that he amend the federal regulations that implement the CDQ program to conform the regulations to the new oversight system that the State is proposing.

Over the years the business activities of CDQ groups have become increasingly sophisticated. Because many of those activities are time-sensitive, NSEDC supports the State's proposal to eliminate the requirement that CDQ groups submit - and receive State approval of - substantial amendments to their community development plans before engaging in business activities that are conducted in the normal course of business. However, NSEDC does not support - and indeed strongly objects to - the new extension of State oversight authority that the State is proposing.

Mr. Chairman, as you and the other members of the Council are aware, NSEDC owns a 50 percent interest in Glacier Fish Company, which owns and operates two catcher-processor vessels. For the past two years the State has asserted that the business activities of Glacier Fish Company are "CDQ projects" as that term is defined in the Secretary's regulations and over which the State has oversight authority. On both legal and policy grounds NSEDC has strongly objected to the State's interpretation of the "CDQ project" definition, which NSEDC believes is clearly wrong. With respect to the legal controversy between the State and NSEDC, the office of NOAA general counsel presently is writing a legal opinion that will provide the Secretary guidance regarding the meaning of the "CDQ project" definition.

If the Secretary amends the federal CDQ regulations to conform their content to the State's new proposed oversight system, the practical consequence will be to amend the federal CDQ regulations to authorize the State to assert oversight authority over the business activities not only of Glacier Fish Company but also of every other fishing company in which a CDQ group obtains an equity interest. That result would be patently unfair to NSEDC and Glacier Fish Company. But of equal importance, it also would be bad public policy since it will discourage, rather than encourage, CDQ groups to purchase controlling interests in the fishing companies that today control the Bering Sea fishery.

According to the State's proposed new oversight system, a fishing company in which a CDQ group owns a 50 percent or greater interest must submit - and must require the State to approve - amendments to the group's community development plan if the fishing company invests more than \$1 million, makes any new investment in a processing operation, or invests in a vessel that is 125 or more feet long. Of the six CDQ groups, NSEDC presently is the only group that owns a 50 percent or greater interest in a fishing company whose business activities meet those standards. For that reason, in the near term, NSEDC is the only CDQ group that will be adversely affected if the Secretary accepts the State's new oversight system.

However, in the long term, if it is accepted by the Secretary, the State's proposed new oversight system will establish a new legal precedent that the business activities of all fishing companies in which the CDQ groups own any percentage of an equity interest are "CDQ projects", even though the State at present will only assert oversight over the business activities of companies in which a CDQ group owns a 50 percent or greater interest.

In the long term that result would be extremely detrimental to the CDQ program. The National Academy of Sciences study of the CDQ program that Congress mandated in 1996, and which has been submitted to the Council, points out that "self sufficiency" and "self-determination" are intertwined. But in the State's proposed new oversight system, someone other than a CDQ group always must have control: if a CDQ group is a minority owner of a fishing company, the majority owner has control; if a CDQ group is a majority owner, then the State has control.

If the Secretary accepts the State's new oversight system, fishing companies such as Glacier Fish Company will be disinclined to allow a CDQ group to purchase a majority interest in the company because such a purchase will require the minority owners to allow the State to control their company's business activities. I wonder how many of the people sitting behind me in the audience who own fishing companies are willing to submit their business activities to the State for approval?

Mr. Chairman, look at two companies that operate in the Bering Sea: American Seafoods and Glacier Fish Company. The Coastal Villages CDQ group owns 20% of American Seafoods, and NSEDC owns 50% of Glacier Fish Company. Under the state's proposal, American Seafoods may make its own decisions about the conduct of its own business, while Glacier Fish Company would have to ask the state for approval before making its most significant business decisions. What are the chances that the other owners of American Seafoods ever would allow Coastal Villages to increase its ownership to 50%?

NSEDC believes that the implementation of the CDQ program should be conducted in a manner that encourages, rather than discourages, CDQ groups to obtain majority interests in fishing companies that operate in the Bering Sea.

To wrap up, Mr. Chairman and members of the Council, the State's proposal that the Secretary adopt a new oversight system presents a valuable opportunity for the Council to evaluate both the past performance and the future of the CDQ program. Before instructing the Council staff to analyze, or to develop new regulations implementing, the State's new proposed oversight system, I encourage you to think about the policy objectives the program should be achieving in the years ahead. From the beginning, the goal of the CDQ program has been to assist western Alaska communities to use their opportunity to participate in Bering Sea fisheries to obtain local economic self-sufficiency. Obtaining majority control of business investments is a key component of self-sufficiency that the Council should encourage, but which the State's proposed new oversight system would hinder. Thank you.



STATE OF WASHINGTON  
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June 7, 2000

The Honorable Patty Murray  
United States Senate  
111 Russell Senate Office Building  
Washington D.C. 20510

Dear Senator Murray *Patty*

Environmental changes in the North Pacific have resulted in dramatic decreases in the allowable harvest levels of crab off Alaska. The snow crab fishery in 2000, was reduced to 28 million pounds, from a normal harvest level of around 200 million pounds. This year's fishery lasted only seven days and it is anticipated that this fishery will be closed next year, and possibly in future years. The St. Matthew blue king crab fishery was also closed this year and may continue to be closed in future years as the resource is rebuilt.

These circumstances have created an economic crisis in the crab fishing industry. The majority of fishers dependent on this fishery are residents of Washington, and a substantial portion of the processing and support industry is also based in Washington. Secretary of Commerce William M. Daley recently announced his determination "that the Alaska snow crab fishery has suffered a commercial fisheries failure due to natural and environmental factors." This determination creates an opportunity for us to join together, as representatives of the state of Washington, to seek immediate financial relief for the individuals and families invested in this fishery through a federal appropriation of disaster relief funds.

While this economic relief is needed, it is not the long-term fix that the industry requires. This industry is over-capitalized as a result of a management regime which has promoted a "race-for-crabs" and a "race-for-processing." I seek your support of Congressional assistance that would support a vessel buyback program in partnership with management recommendations by the North Pacific Management Council (NPFMC) and action by Secretary Daley to further rationalize this fishery. In a recent letter from Chairman Lauber to Secretary Daley, a copy of which was sent to you, the NPFMC committed itself to this task and noted the possible forms such rationalization might take, as well as how Congress might assist. My office fully supports Chairman Lauber's letter.



The Honorable Patty Murray  
June 7, 2000  
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My support and the Washington Congressional delegation support in this effort will build a strong foundation for the long-term sustainability of the crab resource and the economic viability of the industry dependent upon this resource.

Sincerely,



Gary Locke  
Governor

cc: Washington Congressional Delegation  
Jeff Koenings, Director, Washington State Department of Fish and Wildlife