


MEMORANDUM

TO: Council, SSC and AP Members

FROM: Chris Oliver 
Executive Director

DATE: May 24, 2005

SUBJECT: C. Bairdi Stock Split

ESTIMATED TIME 6 HOURS

ACTION REQUIRED

Initial review of the analysis.

BACKGROUND

In January 2004, the U.S. Congress amended the Section 313(j) of Magnuson-Stevens Act to mandate the Secretary of Commerce implement the Crab Rationalization Program for the Bering Sea and Aleutian Islands crab fisheries developed by the North Pacific Fishery Management Council (the Council), in motions from June 2002 to April 2003, plus any program amendments adopted by the Council. On March 2, 2005, the Secretary issued regulations to establish the Crab Rationalization Program (70 FR 10174). Crab fishing will begin under this Program on August 15, 2005.

The Bering Sea and Aleutian Islands Crab FMP establishes criteria for the management of certain aspects of the BSAI crab fisheries by the State of Alaska (the State). Under this authority, the State has determined that Bering Sea *C. bairdi* should be managed as two separate stocks; one east of 166° W longitude, the other west of 166° W longitude. Under the Crab Rationalization Program, QS, PQS, IFQ, and IPQ will be issued for one *C. bairdi* fishery. The proposed action under this agenda item would amend the Crab Rationalization Program, establishing allocations of harvesting and processing shares for these separate stocks.

Staff has prepared a draft RIR/EA/IRFA for initial review by the Council at this meeting. That document was included in a Council mailing the week of May 16th. The executive summary is attached.

Bering Sea *C. Bairdi* Stock Split EA/RIR
EXECUTIVE SUMMARY

In January 2004, the U.S. Congress amended the Section 313(j) of Magnuson-Stevens Act to mandate the Secretary of Commerce implement the Crab Rationalization Program for the Bering Sea and Aleutian Islands crab fisheries developed by the North Pacific Fishery Management Council (the Council), in motions from June 2002 to April 2003, plus any program amendments adopted by the Council. On March 2, 2005, the Secretary issued regulations to establish the Crab Rationalization Program (70 FR 10174). Crab fishing will begin under this Program on August 15, 2005.

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Alternatives

Two alternatives for allocating shares are under consideration for each pool of shares (QS/IFQ and PQS/IPQ).

For harvest shares (including captains shares), separate allocations would be made for each *C. bairdi* management area based either on:

- 1) all qualifying catch, with each eligible person receiving an allocation in each area based on all *C. bairdi* history (regardless of where the harvests were made); or
- 2) based on historic catch in an area, with each eligible person receiving an allocation in each area based only on qualifying catch in the area.

For processing shares, allocations would be made based equally on qualifying history in the *C. opilio* fishery and the Bristol Bay red king crab fishery. Either:

- 1) each eligible person would receive equal allocations for both fisheries (i.e., separate PQS and IPQ allocations for each fishery); or
- 2) each eligible person would receive a single allocation of *C. bairdi* PQS that is not fishery specific, which would yield *C. bairdi* IPQ that could be used to receive landings from either fishery.

Effects on administration, management, and enforcement

Managing the allocation process under either harvest allocation option would not be difficult and can be accomplished soon after the regulations are effective. Basing harvest on area of catch under the second option would require some additional review of records. Processor allocations under either option would be based on qualified landings from the Bristol Bay red king crab fishery and the Bering Sea *C. opilio* fishery and could be accomplished based on the existing application and allocation process, with no additional administrative cost.

Management of IFQ allocations would be the same under either option. Each QS allocation would yield IFQ based on its portion of the pool and the TAC. Catch accounting would be accomplished by requiring catcher processors to weigh all catch at sea and all landings at shore plants. Catch monitoring plans, subject to the approval of NOAA Fisheries, would be developed by processors to facilitate monitoring and weighing of catch.

VMS, approved by NOAA Fisheries, will be required on all vessels participating in the rationalized crab fisheries. Using a satellite global positioning system, transmitters would automatically determine a vessel's location several times each hour and transmit that information to NOAA Fisheries. VMS is critical to

monitoring catch from the two fisheries, as it will allow geographic tracking of vessel activities. Enforcement under the rationalization program will be complicated by the extended season and the individual allocations to harvesters and processors. As noted in the crab rationalization EIS, additional enforcement agents will be required to monitor the activities of participants in the fisheries. The state regulations that prohibit participation in both the east and west fisheries in a single trip should adequately facilitate management and enforcement of the two fisheries.

Management of IPQ allocations under the two processor options are similar and would be generally undertaken as described in the Crab EIS. The only difference between the two options arises from the allocation of different shares for the two fisheries under one option. Under option 1, the independent allocations of IPQ in the two fisheries would be required to be matched to Class A IFQ from the corresponding fishery. Under option 2, a single type of *C. bairdi* IPQ would be issued that may be matched with Class A IFQ from either fishery. The task of managing these allocations, however, is very similar and, therefore should have few or no management implications.

Effects on harvester allocations (including captains allocations)

The difference in effects of the harvester options on the human environment is primarily distributional. Under the option 1, an eligible participant will receive an allocation in both fisheries based on all qualifying catch regardless of where that catch occurred. Under the second option, a harvester will receive an allocation in each fishery based on historic catch from the area of the fishery. Under the second option, a person's allocation will be skewed toward the area in which the person had greater catch relative to other participants. The distributional effects of the different allocations, however, depend not only on the size of the allocation to a person in a fishery, but also on whether the fishery opens and the TAC. Neither of the fisheries will open in 2005 or 2006, as the stocks are below the harvest strategy threshold that would permit opening. In addition, future openings are uncertain and unpredictable. As a result, the distributional effects are not fully predictable. Since shares in both fisheries are tradable, no differences in efficiency are expected.

Effects of the processor options

The choice of processor options will have operational and efficiency effects. Under the first option, PQS and IPQ pools are created for the two fisheries. Share holders will be able to trade shares in the fisheries independently to establish long term relationships in each fishery independently. Under the second option, PQS are allocated that generate annual allocations of IPQ that can be used in either fishery (so the IPQ pool is equal to the sum of the Class A IFQ pool in the two fisheries combined). Since TACs in the fisheries may fluctuate independently, harvesters that do not hold equal percentages of the pools in both fisheries will be unable to establish fixed long-term relationships with a processor for all of their shares. Instead these participants will need to modify their relationships if TACs change independently in the different fisheries. This restructuring of relationships could reduce efficiency in the fisheries by adding to transaction costs of participants.

Effects on the biological and physical environment

The options under consideration in this action differ only in the calculation of initial allocations of long term shares (QS and PQS) and the nature of the processing privileges (PQS and IPQ) in the rationalized *C. bairdi* fisheries. The choice of options has no effect on the physical or biological environment.

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DATE: June 6, 2005

TO: Stephanie Madsen, Chair
North Pacific Fishery Management Council
Anchorage, Alaska

FROM: Arni Thomson
Executive Director

RE: Agenda Item C-6, C. Bairdi Stock Split
Comments in Support of Releasing the EARIR for Amendment 20
To the BSAI King and Tanner Crab FMP

The ACC office has reviewed the EARIR for the C. Bairdi stock split to establish separate East and West TACs in the rationalized fisheries, in order to make allocations of QS and PQS consistent with ADFG's two stock management program.

ACC's preferred option for allocation of harvester QS is Option #1: Make two equivalent allocations (one for each fishery) based on all of a person's C. bairdi history during the qualifying years, (regardless of where those harvests occurred). This structure would have two QS pools, one for each of the fisheries.

Given the uncertainties and the variability surrounding the rebuilding of C. bairdi in the eastern and western districts and the effects on stock distribution patterns and allocations, and to encourage flexibility and simplicity for establishing allocations and in the management of the fishery, the ACC is supporting the harvester Option #1.

The C. bairdi Council action memo dated May 24th, 2005, also indicates the need for adoption of Option #1, as noted on page 3 (Effects of the Processor Options): "TACs in the fisheries may fluctuate independently, harvesters that do not hold equal percentages of the pools in both fisheries will be unable to establish fixed long-term relationships if TACs change independently in the different fisheries. Thus restructuring of relationships could reduce efficiency in the fisheries by adding to transaction costs of participants."