

Date: May 31, 2016

To: North Pacific Fishery Management Council

From: Pacific Northwest Crab Industry Advisory Committee (PNCIAC)

Re: BSAI Crab 10-Year Review

Committee Members: Lance Farr (Chair, with Keith Colburn proxy); Kevin Kaldestad (with Mark Gleason proxy); Steve Minor; Ruth Christiansen (non-voting Secretary); Elizabeth Hutchinson-Reed; Dale Schwartzmiller; Ray Nomura; Brett Reasor; Tom Suryan; and Dean Fasnacht

Other participants: Sarah Marrinan (NPFMC staff) and Brian Garber-Yonts (AFSC staff)

Summary

The PNCIAC met on Tuesday, May 31, 2016 at the Alaska Bering Sea Crabbers (“ABSC”) office in Seattle, Washington (and via teleconference) to discuss the Council’s 10-Year Review of the BSAI Crab Rationalization Program. PNCIAC members compliment all authors on a well-written, comprehensive, and thorough document.

BSAI Crab Rationalization Program 10-Year Review

Council (Sarah Marrinan) and AFSC (Brian Garber-Yonts) staff provided PNCIAC members with an overview of the upcoming BSAI Crab Rationalization Program 10-Year Review. Ms. Marrinan reminded PNCIAC that the 10-Year Review is primarily aimed as an update of the Program’s previous 5-Year review; the Council requested a comprehensive approach to the review from information available on the broad picture dynamics of the fishery without the traditional analytical rigor associated with addressing specific issues. Ms. Marrinan described scenarios regarding potential outcomes from the Review including: 1) if the Review is deemed deficient in certain areas, the Council could ask for another draft of the Review to be scheduled at a future meeting; 2) if the Review is deemed sufficient, the Council could ask for simple editorial changes while finalizing the Review at the June 2016 meeting; and 3) members of the public, Advisory Panel, and/or Council could request specific changes to program during the Review (using data and information contained in the Review), which would require the initiation of a discussion paper/analysis (at this meeting or a future Council meeting) for a regulatory amendment to the Program. Ms. Marrinan and Mr. Garber-Yonts continued their overview by providing a brief summary of the Review document and the information it contains, specifically highlighting the goals and challenges of the Program as well as those sections of the document that discuss areas of concern from the Council’s 5-Year Review. PNCIAC members were able to ask questions of and voice minor concerns to the staff at this time.

PNCIAC Discussion

The assembled members of PNCIAC agreed to reaffirm the Statement of Principles and recommendations regarding the BSAI Crab Rationalization Program that have been provided to the Council from previous PNCIAC meetings (February and December 2015), with a minor modification made to the final bullet point:

- During the 10 years of its existence, the Bering Sea/Aleutian Islands (BSAI) Crab Rationalization program has been thoroughly examined, scrutinized, and analyzed. There have been a number of significant program amendments enacted to address concerns and/or problems with the Program. Participants feel the Program is working well and processes are in place to address issues that may be identified from time to time.

- The members of PNCIAC feel that any issues related to the Right of First Refusal (ROFR) provisions in the Program can be addressed under the civil contract process originally envisioned by the Council during the development of the Program.
- There is an existing process in place for addressing issues related to Emergency Relief from Regional Landing requirements. In addition, there is an annual reporting requirement associated with this process. The members of PNCIAC feel this process is working well and is adequate to address issues related to Emergency Relief from Regional Landing requirements.
- There are several ongoing industry-led efforts to address concerns over crew compensation, active participation, and lease rates. In addition, there is an annual reporting requirement whereby crab-harvesting cooperatives inform the Council of their efforts to address the aforementioned issues. Finally mandatory annual Economic Data Reports (“EDR”) capture information such as wages paid to crew and arm’s length leasing information each year. As a result, if the Council has concerns based on information provided in the EDR’s, the Council still has the option to address that issue(s) in the course of normal Council deliberations. The members of PNCIAC feel these efforts are working well and the Council has sufficient information at its disposal to determine the efficacy of industry-led efforts and act accordingly if it feels these efforts are not achieving Council intent.
- Members of PNCIAC feel that issues related to Price Formulation and the Arbitration Program are most appropriately addressed by the Arbitration organizations; there is not a consensus amongst members as to whether it is within the purview of PNCIAC to make any recommendation regarding what should or should not be considered as part of the price formulation.

The majority of discussion amongst PNCIAC members focused on the final bullet point above. There was significant dialogue regarding increased production costs for both processors (i.e., Alaska minimum wage increase) and harvesters (i.e., price of fuel) and how these costs are currently not being reflected in the non-binding price formula. There was disagreement amongst members about whether or not these costs: 1) should be included as a component of the price formulation and 2) are able to be included as a component of the price formulation since the current status of authority given to the Price Arbitrator to consider costs as part of price formulation is unclear. All assembled members of PNCIAC agreed that the key question to be answered centers on the specific authority of the non-binding arbitrator regarding consideration of the various costs during price formulation.