

**Testimony of Mark H. Gleason, Executive Director
Alaska Bering Sea Crabbers
Provided to North Pacific Fishery Management Council
February 2015 Agenda Item D-2
BSAI Crab 10-Year Review Draft Work Plan**

Good morning Mr. Chairman and Members of the Council,
My name is Mark Gleason. I'm here today testifying on behalf of the Alaska Bering Sea Crabbers. As you know, we are a trade association representing approximately 70% of the harvest sector participants in the BSAI Crab Rationalization program. We are pleased to offer testimony today on Agenda Item D-2, the BSAI Crab 10-Year Review Draft Work Plan.

In terms of the draft work plan document we think it provides the proper rationale for conducting the review. We feel it captures the original intent of this program in terms of both the stated purposes as well as those that can be implied from the Problem Statement. And we feel the document is organized well and agree with the staff recommendation that the review be comprehensive, but not exhaustive. We also agree with staff intent to have the review focus on changes and impacts within the past five years, considering that the program was reviewed 18 months, 3 years, and 5 years after implementation. And finally, we strongly agree with staff intent to not *"re-open issues for which the Council has determinedly decided action (or no action) on."* The only thing we may not agree with staff on is the timeline for the review. As outlined in the document the intent is to finalize the Work Plan at this meeting and produce an initial 10 Year Review for consideration during the December 2015 meeting. If the intent of the Review is to update tables from the 5 Year Review and describe changes to the management of the fishery over the past five years, then we are fine to proceed. However, if the Council plans to focus on new entrant opportunities and lease rates, we believe it is premature to initiate the 10 Year Review on the timeline provided in the Draft Work Plan.

As you recall, the 5-Year Review was received in December 2010. At that time the Council did not take action on the issues of lease rates and new entrant opportunities. But rather, the Council *"strongly encouraged crab rationalization stakeholders to work together within the industry to craft solutions to the concerns identified."* Over the course of the following year harvesters organized 8 workshops that included vessel owners, QS holders, captains, and crew. We returned to the Council in December 2011 with a proposal to voluntarily cap lease rates as well as institute a Right of First Offer (RoFO) program to provide crew investment opportunities. Nevertheless, the Council adopted a motion that would define the eligibility to purchase owner QS and requested a discussion paper on cooperative provisions for crew.

During the February 2012 meeting the Council adopted several changes to the EDR, in part to better capture data related to lease rates. In October 2012 the Council

received both the discussion paper as well as an analysis of the December 2011 motion. During that meeting the Council did not take up these agenda items, but signaled its intent to consider them at a future meeting. In the meantime, ICE made changes to its membership agreement that included both a formal adoption of the RoFO program as well as the voluntary lease rate cap.

During the February 2013 meeting the Council once again took up the active participation motion as well as the discussion paper. In doing so, the Council noted its intent to take no further action on the amendment package related to active participation requirements. Furthermore, the Council requested that each crab cooperative “*voluntarily provide an annual report detailing measures the cooperative is taking to facilitate the transfer of quota share to active participants, including crew members and vessel owners, and available measures which affect high lease rates and crew compensation.*” The Council received the first such reports during the December 2013 meeting.

The Council will receive the second round of reports during the April 2015 meeting. At that time I would anticipate the Council would receive an update on the effectiveness of the RoFO program to date. I would also like to draw your attention to several outreach efforts ABSC has initiated to “publicize” the RoFO program. Maria is passing around a flyer that we developed to make sure active participants are aware of the program and know how to register. We mailed copies of these flyers along with an explanatory letter to each BSAI crab vessel prior to the start of the Bristol Bay Red King crab season. We also took out a full-page ad in the October 2014 edition of *Pacific Fishing* magazine and the *2015 Pacific Fishing* calendar features the flyer for the month of October, to coincide with the start of the 2015/16 Bristol Bay Red King crab season. I also did an interview with Laine Welch in October 2014 to publicize the program. Maria also provided you with copies several of the resulting articles. And finally, we distributed dozens of these flyers from the ABSC booth at Pacific Marine Expo.

As for lease rates, Maria is also passing out Table 3 from the 2014 Crab Economic SAFE document. I’ve taken the liberty of highlighting the column describing lease rates for Bristol Bay Red King crab and Bering Sea Snow crab for 2012 and 2013. As you can see, the industry clearly delivered on its promise to keep lease rates within a range deemed acceptable by the Council. It is my understanding that the voluntary lease rate cap will be in effect again for the coming year. And of course, the Council will have EDR data to verify.

And finally, as you will recall the Council took action during the April 2008 meeting to make several changes related to the acquisition, use, and retention of C shares. In December 2014 NMFS published a Proposed Rule to implement those changes as Amendment 31 to the FMP. I guarantee the proposed changes to the C share criteria, when fully implemented, will result in more C shares becoming available on the market.

In conclusion, at this time we believe it is premature to initiate a 10 Year Review of the BSAI Crab Rationalization program if it is the intent of the Council to address issues related to lease rates and new entrant opportunities. As we mention in our comment letter, we are pleased the Council appears to have adopted a “co-management approach” to the crab program over the past several years. Specifically with respect to lease rates and new entrant opportunities we have put our best foot forward and I believe those efforts are showing positive results. To close, regardless of how the Council chooses to proceed, we will work with the Council and Council staff to conduct a robust and informative 10 Year Review. This is a great program and one which participants and regulators should be proud of. We believe the 10 Year Review will make that clear. I am happy to answer any questions.