

**BSAI Crab Rationalization (CR) Annual Report Overview
for Fishing Year 2009/10**

General Program Information and Changes

The fifth CR-fishing year, July 1, 2009–June 30, 2010, was relatively stable, with a few Program changes for harvesters and processors, and to electronic reporting. The year brought improvements in reporting, more consolidation of cooperatives, and additional initial issuee attrition but little overall change in the overall number of QS/PQS holders. No land-based processing facilities were open in the West Region; an emergency rule authorized delivery of West Region crab outside the area. In the North Region, weather conditions continued to disrupt some St Paul crab deliveries. For the first time under the Program, two arbitration proceedings (1 price, 1 procedural [lengthy season filing dates]) were settled in favor of the processors, resulting in a later filing date and one of the lowest crab prices on record. Inseason overage violations fell from the 2008/09 fishing year's 15 to zero (0) due to a new regulation (74 FR 41092, August 14, 2009) that allowed postlanding transfers until year-end before an overage becomes a violation. Three other significant regulations changed the Program during the 2009/10 crab fishing year:

74 FR 25449, May 28, 2009 (Effective June 29, 2009)

- Affected custom processing of snow crab in the North Region, clarified that IFQ crab in other crab fisheries processed at a facility through contractual arrangements with the facility owner will not be applied against the IPQ use cap of the facility owners under specific conditions. This rule also modified IPQ use caps that limit the amount of IPQ that may be used at a facility by persons processing Eastern Aleutian golden king crab and Western Aleutian Islands red king crab.

74 FR 45131, September 1, 2009 (Effective August 24, 2009)

- Reduced the amount of fees collected under the Program to the amount needed to finance the Federal loan program for QS purchase.

74 FR 51515, October 7, 2009 (Effective November 6, 2009)

- Provided harvesting cooperatives, crab processing PQS holders, and CDQ groups the option to make intercooperative transfers, crab individual processing quota (IPQ) transfers, and intergroup transfers through an automated web-based process for increased harvesting and processing efficiency.

CDQ Fisheries

A share of most BSAI king and Tanner crab fisheries is allocated to the CDQ Program. For BBR and BSS fisheries, numbers of CDQ vessels were slightly lower than those used in 2008/09; allocations and harvests were also lower. All CDQ vessels also participated in the IFQ fisheries. Landings data remain confidential.

ADAK Fishery

The Adak Community Allocation is 10 percent of the WAG fishery total allowable catch (TAC).

- The 2009/10 allocation was 283,500 pounds, the same as last year's TAC. Due to the small size of the fishery, harvest information remains confidential. Processing facilities were not available in Adak during the season, and West Region delivery/processing requirements were set aside by emergency rule (75 FR 7205, February 18, 2010).

QS/PQS Fisheries

Appeals

- During 2009/10 the Office of Administrative Appeals (OAA) completed five appeals (1 Owner QS and 1 Captain/Crew QS issuance, vacated; 1 late initial issuance application affirmed, 2 vacated). As a result of these appeals, the count of initial issues was increased by 1, to 511.
- One appeal case (Owner QS) is pending.

Arbitration

- QS/PQS and IFQ/IPQ holders participate in the arbitration process. Arbitrations have largely regarded crab costs and delivery terms, except in 2007/08 when a procedural arbitration clarified issues surrounding the timing of price dispute resolutions. This season processors prevailed in two arbitration proceedings (one each: price and procedural). Another arbitration procedure scheduled for the first week in October is pending.
- one proceeding resolved a delivery/price issue in the opilio fishery in favor of the processor.
- one issue in the golden king crab fishery regarding earlier vs later filing dates for arbitration was settled with a later filing date in favor of the processor.

IFQ/IPQ Permits: Issuance and Use

Numbers of persons issued IFQ/IPQ permits and those permit holders with IFQ landings stabilized from earlier years. Initial issues continued to exit the fisheries but the total number of quotholders remained close to that for initial issuance. Cooperatives each count as one "person."

- Persons issued IFQ/IPQ: IFQ Crew = 26, IFQ Owner = 10, IPQ Processor = 20.
- Permitholders who used their permits: IFQ Crew = 54% (14), IFQ Owner = 100% (10), IPQ = 70% (14)
- Four individual IFQ permit holders (of 46, 8.7 percent) participated in 7 landings.
- Hired Masters landed 99.9% of all IFQ crab landed.
 - of 136 Hired Masters authorized to fish, 100 (73.5%) fished.
 - Hired Masters participated in 666 of 666 (100%) total IFQ vessel landings.

Registered Crab Receivers (RCR)

RCR permits are needed to receive CR crab. More permits than actual participants are typically issued as a result of businesses using multiple facilities/platforms to receive crab. In 2009/10 the percentage of issued RCR permits to receive landings decreased by four percent.

- 61 Registered Crab Receiver (RCR) permits were issued to 26 persons, compared with last year's issuance of 62 permits to 25 persons.
- 18 (69%) persons used 30 (49%) of the issued RCR permits.

Federal Crab Vessel Permits (FCVP)

Issuance and landing patterns for each vessel permit type have remained fairly consistent over time.

- 78 of 119 (65%) FCVPs issued for harvesting vessels had landings, of which:
 - 76 of 114 CV-endorsed permits (67%) had landings, and
 - 4 of 5 CP-endorsed permits (80%) had landings.

Transfers

Numbers of intercooperative leases were little changed; numbers of noncooperative leases declined to zero (0) because harvesting IFQ was virtually all assigned to cooperatives. Numbers of permanent harvesting QS transfers continued to decrease:

- 448 QS/IFQ transfers included 226 for cooperative leases and 222 for QS transfers.
- A total of 81.5 million QS units transferred; IFQ transferred totaled about 8.4 million pounds.
- 35 PQS/IPQ transfers included 4 PQS transfers and 31 IPQ leases, substantially less than in 2008/09 (87 PQS transfers), and these occurred among half as many transferors (11 instead of 2008/09's 20)

transferors) but nearly the same number of transferees (11 to 2008/09's 12).

Average Price per Crab QS Unit for QS Transfers

Estimated weighted average price per crab QS unit for priced QS transfers are based on reported total transaction prices (including fees), divided by the number of units—not on reported dollars per unit.

| | | |
|-----------------------------|-----------------------|-----------------------|
| <u>2009/10 Season</u> | <u>2008/09 Season</u> | <u>2007/08 Season</u> |
| BBR: \$0.75–\$0.90 | BBR: \$0.80–\$1.16 | BBR: \$0.65–\$1.17 |
| BSS: \$0.28–\$0.34 | BSS: \$0.42–\$0.53 | BSS: \$0.26–\$0.47 |
| Tanner: Confidential–\$0.06 | Tanner: \$0.10–\$0.14 | Tanner: \$0.07–\$0.26 |

Consolidation–Quotaholders

Entrance and Attrition

Of 511 initial issuees of any type of QS/PQS, 422 were holding quota at year-end 2009/10. The number of initial issuees holding no QS/PQS at year-end 2009/10 was 89.

The number of all persons holding QS/PQS (initial issuees and new entrants) totaled 513, for a net change of *plus two* from initial issuance. The number of quotaholders increased through transfers and as a result of splitting BST into two separately managed TACs for EBT and WBT.

Consolidation–Vessels

During the 2009/10 fishing year, CR fishermen used 78 vessels, a decrease of 10 vessels from prior year 2008/09.

For a five-year comparison, the number of vessels fished: 101 in the first year, 91 in the second year, 87 in the third, 88 in the fourth, and 78 in the fifth year.

Use of Season Lengths

Season lengths for the CR fisheries have remained consistent under the Program. Percentage of season use ranged from 42% (SMB) to 98.9% (BBR) of the available number of days. (Six landings occurred legally after the season).

Landings

| Fishery | TAC (millions of lbs) | % TAC Used | Vessels with landings | Number of Landings |
|---------|--------------------------|------------|--------------------------|-----------------------|
| BSS | 43.2 | 99.9 | 69 | 321 |
| BBR | 14.4 | 99.6 | 70 | 212 |
| EAG | 2.8 | * | 3 | 32 |
| WAG | 2.5 | * | 3 | 38 |
| EBT | 1.2 | 97.9 | 17 | 45 |
| SMB | 1.0 | * | 7 | * |
| WBT | Closed | | | |

Source: Restricted Access Management, NMFS/NOAA

Landings for QS Cooperatives

In 2009/10, 65.2 million pounds of all crab IFQ (99.9 percent of all TACs) was assigned to cooperatives.

Eleven cooperatives (439 members) accounted for at least 99.7% of each fishery's IFQ pounds and 64.4 million pounds, or 98.8% of all cooperative pounds, were landed.

Landings outside Cooperatives

Only 15 persons held 63,482 pounds of IFQ (0.1% of IFQ pounds) outside cooperatives; their harvest of approximately 57,828 pounds in 7 landings was 91.1% of the noncooperative harvest potential.

QS/PQS Fishery Top Ports (and Landings)

Of the seven ports used for CR IFQ fisheries, Dutch Harbor/Unalaska again ranked number one in IFQ pounds and numbers of landings (39.4% of all crab in 263 landings); St Paul ranked second (22% of all crab in 139 landings).

Landings in catcher processors and stationary floating processors, or “At Sea,” remained third (19.4% in 135 landings), and Akutan rose to fourth-ranked (9.2% of all crab in 57 landings) port, displacing King Cove (confidential, 58 landings) to fifth-ranked port.

The other landing ports did not change from last year’s standings: Kodiak sixth (14) and Adak with no IFQ.

Deadloss

Over all, deadloss has decreased under the Program, and, as expected, most (77.9 percent) occurs within the IFQ A permit class. Although deadloss has vastly decreased since 1990, BSS and BBR deadloss is gradually increasing.

- The highest percent deadloss by fishery was in closed WBT, with 100 percent deadloss (1,185 pounds). Although confidential, SMB deadloss was the highest for the open fisheries; deadloss in the larger fisheries was closer to 1 percent (BSS 1.16, BBR 0.78, EAG 1.12)
- By fishery and sector, the BSS fishery catcher vessel owner sector had the highest deadloss rate (nearly 1.22 percent, with over 465,354 pounds of deadloss.

QS/PQS Fishery Sideboards (GOA Groundfish)

During the 2009/10 fishing year, no change was made to the number of vessels (227) or LLP licenses (56) subject to sideboards.

Community Protection Program

- The Program includes several measures to protect revenues and employment in fishery-dependent coastal communities with a history of participation in these fisheries. These measures take the form of geographic landing requirements and/or transfer restrictions on IFQ, PQS, and IPQ in five of the nine Program fisheries. Since the Program began, some PQS has transferred and no longer has ROFR status. Current percentages of PQS that formerly had ROFR:

BSS: Kodiak, 0.13%; St George, 9.7%; St Paul, 5.4%
BBR: King Cove, 5.3%; Kodiak, 3.5% of total PQS

Reporting: Safety and Compliance

The USCG reported:

- ADF&G pre-registered vessels: BBR–89; opilio–96 (this count forms basis for safety check percentages)
- Sailed 2,994 cutter hours (124.75 underway cutter days).
- Deployed aircraft 130 days, flying 294.3 aircraft hours.
- Conducted 28 at-sea boardings: 24 BBR boardings, 4 BSS (opilio) boardings
- Conducted 55 safety checks (red king); 61 BSS/62% preseason (red king); 63% preseason BSS (opilio)
- Nine Search and Rescue (SAR) cases (crab) in 2009/10; no sinkings, no deaths.

Note: Very few crewmembers enroll in safety training courses.

The NOAA Office of Law Enforcement (OLE) reported:

- No significant federal violations this fishing year.

No significant federal violations and a marked decrease in IFQ and IPQ overages (15 to zero) resulted from Program changes that offered fishermen more flexibility. Contributing factors: formation of a supercooperative diminished the chance for an overage, electronic (online) transfers made transfers more efficient and timely, a postdelivery

transfer provision allowed an overage to extend to the end of the season before becoming a violation, and industry continued to increase its understanding of the Program.

Catch Monitoring

There was no change in the number of motion-compensated scales from the previous year, and no major problems were reported with the hopper scales during the 2009/10 crab fisheries.

- NOAA Fisheries received 14 Catch Monitoring Plans (CMPs) for inspection and approval, the same number of CMPs as in the 2007/08 and 2008/09 fishing years.

eLandings

- 666 CR total landings (28 IFQ account overages, including IFQ, CDQ, and Adak):
 - 66 for Adak and CDQ fisheries, lower than in 2008/09 due to the Adak facility closure.
 - 651 for IFQ fisheries, of which 29 were “manually” reported by facsimile.

Economic Data Collection Program (EDR)

The EDR program is focused on collecting production, cost, earnings, and employment information from harvesting and processing sectors of crab fisheries to evaluate effects of the Program over time. High compliance continues, with only 13 percent needing correction (compared with 75 percent in 2005). This year 44 percent of the EDRs were submitted by web, up 20 percent since 2006. Concurrently, EDR submissions by booklet have dropped from 56 percent (vessels) and 50 percent (processors) to 19 percent and 13 percent, respectively. Although active participants routinely comply with the EDR requirement, reporting methods are still changing.

- 104 persons had EDR requirements for calendar year 2009; all but one (bankruptcy) submitted full EDRs or certifications (22 certification pages submitted).
- The number of EDRs submitted totaled 91; four entities provided voluntary EDR data (crab custom processed by another company)

Loans

- A federal loan program to assist in the purchase of QS to captains and crew is recommended but has not yet been implemented for the Program. On May 5, 2010, NMFS published a proposed rule for the Fisheries Finance Program, which (when it becomes final) will allow NMFS to implement the loan program. NMFS expects a final rule to be published by the end of October 2010. NMFS has requested FY2011 loan authority sufficient to begin lending for BSAI crab QS.

Fees and Cost Recovery

Under the Magnuson-Stevens Fishery Conservation and Management Act (MSA), costs for management and enforcement of IFQ programs are recoverable from participants, up to a maximum of 3 percent of the ex-vessel value of the crab.

2009/10 Fishing Year

- A regulatory change effective August 24, 2009 (74 FR 45131, September 1, 2009) reduced fees collected under the Program to the amount needed to finance the Federal loan program for QS purchase.
- The estimated value of the fishery was \$147,188,073.
- Total Program costs were \$2,548,834.
- Personnel and Contracts/Training (including more Joint Enforcement Agreements [JEAs] with the State of Alaska) remain among the highest Program costs.
- The fee percentage for the 2009/10 crab-fishing year was set at zero (0) percent (FR Doc. Vol. 74 No. 135, July 16, 2009) due to residual funds left over from the prior year sufficient to cover projected actual costs for the fishing year.
- Two outstanding collections remain due to RCR bankruptcies.
- A fee percentage of 2.67 percent applies to the 2010/11 crab fishing year.