

**Draft Council Motion**  
**BSAI Crab Rationalization Program**  
**October 2007**

**C-3(b) - Analysis of the A share/B share split and continuation of the Crab Advisory Committee**

The Council requests staff prepare an analysis for review at the October 2008 meeting examining the effects of a change in the A share/B share split on the distribution of benefits between harvesters and processors and on the role or necessity of binding arbitration in harvester and processor negotiations. Further, the analysis should include a discussion of expected effects of such a change on the distribution of landings among communities and expected effects on crew. Analysis should be provided for the status quo 90/10 split, 80/20, 70/30, 50/50, and 0/100 separately for each fishery. Additionally analysis should include an option to achieve each of these levels through incremental shifts over time (e.g., 5 percent per year for a shift to 80/20 and 10 percent per year for each of the other split levels). Additional analysis should include a one-pie IFQ allocation to vessel owners, processors, and skippers and crewmembers based upon each sector's investments and participation in the fishery. A discussion should be included on the effect of shifts as the annual TAC levels rise and fall in each fishery (for example, having the proportion of B shares increase as TAC decreases).

The Council asks the Crab Advisory Committee to continue their work, with a focus on programmatic issues and effects of policy decisions related to the BSAI crab rationalization program. The committee shall be reformed with the addition of 4 community members and two crew representatives appointed by the Council Chairman, since communities and crew are vital components within the crab rationalization program. The newly formed committee shall also be tasked with discussing potential solutions to concerns that may arise from any adjustments to the A share/B share split. These could include issues such as 1) potential compensation to processors from harvesters for lost economic opportunity from a shift in market power, 2) potential changes in landing distribution, 3) the remaining need and necessary changes to the binding arbitration program, 4) use and effectiveness of regional landing requirements to protect communities, and 5) respective impacts on crew. In addition, the committee shall make recommendations on how best to provide for economic data needs. The Crab Advisory Committee shall provide a report to the Council at the February 2008 meeting indicating its progress on this assignment.

The crab advisory committee is asked to develop recommendations for a protocol, including an audit process, to obtain timely information about ex vessel price, by share type and region, and first wholesale price. Committee recommendations for improving ex vessel and wholesale price information should be prioritized by the committee so that the data becomes available to inform the Council's ongoing analytical process.

The Council elected to postpone a discussion of the draft statement of purpose and need until the December 2007 meeting. The Council requested staff to prepare a discussion of issues and concerns raised in deliberations and public testimony that could be used to further develop the statement of purpose and need.

The Council directed staff to prepare analyses of regulatory recommendations of the crab advisory committee, including amendments to address:

- the requirement of market reports and non-binding price formulas for fisheries unlikely to open
- the timeline for the market report and non-binding formula for golden king crab fisheries (which does not allow for use of data from the most recent fisheries)
- staleness of market reports
- immunity of arbitrators, arbitration organizations, market analysts, and third party data providers.

### **C-3(c) – Initial review of C share exemption from 90/10 A share/B share split**

The Council directed staff to release the analysis of the exemption of C shares from the 90/10 A share/B share split and all processor share and regional landing requirements for final review and Council action at the December 2007 meeting.

### **C-3(d) – Initial review of exemption of custom processing from processor share cap**

The Council directed staff to release the analysis of the exemption of custom processing from processor share use caps for final review and Council action at the December 2007 meeting with the following changes:

- remove tables 11 and 12 (showing ex vessel payments at the time of landing)
- revise the last sentence of the statement of purpose and need to read "...exempting shares in the community of origin from..."
- add "home rule cities" to option 2 under "locations qualified for the exemption"
- in the Western Aleutian Islands golden king crab fishery include suboptions to:
  - exempt only West designated shares
  - exempt all West designated and Undesignated shares processed in the West region
- revise option 2 under "Provisions to protect interests of the community of origin" to read "In the event that processing shares currently or formerly subject to a right of first refusal..."

### **C-3(e) – Initial review of provision for post-delivery transfer**

The Council directed staff to release the analysis of post-delivery transfers in the crab fisheries for final review and Council action at the December 2007 meeting with the following changes:

- Under "Limits on the number of post-delivery transfers" include a provision that "No person shall be permitted to begin a fishing trip, unless the person holds unused IFQ" in Alternatives 2 and 3
- Under "Limits on the number of post-delivery transfers" change from a limit on the number of transfers of a "species" to a limit on the number of transfers of an "allocation".
- Revise purpose and need statement by
- removing the word "inadvertent" from the last and second to last sentence and
- adding the following sentence, immediately before the last sentence, "The inability to address overages also impedes flexibility in attempting to optimally harvest IFQ."

The Council also identified Alternative 2 (with suboption 2, which require all post-delivery transfers to be completed by the end of the crab fishing year (June 30th) and no inter-cooperative requirement) as its preliminary preferred alternative.