

FINAL

**Crab Advisory Committee Meeting Minutes  
September 5, 2007  
Swedish Cultural Center  
Seattle, WA**

Committee Members – Jake Jacobsen, John Iani, Mike Woodley, Lenny Herzog, Rick Shelford, Clyde Sterling, Rob Rogers, Dave Hambleton, Phil Hanson, Louie Lowenberg

Staff – Mark Fina (NPFMC), Glenn Merrill (NMFS SF), Herman Savikko (ADFG), Brian Garber-Yonts (NMFS AFSC)

Public – Einar Sorvik, Terry Leitzell, Linda Kozak, Steve Minor, Margo Posten, Brent Paine, Dave Fraser, Margaret Hall, Pat Hardina, Heather McCarty, Florence Colburn, Chuck McCallum, Gretar Gudmundsson, John Sackton, Ken Tippet, Brett Reasor, Doug Wells, Mike Shelford, John Jorgensen, Edward Poulsen, Gary Loncon, Jeff Kauffman, Dale Schwarzmiller, Kris Deane, Gail Vick

## **Minutes**

### **Review committee report**

The committee accepted current draft of report to the Council concerning regulatory issues. The committee agreed that the recommendation concerning the agreement to use a modified market report should require that the arbitration organizations agree to the terms of that report by May 1<sup>st</sup>. In addition, the committee agreed to review draft purpose and need statements and options by email. These purpose and need statements and options could be presented to the Council for consideration.

The committee also agreed that the report to the Council should include a brief summary of its discussion of B share uses. The committee recommendation to broaden committee membership to community representatives of communities likely to be affected by changes in regionalization and B share program elements should also be presented to the Council.

The committee agreed that its report should express its gratitude to the staff of the RAM for working to develop an expedited process for transfer applications. The committee believes that real time transfer processing is important to addressing logistical issues that contribute to unintended uses of B shares and that RAMs efforts to expedite share processing will make important contributions to addressing those issues.

### **Previous meeting's minutes**

The committee agreed to minor changes in the minutes from the last meeting:

- a) removal of specific years for determining the historic division of revenues
- b) ensure that Steve Minor's report identifies the source
- c) revision to minutes concerning community/regionalization issue

### **Other regulatory issues**

The committee has identified no other regulatory issues that it should address at this time.

### **Discussion of the potential replacement of COAR Data**

The committee discussed the merits of COAR data as the source of data used in the arbitration system for establishing the division of first wholesale revenues. Some committee members and some members of the public have raised concerns about the accuracy of COAR data. Other committee members and members

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of the public emphasized that COAR is considered the best public data set available. The committee agreed that it is beyond its current purpose to select data for use in arbitration.

### **Harvester need for processor first wholesale information during negotiation and arbitration**

The committee discussed harvesters' need for first wholesale price information from processors to allow for effective participation in the arbitration system and implementation of the arbitration standard. The committee generally agreed that issue might be best addressed either through the arbitration organizations or through informal arrangements by industry, rather than through the Council process. If industry and the arbitration organizations are unsuccessful in reaching a resolution of this issue, the public and committee could develop proposals for minimum data requirements for committee consideration. The committee agreed that it should allow time for industry and arbitration organization discussion of this issue prior to including it on its agenda. If industry is not capable of addressing the issue, it could be revisited by the committee at a future meeting.

### **B share issues**

Several issues concerning the development of the committee's recommendations concerning the use of B shares were discussed. Several committee members acknowledged that community representation is important for the discussion of some issues, including the use of B shares to address inseason contingencies and the effects of the program's regionalization component on the use of B shares. The committee acknowledged that all communities with active industry members could have an interest in these issues. Several committee members also acknowledged that some aspects of its work, such as price formation and the program's arbitration component should not be of concern to communities, so community involvement in the discussion of those issues might not be necessary. Some committee members suggested that additional members could be useful for addressing the full scope of issues related to the use of B shares. Some members suggested that non-IPQ holding processors might have useful inputs into the discussion. It was suggested that committee and industry members should consider appropriate composition of the committee to ensure that all interests are represented, but that care should be taken to ensure that the committee does not grow to an unwieldy size. Outside of the committee, industry discussion of this issue should take place prior to the next Council meeting to make certain that the committee remains effective in the future.

Some committee members suggested that some of the difficulty in addressing the B share issue is caused by the relative lack of experience under the program (2 years). Year-to-year changes in the fisheries contributed to a variety of factors that influence harvesters' ability to use B shares to pursue the best markets. These committee members suggested that participants will learn more with each year and that continued discussion of B share issues could be fruitful in resolving issues as they are identified.

Harvesters, in general, expressed their belief that they are not getting the full benefit of B shares because of logistical complications. Particularly, one harvester suggested that B shares must be reserved until the season's end to ensure their availability should a contingency arise. This need to reserve shares has prevented their free use in the market. Some harvesters also suggested that the problem is exacerbated by the small quotas in the fisheries in recent years. Larger quotas would translate into larger B share allocations, which would free up more for uses other than logistical coordination. One harvester suggested that coordination of landings among processors could be needed to address shortages in production capacity that might cause delays in offloading under large quotas. It was suggested that this issue could be addressed by the committee.

Other committee members pointed out that, to some degree, B shares have served all of the intended purposes. Some harvesters have clearly had the opportunity to market B shares based strictly on price. Some new product markets (such as live crab) have started to develop. In addition, some new processors have entered the fishery through the purchase of B share landings. These all demonstrate that at least a

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portion of the B share pool has served its intended purpose. Committee members generally expressed some disappointment with the lack of incentives to develop new product forms under the program (specifically the arbitration system as currently implemented).

The committee expressed a general interest in more input from industry concerning the uses of B shares. Some committee members expressed an interest in hearing from processors that have unsuccessfully pursued B share landings in the market.

Committee members in general expressed an interest in further examining data showing the distribution of B share landings. It was acknowledged that these data are unlikely to show whether B shares are being used for their intended purpose, since the reasons for the landings distribution are not shown in the data. Only harvesters and their cooperatives would have access to information concerning their rationale for specific landings choices.

Committee members acknowledged the need for participation of community representation in the discussion of both B share allocations and regionalization. It was acknowledged that changing the B share split would change the distribution of regional landing requirements, but that development of a new form of B shares that would include a regional landing constraint could be used to increase the B share pool while maintaining the current regional distribution of shares. It was also pointed out that regionalization would prevent some processors from competing for (and communities from receiving) deliveries from those B shares.

### **Next meeting**

The committee will meet again to review its report to the Council on Tuesday the 2<sup>nd</sup> of October at 6 pm in the King Salmon Room at the Anchorage Hilton. A proposed agenda will be developed by committee chairs and staff.