



CITY OF SAINT PAUL .

P.O. BOX 901
SAINT PAUL ISLAND, ALASKA
99660-0901
(907) 546-2331
FAX (907) 546-3188

June 4, 2001

The Honorable Don Evans
Secretary of Commerce
U.S. Department of Commerce
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

Dear Mr. Secretary:

The City of St. Paul of the Pribilof Island Community of St. Paul, Alaska, petitions for a year 2001 determination, pursuant to Section 312(a) of the Magnuson-Stevens Fishery Conservation and Management Act, 16 U.S.C. 1861a (2000) (hereafter "the Magnuson-Stevens Act"), that a commercial fishery failure in the Bering Sea crab fishery has occurred due to a fishery resource disaster. The Section 312 determination requested hereby would be a continuation of the Secretary's 312 determination made on May 11, 2000.

The Bering Sea snow crab fishery, which was the subject of the year 2000 commercial fishery failure determination, has continued in a state of severe decline. The National Marine Fisheries Service ("NMFS") trawl surveys for year 2000 determined that the stocks had not recovered to any significant extent, with the result that the State of Alaska, which manages the crab fishery, reduced the Guideline Harvest Level ("GHL") for the fishery in 2001 even below the 86% reduction in the year 2000. Barely 23 million pounds were harvested in 2001, an 88% decrease from the 1999 harvest level of 196 million pounds.

The second year of the collapse of the crab stocks has intensified the economic and social impacts on affected fishing communities such as St. Paul. Massive efforts are underway at local, regional and national levels to rationalize

the fishery, diversify the economic base of severely affected fishing communities like St. Paul, and fashion alternative management solutions to encourage restoration of the stocks. A 312 determination would authorize the Secretary, through additional appropriations, to continue the work commenced under the May 11, 2000 fisheries disaster determination, including the assessment of the economic and social effects of the commercial fishery failure as the fishery failure continues into its second year, and the efforts of industry, NMFS, and the North Pacific Fishery Management Council ("NPFMC") to restore the fishery and assist the fishing communities affected by the failure.

I. A fishery resource disaster in the Bering Sea snow crab resource continues to exist in 2001.

The Secretary, on May 11, 2000, made the following finding:

"[T]he apparent collapse of the Bering Sea snow crab resource in 2000 and, in all likelihood 2001 and beyond, has resulted in a commercial fishery failure due to a fishery resource disaster as provided under the Magnuson-Stevens Act."

As predicted in the Secretary's year 2000 commercial fishery failure determination, the significant decline in the biomass of snow crabs has continued into the year 2001. An analysis of NMFS' 2000 summer trawl survey of the Eastern Bering Sea found a further decrease in large males and very large males from last years figures. NMFS estimates a 19% decrease over last year's decline, and estimates the total abundance of large males to be 76.1 million crabs, 45% below the twenty year average (1980-1999) of 170 million.¹ Although NMFS' summer 2000 trawl survey indicated an increase in the spawning biomass which brought it slightly above the minimum stock size threshold ("MSST"), an analysis of the survey warned that the increase "is

¹ Alaska Fisheries Science Center, NMFS, U.S. Dept. of Commerce, AFSC Processed Report 2000-07, at pages 17-20 (Nov. 2000) (hereafter "AFSC Report"). A copy of the quoted text, with charts and graphs comparing snow crab abundance, estimated from past and present NMFS trawl surveys, and summarizing crab density by tow from the 2000 trawl survey, is attached as Attachment 1.

suspect since the mature female estimate [which showed the greatest increase over last year's estimate] is heavily influenced by a single extraordinarily high catch."²

Significantly, the snow crab stock continues to suffer from greatly reduced levels of large males and very large males, and a low level of juvenile pre-recruit males, which industry experts projected to be the primary cause of the collapse of the crab stocks. See Natural Resources Consultants (NRC), Economic Impact of Bering Sea Crab Stock Disaster on St. Paul and the Need for Fisheries Diversification in Years 2000 and Beyond, at pages 5-6 (Dec. 1999).³ The outlook for the stocks, summarized from the results of the 2000 trawl survey, is that the "population is undergoing recruitment of crab into smaller size groups, which may produce increases in large males in several years." AFSC Report, Attachment 1, at page 2. At the present time, the stocks remain significantly depressed, at an estimated 472.7 million pounds of spawning biomass, only slightly above the MSST of 460.8 millions pounds.⁴

The cause of the collapse of the Bering Sea crab stocks remains undetermined. NMFS' best available scientific information continues to suggest that the decline in the stocks is due to natural and environmental factors and not to fisheries management policies. See 66 Fed. Reg. 742, 742-46 (Jan. 4, 2001) (discussing NMFS' approval of the Snow Crab Rebuilding

² AFSC Report at page 20. See Table 10 to AFSC Report.

³ A copy of the NRC Report, including the summary of NMFS' chief Bering Sea crab biologist, Dr. Jerry Reeves, is attached as Attachment 2. The NRC report was prepared for the City of St. Paul in support of the City's January 31, 2000 request to the Secretary for a determination of a commercial fisheries failure resource disaster in 2000. The Report, with additional information on the development of the fisheries and the St. Paul economy, was attached to the City's January 31, 2000 letter to Secretary Daley.

⁴ According to the rebuilding plan adopted by the NPFMC in June 2000, the stocks will not be reconsidered "rebuilt" until the spawning biomass is above 921.6 million pounds for two consecutive years. NPFMC, 2000 Crab SAFE, Executive Summary at page 3. The Bering Sea snow crab stock is projected (with a 50% probability) to rebuild in ten years.

Plan, Amendment 14 to the Fisheries Management Plan for Bering Sea/Aleutian Islands King and Tanner Crab).

II. A commercial fishery failure in the Bering Sea snow crab resource due to the fishery resource disaster continues to exist in 2001.

The State of Alaska harvest strategy for the depressed crab stocks in the year 2001 reduced the GHL for snow crab to 27.3 million pounds, an 87.1% reduction from the 1999 harvest level of 196 million pounds.⁵ Significantly, the GHL for 2001 was 1.2 million pounds lower than the GHL for 2000, the year in which a commercial fishery failure resource disaster was determined.

The year 2001 commercial fishery suffered further from extremely harsh weather conditions in which storms with hurricane force winds, together with some of the largest tides of the year, produced extremely dangerous sea conditions. The Alaska Department of Fish and Game reported that “a number of vessels had wheelhouse windows blown out and other structural damage caused by large waves.”⁶ As a result, many vessels were forced to head for safe port a full 12 hours before closure of the season, and the fishery was unable to harvest the full GHL. “Preliminary processor reports indicate a harvest of 23,162,000 pounds; or about 92% of the GHL.” ADF&G Report, Attachment 3, at page 2.

In addition the 87.1% reduction in the GHL, and less than full harvest recovery due to severe weather conditions, the year 2001 commercial snow crab fishery faced a reduction in prices. At an ex vessel price of \$1.55 per pound, 30¢ per pound less than last year, the estimated 2001 snow crab

⁵ Management of the snow crab resource, including the development of harvest strategies, is delegated to the State of Alaska by the Fisheries Management Plan for Bering Sea/Aleutian Islands King and Tanner Crab Fisheries (the “FMP”), with oversight by NMFS and the NPFMC.

⁶ Alaska Department of Fish and Game Report to the North Pacific Fishery Management Council, April 2001 (hereafter “ADF&G Report”), attached as Attachment 3.

fishery value was \$35.9 million. This compares to an overall fishery value in excess of \$55 million in 2000, and \$162 million in 1999.⁷

III. St. Paul remains the most affected fishing community in the year 2001 snow crab commercial fishery resource disaster.

NPFMC's Snow Crab Rebuilding Plan recognizes St. Paul as the coastal community "most effected by the low stock sizes of snow crab."⁸ St. Paul is a fisheries-based community, located in the middle of the crab grounds and within 65 miles of 55% of the U.S. commercial fisheries. Since 1995, St. Paul Harbor has been the primary crab processing location in the Bering Sea and the number two fishing port in Alaska in generating sales and fish tax revenues for the State of Alaska. In 1998 and 1999, crab deliveries to St. Paul Harbor exceeded 40% of the total harvest.

St. Paul's economy is almost entirely dependent on the crab resource. Crab landings and processing accounted for 85% of the cash entering the community in 1999. St. Paul receives a 3% sales tax on crab delivered to and processed by floating processors within three nautical miles of the Island and a 3% sales tax on crab delivered inside the Harbor for processing. St. Paul receives sales tax on fuel and supplies sold in the Harbor, and derives revenue and jobs from the crab fishery in-harbor processors and service support to the crab vessels calling St. Paul.⁹

The community has suffered a loss of 86% to 90% revenues in 2000 and 2001 due to the crab collapse. The significant reduction in revenues is shown

⁷ ADF&G Report, Attachment 3. The dramatic decline in the catch history 1990-2001, is illustrated in the chart attached to the Report.

⁸ The finding is made as part of the NPFMC's examination of the importance of the fishery resource to fishing communities, mandated under National Standard 8 of the Magnuson-Stevens Act.

⁹ The development of St. Paul's crab dependent economy and a forecast for the future of the economy, in light of the collapse of the crab stocks, is discussed in the NRC Report, Attachment 2 hereto.

in the chart, "City of St. Paul Revenue Impacts, Opilio Crab Fishery Collapse, 1999, 2000, 2001," attached as Attachment 4.

Revenues from onshore and offshore processors dropped from \$2.7million in 1999, to \$400,000 in 2000 and 2001. Revenues from harbor services dropped from \$1.856 million in 1999 to approximately \$250,000 in 2000 and 2001. Local business revenue declined from \$75,000 in 1999 to \$28,000 in 2000 and \$26,000 in 2001.

The revenue loss was directly felt by the Island's 650 native Aleut inhabitants by loss of jobs, loss of community health and safety services, loss of the community day care facilities, and curtailment in air passenger, cargo and bypass services to the mainland. As reported in the Wall Street Journal,

St. Paul has been thrown into crisis. Layoffs are mounting, a food bank has opened and an exodus from the island has begun that could cripple one of the last intact native communities in the U.S. . . . Particularly hard hit has been the mainstay of the community, the town government of St. Paul, which has axed about half of its 90 workers. A day-care center for city workers was closed, killing five jobs, as was a town-run dental clinic, wiping out two more jobs and islanders' only access to dental care.

* * *

[With protein supplies on the island dwindling, the native Aleuts of St. Paul are turning to subsistence hunting of seal,] "the island's last source of sustenance if all else fails."

On This Alaska Island, Survival Is More Than Just a TV Game - - - A Cutback in Crabbing Quotas Leaves St. Paul Scrambling To Save its Way of Life, THE WALL STREET JOURNAL, Jan. 15, 2001, attached as Attachment 5. The irony that St. Paul would be looking to subsistence hunting of the fur seal as a source of sustenance underscores the severe impact of the collapse of the crab stocks on St. Paul's crab dependent economy.¹⁰

¹⁰ The Pribilof Island communities of St. Paul and St. George were federal reservations from 1869 to 1983 on which the U.S. Government administered the operation of the lucrative fur seal harvest. The economy of St. Paul depended entirely on the Fur Seal Program. Commercial fishing was not

IV. A determination of a commercial fishery resource disaster in 2001 is needed to provide assistance under the guidelines of Magnuson-Stevens Section 312.

Section 312(a) of the Magnuson-Stevens Act authorizes the Secretary to exercise discretion in determining whether there is a commercial fishery failure due to a fishery resource disaster as a result of:

- a. natural causes;
- b. man-made causes beyond the control of fishery managers to mitigate through conservation and management measures; or
- c. undetermined causes.

Such a determination would authorize the Secretary to provide funds appropriated for the purpose,

“for assessing the economic and social effects of the commercial fishery failure, or any activity that the Secretary determines is appropriate to restore the fishery or prevent a similar failure in the future and to assist a fishing community affected by such failure.”

allowed to take place on the Pribilof Islands nor was construction of a harbor. Economic transition from government controlled fur sealing operations begin with the Fur Seal Act Amendments of 1983, and was accomplished through the development of the St. Paul Harbor, completed in 1990. However, by 1990, the important groundfish fisheries such as cod and pollock were fully developed, with processing operations in Dutch Harbor/Unalaska and Akutan. Thus St. Paul found itself shut out of the groundfish fisheries. The St. Paul Harbor was able to attract the crab industry, due to its proximity to the crab grounds. St. Paul therefore developed from a government controlled economy dependent on fur seal to an independent fisheries-based economy dependent on crab.

As discussed in sections I through III above, the elements necessary for a commercial fishery failure resource disaster are present in the continuing collapse of the Bering Sea snow crab resource. Significant efforts at national, regional, and community levels currently underway to address the fisheries resource disaster in the crab fisheries need to be continued into the future. A determination that the snow crab fishery resource disaster continues in 2001 will make this possible.

At the national level, additional funding is needed for research regarding the biology of snow crab and crab habitat to assist the fisheries managers in developing responsive management measures.¹¹ The NPFMC is engaged in efforts to address the need for restoration of the stocks and overcapacity of the fishery through a crab rationalization plan.¹² Also underway is NMFS' implementation of the first stage of the BSAI Fishing Capacity Reduction Program, whose goal is to reduce fishing overcapacity in the crab fisheries by a license and vessel buyback program.

At a regional and community level, the State of Alaska is administering the 2000 Opilio Disaster Project with funds appropriated for "emergency expenses for fisheries disaster relief . . . for the Pribilof Islands and East Aleutian area of the Bering Sea."¹³ The City of St. Paul has submitted its

¹¹ See 66 Fed. Reg. 742, 742-46 (Jan. 4, 2001) (addressing public comments to the Snow Crab Rebuilding Plan and noting NMFS' need for additional scientific research, when funding is available).

¹² St. Paul has been an active participant of the Crab Rationalization Committee appointed by the NPFMC to assist in the development of proposed options for a rationalization of the BSAI crab fisheries. St. Paul supports the Committee proposal for a fair and equitable quota-based program of a two pie ITQ allocation to harvesters and processors including the requirement that live crab deliveries be to processors in specific regions within Alaska in accordance with recency requirements and historic delivery rates. The NPFMC has announced that it intends to complete its analysis of BSAI crab rationalization by December 2001.

¹³ The affected fishing communities in the Pribilof Islands and the East Aleutian Islands agreed among themselves to an appropriate division of the funds. The State of Alaska, through the Department of Community and

application for funding for upgrading and expanding the community's water system.

The City's 312 water project, which will increase the water storage capacity for processing and fire protection, is designed to help diversify St. Paul's economy by allowing it to move into multi-species processing, thereby reducing its dependency on crab processing. The expanded water storage and capacity will allow for various economic diversification activities including expansion of the local fleet into IFQ halibut and cod harvesting as well as expansion of St. Paul's on-shore facilities into multi-species processing.

Additional steps will be needed to allow St. Paul to diversify its fisheries-based economy beyond crab. With the problems of recapitalization and stock abundance in a number of different fisheries, the time is ripe to actually realign the fishery to make sense, both commercially and from a resource management perspective.

An important step has been taken by the City, in partnership with the Central Bering Sea Fishermen's Association (CBSFA), the local CDQ fishermen's association, and Icicle Seafoods. In April, these organizations signed a Memorandum of Understanding that allows the P/V Northern Victor to move to St. Paul Harbor to process pollock, cod, flounder and other species. The project is possible because the P/V Northern Victor has a fishmeal plant on board and is the only American Fisheries Act (AFA) qualified vessel which is available to locate at St. Paul. Both criteria are necessary to process fin fish at St. Paul Harbor.

The project will finally allow a shore-based facility to be operated in the middle of one of the world's richest groundfish fisheries, and relieve St. Paul's dependence on crab.¹⁴ This, in turn, will provide the harvesting component of

Economic Development, is administering a community grant program which approves eligible projects consistent with Section 312 requirements that the funding be used to assist in the restoration of the fishery or prevention of a similar failures in the future.

¹⁴ As discussed in the NRC Report (Attachment 2), St. Paul was precluded from entering the groundfish fisheries at the time of their development. By the time the St. Paul Harbor opened in 1990, the domestic industry was fully

the commercial fishing industry an opportunity to harvest pollock, cod and other groundfish and deliver to a shore-based processor close to the resource. The result is that value-added products can be made, there is an increase in efficiency, a decrease in costs and an increase in safety.

Additional harbor improvements and infrastructure are needed, however, to allow the P/V Northern Victor to moor and operate its fish processing plant in the St. Paul Harbor.¹⁵ The ongoing federal Harbor Improvement Project is expanding the St. Paul Harbor to allow for safe access and elimination of the overtopping of the breakwater. Additional infrastructure upgrades required include the deepening of the berthing site at the breakwater and reconstruction of the IHS sanitary outfall in order to provide an adequate seafood disposal system.

St. Paul points out that an important part of the Section 312 analysis is the manner in which the valuable St. Paul Harbor can be used, through the development of multi-species processing on St. Paul, to the benefit of the fishing community, the fishing industry, including the fishermen, resource management, and international trade and export. With the dispersal of the pollock fishery because of the Steller sea lion problems, the diversification of the St. Paul Harbor is a critical component of an economic and environmental management program.

V. Conclusion.

A determination of a commercial fisheries resource disaster in the Bering Sea snow crab resource in 2001 is needed to authorize funding to continue the programs that have been commenced to address the collapse of the Bering Sea crab stocks. The need for a Section 312 determination of a commercial fisheries failure is particularly acute for St. Paul Island, the fishing community most severely affected by the collapse of the crab stocks into the second year.

developed. With the collapse of the crab resource, St. Paul's survival depends on its ability to diversify fisheries. NRC Report at pages 2-5; 16-19.

¹⁵ See NRC Report at pages 19-22.

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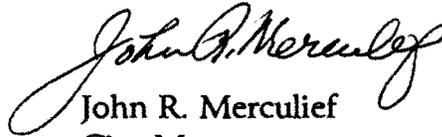
The City of St. Paul requests that it be recognized as an affected fishing community under Section 312(a) of the Magnuson-Stevens Act and that the Secretary make the determination that (1) a fishery resource disaster has occurred in the Bering Sea snow crab stocks due to natural conditions; and (2) the collapse of the Bering Sea snow crab in 2001 has resulted in a commercial fishery failure due to a fishery resource disaster.

Thank you for your attention to this matter.

Sincerely,



Simeon Swetzof
Mayor



John R. Mercurief
City Manager

Enclosures

cc: Senator Ted Stevens
Senator Frank Murkowski
Congressman Don Young
Governor Tony Knowles

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