# CREATING A MONOPOLY IN THE CRAB BUSINESS

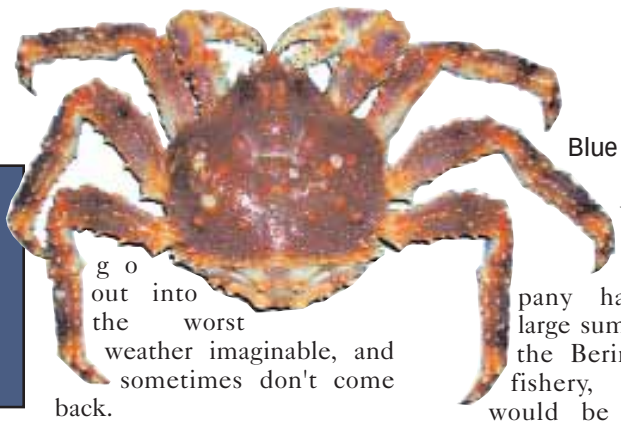
Who took the crab? Thirty years ago the crab business in Alaska boomed. The peak came in 1980. The bust came in 1983, and it's never been the same again. Sure, there have been a few spurts. Snow crab came on in the 1990s, but it crashed in 1998. Join the club.

All seven crab fisheries in the Bering Sea have crashed. Five of them are closed. The snow crab fishery is still open, in part because the North Pacific Fishery Management Council and the state of Alaska don't want to put all the crabbers out of work.

Snow crab, tanner crab and two stocks of blue crab have all been declared "overfished."

The red king crab fishery in Bristol Bay, at the southeast corner of the Bering Sea, was once the biggest in Alaska. For ten years in a row during the 1970s, the harvest broke the record harvest set the year before. In 1980, the fishery was worth $175 million, more than Alaska's salmon catch for the year. But in 1981, crab landings plummeted by more than half, and in 1982, dropped another 90 percent. In 1983, after scientists said the stock had reached a record low in size, and they shut it down.

The crab crash is bad enough for the crabbers, but the work itself might be the most dangerous job in the U.S. Every January, crabbers go out into the worst weather imaginable, and sometimes don't come back.



Blue king crab

The crabbers persuaded the North Pacific Council and Congress to "rationalize" the industry by buying out boats and setting up a quota system. Each crabber would get an "individual fishing quota," or IFQ. They wouldn't have to hurry out in bad weather anymore to catch their quota of crab before the season is closed. Instead they can fish at a more leisurely, and certainly more safe, pace.

In 2000, John Iani, then a vice president for UniSea, a seafood processing company based in Redmond, Wash., appeared before Congress with a plea for help. He said his company had invested large sums to develop the Bering Sea crab fishery, but much would be lost unless processors were granted the same kind of deal that the crabbers wanted.

"The managers and biologists agree that this downturn results from natural causes that the current state of ocean science was simply unable to predict," Iani told a Senate committee. (He later served three years as the EPA's Northwest Region director.)

"In short, we need help."

Iani argued that if fishing vessels should get bailed out for making too little money on crab, so should seafood processors. It didn't matter that nature wasn't as much to blame as he alleged. At about the same time, NOAA Fisheries scientist Dr. Braxton Dew was developing research showing that bottom dragging had destroyed at least the red king crab stocks.

UniSea, Trident and others in the seafood processing

**ALEUT-OWNED PROCESSING PLANT** — Trident leases this halibut and crab processing plant on St. Paul Island. The North Pacific Council awarded Trident a property right to seafood processed at the plant, even though it's owned by Pribilof Aleuts. They say the Aleuts should own the rights in order to keep jobs on the island.

## DID TRAWLING RUIN THE RED KING CRAB? NOAA SCIENTIST THINKS SO

In 1981, a vessel owned by a Russian-U.S. joint venture scooped up thousands of pounds of Bristol Bay red king crab as it trawled for groundfish. The crab catch was not intentional, and keeping the crab was not legal. They had to throw them back.

Bottom trawlers in the Bering sea may have nearly destroyed red king crab stocks in the early 1980s, according to Dr. Braxton Dew, a scientist with NOAA Fisheries.

Dew says red king crab are particularly vulnerable to massive catches because they display an unusual "podding" behavior (see photos at right). Dew is preparing to publish research showing that theories blaming ocean condition changes for the crab crash are likely wrong.

In the 1990s, Dew took many dives into the cold Gulf of Alaska waters near his lab in Kodiak. He discovered that red king crab pile up oddly in the day, then scurry off at night. His curiosity led him to speculate that he may have stumbled upon a clue for why the red king crab suddenly disappeared.

Dew says the crabs' behavior made them vulnerable to the trawlers. At dawn, thousands pile up in dense pods and rest during the day. The trawlers begin dragging their nets at dawn. As their heavy gear scrapes the sea floor, it can collect massive amounts of crab, in addition to sole.

Douglas Smith, an observer on the trawl who took the photograph, said this waste of crabs occurred repeatedly during the early 1980s, though it apparently was never reported by the Council.

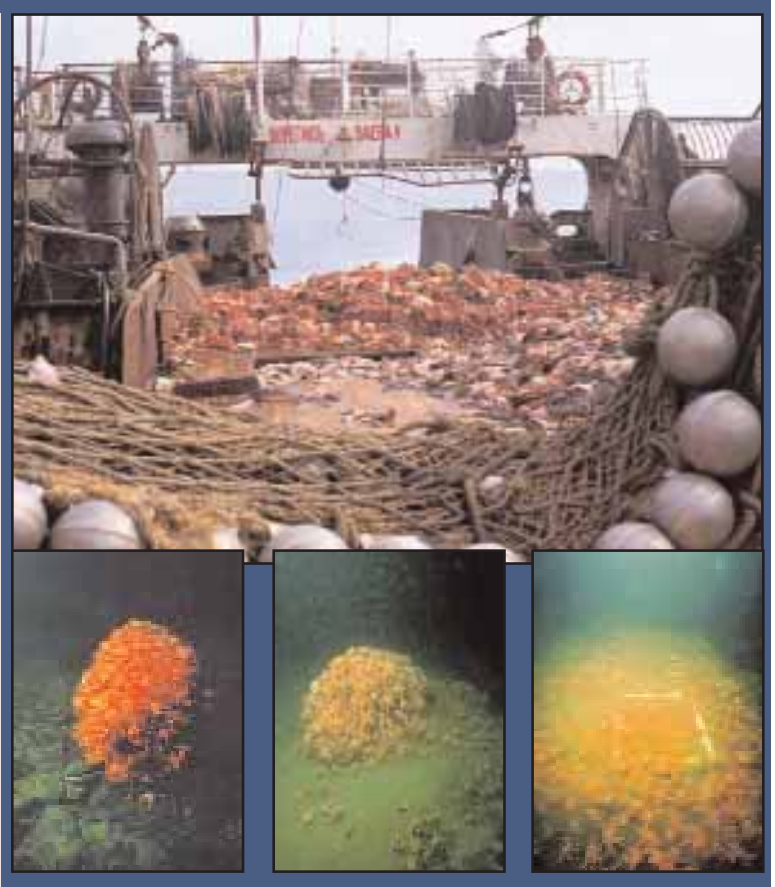
His explanation contradicts the official theories embraced by the North Pacific Council and many others.

They contend that changes ocean conditions in the late 1970s helped cod populations explode. Cod, as the story goes, love to eat crab. This theory has been discredited by several studies, however, even though it still gets plenty of support, even among NOAA Fisheries officials.

Dew says his research shows that in 1980, at the peak of the Bristol Bay red king crab boom, bottom trawlers looking for yellowfin sole began working in areas where the red king crab breed. Until then, the crab breeding area was protected as a no-trawl zone by the Japanese, who dominated the industry in the 1960s before the U.S. fleet moved in.

But after 1976, the newly created North Pacific Fishery Management Council eliminated the protected zone. Trawlers began pulling up vast tows of Bristol Bay red king crab. By law, they couldn't keep crab caught in trawl nets, so they had to return them back to sea — most of them killed by the trauma of getting ranked from the depths. "Red king crab were eliminated from areas with high trawl densities after 1980," Dew says.

Dew has been developing his research for more than a dozen years, but his findings have not been popular among his superiors. He was forced to leave his NOAA Fisheries research station office in Kodiak, Alaska, in 1997, and now works out of the agency's Seattle office. He plans to publish his research in winter 2005. ■



**VULNERABLE TO TRAWLING** — The top photo, taken in 1981 by an independent observer, Douglas Smith, shows a large number of crabs netted by a bottom trawler in the Bering Sea. The three bottom photos, taken by NOAA Fisheries scientist Dr. Braxton Dew, show how crab might be vulnerable to bottom trawling. They exhibit unusual podding behavior during the day, then spread out to feed at night, he says.

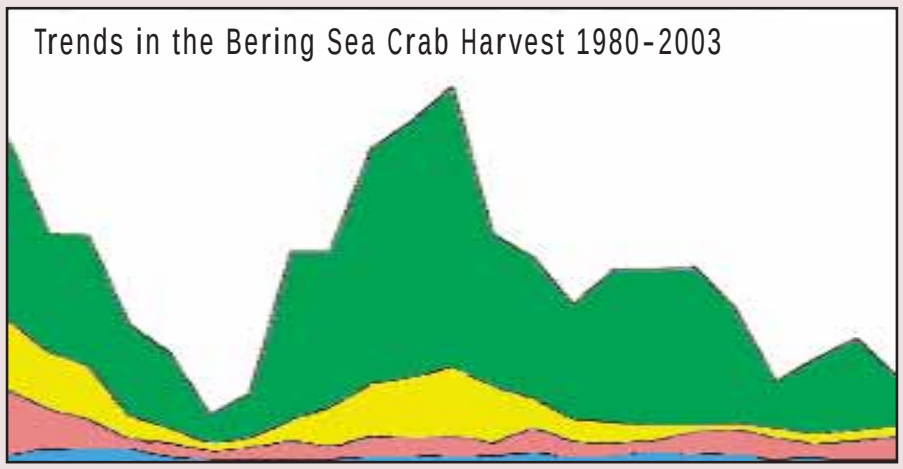
# Charting the crab's crash

The Bristol **Bay red king crab** fishery peaked at 60,000 metric tons in 1980. Between 1980 and 2000, the stock declined by almost 90 percent but has rebounded since. The stock is above the overfished level, although it remains substantially below the peak populations of the 1970's.

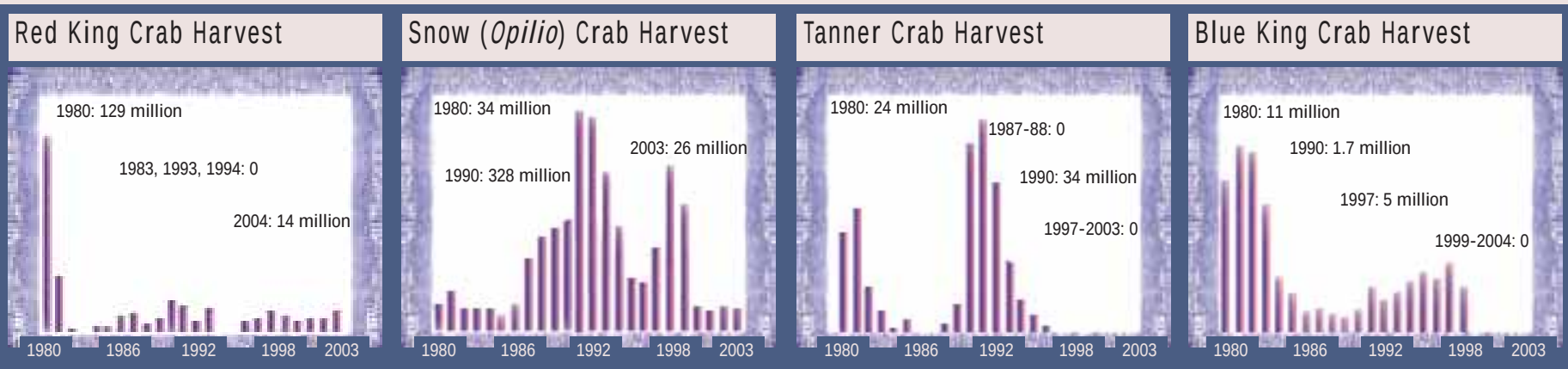
A large fishery for **snow crab** developed in the late 1980s. This stock has gone through two large swings in abundance, with peak landings in 1992 and 1993, a sharp drop in 1996 and 1997, and a second peak of 110,000 metric tons in 1999. The stock has declined sharply since then.

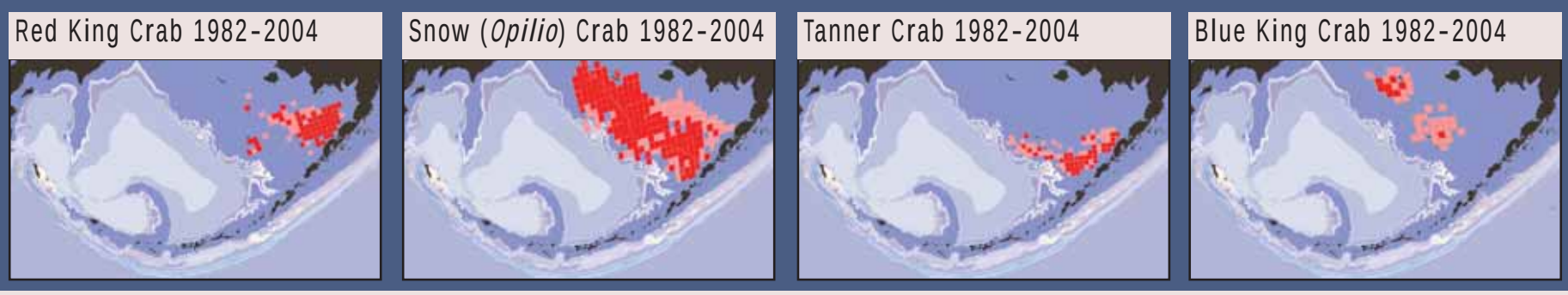
The Eastern Bering Sea **tanner crab** population was high in the early 1980's and from 1988-1992. The population has been low since then and currently continues to decrease due to low recruitment. The 40 million pound fishery in 1990 has produced nothing since 1997.

**Blue king crabs** in the Pribilofs and Saint Matthew Island are extremely depressed. There's been no sign of recovery since 1998. A rebuilding plan was submitted to the North Pacific Council in October 2003. The northern stock has been overfished since 1999. *Source for map and charts: NOAA Fisheries*




**CRASHING CRAB** — The chart above shows year by year trend in harvests for snow, tanner, red king and blue king crab in the Bering Sea from 1980 to 2003. Key: Snow Crab Tanner Crab Red King Crab Blue King Crab




**MISSING CRABS** — The four maps above compare Bering Sea crab surveys conducted by NOAA Fisheries in 1982 and 2004. The red ■ areas show where more than 10 male crabs per square nautical mile were found in 2004. Areas in pink ■ show where crabs were found in the 1982 surveys, but not 2004. The four charts illustrate the diminishing numbers of the four species in their natural range over time.

"Requiring fishermen to sell their catch to only a handful of processors sets this economic principle on its head, effectively removes competition, potentially violates our antitrust laws, and ultimately could hurt both fishermen and consumers." — *Sen. John McCain*

industry persuaded the Council and Congress to give them a monopoly control over the market.

Alaska Sen. Ted Stevens wanted to make sure the processors got their monopoly. He attached a rider to a spending bill in late 2003, giving congressional sanction to an arrangement with serious antitrust issues. The rider enacted the first-ever processor quota plan, known as "crab rat" — short for crab rationalization. This plan will go into effect on Jan. 1. It requires fishermen to sell 90 percent of their crab catch to a specific processor. All processors, including those with the largest quotas, are allowed to compete for the remaining 10 percent which would be sold on the open market.

Trident Seafoods of Seattle for years has been at the forefront in demanding these quotas. In February 2004, as the crab rat plan was becoming final, Trident's general counsel Joseph Plesha told a Senate hearing processing plants need protection without which they "become nearly worthless." The plan requires fishermen to sell 18 percent of their harvest to Trident for processing, he said.

The plan is hailed for alleged environmental benefits. It will slow down the fishing on crab stocks, making it easier for them to grow. But the plan does nothing to solve what may well be the underlying problem: the destruction of crabs and crab habitat by the bottom dragging.

But the plan may not survive court challenges because of antitrust concerns. As J. Bruce McDonald of the U.S. Department of Justice told a Senate hearing in February 2004, processor quotas would produce "anti-competitive results" in the seafood market.

"If the Council concluded it was desirable that processors be compensated for their past over-investment, this could be addressed more directly and efficiently, rather than constructing an artificial marketplace in which competition is inhibited," McDonald said.

Arizona Sen. John McCain, chair of the Senate Commerce Committee, said in February that fishermen have always used the free market to get the best price. "Requiring fishermen to sell their catch to only a handful of processors sets this economic principle on its head," he said, "effectively removes competition, potentially violates our antitrust laws, and ultimately could hurt both fishermen and consumers."

Richard Young, a fisherman, said there are two reasons to oppose processor quotas. "First, processor quotas will restrict where fishermen can sell their fish," he said. "Second, the only reason to restrict where fishermen can sell their fish is so that processors can pay fishermen a below market price for their fish."

Clem Tillion, an industry consultant and former North Pacific Council member, has famously said of the processor quota, "It's not slavery, but it's the next best thing." ■