

**JUSTIFICATION**  
**ALASKA CRAB ARBITRATION SYSTEM**  
**OMB CONTROL NO. 0648-0516**

**JUSTIFICATION FOR CHANGE: Modify procedures for producing and submitting documents that are required under the arbitration system to resolve price, delivery, and other disputes between harvesters and processors (associated rule RIN 0648-AX47)**

Under the Crab Rationalization (CR) Program, National Marine Fisheries Service (NMFS) issued quota share (QS) to persons based on their qualifying harvest histories in the Bering Sea and Aleutian Islands Management Area (BSAI) crab fisheries during a specific period. Each year, the QS issued to a person yields an amount of individual fishing quota (IFQ) in pounds of crab as a proportion of the total QS pool in a crab fishery.

The CR Program includes an arbitration system that may be used to resolve ex vessel price and other delivery term disputes for landings of harvests using Class A IFQ. The arbitration system defines a procedure intended to assist participants in coming to reasonable terms for those deliveries. If the parties are unable to negotiate a settlement, an arbitration procedure may be used to resolve those terms. The arbitration program is administered through a series of contracts among shareholders and arbitration organizations, which are formed by shareholders in the fisheries. These organizations are responsible for establishing the administrative aspects of the arbitration system, including selecting arbitrators, coordinating the dissemination of information concerning uncommitted shares among the participants, ensuring confidentiality of sensitive information, and collecting payments to disburse program costs.

Under the current regulations, arbitration organizations representing holders of harvest shares and those representing holders of processing shares are required to contract for market reports and non-binding price formulas, annually, for each fishery regardless of whether the fishery opens. In the first two years of the program, the St. Matthew Island blue king crab, Pribilof red and blue king crab, and the Western Aleutian Island red king crab fisheries have not opened. Production of these reports is unnecessary, since no landings occurred during this period. A modification of the regulations could remove the requirement for producing a market report and non-binding price formula for fisheries unlikely to open.

This request would modify procedures for producing and submitting documents that are required under the CR Arbitration System. **In the event that the arbitration organizations representing at least 50 percent of the processor quota share (PQS) holders, and at least 50 percent of the unaffiliated QS, holders agree that a fishery is unlikely to open, neither a market report nor non-binding formula will be required for the fishery. Any such agreement will include provision for the production of the market report and non-binding formula, in the event that an opening is later announced for a fishery, specifying a timeline for the production of those reports.**

The changes are expected to slightly reduce the burden and costs for harvesters and processors to comply with the arbitration system requirements. Although the savings from using this provision to avoid producing unnecessary reports and formulas is rather minor, the provision should provide a benefit to participants who wish to avoid those costs. We are not attempting to estimate the savings at this time.