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# The Western Alaska Community Development Quota Program

**October 2018**





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# The Western Alaska Community Development Program

## Abstract:

The western Alaska Community Development Quota Program (CDQ Program) provides western Alaska villages with the opportunity to participate and invest in fisheries in the Bering Sea and Aleutian Islands fisheries. Six non-profit corporations represent 65 communities with the purpose of economic development in western Alaska and goals to alleviate poverty, provide economic and social benefits to residents, and achieve sustainable local economies. Legislative action under Section 305(i)(1)(C) of the Magnuson-Stevens Fishery Conservation and Management Act enabled allocation to CDQ groups of groundfish, halibut, crab, and bycatch species and a decennial review allows for program and allocation adjustments. The allocations were implemented in 1992 for pollock, 1995 for halibut and sablefish, and 1998 for multispecies groundfish. In 2016, the CDQ groups harvested 249,538 mt of seafood worth \$120 million. In the same year, the CDQ groups processed 196,037 mt in seafood volume worth \$213.9 million. This report reviews the regulatory landscape, allocative process, and changes in CDQ investments.

**October 2018**

## For More Information:

NMFS Alaska Region  
Sustainable Fisheries Division  
Juneau, AK  
<https://alaskafisheries.noaa.gov/fisheries/cdq>

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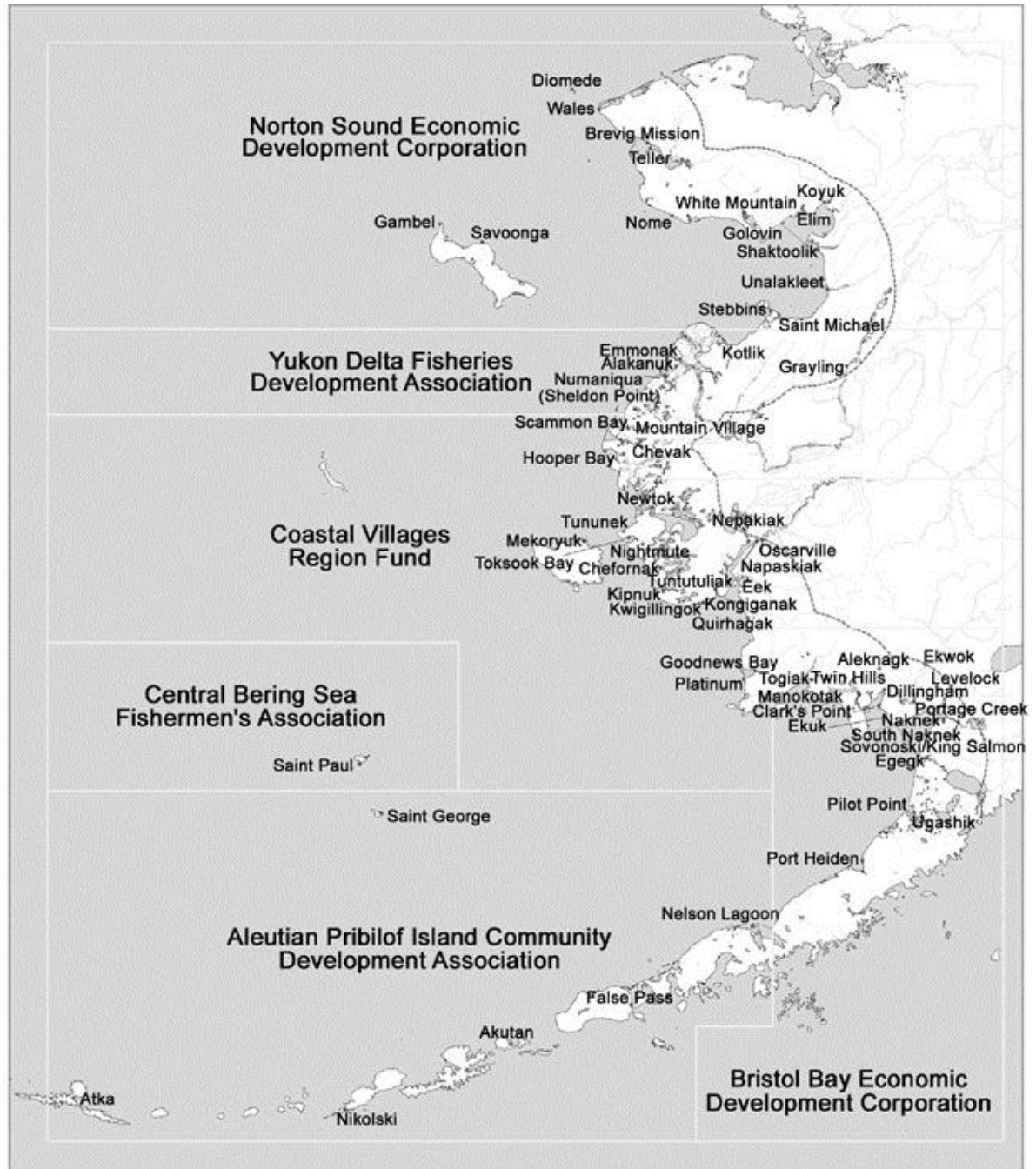
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## Introduction

The Western Alaska Community Development Quota (CDQ) Program is an economic development program associated with federally managed fisheries in the Bering Sea and Aleutian Islands (BSAI). The purpose of the program is to provide these 65 western Alaska communities the opportunity to participate and invest in BSAI fisheries, to support economic development in western Alaska, to alleviate poverty, and provide economic and social benefits for residents of western Alaska, and to achieve sustainable and diversified local economies in western Alaska. Figure 1 shows the geographic area of the CDQ groups and their communities.

**Figure 1** Western Alaska CDQ communities and groups



The Magnuson-Stevens Fishery Conservation and Management Act (MSA) allocates a portion of the annual catch limit for each directed fishery of the Bering Sea and Aleutian Islands management area among six entities representing 65 western Alaska villages.<sup>1</sup> The six entities (CDQ groups) and the villages associated with each of those entities are specifically named in the MSA. The CDQ groups include the Aleutian Pribilof Island Community Development Association (APICDA), the Bristol Bay Economic Development Corporation (BBEDC), the Central Bering Sea Fishermen's Association (CBSFA), the Coastal Villages Region Fund (CVRF), the Norton Sound Economic Development Corporation (NSEDC), and the Yukon Delta Fisheries Development Association (YDFDA). The CDQ groups are nonprofit corporations whose board of directors and staff manage and administer CDQ allocations, investments, and economic development projects. CDQ groups use the revenue derived from the harvest of their fisheries allocations to fund economic development activities and provide employment opportunities.

The groundfish and halibut CDQ fisheries are managed by NMFS and the CDQ crab fisheries are managed by NMFS and the State of Alaska. Federal reporting requirements for management of CDQ fisheries are incorporated into standard reporting requirements for the groundfish, halibut, and crab fisheries. These include observer coverage requirements, equipment and operational requirements, permitting requirements, the use of observer data to manage allocations, and logbook and landings reports.

The MSA addresses annual reporting requirements for the CDQ Program. Section 305(i)(1)(E) requires that each CDQ group submit an annual "Statement of Compliance" that summarizes the purposes for which it made investment during the preceding year. The CDQ groups submit statements of compliance each year, NMFS acknowledges receipt of those statements and posts them on the Alaska Region website at <http://alaskafisheries.noaa.gov/cdq/msa.htm>.

This document serves to provide an overview of the CDQ Program for the interested public and for policymakers. Most of the information, data, and historical records are from the NMFS Alaska Region, which manages the CDQ Program. Data used are from the most recent sources. Since 2005 when the CDQ Annual Reports to NMFS was discontinued, NMFS has relied on information from the CDQ groups' publically available annual reports prepared primarily for residents of the member communities. These data are presented in various formats and species groupings; therefore, comparable data are not available across all CDQ groups or in all years.

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<sup>1</sup> Section 305(i)(1) of the MSA

## CDQ Group Profiles

The following section is an overview of each CDQ group, including any recent investments, successes, and leadership. Since the CDQ groups were formed in 1992, they have diversified their assets, set economic and educational priorities, and encountered challenges that were unique to their region.

For more information on reporting requirements under the MSA, please see 2006 Magnuson-Stevens Act Reauthorization section.

**Table 1. Overview of CDQ Communities**

Name of CDQ Group	Region of Alaska	# of CDQ Communities	Population in 1990	Population in 2016	% Change in Population	Region Population in 2016
APICDA	Aleutians East and Aleutians West Boroughs	6	986	1,257	27%	8,514
BBEDC	Bristol Bay and Lake and Peninsula Boroughs, and Dillingham Census Area	17	5,224	5,380	3%	7,457
CBSFA	Saint Paul Island	1	763	397	-48%	397
CVRF	Kuskokwim River and Delta (Bethel Census Area plus Takotna, McGrath, and Nikolai)	20	6,484	9,429	45%	18,594
NSEDC	Norton Sound (Nome Census Area, excluding Shishmaref)	15	7,621	9,310	22%	9,483
YDFDA	Yukon River and Delta (Kusilvak and Yukon-Koyukuk Census Areas, excluding Takotna, McGrath, and Nikolai)	6	2,638	3,434	30%	13,200

Source: Alaska Department of Commerce, Community, and Economic Development Community Database.

### APICDA



Aleutian Pribilof Island Community Development Association represents 6 communities: Akutan, Atka, False Pass, Nelson Lagoon, Nikolski, St. George, and Unalaska. The region APICDA encompasses is along the remote Aleutian Chain and St. George Island of the Pribilof Islands. The total population represented by APICDA is 1,257, which represents 15% of the region's population.

APICDA's for-profit subsidiary is APICDA Joint Ventures, which manages the majority of their partnerships and assets. APICDA owns three processing companies, Atka Pride Seafoods, Bering Pacific Seafoods, and Cannon Fish Company. The pollock trawl catcher/processor Starbound was recently lengthened in 2016 to install a fish meal plant in its factory. The Starbound harvests and processes 80% of APICDA's CDQ quota.

Royalties in 2016 were reported at \$10.7 million. Luke Fanning is the CEO of APICDA. For more information on APICDA's operations, please follow this link to their 2016 Annual Report:

<https://indd.adobe.com/view/1968ca3c-78ea-407c-9393-d29462fff911>



## BBEDC

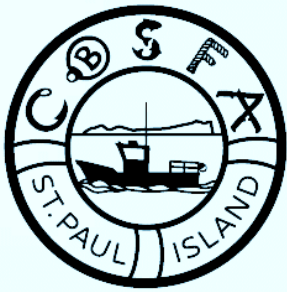


Bristol Bay Economic Development Corporation represents 17 communities in the Bristol Bay watershed: Aleknagik, Clark's Point, Dillingham, Egegik, Ekuk, Ekwok, King Salmon, Levelock, Manokotak, Naknek, Pilot Point, Port Heiden, Portage Creek, South Naknek, Togiak, Twin Hills, and Ugashik. The major hub is Dillingham. The total population represented by BBEDC is 5,380, which represents 72% of the region's population.

The region is known for its sockeye salmon runs in its expansive watershed and BBEDC uses its royalties to provide several finance programs to their fishing fleet, including a vessel upgrade grant and refrigerated sea water (RSW) support. BBEDC had 20 fishermen participate in its small boat halibut fishery in 2016, harvesting 77,306 lbs. Bristol Bay Science and Research Institute is a non-profit research entity and subsidiary of BBEDC that conducts fisheries research and monitoring for the region. BBEDC engages in several partnerships to harvest and process its CDQ quota. The Defender, a 195' American Fisheries Act (AFA) vessel, was converted and upgraded in 2016 and began fishing in 2016. BBEDC owns 50% of Ocean Beauty Seafoods, one of the largest seafood buyers in Alaska.

In 2016, BBEDC-contracted vessels harvested 87 million lbs. of CDQ allocations. They received \$15.0 million in CDQ allocation royalties in 2016 and an additional \$3.1 million in IFQ program royalties. Norm Van Vactor is the president/CEO. For more information on BBEDC's operations, please follow this link to their 2016 Annual Report: [http://www.bbcdc.com/wp-content/uploads/2017/09/BBEDC-AR-2016-WEB-9\\_28\\_17.pdf](http://www.bbcdc.com/wp-content/uploads/2017/09/BBEDC-AR-2016-WEB-9_28_17.pdf)

## CBSFA



Central Bering Sea Fishermen's Association represents the Pribilof Island community of St. Paul in the Bering Sea. The total population of 397 residents inhabit the island which is 43 square miles.

CBSFA's primary fishing subsidiary is St. Paul Fishing Company (SPFC), with ownership interest in seven fishing vessels and quota in pollock, Pacific cod, halibut and most crab species. In fact, CBSFA/SPFC receives 85% of the annual CDQ allocation for Area 4C and it operates the fishery with Trident Seafoods, which has a crab processing plant in St. Paul. In 2016, SPFC entered into a new business venture with Unisea and the Mezich family and purchased a catcher/processor with pot gear endorsements in the Bering Sea. SPFC owns 50% of the permit and are currently considering building a new 124' vessel to process cod.

It is estimated that their fishing and processing rights were worth \$84.3 million in 2016. Phillip Lestenkof is the president of CBSFA. For more information on CBSFA's operations, please follow this link to their 2016 Annual Report: [http://www.cbsfa.com/pdf/2016\\_report.pdf](http://www.cbsfa.com/pdf/2016_report.pdf)

## CVRF

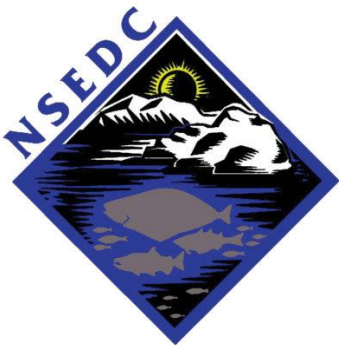


Coastal Villages Region Fund represents 20 communities: Chefornak, Chevak, Eek, Goodnews Bay, Hooper Bay, Kipnuk, Kongiganak, Kwigillingok, Mekoryuk, Napakiak, Napaskiak, Newtok, Nightmute, Oscarville, Platinum, Quinhagak, Scammon Bay, Toksook Bay, Tuntutuliak, and Tununak. CVRF communities are in the Kuskokwim River Delta and on Nelson Island. The total population represented by CVRF is 9,429 in 2016, which represents 51% of the region's population.

The for-profit subsidiary, Coastal Alaska Premier Seafoods, owns 6 vessels and harvested and processed 126 million pounds of seafood in 2016. In a combined single platform since 2014, the fleet harvests pollock, crab, and cod with vessels that are wholly-owned by CVRF. CVRF was the first CDQ group to catch its pollock, crab, and cod CDQ allocation aboard vessels that they own and operate. In 2001, CVRF entered in to a partnership with NSEDC and Maruha Nichiro Corporation to form BSAI Partners to manage five in-shore pollock catcher vessels and their quota.

In 2016, 126 million lbs of seafood were caught and/or processed by CVRF subsidiaries. Gross profit was reported at \$52.2 million in 2016 and Bering Sea operations totaled \$29.8 million. Morgen Crow is the Executive Director. For more information on CVRF's operations, please follow this link to their 2016 Annual Report:

[http://www.coastalvillages.org/sites/www.coastalvillages.org/files/documents/2016\\_annual\\_report.pdf](http://www.coastalvillages.org/sites/www.coastalvillages.org/files/documents/2016_annual_report.pdf)



## NSEDC

The most northern CDQ group, Norton Sound Economic Development Corporation (NSEDC), represents 15 communities: Brevig Mission, Diomedes, Elim, Gambell, Golovin, Koyuk, Nome, Savoonga, Shaktoolik, St. Michael, Stebbins, Teller, Unalakleet, Wales, and White Mountain. Communities in NSEDC stretch as far north as Diomedes Island and as far south as Stebbins in the Norton Sound region. The major hub is Nome. The 2016 total population represented by NSEDC is 9,310, which represents 98% of the region's population.

NSEDC receives 50% of the Norton Sound Red King Crab CDQ allocation, and opens the fishery to its residents. NSEDC provides a loan program to residents of Norton Sound. Norton Sound Seafood Products, a processing subsidiary with plants in Nome, Unalakleet, and Savoonga, purchases salmon, crab, halibut, and herring from the resident fleet. Crab and salmon were worth \$5.7 million in 2016 for local residents. NSEDC created Siu Alaska Corporation in 2009 to manage its fishing-related ventures and fishing partnerships. NSEDC owns a 37.5% stake in BSAI Partners, a fishing company venture jointly owned with CVRF and Maruha. NSEDC owns outright or has a stake in 14 vessels, listed in Table 11.

With the revenues received from their CDQ and IFQ royalties, NSEDC received \$17.7 million in CDQ revenues in 2016 and an additional \$6.9 million in IFQ fishing revenues. Janis Ivanoff is the president/CEO of NSEDC. For more information on NSEDC's operations, please follow this link to their 2016 Annual Report: <http://www.nsedc.com/wp-content/uploads/2016-NSEDC-Annual-Report-Final-lr.pdf>



## YDFDA

Yukon Delta Fisheries Development Association represents six communities located along the Yukon River delta: Alakanuk, Emmonak, Grayling, Kotlik, Mountain Village, and Nunam Iqua. The total population represented by YDFDA is 3,434, which represents 26% of the region's population.

Boats built by YDFDA's subsidiary, Yukon Marine Manufacturing, located in Emmonak, are sold to residents for fishing operations. Kwik'pak Fisheries, a seafood processing subsidiary located on the Lower Yukon, is the single buyer of Yukon River salmon for resident commercial fishermen and 2016 was the 14th year it was in operation. Kwik'pak produces fresh fish fillets as well as frozen salmon products. 490 fishermen delivered 8.3 million lbs. of salmon in 2016, in addition to purchasing lamprey and cisco from local fishermen. Yukon River Towing began operations in 2010 hauling gravel and rock through the region and has expanded to construction projects. In 2016, 40 residents worked onboard their commercial fishing vessels accruing \$525,568 in wages. YDFDA owns 6 vessels (see Table 11), including a stake in the mothership M/V Golden Alaska.

With the revenues received from their CDQ and IFQ royalties, YDFDA received \$19.6 million in revenues in 2016 and an additional \$17.7 million in fish sales. Ragnar Alstrom is the executive director of YDFDA. For more information on YDFDA's operations, please follow this link to their 2016 Annual Report: <http://www.ydfda.org/assets/Uploads/documents/YDFDA-2016-Annual-Report.pdf>

## History of the CDQ Program

The communities in the CDQ program are predominantly Alaska Native villages that are remote, isolated settlements with strong ties to nearshore fishing and few natural assets with which to develop and sustain a diversified economic base. Basic community and social infrastructure is under-developed or lacking, and transportation and energy costs are high. The cash economy present in the region consists of seasonal fishing activity, local government, and healthcare. Historically, regional economic opportunities have been few and unemployment rates have been chronically high.

While the CDQ communities border very productive fishing grounds, they were unable to exploit this proximity as the domestic BSAI groundfish fisheries developed between 1976 and 1990. The very high capital investment required to compete in these fisheries precluded small communities from participating in them.

The inception of the CDQ Program sought to ameliorate some of these circumstances by extending an opportunity to qualifying communities to directly benefit from the productive harvest and use of these publicly owned resources. Through its allocation of valuable BSAI fishery resources, the CDQ Program provides a means for western Alaska communities to directly benefit from the productive harvest and use of these publicly owned resources.

Advocates of the CDQ program came from local representatives that recognized the potential of inclusion and non-local politicians that used their influence in the decision making process to implement the CDQ program into regulations. The first proposal presented to the North Pacific Fishery Management Council (Council) in 1988 is from Paul Fuhs, former mayor of Unalaska and addressed concerns that the benefits of rapid development of the domestic groundfish fisheries off Alaska would not be realized in the small communities located adjacent to these fisheries, and that any opportunity to participate in these fisheries in the future would be foreclosed by the limited access programs that were under discussion at the time. The CDQ proposal requested direct

allocations to western Alaska communities of 10% of the total allowable catch (TAC) for any Bering Sea groundfish included in a future limited access program.

Walter J. Hickel was the State of Alaska governor in 1992 when the CDQ Program was put into motion. His administration, with support from the Alaska Department of Commerce and Economic Development and the Department of Fish and Game, recommended pollock allocations based on each CDQ group's proposals, public hearings, and consultations with the Council.

The CDQ Program structure was initially developed as a component of the BSAI pollock allocations. In June 1989, the allocation of pollock in the BSAI management area between the inshore and offshore processing sectors began to emerge as a Council priority. Public comment and proposals to the Council included requests to analyze allocations of BSAI pollock to Western Alaska communities through a community development quota. The Council first implemented CDQ allocations to communities through the inshore/offshore allocations of pollock under Amendment 18 to the Fishery Management Plan for Groundfish of the BSAI management area.<sup>2</sup>

Meanwhile, the Council continued to further develop alternatives for management of the fixed gear halibut and sablefish fisheries. Allocations of halibut and fixed gear sablefish were made to the CDQ Program as part of the IFQ Program (58 FR 59375, November 9, 1993) in 1993.

## **Magnuson Stevens Act**

Amendments to the MSA are intended to promote the ability of CDQ groups to responsibly manage their allocations similar to the quota share allocations provided by NMFS to other participants in the BSAI fisheries, while promoting the goals of the CDQ Program.

### **1996 Magnuson-Stevens Act Reauthorization**

In 1996, the CDQ Program was added to the MSA through the Sustainable Fisheries Act.<sup>3</sup> Section 305(i)(1) of the MSA includes statutes authorizing the Western Alaska CDQ Program to receive allocations of each Bering Sea fishery. The MSA eligibility requirements for communities to participate in the CDQ Program include they: (1) must be located 50-miles from shore, (2) must be certified under the Alaska Native Claims Settlement Act, (3) must comply with State of Alaska criteria approved by Secretary of Commerce, and (4) must consist of residents who conduct more than one-half of their commercial or subsistence fishing in the BSAI. The Sustainable Fisheries Act also established a moratorium on any increases in CDQ allocations or new CDQ allocations through 2001.

### **2006 Magnuson-Stevens Act Reauthorization**

In 2006, Congress amended the CDQ Program, based on the recommendations of the Blue Ribbon Committee comprised of panel members appointed by the Governor of Alaska to review the CDQ Program. The report recommended changes that gave CDQ groups and their communities greater autonomy. These amendments were intended to address a variety of oversight and management issues associated with the CDQ Program, including conferring a higher level of self-governance to CDQ groups through the creation of a CDQ "administrative panel."

On July 1, 2006, the President signed the Coast Guard and Maritime Transportation Act of 2006 (the Coast Guard Act). Section 416(a) of the Coast Guard Act revised section 305(i)(1) of the MSA by replacing all of the existing language in this section with new language that included significant

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<sup>2</sup> The Council's final action on Amendment 18 occurred at its June 1991 meeting and the final rule implementing the inshore/offshore/CDQ pollock allocations was published on June 3, 1992 (57 FR 23322).

<sup>3</sup> Sustainable Fisheries Act P.L. 104-297

changes to the management and oversight of the CDQ Program. Subparagraph (A) revised the fundamental purposes of CDQ program as follows:

- A) IN GENERAL. – There is established the western Alaska community development quota program in order –
- to provide eligible western Alaska villages with the opportunity to participate and invest in fisheries in the Bering Sea and Aleutian Islands Management Area;
  - to support economic development in western Alaska;
  - to alleviate poverty and provide economic and social benefits for residents of western Alaska; and
  - to achieve sustainable and diversified local economies in western Alaska.

Moreover, the amendments mandate the continuation of allocations to the CDQ program at current levels and with no sunset date, except that, (A) multi-species groundfish CDQ will increase to 10.7% once/if quotas or sector allocations are implemented, and (B) the CDQ program will get 10.7% of any new directed fisheries established in the BSAI. Congress mandated a 10-year cycle for the allocations among the six CDQ groups, with the first review in 2012. The next decennial review is scheduled for 2022 from the State of Alaska.

The Congress specifically listed all 65 eligible communities and all six CDQ groups that are currently eligible to participate in the program in the MSA reauthorization. The amendments require the following with respect to each CDQ group: (A) 75% of the fishermen on CDQ boards, and at least one board member from each community; (B) each CDQ group must elect a representative to serve on the CDQ Panel; (C) up to 20% of CDQ group's investments can be non-fishery, with the other 80% either fishery-related; (D) each group must submit an annual written statement of compliance to the State of Alaska and Secretary about its investments; (E) each group must be in compliance with any requirements established by CDQ Panel.

Annually until 2005, NMFS received detailed data for each CDQ group; however, these data are no longer available to NMFS because the CDQ groups are no longer required to submit reports to the State of Alaska or NMFS. The MSA does not authorize NMFS to require annual reports from the CDQ groups. Section 305(i)(1)(F)(ii) requires each CDQ group to “comply with State of Alaska law requiring annual reports to the entity's member villages summarizing financial operations for the previous calendar year, including general and administrative costs and compensation levels of the top 5 highest paid personnel.” Although the State of Alaska does not have such a law, each of the CDQ groups have prepared publically available annual reports prepared primarily for residents of the member communities. These annual reports are available on the websites for the individual CDQ groups.

Under the statute language in the 2006 MSA reauthorization, Federal government oversight of how the CDQ groups used the CDQ allocations to provide benefits to the eligible communities was suspended. NMFS suspended the enforcement of regulations that were no longer consistent with the revised section 305(i)(1)(I) of the MSA including regulations (1) that required the submission, review, and approval of proposed Community Development Plans; (2) regulations that required the submission and approval of an annual budget report; (3) regulations that required the submission of the annual budget reconciliation report; and (4) regulations that required the submission, review, and approval of substantial and technical amendments.

## WACDA

The 2006 MSA reauthorization required the establishment of a CDQ Administrative Panel comprised of one member from each of the six CDQ groups to administer many aspects of the program. The Western Alaska Community Development Association (WACDA) was incorporated

as a nonprofit corporation on September 6, 2006 and its Board of Directors serves as the CDQ Administrative Panel. The MSA authorized the administrative panel to:

- consist of 6 members with each CDQ group selecting one member of the panel;
- action only by unanimous vote of all 6 members of the panel;
- administer those aspects of the program not otherwise addressed in the MSA either through private contractual arrangement or through recommendations to the Council, the Secretary, or the State of Alaska, as the case may be; and
- coordinate and facilitate activities of the entities under the program.

Although there are limits to its authority established in other sections of the MSA, the WACDA Panel has largely replaced the Governor of Alaska and the Secretary of Commerce (NMFS) as the body responsible for managing the CDQ program. In 2017, the member board consists of the following:

- Larry Cotter, APICDA
- Simon Kinneen, NSEDC
- Ragnar Alstrom, YDFDA
- Phillip Lestenkof, CBSFA
- Florence Kargi, CVRF
- Robin Samuelsen, BBEDC

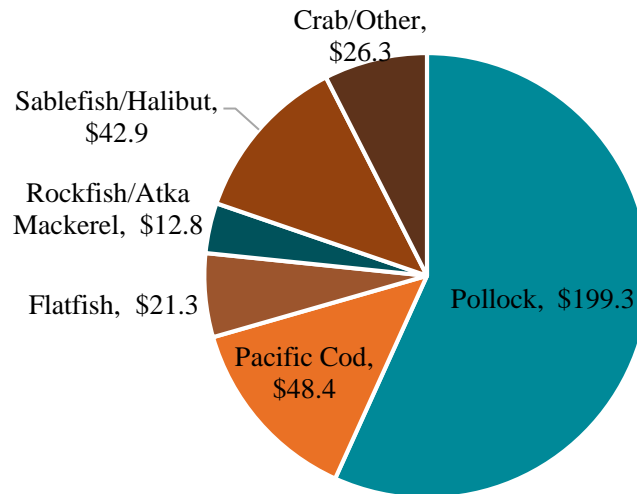
The WACDA panel must unanimously pass motions required in their decision making. WACDA issued its last annual report in 2011, when WACDA could not come to a unanimous vote to renew the Annual Reports requirement. Without a unanimous vote between the six CDQ groups since 2011, the WACDA panel's administrative duties have been stalled and the panel has been inactive in CDQ program management.

WACDA prepared annual reports on the CDQ Program from 2007 through 2011. These annual reports are available on WACDA's website ([www.wacda.org](http://www.wacda.org)).

## Allocations

Under the CDQ Program, a portion of the federal TAC for commercially important BSAI species — including pollock, crab, halibut, and various groundfish in the Bering Sea — is allocated to participants in the CDQ Program. Figure 2 represents the total ex-vessel and first wholesale value of the CDQ allocation by species (average of 2012-2016). In the last five years, the CDQ groups collectively earned \$322.4 million in ex-vessel and first wholesale value from their allocations (not accounting for royalty payments).

**Figure 2. CDQ Group Revenue by Species, Average 2012-2016**



The initial CDQ proposal requested direct allocations to western Alaska communities of 10% of the TAC for any Bering Sea groundfish included in a future limited access program. In 1992, CDQ groups received their initial allocations of pollock based on population, quality of proposed economic development plans, and dependence on fisheries. Table 2 shows the 1992 initial pollock allocations to each of the communities, with CVFC receiving the greatest percentage (27%) and YDFDA receiving the least (5%).

**Table 2. Initial Pollock Allocations to CDQ Groups**

	1992 Initial Pollock Allocation	Percent of CDQ Reserve
APICDA	18,260 mt	18%
BBEDC	20,289 mt	20%
CBSFA	10,144 mt	10%
CVFC	27,390 mt	27%
NSFDA	20,289 mt	20%
YDFDA	5,073 mt	5%

Source: 57 FR 23321.

The CDQ Program's current groundfish fishery management objectives were developed, during a 1998 expansion of the CDQ Program, to strictly limit catch in the CDQ fishery to the CDQ reserve amounts allocated to the program. These objectives include not allowing catch under the program to accrue against non-CDQ portions of the TAC and prohibited species catch limits, managing target and non-target species allocations to the CDQ groups with the same level of strict quota

accountability, and holding each CDQ group responsible to not exceed any of its groundfish CDQ allocations or its halibut prohibited species quota (PSQ) allocations.

The CDQ Program was implemented by the Council and NMFS in 1992 with allocations of 7.5% of the pollock TAC. Allocations of halibut and sablefish were added to the program in 1995. In 1996, authorization for the CDQ Program was added to the Magnuson-Stevens Act by the U.S. Congress. In 1998, the Council expanded the CDQ Program by adding allocations of the remaining groundfish species, prohibited species, and crab. Allocations for these species are distributed throughout the BSAI management area.

BSAI pollock allocations to the CDQ program were increased, as part of the 1998 American Fisheries Act. Section 206(a) of the AFA authorized the CDQ allocation of BSAI pollock be increased to 10% of the annual catch (up from 7.5%) with additional pollock to be provided to the CDQ program for pollock incidental catch in other CDQ groundfish fisheries.

Since 1992, the CDQ Program has expanded several times and now includes allocations of pollock, halibut, sablefish, crab, all of the remaining groundfish species (cod, Atka mackerel, flatfish, and rockfish), and prohibited species catch (i.e., as bycatch allowances for salmon, halibut, and crab). CDQ Program allocations vary by species. While originally set at 7.5%, Congress increased the pollock CDQ allocation to 10% in 1998 as part of the AFA. The percentage of other catch limits allocated to the CDQ Program (as CDQ reserves) is determined by: the BSAI Crab Rationalization Program (10% of crab species, except for Norton Sound red king crab, which is 7.5%); the BSAI Fishery Management Plan for all other groundfish and prohibited species (7.5%, except 20% for fixed gear sablefish); and, 50 CFR part 679 for halibut (20% to 100%, depending on IFQ management area).

The percentage of each annual BSAI catch limit allocated to the CDQ Program varies by species and management area. Currently, the CDQ Program is allocated approximately 10.7% of the groundfish directed fisheries (See Table 3-Table 6). NMFS allocated pollock, other groundfish, crab, and prohibited species quota among the six CDQ groups based on recommendations made by the State of Alaska in 2006 and those percentage allocations have remained fixed.<sup>4</sup>

Harvest specifications for the federal groundfish fisheries in the BSAI are set annually. These TAC specifications define upper catch limits for each subject calendar year. The setting of harvest specifications includes a review of the most recent BSAI Stock Assessment and Fishery Evaluation Reports (SAFE) report by the Council and its advising committees, as well as recommendations from the public. The process involves considerations of biological, economic, and social factors associated with the BSAI groundfish fisheries. For more information, please reference the NMFS SAFE Reports. Establishment of the annual groundfish CDQ reserves is an extension of the groundfish harvest specifications process.

Once annual BSAI species categories and TAC amounts are established, an initial TAC amount of 85% of the aggregated BSAI TACs is calculated for all species, except pollock and fixed gear sablefish. The remaining 15% of annual TAC is equally split between the CDQ Program and a non-specified groundfish reserve. This is the basis for the annual 10.7% groundfish CDQ reserve, which is then apportioned back among the TAC categories in place for a given year, based on the

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<sup>4</sup> The 2006 revisions to the MSA fixed the percentage allocations for each fishery at the 2006 levels. Section 305(i)(1)(H) of the MSA requires a decennial review of the CDQ Program to determine if an adjustment of entity allocations is required. The MSA requires that during calendar year 2012 and every 10 years thereafter, the State of Alaska shall evaluate the performance of each entity participating in the CDQ Program. Under section 305(i)(1)(H), NMFS has no role in the evaluation and determination stages of the decennial review. NMFS would have a role in the allocation adjustment process if the State submitted to NMFS a recommendation for an allocation adjustment.



proportion each TAC category contributes to the aggregate BSAI TAC limit. A parallel process is used to allocate 10.7% of most BSAI prohibited species catch limits to the CDQ Program as prohibited species quota (PSQ). Annual groundfish CDQ and PSQ reserves and allocations for 1998 to 2005 are available at the NMFS web site.

**Table 3. 2017 Groundfish Species CDQ and allocation percentages**

Groundfish Species	2017 TAC (mt)	Program allocations	CDQ Reserve (mt)	APICDA	BBEDC	CBSFA	CVRF	NSEDC	YDFDA
BS Pollock	1,345,000	10.0%	134,500	14%	21%	5%	24%	22%	14%
AI Pollock	19,000	10.0%	1,900	14%	21%	5%	24%	22%	14%
BS FG Sablefish	637	20.0%	127	15%	20%	16%	0%	18%	31%
AI FG Sablefish	1,301	20.0%	260	14%	19%	3%	27%	23%	14%
BS Sablefish	637	7.5%	48	21%	22%	9%	13%	13%	22%
AI Sablefish	434	7.5%	33	26%	20%	8%	13%	12%	21%
BS Pacific cod	223,704	10.7%	23,936	15%	21%	9%	18%	18%	19%
AI Pacific cod	15,695	10.7%	1,679	15%	21%	9%	18%	18%	19%
WAI Atka Mackerel	12,500	10.7%	1,338	30%	15%	8%	15%	14%	18%
CAI Atka Mackerel	18,000	10.7%	1,926	30%	15%	8%	15%	14%	18%
EAI/BS Atka Mackerel	34,500	10.7%	3,692	30%	15%	8%	15%	14%	18%
Yellowfin Sole	154,000	10.7%	16,478	28%	24%	8%	6%	7%	27%
Yellowfin Sole ABC reserves	106,800	10.7%	11,428	28%	24%	8%	6%	7%	27%
Rock Sole	47,100	10.7%	5,040	24%	23%	8%	11%	11%	23%
Rock Sole ABC reserves	108,000	10.7%	11,556	24%	23%	8%	11%	11%	23%
BS Greenland Turbot	4,375	10.7%	468	16%	20%	8%	17%	19%	20%
Arrowtooth Flounder	14,000	10.7%	1,498	22%	22%	9%	13%	12%	22%
Flathead Sole	14,500	10.7%	1,552	20%	21%	9%	15%	15%	20%
Flathead Sole ABC reserves	53,778	10.7%	5,754	20%	21%	9%	15%	15%	20%
WAI Pacific Ocean Perch	9,000	10.7%	963	30%	15%	8%	15%	14%	18%
CAI Pacific Ocean Perch	7,000	10.7%	749	30%	15%	8%	15%	14%	18%
EAI Pacific Ocean Perch	7,900	10.7%	845	30%	15%	8%	15%	14%	18%
<b>Totals (in mt)</b>	<b>2,197,861</b>		<b>225,770</b>	<b>39,577</b>	<b>47,984</b>	<b>14,261</b>	<b>43,792</b>	<b>41,223</b>	<b>38,931</b>

**Table 4. 2017 Prohibited Species CDQ and allocation percentages**

Prohibited Species in Groundfish Fisheries	2017 TAC (numbers)	Program allocations	CDQ Reserve (numbers)	APICDA	BBEDC	CBSFA	CVRF	NSEDC	YDFDA
Zone 1 Red King Crab	97,000	10.7%	10,379	24%	21%	8%	12%	12%	23%
Zone 1 Bairdi Tanner Crab	830,000	10.7%	88,810	26%	24%	8%	8%	8%	26%
Zone 2 Bairdi Tanner Crab	2,070,000	10.7%	221,490	24%	23%	8%	11%	10%	24%
COBLZ Opilio Tanner Crab	9,105,477	10.7%	974,286	25%	24%	8%	10%	8%	25%
Pacific Halibut	2,805	varies	315	22%	22%	9%	12%	12%	23%
BS Chinook Salmon (A Season)	42,000	9.3%	3,906	14%	21%	5%	24%	22%	14%
BS Chinook Salmon (B Season)	18,000	5.5%	990	14%	21%	5%	24%	22%	14%
BS Chinook Salmon (Total)	60,000	8.2%	4,896	14%	21%	5%	24%	22%	14%
AI Chinook Salmon	700	7.5%	53	14%	21%	5%	24%	22%	14%
Non-Chinook Salmon	42,000	10.7%	4,494	14%	21%	5%	24%	22%	14%

**Table 5. 2017 CDQ halibut and allocation percentages**

Halibut CDQ	2017 TAC (pounds)	Program allocations	CDQ Reserve (pounds)	APICDA	BBEDC	CBSFA	CVRF	NSEDC	YDFDA
Halibut 4B	1,140,000	20%	228,000	100%	0%	0%	0%	0%	0%
Halibut 4C	752,000	50%	376,000	15%	0%	85%	0%	0%	0%
Halibut 4D	752,000	30%	225,600	0%	26%	0%	24%	30%	20%
Halibut 4E	196,000	100%	196,000	0%	30%	0%	70%	0%	0%
<b>Total (pounds)</b>	<b>2,840,000</b>		<b>1,025,600</b>	<b>284,400</b>	<b>117,456</b>	<b>319,600</b>	<b>191,344</b>	<b>67,680</b>	<b>45,120</b>

**Table 6. 2017 Crab CDQ and allocation percentages**

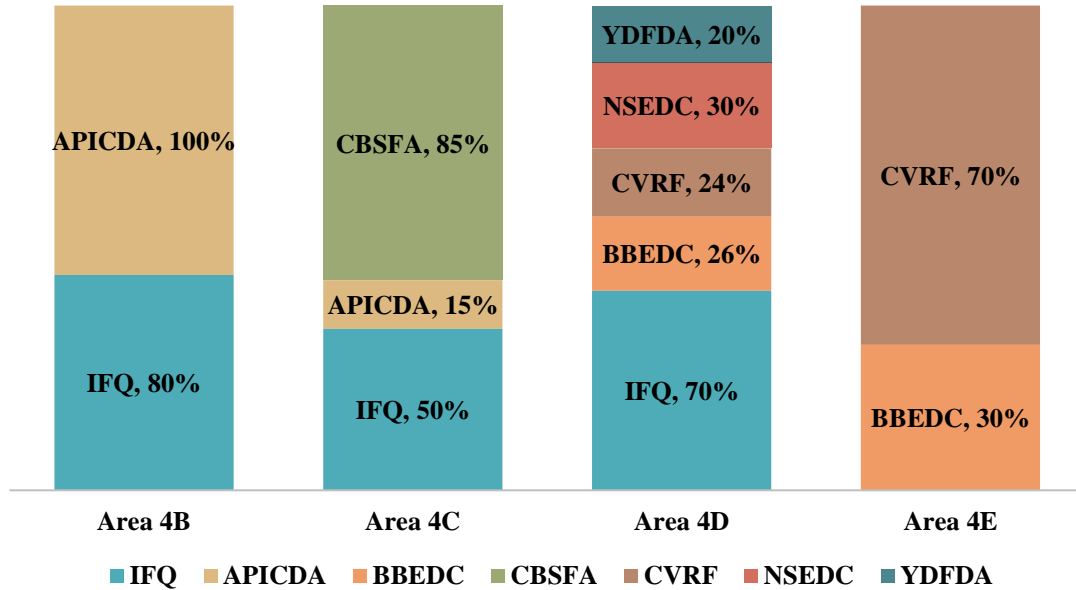
Crab	2017 TAC (pounds)	Program allocations	CDQ Reserve (pounds)	APICDA	BBEDC	CBSFA	CVRF	NSEDC	YDFDA
Norton Sound Red King Crab	496,800	7.5%	37,260	0%	0%	0%	0%	50%	50%
<b>Totals (pounds)</b>								<b>18,630</b>	<b>18,630</b>

Source: <https://alaskafisheries.noaa.gov/sites/default/files/reports/annualmatrix2017.pdf>

### Small Boat Halibut Fishery

Each CDQ group was allocated a portion of the halibut catch limit and from that allocation, a small boat halibut fishery operates nearshore. This was intended to provide economic opportunity to local fishermen in CDQ communities. Of the total 2017 TAC for Areas 4BCDE, CDQ groups were allocated 36.1% (see Figure 3). Depending on the catch limits and their allocations, CDQ groups can opt to open it to local fishermen or lease it to fishing companies if it is not large enough for a directed fishery.

**Figure 3. IFQ and CDQ Halibut Fishery Allocations by Area**



Source: NMFS SFD

**Table 7. Annual halibut CDQ allocation by regulatory area, (2010-2017)**

Area	Year	TAC	Program Allocations	APICDA	BBEDC	CBSFA	CVRF	NSEDC	YDFDA
4B	2010	2,160,000	20%	432,000	0	0	0	0	0
	2011	2,180,000		436,000	0	0	0	0	0
	2012	1,869,000		373,800	0	0	0	0	0
	2013	1,450,000		290,000	0	0	0	0	0
	2014	1,140,000		228,000	0	0	0	0	0
	2015	1,140,000		228,000	0	0	0	0	0
	2016	1,140,000		228,000	0	0	0	0	0
	2017	1,140,000		228,000	0	0	0	0	0
4C	2010	1,625,000	50%	121,875	0	690,625	0	0	0
	2011	1,690,000		126,750	0	718,250	0	0	0
	2012	1,107,356		83,052	0	470,626	0	0	0
	2013	859,000		64,425	0	365,075	0	0	0
	2014	596,600		44,745	0	253,555	0	0	0
	2015	596,600		44,745	0	253,555	0	0	0
	2016	733,600		55,020	0	311,780	0	0	0
	2017	752,000		56,400	0	319,600	0	0	0
4D	2010	1,625,000	30%	0	126,750	0	117,000	146,250	97,500
	2011	1,690,000		0	131,820	0	121,680	152,100	101,400
	2012	1,107,356		0	86,374	0	79,730	99,662	66,441
	2013	859,000		0	67,002	0	61,848	77,310	51,540
	2014	596,600		0	46,535	0	42,955	53,694	35,796
	2015	596,600		0	46,535	0	42,955	53,694	35,796
	2016	733,600		0	57,221	0	52,819	66,024	44,016
	2017	752,000		0	58,656	0	54,144	67,680	45,120
4E	2010	330,000	100%	0	99,000	0	231,000	0	0
	2011	340,000		0	102,000	0	238,000	0	0
	2012	250,290		0	75,087	0	175,203	0	0
	2013	212,000		0	63,600	0	148,400	0	0
	2014	91,800		0	27,540	0	64,260	0	0
	2015	91,800		0	27,540	0	64,260	0	0
	2016	192,800		0	57,840	0	134,960	0	0
	2017	196,000		0	58,800	0	137,200	0	0
4CDE	2010	3,580,000		121,875	225,750	690,625	348,000	146,250	97,500
	2011	3,720,000		126,750	233,820	718,250	359,680	152,100	101,400
	2012	2,465,002		83,052	161,461	470,626	254,933	99,662	66,441
	2013	1,930,000		64,425	130,602	365,075	210,248	77,310	51,540
	2014	1,285,000		44,745	74,075	253,555	107,215	53,694	35,796
	2015	1,285,000		44,745	74,075	253,555	107,215	53,694	35,796
	2016	1,660,000		55,020	115,061	311,780	187,779	66,024	44,016
	2017	1,700,000		56,400	117,456	319,600	191,344	67,680	45,120

Note: All units in headed and gutted pounds.

Source: CDQ program quota categories, target and non-target CDQ reserves, allocation percentages, and group quotas (2010 through 2017): <https://alaskafisheries.noaa.gov/sites/default/files/reports/annualmatrix2016.pdf>

## CDQ Cost Recovery

On January 5, 2016, NMFS published a final rule to implement cost recovery for the CDQ program (81 FR 150). The CDQ Program allocates a portion of the TACs of BSAI groundfish species and halibut to CDQ groups. The CDQ groups are responsible for paying the fee for fish landed under the CDQ Program, due on December 31 of the year in which the landings were made. Cost recovery requirements for the CDQ groups are at 50 CFR 679.33. The total dollar amount of the fee due is determined by multiplying the NMFS published fee percentage by the ex-vessel value of all landings under the program made during the fishing year.

Direct program costs are calculated by determining the incremental management costs of the CDQ Program, that is, costs that would not have been incurred but for the CDQ Program. These costs cover the management, data collection, and enforcement of the CDQ Program by NMFS and ADF&G. The NFMS management units that incur direct program costs are: the Sustainable Fisheries Division (SFD), Office of Law Enforcement (OLE), the Restricted Access Management Division (RAM), the Operations and Management Division (OMD), and the Information Systems Division (ISD).

In 2017, the direct program cost for the CDQ Program was \$447,580, which was 0.55% of the total fishery.

**Table 8. 2017 Costs Recovery Fees**

	OMD	RAM	SFD	ISD	OLE	AFSC	ADFG
Personnel Costs	\$2,500	\$6,800	\$32,000	\$27,900	\$180,284	\$35,713	\$56,577
Personnel Benefits	\$800	\$3,000	\$10,700	\$10,500	-	-	-
Travel	\$200	-	\$3,700	-	-	\$76	\$1,232
Transportation	-	-	-	-	-	-	-
Printing	-	-	-	-	-	-	\$150
Contracts/ Training	-	-	-	-	-	-	\$884
Supplies	-	-	-	\$1,600	-	-	-
Equipment	-	-	\$200	-	-	-	-
Rent/ Utilities	\$600	\$1,524	\$5,508	\$5,108	\$48,292	-	-
Other	-	-	-	-	-	\$11,732	-
<b>Total</b>	<b>\$4,100</b>	<b>\$11,324</b>	<b>\$52,108</b>	<b>\$45,108</b>	<b>\$228,576</b>	<b>\$47,521</b>	<b>\$58,843</b>

Source: [https://alaskafisheries.noaa.gov/sites/default/files/cdq\\_cost\\_recovery\\_fee\\_report\\_2017.pdf](https://alaskafisheries.noaa.gov/sites/default/files/cdq_cost_recovery_fee_report_2017.pdf)

## Royalties and Revenue

Annual CDQ allocations provide a revenue stream for CDQ groups through various channels, including the direct catch and sale of some species and the leasing of quota to various harvesting partners. CDQ groups receive royalty payments on each allocation harvested by a partnering firm. Since the CDQ Program was implemented, individual groups have used royalty revenue to support the goals of the CDQ Program. Royalty revenues support CDQ projects, which encourage sustainable fishery-based economic development in the region or promote the social development of a community or group of communities that are participating in a CDQ Program (e.g., infrastructure development, employment, and training programs).

Annually until 2005, NMFS received information about royalties paid, by species or species group, for the CDQ allocations. Detailed royalty data for each CDQ group are no longer available to NMFS because the CDQ groups are no longer required to submit to the State or NMFS the reports through which the royalty data previously was collected. Therefore, information about total annual royalties by species for each CDQ group has not been publically available. Since 2005, NMFS has relied on information from the CDQ groups' publically available annual reports prepared primarily for residents of the member communities. Some CDQ groups have chosen to present royalty information by species or royalty type. These data are presented in various formats and species groupings; therefore, comparable royalty data are not available across all CDQ groups or in all years.

Since CDQ groups are no longer required to report their annual royalties, NMFS does not have information on royalty revenues. Instead, Table 9 shows the ex-vessel and first wholesale volume and value for the last ten years (2007-2016) for the CDQ groups combined. In 2016, the CDQ groups harvested 249,538 mt of seafood worth \$120 million. In the same year, the CDQ groups processed 196,037 mt in first wholesale volume worth \$213.9 million.

**Table 9. Ex-Vessel and First Wholesale Volume and Value for CDQ Groups, (2007-2016)**

Year	Ex-Vessel Volume (MT)	Ex-Vessel Value (\$Millions)	Wholesale Volume (MT)	Wholesale Value (\$Millions)
2007	95,031	\$39.6	174,387	\$182.8
2008	63,613	\$49.1	139,361	\$198.7
2009	117,975	\$50.8	115,453	\$142.3
2010	136,562	\$72.2	116,867	\$155.8
2011	216,434	\$95.1	171,784	\$215.1
2012	221,208	\$111.8	178,753	\$221.6
2013	217,253	\$106.0	184,929	\$189.5
2014	235,243	\$92.2	185,729	\$199.9
2015	249,853	\$125.0	190,848	\$203.7
2016	249,538	\$120.0	196,037	\$213.9

Note: Values are nominal.

Source: AKFIN.

## Revenue from Investments

Although all participants in the CDQ Program are non-profit corporations, earnings are derived from investments distributions in subsidiary companies and vessels. Since the implementation of the CDQ Program, individual groups have made large capital investments in vessels, infrastructure, processing capacity, and specialized gear. Local programs purchase limited access privileges in a fishery and acquire equity position in existing fishery businesses including halibut, sablefish, and crab. Revenue from such investments has exceeded royalty income since 2004, with direct income accounting for a greater portion of the total revenue in most years, ranging from 55 to 84% annually.

CDQ groups have invested in peripheral projects that directly or indirectly support commercial fishing for halibut, salmon, and other nearshore species. These projects include seafood branding and marketing, quality control training, safety and survival training, construction and staffing of equipment maintenance and repair facilities, and assistance with bulk fuel procurement and distribution. In 2011, the six CDQ groups held approximately \$938 million in assets and they invested more than \$176 million in CDQ communities and in fisheries activities, down from a peak of \$251 million in 2010 (WACDA 2011 & 2012). After 2011, there is not a centralized report that summarized CDQ assets.

Table 10 shows the diversification in the CDQ group subsidiary companies.

**Table 10. Wholly-owned and partially-owned subsidiaries of CDQ groups**

CDQ Group	Name of Company	Type of Company
APICDA	APICDA Joint Ventures	Primary subsidiary
APICDA	APICDA Vessels, Inc.	Tourism operations
APICDA	Atka Pride Seafoods, Inc.	Processing company
APICDA	F/V Barbara J, LLC	Fishing vessel
APICDA	Bering Pacific Seafoods, LLC	Processing company
APICDA	False Pass Fuel Company	Fuel
APICDA	F/V Exceller	Fishing vessel
APICDA	F/V Farwest Leader, LLC	Fishing vessel
APICDA	F/V Golden Dawn, LLC	Fishing vessel
APICDA	Alaska Longline, LLC	Fishing company
APICDA	Starbound, LLC	Fishing company
APICDA	Cannon Fish Company	Processing company
BBEDC	Alaskan Mariner, LLC	Fishing vessel
BBEDC	Aleutian Mariner, LLC	Fishing vessel
BBEDC	Arctic Mariner, LLC	Fishing vessel
BBEDC	Bristol Mariner, LLC	Fishing vessel
BBEDC	Cascade Mariner, LLC	Fishing vessel
BBEDC	Nordic Mariner, LLC	Fishing vessel
BBEDC	Northern Mariner, LLC	Fishing vessel
BBEDC	Pacific Mariner, LLC	Fishing vessel
BBEDC	Western Mariner, LLC	Fishing vessel
BBEDC	Dona Martita, LLC	Fishing company
BBEDC	Arctic Fjord, Inc.	Fishing vessel



<b>CDQ Group</b>	<b>Name of Company</b>	<b>Type of Company</b>
BBEDC	Neahkahnie, LLC	Fishing vessel
BBEDC	Alaskan Leader Fisheries, LLC	Fishing company
BBEDC	Alaskan Leader Seafoods, LLC	Fishing company
BBEDC	Alaskan Leader Vessel, LLC.	Fishing vessel
BBEDC	Aleutian Leader Fisheries, LLC	Fishing company
BBEDC	A-Tech Services	Metal fabrication
BBEDC	Bering Leader Fisheries, LLC	Fishing vessel
BBEDC	Bristol Leader Fisheries, LLC	Fishing vessel
BBEDC	Kodiak Leader Fisheries, LLC	Fishing company
BBEDC	Northern Leader, LLC	Fishing vessel
BBEDC	Ocean Beauty Seafoods, LLC	Processing company
BBEDC	Washington Landmark Holdings (Martinac Shipyard)	Shipyard
BBEDC	Ocean Beauty Seafoods Fishmeal/Kodiak Fishmeal Co	Fishmeal processing
CBSFA	57 Degrees North, LLC	Processing company
CBSFA	170 Degrees West, LLC	Processing company
CBSFA	Village Cove Seafoods, LLC	Fishing company
CBSFA	Central Bering Sea Holdings, LLC	Fishing company
CBSFA	St. Paul Fishing Company, LLC	Fishing company
CBSFA	Star Partners, LLC	Fishing company
CBSFA	Central Bering Sea Fishermen's Corporation	Fishing company
CBSFA	Central Bering Sea Vessels, LLC	Fishing company
CBSFA	Bering Sea Partners, Inc.	Fishing company
CBSFA	Royal Aleutian Seafoods, Inc.	Processing company
CBSFA	Saint Boats, LLC.	Fishing company
CBSFA	Adventure, LLC	Fishing vessel
CBSFA	American Seafoods	Fishing company
CBSFA	Misty Islands Seafoods, LLC	Processing company
CVRF	Coastal Alaska Premier Seafoods	Fishing company
CVRF	Coastal Villages Pollock, LLC	Fishing company
CVRF	Coastal Villages Crab, LLC	Fishing company
CVRF	BSAI Partners, LLC	Fishing company
CVRF	Coastal Villages Holdings LLC	Fishing company
CVRF	Coastal Villages Enterprises Inc.	Subsidiary
NSEDC	BSAI Partners, LLC	Fishing company
NSEDC	Norton Sound Seafood Partners	Processing company
NSEDC	Glacier Fish Company	Fishing company
NSEDC	Arctic Packer, LLC	Processing company
NSEDC	Siku Holdings, LLC	Fishing company
NSEDC	Iquique US	Fishing company
NSEDC	Siu Alaska Corporation	Fishing company

<b>CDQ Group</b>	<b>Name of Company</b>	<b>Type of Company</b>
NSEDC	Bering Select	Fishmeal company
NSEDC	KDS, Inc.	Subsidiary
YDFDA	Kwik'Pak Fisheries LLC	Processing company
YDFDA	Yukon Delta Fisheries Inc	Fishing company
YDFDA	Akulurak LLC	Fishing vessel
YDFDA	Romanzof Fishing Company LLC	Fishing vessel
YDFDA	Golden Alaska	Mothership
YDFDA	Ocean Leader	Fishing vessel
YDFDA	American Beauty	Fishing vessel

Source: NMFS 2015a and CDQ group annual reports.

## Vessel Ownership and Subsidiary Investments

The accumulation of capital assets, such as commercial fishing vessels, is one way CDQ groups attempt to meet the economic and social goals of the CDQ Program. Investments by individual CDQ groups include ownership interest in the at-sea processing sector and in catcher vessels and are made with the expectation of financial gain or expanding equity in the fishing fleet. Investments in subsidiaries, such as limited liability corporations, allow CDQ groups to wholly or partially own vessels directly related to fisheries. These vessels provide revenue through the direct catch and sale of target species and, in some cases, vessel ownership increases a subsidiary's holdings of quota in fisheries, such as BS pollock. In addition, investments in harvesting and processing capacity provide revenue through profit sharing, contractual agreements to harvest other CDQ groups' quota, and chartering commercial fishing vessels to government agencies conducting stock assessment surveys. Vessel ownership varies by CDQ group, target species, and affiliation with subsidiary corporations (Table 11).

Approximately 20% of vessels over 60 feet active in BSAI or GOA fisheries are owned in full or in part by one of the CDQ groups. About half of the freezer longline fleet has some level of CDQ ownership and two of the three recent builds in this fleet have CDQ ownership (McDowell Group, 2016). In the last few years, many CDQ groups have continued to invest in new vessels or upgrade operating vessels. In 2016, CVRF replaced Deep Pacific with Flicka, a 140' longline vessel built in 1998 to harvest their allocations of cod. NSEDC has an ownership stake in Iquique via an investment by the Glacier Fish Company, which finished construction on a new 261 ft. vessel in 2018 named the North Star to add to their existing Amendment 80 fleet.

**Table 11. Direct investments in fisheries companies and vessels, by CDQ group as of 2018**

CDQ Group	Name of Company	CDQ Ownership	MLOA	Vessel Name	Vessel Type	Target species
APICDA	APICDA Vessels	100.0%	35	Aleutian Pribilof #1	CV	Various
APICDA	APICDA Vessels	100.0%	35	Aleutian Pribilof #2	CV	Various
APICDA	APICDA Vessels	100.0%	55	Taty Z	CV	Various
APICDA	APICDA Vessels	100.0%	53	Atka Pride	CV	Various
APICDA	APICDA Vessels	100.0%	58	Exceller	CV	Various
APICDA	APICDA Vessels	100.0%	58	Konrad I	CV	Various
APICDA	APICDA Vessels	100.0%	46	Nightrider	CV	Various
APICDA	APICDA Vessels	100.0%	32	Pogo	CV	Various
APICDA	APICDA Vessels	100.0%	42	Nikka D	CV	Various
APICDA	Barbara J	50.0%	109	Barbara J	CV	Crab, cod
APICDA	Farwest Leader	50.0%	105	Farwest Leader	CV	Crab, cod
APICDA	Golden Dawn	50.0%	148	Golden Dawn	CV	Pollock, crab, cod
APICDA	Alaska Longline	25.0%	114	Prowler	CP	Cod, sablefish
APICDA	Alaska Longline	25.0%	115	Kjevolja	CP	Cod, sablefish
APICDA	Alaska Longline	25.0%	124	Bering Prowler	FLL	Cod, sablefish

CDQ Group	Name of Company	CDQ Ownership	MLOA	Vessel Name	Vessel Type	Target species
APICDA	Alaska Longline	25.0%	155	Ocean Prowler	FLL	Cod, sablefish
APICDA	Alaska Longline	25.0%	135	Arctic Prowler	FLL	Cod, sablefish
APICDA	Alaska Longline	25.0%	98	Gulf Prowler	FLL	Cod, sablefish
APICDA	Alaska Longline	25.0%	124	Zenith	FLL	Cod, sablefish
APICDA	Starbound	20.0%	240	Starbound	CP	Pollock
BBEDC	Dona Martita	50.0%	165	Western Venture	CV	Pollock
BBEDC	Dona Martita	50.0%	172	Alaskan Defender	CV	Pollock
BBEDC	Dona Martita	50.0%	195	Defender	CV	Pollock
BBEDC	Dona Martita	50.0%	174	Bering Defender	CV	Pollock
BBEDC	Dona Martita	50.0%	148	Morning Star	CV	Pollock
BBEDC	Arctic Fjord	30.0%	275	Arctic Fjord	CP	Pollock
BBEDC	Neahkahnie	30.0%	110	Neahkahnie	CV	Pollock
BBEDC	Aleutian Mariner	40.0%	118	Aleutian Mariner	CV	Crab, cod
BBEDC	Arctic Mariner	50.0%	125	Arctic Mariner	CV	Crab, cod
BBEDC	Bristol Mariner	45.0%	125	Bristol Mariner	CV	Crab, cod
BBEDC	Nordic Mariner	45.0%	121	Nordic Mariner	CV	Crab, cod
BBEDC	Pacific Mariner	40.0%	125	Pacific Mariner	CV	Crab, cod
BBEDC	Western Mariner	50.0%	108	Western Mariner	CV	Crab, sablefish
BBEDC	Cascade Mariner	50.0%	101	Cascade Mariner	CV	Crab, sablefish
BBEDC	Alaskan Leader Vessel	50.0%	150	Alaskan Leader	CP	Halibut, sablefish, cod
BBEDC	Bering Leader Fisheries	50.0%	124	Bering Leader	CP	Halibut, sablefish, cod
BBEDC	Bristol Leader Fisheries	50.0%	167	Bristol Leader	CP	Halibut, sablefish, cod
BBEDC	Northern Leader	50.0%	183	Northern Leader	CP	Halibut, sablefish, cod
CBSFA	St. Paul Fishing Company	100.0%	58	St. Paul	CV	Halibut, sablefish, cod
CBSFA	St. Paul Fishing Company	100.0%	58	St. Peter	CV	Halibut, sablefish, cod

CDQ Group	Name of Company	CDQ Ownership	MLOA	Vessel Name	Vessel Type	Target species
CBSFA	St. Paul Fishing Company	75.0%	123	Starlite	CV	Pollock
CBSFA	St. Paul Fishing Company	75.0%	123	Starward	CV	Pollock
CBSFA	St. Paul Fishing Company	50.0%	108	Early Dawn	CV	Crab
CBSFA	St. Paul Fishing Company	30.0%	166	Fierce Allegiance	CV	Pollock, crab, cod
CBSFA	American Seafoods	9.9%	272	American Dynasty	CP	Pollock, flatfish
CBSFA	American Seafoods	9.9%	285	American Triumph	CP	Pollock, flatfish
CBSFA	American Seafoods	9.9%	341	Northern Eagle	CP	Pollock, flatfish
CBSFA	American Seafoods	9.9%	336	Northern Jaeger	CP	Pollock, flatfish
CBSFA	American Seafoods	9.9%	256	Ocean Rover	CP	Pollock, flatfish
CBSFA	American Seafoods	9.9%	295	Katie Ann	CP	Pollock, cod, flatfish
CBSFA	St. Paul Fishing Company	100.0%	81	Adventure	CV	Crab
CVRF	Coastal Alaska Premier Seafoods	100.0%	341	Northern Hawk	CP	Pollock, flatfish
CVRF	Coastal Alaska Premier Seafoods	100.0%	140	Flicka	CP	Cod
CVRF	Coastal Alaska Premier Seafoods	100.0%	141	Lilli Ann	CP	Cod
CVRF	Coastal Alaska Premier Seafoods	100.0%	125	North Cape	CP	Cod
CVRF	Coastal Alaska Premier Seafoods	100.0%	135	Arctic Sea	CV	Crab
CVRF	Coastal Alaska Premier Seafoods	100.0%	110	Bering Sea	CV	Crab
CVRF	Coastal Alaska Premier Seafoods	100.0%	126	North Sea	CV	Crab
CVRF/ NSEDC	BSAI Partners	37.5%	124	Alaska Rose	CV	Pollock
CVRF/ NSEDC	BSAI Partners	37.5%	124	Bering Rose	CV	Pollock
CVRF/ NSEDC	BSAI Partners	37.5%	180	Destination	CV	Pollock
CVRF/ NSEDC	BSAI Partners	37.5%	124	Great Pacific	CV	Pollock
CVRF/ NSEDC	BSAI Partners	37.5%	142	Sea Wolf	CV	Pollock
NSEDC	Aleutian No. 1	50.0%	105	Aleutian No. 1	CV	Crab

CDQ Group	Name of Company	CDQ Ownership	MLOA	Vessel Name	Vessel Type	Target species
NSEDC	Glacier Bay Fisheries	100.0%	154	Glacier Bay	CP	Cod
NSEDC	Siu Corporation	100.0%	130	Patricia Lee	CV	Crab
NSEDC	Glacier Fish Company	37.5%	376	Alaska Ocean	CP	Pollock
NSEDC	Glacier Fish Company	37.5%	276	Pacific Glacier	CP	Pollock
NSEDC	Glacier Fish Company	37.5%	201	Northern Glacier	CP	Flatfish
YDFDA	Akukurak Fisheries	85.0%	180	Courageous	CP	Crab, cod, sablefish
YDFDA	Alakanuk Beauty	75.0%	123	American Beauty	CV	Pollock
YDFDA	Emmonak Leader	75.0%	120	Ocean Leader	CV	Pollock
YDFDA	Kiska Sea Northern	45.0%	125	Kiska Sea	CV	Crab
YDFDA	Romanzof Fisheries	41.0%	182	Baranof	CP	Crab, cod, sablefish
YDFDA	Golden Alaska	26.3%	305	Golden Alaska	MS	Pollock

Note: MS = Mothership, CP = Catcher/Processor, CV = Catcher Vessel.

Source: NPFMC and NMFS 2016b with updates from CDQ group annual reports for 2016.

## Economic Development and Public Welfare

CDQ groups expend revenue on projects that fulfill the statutory mandate of the program to provide eligible villages with an opportunity to participate and invest in Bering Sea fisheries, support economic development in the region, alleviate poverty, provide economic and social benefits to western Alaska residents, and achieve sustainable and diversified local economies intended to support economic development and improve public welfare within the communities in their region. CDQ groups have invested in inshore processing plants for halibut, salmon, Pacific cod, and other species. In addition, each CDQ group funds region-specific projects including infrastructure, local fishery development and management, training and scholarship programs, grant programs, and social services. In most cases, these projects are completely funded with earnings from investments in the BSAI fisheries.

Each CDQ group is a non-profit corporation that receives revenue from its for-profit subsidiaries. For example, APICDA owns processing plants in False Pass and Atka, BBEDC holds 50% ownership in Ocean Beauty Seafoods, CVRF owns Coastal Villages Seafoods' salmon and halibut processing plants, NSEDC's Norton Sound Seafood Products operates processing plants and purchasing stations throughout the region, and YDFDA owns Kwik'pak Fisheries and has provided funding for the Emmonak Tribal Council's fish processing plant. Capital investments in processing equipment have allowed plants to produce processed seafood products for sale in global seafood markets.

Section 305(i)(1)(E)(iii) of the Magnuson- Stevens Act states that CDQ groups may make up to 20% of their annual investments in non-fishery related projects within the region. Individual CDQ groups invest in community capital projects such as village infrastructure projects, medical clinics, and environmental programs and projects. Regional investments by CDQ groups have expanded the state and local tax base. CDQ groups have invested in financial services that support small-scale operations targeting salmon, herring, halibut, or other species typically found in the near shore. CDQ revenue supports permit brokerages and revolving loan programs that build and sustain fisheries development within their regions. Such programs are intended to retain limited entry salmon permits within CDQ communities, providing the financing necessary for resident fishermen to purchase new boats and gear, and supporting market development for locally-harvested seafood products.

## Benefits of the CDQ Program to Member Communities

Earnings from royalties and investments enable the CDQ projects to distribute benefits directly to western Alaska communities. One of the most tangible direct benefits of the CDQ Program has been employment opportunities for western Alaska village residents. CDQ groups have created career track employment for many residents of qualifying communities and have opened opportunities for non-CDQ Alaskan residents, as well. Jobs generated by the CDQ groups include work on a wide range of fishing vessels, internships with the business partners or government agencies, employment at processing plants, and administrative positions.

Many of the jobs generated by the CDQ Program are associated with shoreside fisheries development projects in CDQ communities. These projects consist of a wide range of ventures, including those directly related to commercial fishing. Examples include building or improving seafood processing facilities, purchasing ice machines, purchasing and building fishing vessels, gear improvements, and construction of fish handling infrastructure.

Another way CDQ groups benefit the region is through expenditures that support targeted vocational training and provide post-secondary educational scholarship opportunities to residents. Each CDQ group provides training and scholarship opportunities for eligible community members. CDQ and non-CDQ villages benefit from a trained workforce well-suited for sustaining local employment in a fisheries-based economy.

While the CDQ Program is intended to support economic and social development activities in eligible communities, many non-CDQ communities in western Alaska benefit from the economic development projects. Fishermen and community members from non-CDQ villages utilize the infrastructure, including maintenance and repair facilities, and training available as a result of CDQ revenues. In addition, non-member fishermen contribute catch to CDQ processing plants and residents of non-member communities gain employment in CDQ-related projects.

Several CDQ groups support salmon assessment and enhancement projects intended to benefit salmon runs throughout western Alaska. Although CDQ communities derive revenue from pollock and other BSAI fisheries, salmon fishing is a key component of fishing activities for many of the CDQ stakeholders and residents of western Alaska. Many communities depend on sustainable salmon runs for subsistence, commercial, cultural, and spiritual practices.

Data summarizing these efforts were last reported in 2011 by WACDA. Since 2011, each CDQ group provides highlights of the work completed in its member communities but the information varies by CDQ group.



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