

Alaska crab deal marks new phase in CDQ groups' development

By [Jason Smith](#)

Jan. 19, 2021 18:43 GMT



 Snow crabs. Credit: [Vintagepix/Shutterstock.com](#)

It's been decades in the making, but a recently inked seven vessel, \$35 million crab quota deal involving two community development quota (CDQ) groups in the US state of Alaska is notable beyond just the transaction's size.

In two separate transactions with the [Mariner Group of Companies](#), the groups -- the Bristol Bay Economic Development Corporation (BBEDC) and Coastal Villages Regional Fund (CVRF) -- have taken another step along the transition from being lessors of fishing quota to joint venture partners with fishing firms to, now, being

sole owner/operators of their own crab vessels. It has been a long road that first began with grants of crab quota in 1998.

"When we first got the quota, we couldn't fish it ourselves. We didn't have a boat. We didn't know how," CVRF CEO Eric Deakin told *Undercurrent News*.

The group, which grew its 1997 net assets of \$7.5m into \$280m by 2019, is currently active in fishing for opilio, bairdi and red king crab, pollock and Pacific cod, Deakin said.

Prior to the deal for the three Mariner vessels -- Arctic Mariner, Cascade Mariner and Western Mariner -- CVRF had been a crab vessel owner/operator in three vessels since 2007 through a partnership with commercial crabbing veteran Kris Poulsen.

"They were industry pioneers and we had a partnership where they trained us and mentored us," Deakin said. "We stand on the shoulders of these industry pioneers that created the fishery before it was rationalized to be where we're at now".

CVRF has since sold one of its original vessels but still operates two others, the Arctic Sea and the North Sea with the Arctic Sea being a particularly productive ship, one of the largest in the fleet.

"Some years when the quota is really far down, like with red king in 2020, we can catch all of our crab with that one boat," he said.

This year, he's optimistic about opilio landings.

"Opilio's up 120% from last year. It would have been up more but because of COVID they didn't survey in 2020. So without a survey they were pretty conservative," Deakin said, of federal fishery survey efforts.

Simultaneous deals

Deakin added that the deal with Mariner arose after CVRF learned that its owners, Kevin Kaldestad and Gordon Kristjanson, were looking to sell. Mariner had been engaged in a fishing joint venture with BBEDC. A deal was struck for that CDQ group to convert its 45% share in seven vessels to a 100% stake in four -- Aleutian Mariner, Bristol Mariner, Nordic Mariner and Pacific Mariner.

Norm Van Vactor, the CEO of BBEDC, described the two CDQ acquisitions as "separate, but simultaneous" transactions.

He praised the BBEDC's long-standing partnership with Mariner, which has helped the CDQ group to grow its net assets to \$304m in net assets, as of 2019. Additionally, BBEDC is active across longline, crab and whitefish fisheries through partnerships with trawl operator Dona Martita, Pacific cod longliner Alaska Leader, pollock supplier Arctic Storm, and Alaska processing plant operator OBI Seafoods.

The group's quota funded investments, which in turn allowed BBEDC to grow further and support its educational and economic development programs.

"BBEDC, in turn, took its CDQ quota, and over the years as we've accumulated cash, we've bought additional quota," Van Vactor said.

Looking back on the history of the CDQ program, Van Vactor said that following the implementation in recent decades of quota-share systems for many commercial species in US federal waters to phase out derby fishing, the so-called "race for fish", six CDQ groups, were formed. The groups, which represent a swathe of small, remote villages in western Alaska, were founded as a way to ensure some of the benefits of commercial fishing stayed local.

The Mariner deal, Van Vactor and Deakins said, is unique in that because both CDQ groups are "capped out" from purchasing additional quota, they structured the transaction so that many of the individual villages that the groups serve purchased a combined \$35m in crab quota. The financial terms of the CDQ groups' vessel purchases were not disclosed.

Deakins said that as new quota owners, the villages could conceivably enter the fishing business themselves in the future.

"What better partner to have than our villages. Us being the harvester and them being the owner of the crab. Maybe 10 years from now they end up buying a boat or a couple of boats and harvesting their own crab as well. And getting a whole piece of the value chain," he said.

Van Vactor, spoke similarly adding that becoming 100% vessel owner/operators has increased BBEDC's "headaches", citing the group's increased responsibilities for crew selection and safety, vessel maintenance and long-term planning.

"That's our challenge but we took on that challenge because of what we think is the cost/benefit to our communities that have taken on this new ownership in crab quota," he said.

Van Vactor added that BBEDC is open to growth across all of the fisheries in which it currently operates.

"I'm optimistic that if we do things right that there's collaboration we can do with other CDQ groups, with other independent catcher-processors, that are mutually beneficial. I'm really optimistic and hopeful that this is the start of some really good stuff," he said.

Contact the author jason.smith@undercurrentnews.com