

Pollock industry confronts crushing Jones Act fines

Itty-bitty railroad: Alaska's pollock industry is locked in a high-stakes battle with the federal government.

The industry, with Bering Sea factory trawl operator American Seafoods at the center of it, revealed with a Sept. 2 press release that U.S. Customs and Border Protection had issued some \$350 million in penalties for violation of a shipping law, the Jones Act, in moving frozen pollock from Dutch Harbor to the eastern United States.

The industry filed for a temporary restraining order barring CBP from imposing further penalties – penalties the industry said had crippled seafood shipment to the East Coast.

On Sept. 28, Alaska federal Judge Sharon Gleason denied the motion for the restraining order.

The Jones Act generally prohibits the use of foreign ships to carry cargo between U.S. ports.

The pollock industry was using such ships, but was exercising an exemption in the law by landing product first at a port in New Brunswick, Canada. Product would then be loaded onto trucks for a trip along a tiny Canadian railroad only 100 feet long. Then the trucks would proceed to the Calais, Maine, border crossing.

In court papers, CBP cited “years of flagrantly illegal conduct” whereby the industry – to save costs – devised a “scheme” utilizing a specially built mini railroad “that goes nowhere.”

CBP has issued numerous penalty notices to American Seafoods logistics subsidiary Kloosterboer International Forwarding LLC and other fishing, shipping, trucking, and storage companies.

Bering Sea pollock is one of Alaska's biggest and most valuable seafood harvests.

The pollock industry argues it was in compliance with the Jones

Act, and that CBP's penalties are excessive.

Given the high stakes involved, this could be quite a pitched and lengthy battle.

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Crab quotas: The Alaska Department of Fish and Game announced a Bering Sea snow crab quota of 5.6 million pounds and a Bairdi quota of 1.1 million pounds for the 2021-22 season.

The quotas, while quite modest, came as something of a relief to the crab industry, which was sent reeling in September with the announcement that the lucrative Bristol Bay red king crab fishery would be closed this season due to stock weakness.

Many worried the snow crab fishery might also be at risk given the recent poor survey results.

Last season's Bering Sea snow crab quota was 45 million pounds.

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Fish to the Yukon: Due to “historically low king and chum salmon returns,” which precluded subsistence and commercial fishing this year, the state and private companies were sending fish to Yukon River communities.

“Salmon is the lifeblood for those along the Yukon, and my administration wasn't going to sit on the sideline while our rural communities struggled to put food on the table,” Gov. Mike Dunleavy.

Relief efforts involved more than 70,000 pounds of salmon as of Sept. 20, the governor's office said.

In one effort, the state purchased 12,000 pounds of salmon from Copper River Seafoods for delivery to communities along the Upper and Lower Yukon. Lynden trucked half the fish to Fairbanks, and Everts Air flew 6,000 pounds to Emmonak, where Kwik'Pak Fisheries distributed the salmon.

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False Pass settlement: The Aleutian Pribilof Island Community Development Association and Trident Seafoods said in a recent court filing they had reached a settlement of their dispute involving a jointly owned processing plant at False Pass. No details of the settlement were disclosed.

APICDA sued Trident in August 2020 in federal court in Seattle.

The lawsuit said costs of a plant expansion project went much higher than expected, and APICDA tried to exercise its right to require Trident to purchase APICDA's 25 percent interest.

This led to the dispute over “the calculation of the put price of Trident's purchase,” the recent court filing said.

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Sealaska deals: Sealaska, the Native regional corporation for Southeast Alaska, is making more seafood moves.

Sealaska announced the sale of Orca Bay Foods, saying the company's president, Phil Crean, was “taking the business back under sole ownership for the next phase of its journey.”

Sealaska also announced plans to acquire equity in two Icelandic seafood companies, IceMar and AG Seafood. IceMar is a sales and marketing business, and AG Seafood is a fish processor, Sealaska said.

Sealaska said its investment in the Icelandic companies builds on its acquisition of New England Seafood (NESI) in October 2020.

Wesley Loy is editor of *Pacific Fishing* magazine and producer of *Deckboss*, a blog on Alaska commercial fisheries.



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