

The Wheel Watch

a newsletter of the

Fishing Vessel Owners' Association
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Thank you for your support!

Dear Longliners and Sustaining Sponsors:

This newsletter will bring you up-to-date on the December North Pacific Council and November Pacific Council meetings, IPHC Interim Meeting, Washington, D.C. activities, USCG, and market price information.

****North Pacific Council****

Thank you to Jack Knutsen, John Crowley, and Kristian Olsen for attending the North Pacific Council meeting in Anchorage on December 6-10, 2016. It was appreciated.

RQE (Recreational Quota Entity.) The NPFMC voted 8 to 3 to establish an RQE with two quota pools, one for halibut in Area 3A and one for halibut in Area 2C. The RQE can sell and buy quota share. The quota units will retain their designations of class and block size if sold back to the commercial fleet. In Area 3A, the total transfer of quota will be up to 12% of the commercial QS pool held as RQE and GAF (Guided Angler Fish). The transfer limit in 2C will be 10 percent inclusive of QS and GAF, the same as in 3A.

There is an annual limitation of QS transfers that the RQE can acquire. It will be limited to 1 percent in 2C and 1.2 percent in 3A. If the RQEs find funding and actually purchase QS, it would take 10 years to purchase the full 10% in Area 2C. It would require a little more than 8 seasons to acquire the 3A QS. The current transfer rate in Area 3A is 5.4% of all 3A QS. If the RQE makes up 1.2% of QS purchases, they will be 22% of the 3A market for a little over 8 years. That is significant and will result in upward pressure on QS prices.

The RQE is restricted to buying no more than 10% of D class quota and 10% of blocks less than 1500 lbs. Should the RQE acquire more QS than they need, the surplus for that year will go 50% to QS holders holding not more than 2000 lbs. The other 50% would go to those Community Entities (CQEs) that actually hold QS. The Council's action is an attempt to apply the concept of "compensated reallocation" to the halibut resource. The Council is allowing the Charter fishery to enter the QS market in order to satisfy their demand. The Council's action goes a long way to stabilize the Charter industry at the expense of the commercial sector that has already endured 50% and 70% reductions in their harvest limits. **The industry from Kodiak, Homer, Seattle, Sitka and Petersburg testified to have it return equally to the fleet. This is social engineering at its worst.**

The Charter industry has repeatedly pushed for a greater percentage of the halibut quota. The Council, in the past, has increased the charter percentage and allowed leasing of Commercial quota. This vote signals that Alaska tourism is dominate in fish politics. The concerns of the Council about the second generation commercial fishermen seemed to go out the back door with this vote. Council members Buck Laukitis, Kenny Down and Roy Hyder voted against the program but also helped us get the transfer numbers lowered.

Gulf Rationalization. This action would have created a trawl ITQ in the Gulf of Alaska. The State of Alaska representatives were opposed to this and it failed for the 3rd time in 16 years. The State of Alaska is fearful of creating a program that has economic value and would get bought up by the large fishing companies. There has been talk to do an end run

around the Council in Washington, D.C. This would require a blessing from the two Alaska Senators who are both “R’s”. This would be a heavy lift.

Next NPFMC meeting, January 30-February 7. The Council’s IFQ Committee, which recommends changes to the Halibut/Sablefish program, will meet and discuss proposed changes to the program. Michael Offerman and Shawn McManus were selected to serve on the new committee.

Hired Skipper Lawsuit. The court provided a mixed bag on its’ decision. The judge changed the effective date for those who purchased halibut quota from February 2010 to July 28, 2014. If you are an initial recipient and happened to buy halibut QS in this timeframe, your “grandfather rights” to a hired skipper are still in effect. The judge tripped over his cloak on sablefish and ruled the February 2010 date was okay for sablefish. The judge did send the rule back for further consideration on several technical points. The judge’s order is as follows:

1. Defendants failed to properly assess the Final Rule in light of the National Standards...;
2. The Final Rule does not violate the Rehabilitation Act or the Due Process Clause;
3. The Final Rule is impermissibly retroactive with regard to the regulation of halibut QS.
4. The Final Rule is partially vacated as to regulation of halibut QS before July 28, 2014; and
5. The Final Rule is remanded to NMFS for further consideration of the National Standards.

Sablefish. The 2017 harvest of Sablefish will be generally up 11%.

Author recommended 2017 ABC (with whale depredation adjustments)

Area	AI	BS	WG	CG	WY*	EY*	Total
2016 ABC	1,557	1,151	1,272	4,023	1,353	2,438	11,795
2017 ABC	1,783	1,318	1,457	4,608	1,550	2,793	13,509
2013-2015 avg. depredation	-42	-39	-94	-82	-71	-44	-372
Ratio 2017:2016 ABC	1.145	1.145	1.145	1.145	1.145	1.145	1.145
Deduct 3 year adjusted average	-48	-44	-108	-94	-82	-50	-426
2017 adjusted ABC*	1,735	1,274	1,349	4,514	1,468	2,743	13,083
Change from 2016	11%	11%	6%	12%	9%	12%	11%

The survey is beginning to see the 2013 new year class and there may be a good 2016 year class as well. This news has lifted the stock assessment model from 2015.

Year	2015 Spawning Biomass	2016 Spawning Biomass	2015 Total Biomass	2016 Total Biomass
2012	98	103	243	258
2013	95	100	226	243
2014	92	98	208	232
2015	90	97	202	231
2016		94		232

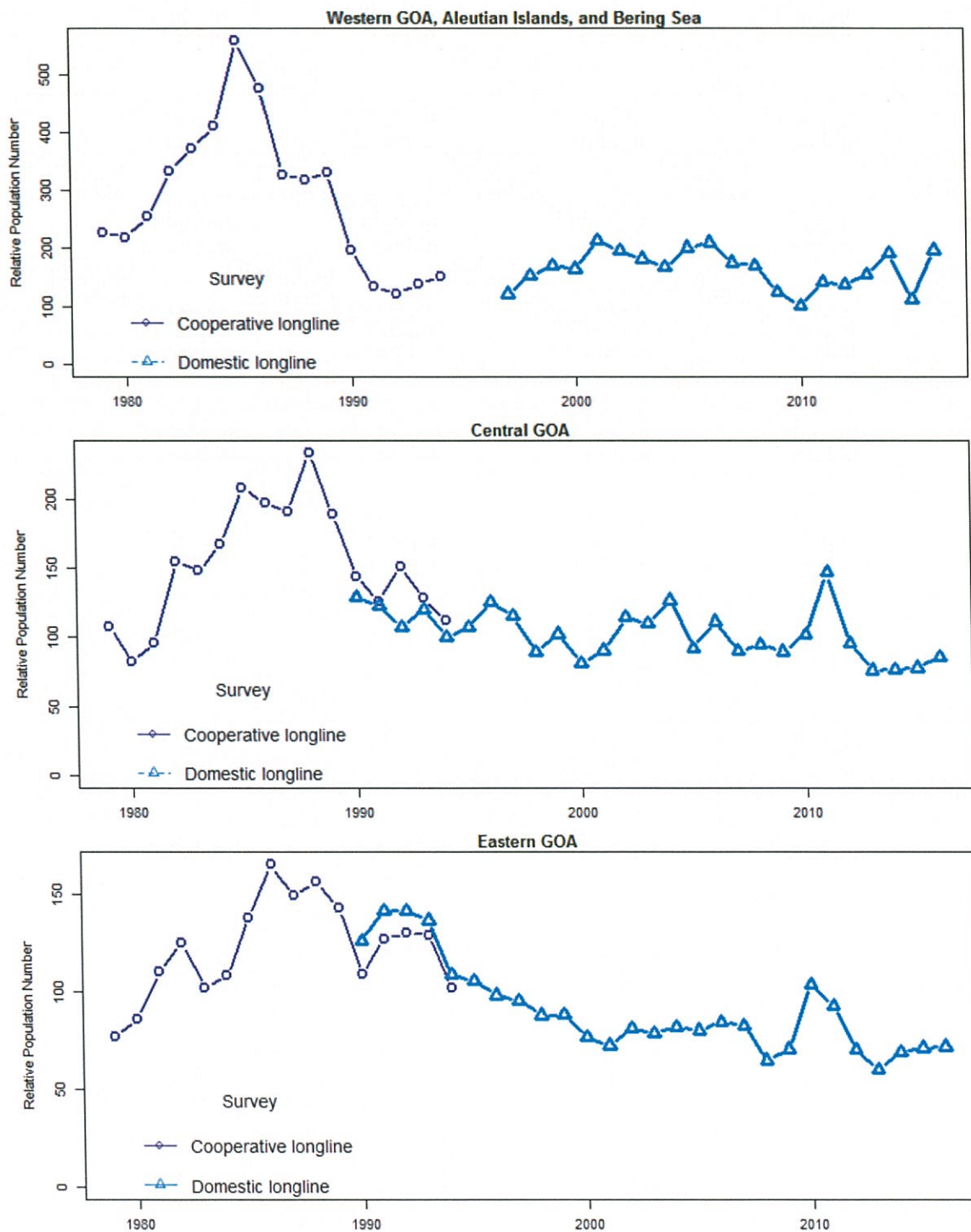


Figure 3.7. Relative abundance (numbers) by region and survey. The regions Bering Sea, Aleutians Islands, and western Gulf of Alaska are combined in the first plot. The two surveys are the Japan-U.S. cooperative longline survey and the domestic (U.S.) longline survey. In this plot, the values for the U.S. survey were adjusted to account for the higher efficiency of the U.S. survey gear.

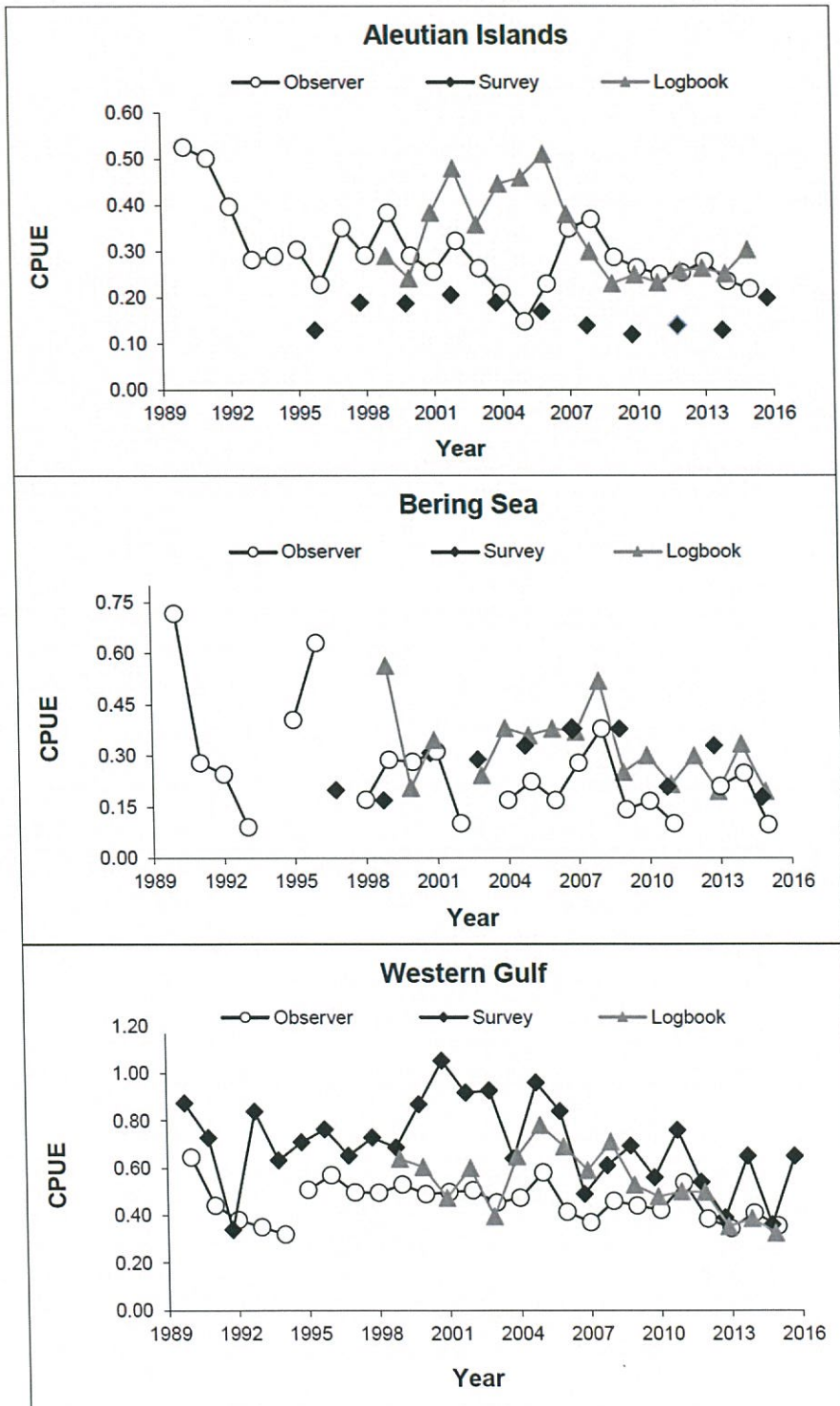
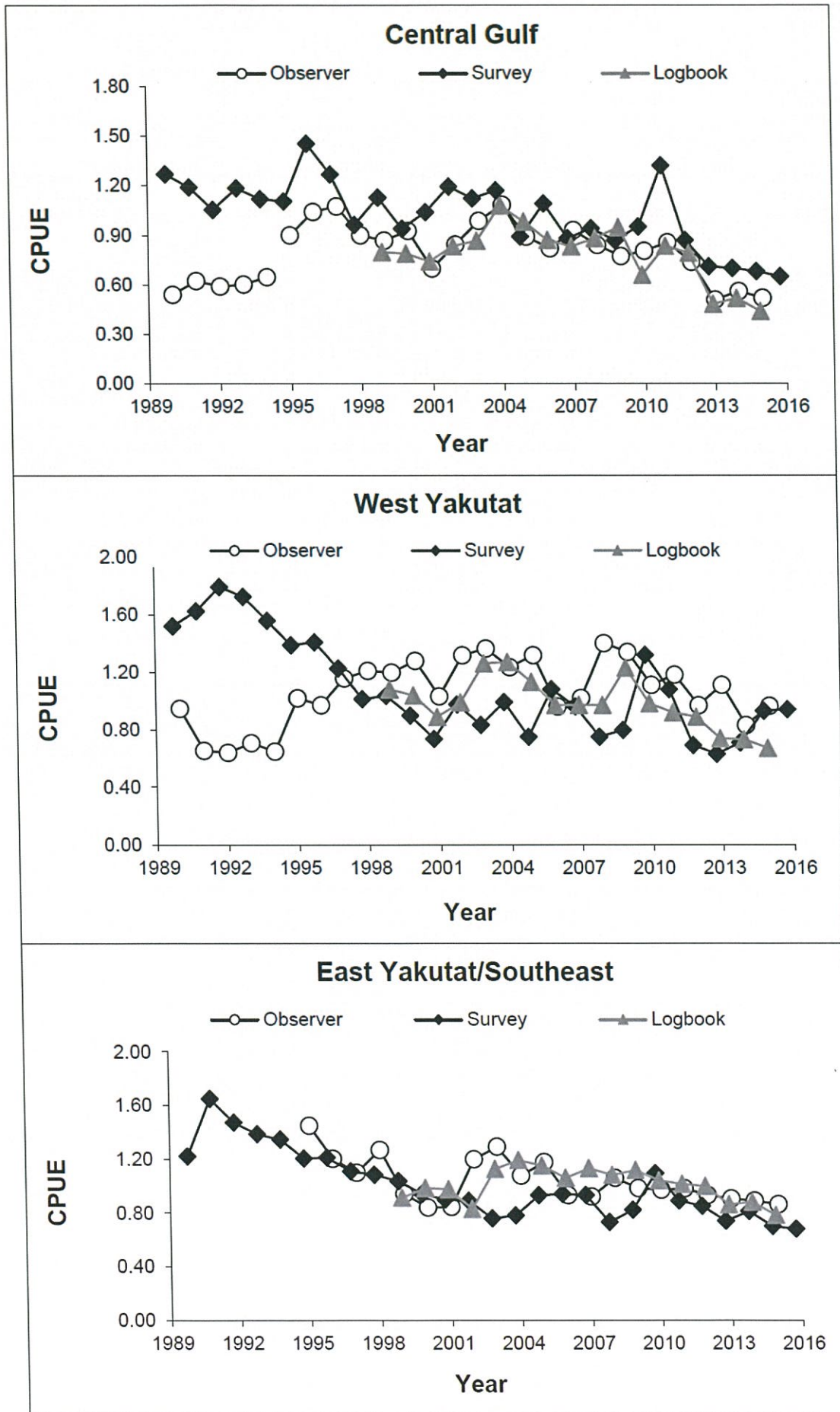


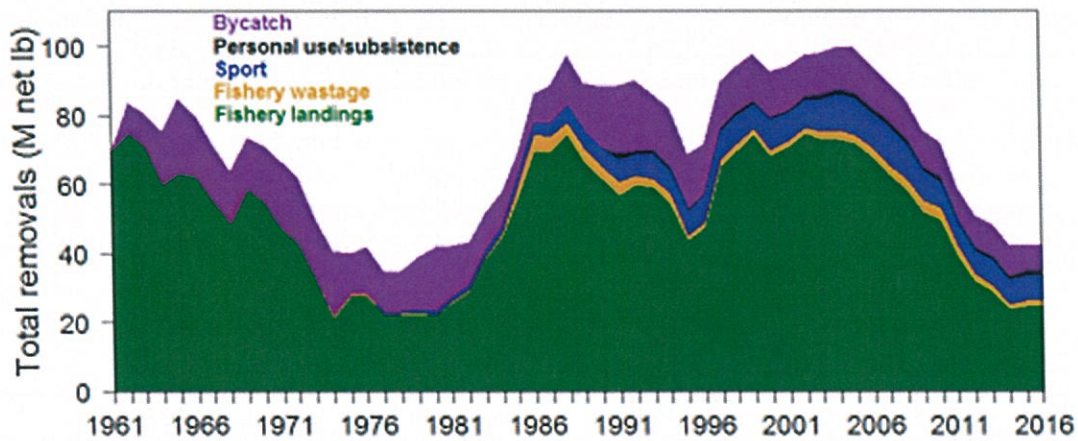
Figure 3.5. Average fishery catch rate (pounds/hook) by region and data source for longline survey and fishery data. The fishery switched from open-access to individual quota management in 1995. Data is not presented for years when there were fewer than three vessels. This occurred in observer data in the Bering Sea in 1994, 1997, 2003, and 2012, in logbook data in the Bering Sea in 2002, and in East Yakutat observer data from 1990-1994.



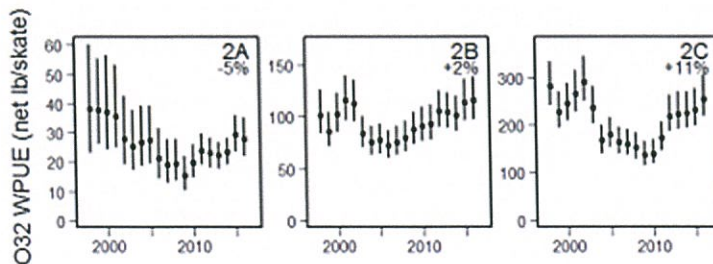
****IPHC****

The IPHC Annual Meeting will be held in Victoria, B.C., January 23-27, 2017. Final harvest limits will be decided at that time. The fishery CEY table shows the harvest limits recommendations from 2014 to 2017. Added is a new line called SPR or Spawning Potential Ratio. The SPR assessment model will likely be the new model for the IPHC. My own concern is that the survey and fishery WPUE show continuing ups in 2B and 2C yet when the numbers go through the apportionment model, it looks like these two areas get squeezed. This will be a major area of debate at the Annual IPHC meeting.

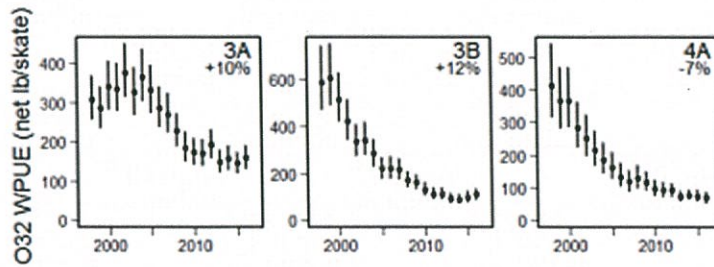
Recent Removals



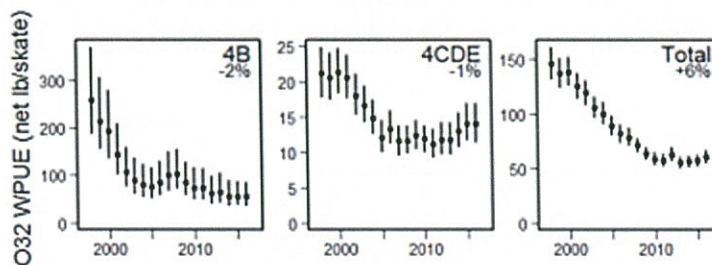
Survey O32 WPUE trends (variable scale)



Survey O32 WPUE trends (variable scale)



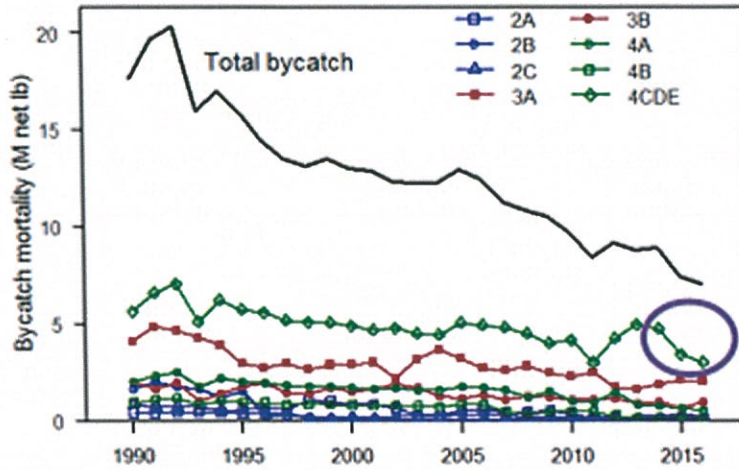
Survey O32 WPUE trends (variable scale)



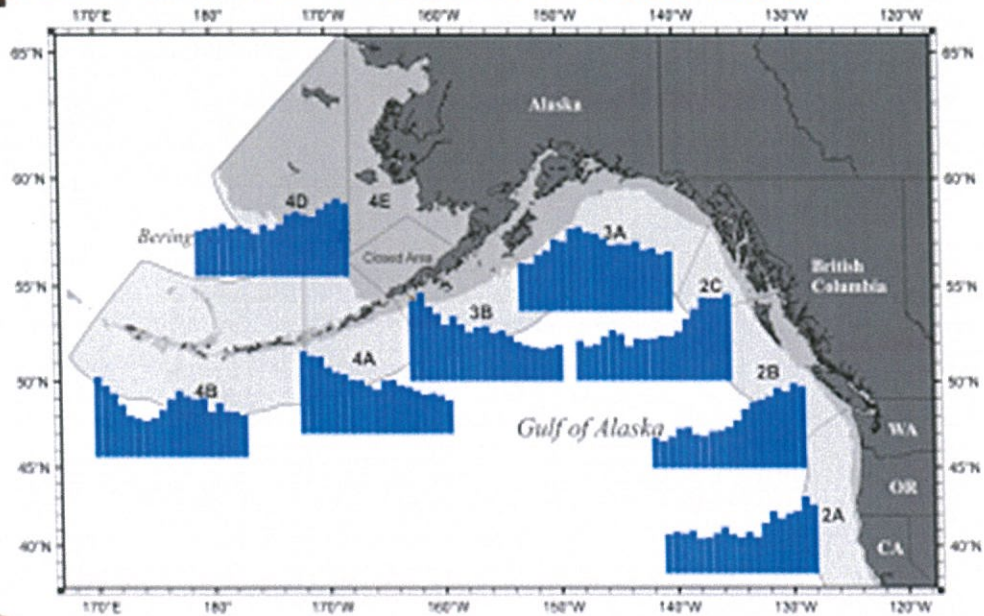
Summary of Graphics

Survey O32	2A	2B	2C	3A	3B	4A	4B	4CDE
WPUE Trends	-5%	+2%	+11%	+10%	+12%	-7%	-2%	-1%
Commercial WPUE	-47%	+9%	+7%	+1%	+8%	+8%	-24%	4C -27% 4D +8%
Survey Total Numbers	+1%	0%	+8%	-2%	+18%	-18%	+13%	-4%

Bycatch in non-halibut fisheries



Apportionment trends 1999-2017



FCEY Comparison

	<u>2A</u>	<u>2B</u>	<u>2C</u>	<u>3A</u>	<u>3B</u>	<u>4A</u>	<u>4B</u>	<u>4CDE</u>	<u>Total</u>
2014 Blue Line	0.72	4.98	4.16	9.43	2.84	0.85	0.82	0.64	24.45
2015 Blue Line	0.75	4.96	4.30	10.10	2.46	1.39	0.73	0.52	25.22
2016 Blue Line	1.02	5.22	4.62	9.27	2.71	1.30	0.92	1.64	26.70
2017 Blue Line	0.75	4.72	4.08	9.41	3.08	1.28	1.12	1.69	26.12
2017 <i>status quo</i> SPR	0.84	5.28	4.69	10.72	3.46	1.45	1.25	2.05	29.73
2016 Adopted	1.14	7.30	4.95	9.60	2.71	1.39	1.14	1.66	29.89



2016 IPHC Interim Meeting

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****Pacific Council****

Next Meeting. March 7-13, 2017

Sablefish Tier Limits for 2017. These are not available at this time of the Newsletter writing. They should be about 4% above last year.

Regulatory Note. The regulation that will allow you to have a trawl and tiered permit on the vessel at the same time will be effective for 2017 as will be the new ownership and control rules.

The Council will have a report on Sablefish Ecosystem Indicators and the Council will set incidental catch limits of halibut in the Sablefish fishery.

****Marketing****

Halibut & Blackcod. The Commercial harvest was 98% of the allowed harvest level for halibut. Halibut inventories are committed for through the winter. The Atlantic Halibut harvest is reaching about 7 million pounds of landing and gets a premium price of \$10/pound during the winter. It is becoming a competitor. It has rebounded with all the fishery closures off Eastern Canada and New England. U.S. supplies for 2017 should be similar to 2016.

Sablefish was very strong in 2016. The yen vs. the dollar is currently at 118 to the dollar which is where it was this time last year. The yen strengthened during the summer dropping to 100 yen/\$ but has weakened in the last two months. Sablefish supplies will be slightly up in 2017. The Pacific Council increased their harvest by 4% and the Gulf of Alaska will be up about 11%.

NOAA Fisheries Service
 PO Box 21668
 Juneau, Alaska 99802-1668
 Prepared: Dec-16-2016 5:23
 Restricted Access Management
 800-304-4846

Individual Fishing Quota (IFQ) Allocations and Landings

Area	Species	Vessel Landings	Total Catch Pounds	TAC		Percent Landed
				Allocation Pounds	Remaining Pounds	
2C	halibut	1,309	3,811,610	3,924,000	112,390	97
3A	halibut	1,472	7,256,491	7,336,000	79,509	99
3B	halibut	372	2,637,157	2,710,000	72,843	97
4A	halibut	172	1,343,260	1,390,000	46,740	97
4B	Halibut	98	861,167	912,000	50,833	94
4C/4D	Halibut	102	842,932	880,320	37,388	96
Total		3,525	16,752,617	17,152,320	399,703	98

AI	Sablefish	55	667,069	2,059,096	1,392,027	32
BS	Sablefish	76	390,480	1,014,116	623,636	39
CG	Sablefish	652	6,946,009	7,094,403	148,394	98
SE	Sablefish	531	5,088,856	5,108,058	19,202	100
WG	Sablefish	197	1,982,795	2,244,283	261,488	88
WY	Sablefish	222	2,807,599	2,832,911	25,312	99
Total		1,733	17,882,808	20,352,867	2,470,059	88

****Second Watch****

Please welcome three new Sustaining Sponsors. **Gardner Boat Repair, Inc.**, Bill Gardner, Owner, Seattle, WA; **North American Fishing Supplies, Inc.**, Jamie Eik, Seattle, WA; and **Puget Sound Hydraulics, Inc.**, Mike and Don Woods, owners, Seattle, WA. Thank you for your support!

AIS. In March 2016, the Coast Guard issued an AIS rule requiring fishing boats greater than 65 Feet operating in U.S. territorial waters to have a registered and installed AIS. Either a Class-A and Class-B is permitted.

****Washington, D.C.****

Senator Cantwell will likely take a chairmanship of the Commerce Fishery Committee as minority leader. This will be good to have her in this position as the Magnuson Act will be up for changes.


Discharge Exemption from EPA. Well, even though the House passed a complete

exemption, the Senate has not quite got a companion bill concluded This could get rolled over for the next Congress (2017-2018) to handle. The trouble is your current exemption expires December 2017. FVOA will be monitoring this one closely.

Head of NMFS/NOAA. Do not expect any announcements for a couple months but Chris Oliver, the Executive Director of the NPFMC has been suggested as the head of NMFS. With a “Republican” President, the State of Alaska with Senator Murkowski and Sullivan, both “R’s,” will have a lot to say about the head of NMFS and NOAA.

****Calendar of Events****


December 23-26, 2016	Christmas Holiday	Office closed
January 23-27, 2017	IPHC Annual Meeting	Delta Hotels, Victoria Ocean Pointe Resort Victoria, British Columbia
January 30 - February 7, 2017	NPFMC	Renaissance Hotel Seattle, WA
March 7-13, 2017 Advisory Bodles may begin March 7	PFMC	Hilton Vancouver Washington Vancouver, WA 98660
April 3-11, 2017	NPFMC	Anchorage
April 6-12, 2017 Advisory Bodles may begin April 6	PFMC	DoubleTree by Hilton Sacramento, CA
June 5-13, 2017	NPFMC	Juneau, AK
June 7-14, 2017 Advisory Bodles may begin June 7	PFMC	DoubleTree by Hilton Spokane City Center Spokane, WA
Sept. 11--18,2017 Advisory Bodles may begin Sept. 11	PFMC	The Riverside Hotel Boise, ID
October 2-10, 2017	NPFMC	Anchorage, Ak
November 13-20, 2017 Advisory Bodles may begin Nov. 13	PFMC	Hilton Orange County Costa Mesa, CA
December 4-12, 2017	NPFMC	Anchorage, AK



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