### Sustaining Sponsors

<table>
<thead>
<tr>
<th>Alaska Glacier Seafoods, Inc.</th>
<th>Alaskan Observers, Inc.</th>
<th>Ballard Oil</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banner Bank</td>
<td>Bellingham Cold Storage Co.</td>
<td>Columbia State Bank</td>
</tr>
<tr>
<td>Covich &amp; Williams, Inc.</td>
<td>Cummins Northwest</td>
<td>Dana F. Besecker Co., Inc.</td>
</tr>
<tr>
<td>Dock Street Brokers</td>
<td>Dungeness Gear Works, Inc.</td>
<td>Echo Belle, Inc.</td>
</tr>
<tr>
<td>Fishermen’s News</td>
<td>Fishing Vessel Owners/Marine Ways</td>
<td>Gardner Boat Repair Inc.</td>
</tr>
<tr>
<td>JK Fabrication*</td>
<td>LFS, Inc.</td>
<td>Mac's Ballard Upholstery</td>
</tr>
<tr>
<td>Marine Resources Consultants</td>
<td>Marine Service &amp; Supply</td>
<td>Mountain Pacific Bank</td>
</tr>
<tr>
<td>Northwest Electric Corp</td>
<td>Northwest Farm Credit Services</td>
<td>Ocean Beauty Seafoods LLC</td>
</tr>
<tr>
<td>Offshore Systems, Inc.</td>
<td>Parker Smith &amp; Feek</td>
<td>Peoples Bank</td>
</tr>
<tr>
<td>The Permit Master</td>
<td>Port Townsend Shipwrights Co-op</td>
<td>Puget Sound Hydraulics Inc.</td>
</tr>
<tr>
<td>Resurrection Bay Seafoods LLC</td>
<td>Seafreeze/CityIce Cold Storage</td>
<td>Seattle Marine &amp; Fishing Supply</td>
</tr>
<tr>
<td>Sitka Sound Seafood &amp; Alaska Pacific Seafoods</td>
<td>Joe Sullivan Law Office PLLC</td>
<td>Taku Fisheries</td>
</tr>
<tr>
<td>Trident Seafoods</td>
<td>Unisea, Inc.</td>
<td>Vigor Industrial LLC</td>
</tr>
<tr>
<td>Yakutat Seafoods*</td>
<td>Westward Seafoods, Inc.</td>
<td></td>
</tr>
</tbody>
</table>

*Thank you for your support!*
Dear Halibut & Sablefish Harvester:

This newsletter will bring you up-to-date on the recent IPHC recommendations; actions before the North Pacific and the Pacific Councils; markets, and Washington, D.C. issues.

**IPHC**

This year’s announcement of the results of the 2017 survey were disappointing and to some extent were dissimilar to the encouraging signs of fish experienced by many in the fleet. Some of the survey results were as follows:

- The weight per unit of effort numbers (WPUE) for the Commission coast wide were down -10 percent from last year after three years of apparent increases. Most notably, 2B and 3B were down 23% and 32% respectively.
- Large drop in survey NPUE coast wide of -24%, most areas were down double digits. It is hard to reconcile the -44% drop in Area 2A as many stations were involved in a deoxygenation situation and no fish were caught. The lack of under 32 inch fish in other areas suggests that important year classes are not as robust as recent year classes that you have been fishing on.
- The stock of female spawning biomass was estimated to be down about 2% from last year, nearly 202 million pounds. This is actually good news. The following two slides show the survey weight and number per unit of effort from the survey.
The following slide shows the industry log book results. This shows an increase in five of the major areas with a coast side increase of +5 percent. With regards to 2A, the IPHC staff shows the WPUE for the 10 hour derby and separately, the Makah tribal log books, both are up. In Areas 4C and 4D, both showed significant ups for commercial WPUE. It was noted that due to killer whales, 65% of the 4D harvest in 2017 came from the St. Matthew Island area.
The following slide is an age analysis of Area 3B. In 2015, the proportion of fish surveyed showed 10 year old females making up the majority of the stock. By 2017, that year class, now 12 year olds, were still the prominent year class with subsequent year classes not as strong following in behind. The other aspect of this graphic shows an increasing amount of males (blue bars) being available in 3B. The red bars represent females. The concern is the weaker year classes coming through.

The assessment model is picking up what it assumes to be poor year class strengths shown in the next graphic for the year classes 2006 through 2013. These year classes were spawned in a cool water period referred to as a negative “Pacific Decadal Oscillation (PDO).” The year classes from 1997 to 2005 and from 2014 through 2017 have been from positive PDO’s. It is from positive PDO’s that strong year class strength come from.

The graphic below shows how the 2018 and 2019 fishing seasons increasingly become dependent on weaker year classes. This is what has driven the proposed harvest numbers down. The anticipation of future poor year classes. There is a lot of uncertainty about the year classes from 2011 to 2013 and the year classes for 2014 through 2017 are too young to have shown up in surveys, either longline or trawl.
**Terms:**

TCEY – Total Constant Equilibrium Yield  
FCEY – Fishery Constant Equilibrium Yield

Below is a summary of what the IPHC scientists are recommending as harvest limits to achieve an F46 harvest strategy. F46 means the resource is 46% of virgin spawning biomass.

<table>
<thead>
<tr>
<th></th>
<th>2A</th>
<th>2B</th>
<th>2C</th>
<th>3A</th>
<th>3B</th>
<th>4A</th>
<th>4B</th>
<th>4CDE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1.34</td>
<td>7.52</td>
<td>5.15</td>
<td>9.90</td>
<td>3.28</td>
<td>1.42</td>
<td>1.12</td>
<td>1.79</td>
</tr>
<tr>
<td>Adopted FCEY</td>
<td>.47</td>
<td>3.14</td>
<td>3.76</td>
<td>9.01</td>
<td>1.95</td>
<td>1.32</td>
<td>1.00</td>
<td>1.36</td>
</tr>
<tr>
<td>2018</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Proposed FCEY</td>
<td>65%↓</td>
<td>58%↓</td>
<td>27%↓</td>
<td>9%↓</td>
<td>40%↓</td>
<td>7%↓</td>
<td>10.1%↓</td>
<td>24%↓</td>
</tr>
</tbody>
</table>

The Association will have a delegation at the Annual Meeting of the IPHC, which will be held in Portland at the Hilton Portland Downtown, January 22-26, 2018.
**North Pacific Council**

**IFQ Tax.** There has been much discussion regarding the IFQ fee lately. You will notice your fee rate is 2.2% this year. This is a reduction in part from FVOA, DSFU, ALFA-Sitka, PVOA-Petersburg and Homer making arguments about government cost being assigned incorrectly to our program. I would like to acknowledge Jeff Faver of Sitka for doing some excellent intel work on this issue. The factory trawlers sued over this issue in the Pacific Council. It was determined they were over-charged and they have sued most recently in Alaska. A lot of attention from different sectors of the harvesting industry are having a positive impact in lowering some of the assumed expenses.

**NPFMC December Meeting.** The NPFMC focus on issues affecting halibut/sablefish were limited largely to charter boat restrictions and approving the Sablefish harvest limits.

**Charter boat self-guided rentals.** Some charter operations in order to avoid the single fish limits or slot limits imposed on guided charter trips, have resorted to sending customers out on their own in boats to avoid the regulations. The Council moved to (a) establish a registration requirement for vessels affiliated with charter operations, remote lodges, or businesses that require annual saltwater fishing guide licenses, and (b) estimate halibut catch from this segment of the sector. The intent of the registration requirement and catch estimations to identify and track these unguided vessels to better understand impacts of this portion of the sector to communities, the halibut resource and other halibut stakeholders. This information will help the Council determine whether additional management actions are necessary for this segment of the charter industry.

**Sablefish.** The Council adopted the recommendation of the Plan Team for sablefish harvest which is a 14% across the board increase for the 2018 season.

<table>
<thead>
<tr>
<th>Area</th>
<th>2017 ABC</th>
<th>Standard Apportionment For 2018 ABC</th>
<th>Recommended fixed apportionment for 2018 ABC*</th>
<th>Difference From 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>13,509</td>
<td>15,380</td>
<td>15,380</td>
<td>14%</td>
</tr>
<tr>
<td>Bering Sea</td>
<td>1,318</td>
<td>2,686</td>
<td>1,501</td>
<td>14%</td>
</tr>
<tr>
<td>Aleutians</td>
<td>1,783</td>
<td>2,225</td>
<td>2,030</td>
<td>14%</td>
</tr>
<tr>
<td>GOA (subtotal)</td>
<td>10,408</td>
<td>10,469</td>
<td>11,849</td>
<td>14%</td>
</tr>
<tr>
<td>Western</td>
<td>1,457</td>
<td>1,533</td>
<td>1,659</td>
<td>14%</td>
</tr>
<tr>
<td>Central</td>
<td>4,608</td>
<td>4,201</td>
<td>5,246</td>
<td>14%</td>
</tr>
<tr>
<td>W. Yakutat</td>
<td>1,550</td>
<td>1,765</td>
<td>1,765</td>
<td>14%</td>
</tr>
<tr>
<td>E. Yak/SE</td>
<td>2,793</td>
<td>2,970</td>
<td>3,179</td>
<td>14%</td>
</tr>
</tbody>
</table>

The following graphics are almost the opposite of what we experienced in halibut. The sablefish survey was positive this year and verified a very large 2014 year class of sablefish. In fact, the scientists suggested that there was evidence of a strong 2015 year class as well. The commercial log books and observer reports, which both run a year behind, continued to show record low catch per unit of effort. The science explanation of this is that the current stock has a very mature spawning biomass that is declining but also
has an unprecedented large incoming year class that offsets any decreasing element of the older fish. The 2014 year class is so large the scientists reduced the potential increase in harvest by at least 40% as it would have put a lot of pressure on smaller fish.

The graphic on the next page shows how large the 2014 year class is thought to be. The 1977 year class allowed harvest to increase to 30,000 Mt. If the 2014 year class is as big as it appears, sablefish harvest could double by 2022 as the fish reach maximum size. This is potentially a WOW moment in sablefish history. The lower coast and British Columbia have seen this year class as well.
The following graphics show results from the survey, industry log books and observer CPUE results. The industry logs and observer data run a year behind the survey information.
In talking to Dana Hanselman, one of the lead sablefish scientists, he believes you should see an influx of the 2014 year class during 2018. They should be about 4.4 lbs round, perhaps 3 lb. dressed fish.

The Alaska Science Center, the N.W. Science Center, and British Columbia areas have been tagging sablefish for over a decade. Here is a graphic of where the tags start and end up. The round spots are where the fish were caught. You can see from this chart sablefish go pretty much everywhere and anywhere they want. A similar graphic from Newport, Oregon, showed a northwest movement all the way to the Aleutians. I suspect the old theory of sablefish being two stocks is coming to an end. This migration pattern or lack of a pattern, is why the scientists are raising harvest levels the same in all areas rather than continuing the old re-apportionment process. The blue or purple lines represent fish that were tagged and went west. The red lines are fish that were tagged and went east.
**Upcoming Issues before the NPFMC.** In February, the NPFMC will be in Seattle at the Renaissance Hotel, February 5-12, 2018. Their IFQ Committee will be meeting. There are concerns of attempts to further social engineer your IFQ program. Members will be called and encouraged to attend and testify. In April, the Council will be in Anchorage to take up the bycatch of juvenile halibut in the Bering Sea. The Council is scheduled to come up with hopefully, meaningful options. FVOA will have attendance at both meetings.

**Other Actions of Interest.** The Council reduced the Gulf of Alaska harvest of Pacific Cod by 80% down. Out of concern of the Gulf trawl fleet turning to Arrowtooth flounder as the Pacific Cod are way down, the Council lowered that harvest limit to 48,000 Mt from 150,000 Mt. The 2017 survey saw a 38% decrease in Arrowtooth flounder. The trawl catch was 26,000 Mt in 2017.

**Pacific Council**

<table>
<thead>
<tr>
<th>Stock or Stock Complex</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sablefish N. of 36</td>
<td>8526</td>
<td>7784</td>
<td>5241</td>
<td>8050</td>
<td>7350</td>
</tr>
<tr>
<td>Sablefish S. of 36</td>
<td>1880</td>
<td>1864</td>
<td>1944</td>
<td>1990</td>
<td>2033</td>
</tr>
</tbody>
</table>

OFL = Over Fishing Level; ABC = Allowable Biological Catch; ACL = Allowable Catch Limit
Halibut. At the March meeting in California, there will be a determination of how many pounds of bycatch you can retain per 1000 lbs. of sablefish. Last year it was 140 lbs. per 1000 lbs. of dressed sablefish. At this time, there are radical reductions in halibut suggested and the amount allowed will be determined on what harvest limit is set on halibut at the Annual IPHC Meeting.

November Council Meeting. We had an excellent group that showed up at the November Council meeting in Garden Grove, California, to speak on behalf of fixed gear “gear switching”. The Council did not take a hard line against gear switching but moved a bit sideways to look at limiting the amount of switching that can be done on an Annual basis by adjusting the vessel CAP on an annual basis. So a restriction might focus on the vessel CAP in the future. I want to thank Paul Clampitt, Gary and Peter Olsen, Tyler Besecker and Heather McCarty – all who testified on this issue. Others from Oregon and California also testified in favor of not changing gear switching provisions. Our testimony had a positive effect but the issue is not decided.

**Markets**

Halibut. The frozen season is upon us. The market is not as hot and Atlantic Halibut are competitive and increasingly abundant. Prices were good to the fleet throughout 2017. Prices beginning in 2018 will depend on what volumes IPHC authorizes and any frozen carry overs.

---

### Individual Fishing Quota (IFQ) Allocations and Landings

<table>
<thead>
<tr>
<th>Area</th>
<th>Species</th>
<th>Vessel Landings</th>
<th>Total Catch Pounds</th>
<th>Allocation Pounds</th>
<th>Remaining Pounds</th>
<th>Percent Landed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2C</td>
<td>halibut</td>
<td>1,358</td>
<td>4,049,456</td>
<td>4212000</td>
<td>162,544</td>
<td>96</td>
</tr>
<tr>
<td>3A</td>
<td>halibut</td>
<td>1,473</td>
<td>7,588,864</td>
<td>7739000</td>
<td>150,136</td>
<td>98</td>
</tr>
<tr>
<td>3B</td>
<td>halibut</td>
<td>364</td>
<td>3,023,590</td>
<td>3140000</td>
<td>116,410</td>
<td>96</td>
</tr>
<tr>
<td>4A</td>
<td>halibut</td>
<td>174</td>
<td>1,270,207</td>
<td>1390000</td>
<td>119,793</td>
<td>91</td>
</tr>
<tr>
<td>4B</td>
<td>halibut</td>
<td>83</td>
<td>833,417</td>
<td>912000</td>
<td>78,583</td>
<td>91</td>
</tr>
<tr>
<td>4C/4D</td>
<td>halibut</td>
<td>114</td>
<td>866,513</td>
<td>902400</td>
<td>35,887</td>
<td>96</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>3,566</strong></td>
<td><strong>17,632,047</strong></td>
<td><strong>18295400</strong></td>
<td><strong>663,353</strong></td>
<td><strong>96</strong></td>
</tr>
</tbody>
</table>

Sablefish. There probably was not a hotter market this year than sablefish. There will be a 14% increase in harvestable fish from Alaska and a 4 percent increase in harvest off Washington, Oregon and California for 2018. This should not cause undue stress on the market considering last year’s demand.
Individual Fishing Quota (IFQ) Allocations and Landings

<table>
<thead>
<tr>
<th>Area</th>
<th>Species</th>
<th>Vessel Landings</th>
<th>Total Catch Pounds</th>
<th>Allocation Pounds</th>
<th>Remaining Pounds</th>
<th>Percent Landed</th>
</tr>
</thead>
<tbody>
<tr>
<td>AI</td>
<td>sablefish</td>
<td>57</td>
<td>697,853</td>
<td>2294989</td>
<td>1,597,136</td>
<td>30</td>
</tr>
<tr>
<td>BS</td>
<td>sablefish</td>
<td>79</td>
<td>604,718</td>
<td>1124346</td>
<td>519,628</td>
<td>54</td>
</tr>
<tr>
<td>CG</td>
<td>sablefish</td>
<td>698</td>
<td>7,619,165</td>
<td>7960811</td>
<td>341,646</td>
<td>96</td>
</tr>
<tr>
<td>SE</td>
<td>sablefish</td>
<td>603</td>
<td>5,703,844</td>
<td>5745188</td>
<td>41,344</td>
<td>99</td>
</tr>
<tr>
<td>WG</td>
<td>sablefish</td>
<td>187</td>
<td>2,249,621</td>
<td>2378763</td>
<td>129,142</td>
<td>95</td>
</tr>
<tr>
<td>WY</td>
<td>sablefish</td>
<td>222</td>
<td>3,053,477</td>
<td>3073212</td>
<td>19,735</td>
<td>99</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1,846</td>
<td>19,928,678</td>
<td>22577309</td>
<td>2,648,631</td>
<td>88</td>
</tr>
</tbody>
</table>

Pacific cod. Well the quota went down 80% in the Gulf of Alaska. I couldn’t find any pot cod fish prices at the time of printing the newsletter. Frozen prices have moved up.

**Second Watch**

Please welcome two new Sustaining Sponsors. Mr. Jim Kreider, JK Fabrication, Seattle, Washington; and, Mr. Greg Indreland, Yakutat Seafood, Yakutat, Alaska. Thank you for your support!

**Washington, D.C.**

**Congressman Don Young** has requested that all limited access programs have a mandatory initial 5-year review and after that, a review at least every 7 years. The Councils are already doing this. Actually a Council can start a change at any time they see a problem. These reviews are being used by special interests to ask for radical changes and social engineering. We went swiftly through the process for the Pacific Council Sablefish Tiered Program. We are in the middle of a review in the NPFMC for halibut/Sablefish which hopefully will end at their February meeting and the Pacific Council is in their five-year
review for their IFQ program for trawlers. These mandatory reviews are big energy dumps on a system that takes three plus years to get anything done.

**Vessel Discharge Exemption.** We are still hoping for a permanent exemption. I got a late email from Senator Cantwell’s office that they have proposed a three-year extension of the current temporary exemption should Congress not move a permanent exemption. We thank Senator Cantwell for the life line. The hold up on this exemption is that it has been tied to a controversial issue of ballast water regulations nationwide.

**Calendar of Events**

<table>
<thead>
<tr>
<th>December 21-26, 2017</th>
<th>Christmas Holidays</th>
<th>Office Closed</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 4, 2018</td>
<td>Meeting for FVOA Members @ IPHC</td>
<td>10-Noon IPHC offices</td>
</tr>
<tr>
<td>January 18, 2018</td>
<td>Annual Cargo Pool Meeting for Members</td>
<td>Rogo’s Restaurant Downtown Magnolia</td>
</tr>
<tr>
<td>January 22-26, 2018</td>
<td>Annual IPHC Meeting</td>
<td>Hilton Portland Downtown Portland, OR</td>
</tr>
<tr>
<td>February 5-12, 2018</td>
<td>NPFMC Meeting</td>
<td>Renaissance Hotel Seattle, WA</td>
</tr>
<tr>
<td>February 15, 2018</td>
<td>MSR Annual Meeting For members</td>
<td>Palisade Restaurant Seattle, WA</td>
</tr>
<tr>
<td>March 8-14, 2018</td>
<td>PFMC Meeting</td>
<td>Doubletree by Hilton Sonoma Bohnert Park, CA</td>
</tr>
<tr>
<td>April 2-10, 2018</td>
<td>NPFMC Meeting</td>
<td>Hilton Hotel Anchorage, AK</td>
</tr>
<tr>
<td>April 4-11, 2018</td>
<td>PFMC Meeting</td>
<td>Sheraton Portland Airport Portland, OR 97220</td>
</tr>
<tr>
<td>June 4-12, 2018</td>
<td>NPFMC Meeting</td>
<td>Best Western Convention Center, Kodiak, AK</td>
</tr>
<tr>
<td>June 6-14, 2018</td>
<td>PFMC Meeting</td>
<td>Doubletree by Hilton Spokane, WA</td>
</tr>
<tr>
<td>September 5-12, 2018</td>
<td>PFMC Meeting</td>
<td>Doubletree by Hilton Seattle, WA</td>
</tr>
<tr>
<td>September 19-20, 2018</td>
<td>IPHC Work Meeting</td>
<td>Bellingham, WA</td>
</tr>
<tr>
<td>October 1-9, 2018</td>
<td>NPFMC Meeting</td>
<td>Hilton Hotel Anchorage, AK</td>
</tr>
<tr>
<td>November 1-8, 2018</td>
<td>PFMC Meeting</td>
<td>San Diego Marriott Del Mar San Diego, CA</td>
</tr>
<tr>
<td>November 27-28, 2018</td>
<td>IPHC Interim Meeting</td>
<td>Seattle, WA</td>
</tr>
<tr>
<td>Dec 3-11, 2018</td>
<td>NPFMC Meeting</td>
<td>Hilton Hotel Anchorage, AK</td>
</tr>
</tbody>
</table>

FVOA will have representation at all of these meetings to protect your interests!
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