

The Wheel Watch

a newsletter of the

Fishing Vessel Owners= Association
Room 232, West Wall Bldg., 4005 - 20th Ave. West
Seattle, WA 98199-1290
Phone: (206) 284-4720 / 283-7735
Fax: (206) 283-3341
Website: www.fvoa.org

Robert D. Alverson
Manager

Carol M. Batteen
Executive Assistant

Vol. XXII, No. 4

July 2008

Sustaining Sponsors

Alaska Fresh Seafoods	Ballard Oil	Bank of America
Bellingham Cold Storage Co.	CityIce Cold Storage	Covich & Williams, Inc.
Cummins Northwest	Dana F. Besecker Co., Inc.	Danielson, Harrigan, Leyh & Tollefson
Dock Street Brokers	Northwest Farm Credit Services	Fishermen=s News
The Fish Factory	Fishing Vessel Owners /Marine Ways	Haven Boatworks, LLC
High Tide Seafoods, Inc.	Philip D. Hingston, Inc, P.C.	Icelander, Inc
Law Office of Paul L. Anderson, P.L.L.C.	Marine Resources Consultants	Marine Service & Supply
Marsh	Nautilus Seafoods, Inc.	Northern Lights Seafoods
Northport Fisheries, Inc.	Northwest Electric Corp	Ocean Beauty, In
Offshore Systems, Inc.	Pacific Fishermen, Inc.	The Permit Master
Resurrection Bay Seafoods LLC	Rickey & Associates	Satellite Technical Services
Seafood Producers Co-op	Seafreeze Cold Storage	Seafresh Marketing LLC
Seattle Marine & Fishing Supply	Sitka Sound Seafood& Alaska Pacific Seafoods	Trident Seafoods
Unisea, Inc.	Viking Community Bank	Westward Seafoods, Inc.

Thank you for your support!

Dear Longliner:

This newsletter will bring you up-to-date on the Pacific and North Pacific Fishery Management Councils, Washington, D.C. events, and marketing trends.

****Pacific Council****

2009/2010 Seasons. The Council voted for a coastwide mortality of 17 Mt. of yellow-eye for 2009 and 2010. For 2009, this will result in the RCA (Rockfish Conservation Average) being moved from 100 fathoms to 125 fathoms from Cape Blanco to Cascade Head. The line will be relaxed during the 10-hour halibut openings to 100 fathoms. This may save .3 Mt of bycatch of yellow-eye. For at least the 2009 season, the RCA off Washington will remain at 100 fathoms. If NMFS does not accept a 17 Mt. yellow-eye mortality for 2010, the RCA off Washington could be moved to 125 fathoms for 2010. This could eliminate the dog fish fishery and cause a disruption to the sablefish fishery. About 75% of the sablefish are caught deeper than 125 fathoms so it was presumed the movement to 125 fathoms would still provide an income opportunity to the L.E. sablefish industry.

In season management for 2008. There were no changes for the limited entry fleet north of Grays Harbor. The L.E. daily trip limit north of 38° was increased to 500 lbs/day.

The Pacific Council voted for a historical new IFQ program for the lower west coast trawl fleet. On a vote of 8 to 4, the Council voted for a preferred alternative that will require a final vote in November of 2008. Here are some of the provisions.

- (1) There are three sectors—at-sea processors, motherships, and shorebased groundfish;
- (2) The shorebased years of consideration are 1994 to 2003;
- (3) This fleet had a federal buyout a few years ago for about 48% of the trawl fleet. The buy-out fish will be evenly distributed;
- (4) 20% of the earned IFQ of whiting and other groundfish species will be allocated to the historical shorebased processors;
- (5) Certain bycatch species will not be allocated to the shorebased processors for whiting, which could advantage the harvesters;
- (6) The mothership and at-sea processors will be given co-op options, something they preferred; the shorebased quota is not obligated to a forced co-op.
- (7) The current length endorsement on a L.E. trawl permit will be waived but the trawl permit will still be required in order to retain fish, though you can use any legal gear.
- (8) There is a first-time IBQ (Individual Bycatch Quota) on halibut, non-retainable.
- (9) In order to catch this fish, you will still be assessed your share of the trawl buyout landing fee, plus the 3% IFQ fee and 100% observer coverage, about \$350/day plus cost of camera if required for video surveillance. There are ownership caps and use caps.

They expect a 40% consolidation of the trawl fleet. With the above costs and the loss of 20% of gross income per vessel which may be allocated to the processors, a 60%

consolidation may be more realistic of the non-whiting sector of the industry, particularly due to the bankrupt situation of the existing non-whiting fleet. The status of the resources and economy of the fleet are not dissimilar to what the Bering Sea crab fleet faced prior to enactment of their program, which accelerated consolidation.

Example: Any vessel owner could buy a trawl permit and assign the permit to a boat, fish the desired species on the vessel, with any legal gear type, and lease the rest to someone who has another trawl permit. I know some of you have speculated on this program buying trawl permits. Nothing is final until November and the program is not anticipated to be operative until 2011.

Phil Anderson from Washington State made the preferred motion. He argued that the processors would be faced with new levels of market strength from the fleet with IFQs. He did not elaborate what that market power is. I suspect it is the time a harvester has to market his fish. It is estimated by independent economists, that 20% of the whiting and other groundfish will amount to a value of 40 to 60 million dollars to help offset the new power of the harvesters who can now choose their own markets.

****North Pacific Council****

Council Seat Appointment. I would like to thank those of you who supported my candidacy for membership on the North Pacific Council. Your efforts and those of so many other people reflect the importance that we all attach to ensuring that our fisheries are effectively conserved and managed.

I have conveyed to Mr. John Henderschedt, the new appointee, my sincere congratulations on his appointment. Our industry will look to him and the other members of the Council, as well as to the Department of Commerce, to provide sound stewardship of the fisheries resources upon which we depend for our livelihoods.

As for myself, I plan to play an active role, as a member of the interested public, in the Council process. The road ahead will present us with many challenges, and working together, we will be equal to the tasks ahead.

GOA Pacific Cod Sector Splits. This is an important step in moving towards some form of final rationalization of the GOA P-cod fisheries. However, I think the Council is beginning to over-think itself by developing artificial barriers between fishing vessels in order to shift advantages to what is believed to be Alaska shorebased vessels. This is now very hard to do because Alaskans and fishermen from Gig Harbor, Bellingham, Anacortes, Oregon and Fort Bragg are all playing the <60 foot vessel game (i.e. no log books, no observer). It gets really hard to discriminate when everyone looks alike and this seems to be part of the Council's problem. Here are some of the options being considered.

The Council refined options for sector definitions (Component 2). Trawl catcher processors will receive a single allocation, rather than separate allocations for vessels ≥ 125 ft. and < 125 ft. An option was added to establish separate allocations in the Central Gulf for hook-and-line catcher

vessels ≥ 50 ft. and < 50 ft. The Council also added an option that would prevent vessels from participating in the < 60 ft. sectors if they exceed a capacity (tonnage) threshold to be determined by the Council. These vessels could participate in the ≥ 60 ft. sectors. Finally, an option was added to create a combined allocation in the Western Gulf for trawl and pot vessels < 60 ft.

Thought –limit-type seiners are getting so wide there is now a riff between regular 59 footers and fat 59 footers. There is also a concern from the 50 footers vs. the 59 footers. If a boat delivers iced or chilled seawater product, why is there a need for any vessel length consideration? I would like your thoughts on this.

Under Component 3, which defined qualifying catch, the Council removed the option to define qualifying catch as directed Pacific cod catch only. Under Component 4, which identified the years used to calculate qualifying catch, the Council added two options to base allocations on catch during the qualifying years 2002-2007 (average of best 3 or 5 years).

This sounds reasonable. Please let me know your thoughts.

The Council added two new components to the motion. Component 8 addresses community protection provisions related to Pacific cod catch delivered to vessels acting as motherships would be capped as a percentage of the Federal Pacific cod TAC in each management area. The cap does not apply to deliveries to inshore floating processors operating at a single geographic location during a given year.

If the sector is defined as an unprocessed product sector (i.e. delivered dressed or in the round), why are markets being potentially discriminated against? The fish will have to be delivered to Alaska somewhere if it cannot be processed at sea. It's not like you can run to Prince Rupert! Why not have a western Alaska designation and deliver to any market in western Alaska? Why limit markets? I would like to know your thoughts on this in order to develop our comments for the fall Council meetings.

Finally, under component 9, allocations to any sector based on catch history may be adjusted upward or downward by 5% or 10% based on considerations related to Steller sea lion mitigation, bycatch reduction, PSC mortality, or other conservation and social objections.

Doesn't this create more instability and future fights between sectors? Is the fleet really requesting this option? Let me know.

GOA Fixed Gear Recency. *The Council reviewed the initial draft analysis of the proposed Gulf of Alaska fixed gear recency action. This action proposed to (1) remove Central and/or Western Gulf area endorsements from fixed gear LLP licenses, and (2) add Pacific Cod endorsements to licenses. The Council considered releasing the document for public review, but decided to*

schedule another initial review for December 2008 concurrently with initial review of the Pacific cod sector split action.

The Council refined options under Component 2, which defined the sectors subject to this action. The option to exempt vessels using jig machines up to 30 hooks per line and one line per machine. The Council also added an option that would exempt vessels <60 ft. LOA from the recency action if they are under a capacity limit to be determined by the Council. The Council requested that staff provide recommendations of options to consider for establishing capacity limits.

Another exemption for <60ft. LOA plus a tonnage discounted element. It seems that this only creates more uncertainty and erodes everyone's economic stability. Please contact the office and let us know your thoughts.

I get the sense that what started out as a good intention to qualify who is in and who is out and what sector everyone belongs has evolved into a classic food fight.

Charter halibut. There was a report at the Kodiak meeting that some charter operations were trying to use subsistence fishermen to exceed the 1 fish halibut limit. The Council and NOAA are preventing this with the following action.

The current regulation, or the proposed action, does not intend that owners of charter businesses and/or lodges who qualify for rural SHARCs could trade, sell, or share subsistence halibut with their clients. A lodge owner/operator could not feed subsistence halibut to their clients, because they would be causing the halibut to enter into commerce. Providing halibut for a meal to clients of a lodge would not be considered customary trade, because one of the services/items provided by the lodge to a client, in exchange for money, is meals – including halibut. A proposed rule to amend the subsistence halibut program would make it unlawful to transfer subsistence halibut to charter vessel anglers
[\(<http://www.fakr.noaa.gov/prules/73fr20008.pdf>, 73 FR 20008\).](http://www.fakr.noaa.gov/prules/73fr20008.pdf)

The one fish bag regulation was overturned by the Court. There was a temporary restraining order issued on June 20, 2008. The Court ruling on the preliminary injunction, admits, (1) NMFS “can do a lot of things,” however NMFS written record does not show NMFS intended to manage to the 2008 GHL, (2) the regulations were not based on authority of the Halibut Act, and (3) there is no conservation issue.

In reaching this decision, the commercial fishermen were denied intervention status. The Council was portrayed as a Council dominated by commercial interests and the Court accepted this position. The Court found that the Council's intent was to use the authority under the Halibut Act, but that the DOJ and NMFS briefs were contrary to what NMFS said in the final rule.

The Charter plaintiffs argued that there is no conservation issue associated with the

regulations. NMFS response in the preamble was that NMFS agrees. However, if you read further NMFS stated they agree assuming everyone stays within their allocation. However, it was not until the June 20th hearing, that that point was made known to the Judge. DOJ failed to pick up the challenge on the lack of conservation argument and completely failed to challenge it in their briefs. In the June 10th hearing, the judge asks whether the rule was promulgated for conservation reasons. DOJ agreed with the Plaintiffs position that this is not a conservation regulation. With that assurance in mind, the judge proceeds to grant the temporary restraining order and states the Court would be "very concerned" by the regulation if it was a conservation rule but luckily it is not that. The brief filed by the Halibut Coalition did assert the conservation issue, but that intervention was not allowed. Further, DOJ disagreed with the assertion that there is localized depletion in 2C thereby undermining the conservation issue raised.

With regard to harm to the setline sector, the plaintiffs told the court that the only ones hurt are the charter people and no effect will be made on the commercial sector until 2009 or 2010. DOJ never challenged that assertion.

The Charter interests then argued that you can only regulate them after they have exceeded their quota, not before. The judge tells them this is a narrow opinion but she rules for them on this, but then says if this had been done under the Halibut Act, it would be a done deal. The charter people agree.

The charter people complain about proper notice. The final rule was on May 28th, to be effective June 1st. The government fails to recount the history of the regulation nor recount that the regulation was delayed because of the intervention of the Plaintiffs.

So much damage was done at the June 4th and 10th hearings by NMFS and DOJ that the judge appeared not to take the intervention seriously by the Halibut Coalition.

FVOA is recommending that you send a donation to the Halibut Coalition to help fund the legal activity on charter vs. commercial issues. This address is:

Halibut Coalition c/o ALFA
403 Lincoln St., Suite 237
Sitka, AK 99835

We recommend with \$500 or \$250 per vessel as a gross stock expense. FVOA will making a donation directly to the Coalition as well.

****Markets****

Halibut. FVOA boats received the following prices during June in Alaska waters.

St. Paul - 10-20's	\$4.00;	20-40's	\$4.20;	40 ups	\$4.50
Akutan -	\$4.10		\$4.30		\$4.60
Dutch	\$4.00		\$4.30		\$4.60
Seward	\$4.10		\$4.40		\$4.70

There was a spike in Homer prices on July 1st at the Auction Block. They were \$4.45 for 10-20's; \$4.85 for 20-40's; and \$5.15 for 40 ups.

Approximately 45% of the total harvest of halibut has been landed, and about 62% of Area 3A and 2C. I expect prices to be stable through July and inch up some from August on. The high end restaurant trade has noticed a reduction in patrons. Trident's "Beer Battered Halibut" is back in Costco, which is very good news. Much thanks to Trident.

**Individual Fishing Quota (IFQ) Allocations and Landings
From 08 March 2008 through 30 June 2008**

TAC						
Area	Species	Vessel Landings	Total Catch Pounds	Allocation Pounds	Remaining Pounds	Percentage Remaining
2C	Halibut	1,017	3,540,055	6,210,000	2,669,945	42%
3A	Halibut	1,292	13,131,989	24,220,000	11,088,011	45%
3B	Halibut	308	4,298,001	10,900,000	6,601,999	60%
4A	Halibut	61	559,892	3,100,000	2,540,108	81%
4B	Halibut	23	360,715	1,488,000	1,127,285	75%
4C	Halibut	5	***	884,500	***	
4D	Halibut	12	300,645	1,238,300	937,655	75%
4E	Halibut	0	***	0	***	
Totals			22,191,297	48,040,000	24,965,003	51%

Sablefish. FVOA vessels have received the following prices in Seward for sablefish: 1-2's - \$4.00; 2-3's - \$4.00; 3-4's - 4.45; 4-5's - 4.65 - 5-7's - 4.90; and 7 ups - \$5.05.

The US exported about 17 million pounds of sablefish last year, down 25% from 2006, a clear sign blackcod is increasingly popular with US chefs and retailers. - **Seafood Business**

The overall harvest from Alaska and British Columbia was down about 10 to 15% for 2008. The lower west coast harvest for this year is the same as last year. Next year, the lower coast quota will go up about 23%. Poor new year-class strength has resulted in quota reductions in the EEZ off of Alaska, Chatham Strait, and Canada and is cited as a concern for the lower coast.

**Individual Fishing Quota (IFQ) Allocations and Landings
From 08 March 2008 through 30 June 2008**

TAC						
Area	Species	Vessel Landings	Total Catch Pounds	Allocation Pounds	Remaining Pounds	Percentage Remaining
AI	Sablefish	44	1,107,283	3,227,534	2,120,251	65%
BS	Sablefish	49	488,151	2,522,062	2,033,911	80%
CG	Sablefish	402	7,025,919	9,700,240	2,674,321	27%
SE	Sablefish	353	4,494,428	7,098,812	2,604,384	36%
WG	Sablefish	76	2,085,300	3,333,355	1,248,055	37%
WY	Sablefish	147	3,341,053	4,085,124	744,071	18%
Totals			18,542,134	26,967,127	11,424,993	41%

****Eat on the Wild Side****

The Marine Stewardship certification people in London are under significant pressure from farmed fish advocates to provide the MSC label to them. Last month, MSC declined to offer the MSC label to farmed interests. It is evident that, based on the value of farmed products, that some sustainable label will be developed by someone for farmed products in the near future. The MSC people will likely take this up again.

MSC buyer. We signed Seafood International to the MSC logo. They specialize in Alaska Sablefish and have exports to the EU where the MSC logo has helped secure new sablefish markets. Thank you to S.I.

The EU produced 7 million tons of fish, making it the world's second largest fishing power after China. The EU still imports 6 million tons. The EU has pushed hard for sustainable and MSC label certification. The world demand for seafood has put them in a controlling position on demanding sustainable fish sources of supply. – **Seafood International**

Can't afford salmon? Give blackcod a try. – **Anchorage Daily News**

The Norwegian Seafood Export Council (NSEC) has begun targeting farmed halibut at the global sushi market after successful tests with Asian chefs. The feedback so far has been encouraging, leaving some halibut producers hoping the species could one day be as popular with sushi chefs as rival salmon, according to the (NSEC) Marketing Director, Merete Kristiansen. – **IntraFish**

Iceland – The cod farming trend is slow, and I do not expect big jumps in production, but rather a slow growth over a number of years – Gudbergur Runarsson, Icelandic Aquaculture Association. Last year Iceland harvested 1500 tons of farmed cod. Runarsson concedes that cod farming is a long way off filling the wild stock catch void. – **Seafood International**

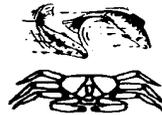
****Second Watch****

Rats. Alaska Department of Fish and Wildlife has an anti-rat program, in order to protect bird populations. They estimate 40% to 60% of all seabird and reptile extinctions since 1600 are due to rat infestations. You could be fined if you have a rat on board!

Navy. The Navy will have a two summer vessel exercise area in the Central gulf, 144,056 sq. miles between Seward Gully and Cordova for naval exercise in 2009-2010.

NOAA is interested in the fleet's information concerning signs of juvenile sablefish in bays. This is part of an attempt to better understand year class strength, but NOAA is not sure where to look. If you have any information where you might see juvenile sablefish in a bay, please contact our office or Brittany Mosher, Auke Bay Lab, NMFS, (907) 789-6601.

RICKEY AND ASSOCIATES



JUNEAU ALASKA

P.O. BOX 20330 • JUNEAU, ALASKA 99802

Phone: **(907) 586-2442** Fax: **(907) 364-2282**

FISHERY CONSULTING

We assist fishermen and fish processors in satisfying the State and Federal government requirements for fishing operations in Alaska.

WE CAN EXPEDITE:

- Entry permits and vessel licenses
- All federal permits and licenses
- Permit transfers
- QS/IFQ transfers
- USCG vessel registration

PROCESSOR LICENSING: Edie Bundy for assistance, State of Alaska Departments of: Commerce, Revenue, D.E.C., Fish & Game
Phone 541-772-3286 • Fax 541-773-4590

PERMIT, IFQ, AND LLP BROKERAGE: Buyers and Sellers please call for Permit, IFQ, and LLP listings.

Visa and MasterCard Accepted

**Financing
Commercial Fishermen**



- Quota & Permits
- Operating Expenses
- Vessel Construction
- Vessel Modification
- Vessel Purchase
- Gear & Equipment
- Residential Loans
- Marketing
- Processing
- Business Consulting



Fisheries Team – 800.372.0112
fisheries@farm-credit.com

****Calendar of Events****

September 20, 2008	Fishermen's Fall Festival	Fishermen's Terminal Seattle, WA
Week of September 8, 2008	Pacific Fishery Management Council	Doubletree Inn Boise, ID
Week of September 29, 2008	North Pacific Fishery Management Council	Sheraton Anchorage, AK
Week of November 3, 2008	Pacific Fishery Management Council	Towne & Country San Diego, CA
Week of December 8, 2008	North Pacific Fishery Management Council	Hilton Hotel Anchorage, AK

**Fishing Vessel Owners' Association
4005 - 20th Ave. West, Room 232
Seattle, WA 98199**

