

The Wheel Watch

a newsletter of the

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Dear Longliner:

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

****Pacific Council****

Sablefish harvest limits for 2009 and 2010 were tentatively approved at the April meeting and will be finalized in June.

	N. Conception	S. Conception
2008	5723 Mt	210 Mt
2009	7052 Mt	1371 Mt
2010	6471 Mt	1258 Mt

This will represent a 23% increase over the 2008 harvest for the sablefish tier permit holders and open access operations north of Conception. The 2010 harvest will drop about 10% but still be 13% above the 2008 harvest level. The increase south of Conception is contested, in that there were few survey stations to extrapolate numbers for this area. This will likely be adjusted for the 2011 and 2012 seasons as additional survey stations have been added in this area. Many felt the amount allocated south of Conception was too generous.

The stock assessment author had the following comment regarding the 2007 stock assessment.

With an estimate of current spawning biomass of 93,895 mt (compared to an unfished spawning biomass of 244,688 mt), the 2007 depletion is estimated to be 38.3 percent. This increase from 2005 can be attributed in part to the continued progression of the strong 1999 and 2000 year classes into the population, as well as into the spawning stock biomass. However, based on somewhat erratic levels of estimated recruitment from 2001-2006, the previously mentioned increasing trend should be viewed with caution. Furthermore, because of a series of poor recruitments in the mid- to late-1990's, if fished at the full OY level, depletion is forecasted to decrease for the next five years.Michael Schirripa

The spawning biomass from the 2005 assessment was 75,070 Mt., and the depletion level was listed at 34.3%. So the resource is up about 23% but likely to decline.

Trawl IFQs. The NOAA General Counsel, Eileen Cooney, notified the Pacific Council, relative to some of its shoreside co-op options, such as were being contemplated for Gulf of Alaska rationalization, as not consistent with the Magnuson-Steven's Act. She wrote:

No program that amounts to an allocation of shorebased processing

privileges can be implemented (except for one recent exception for specific Alaska Fisheries). Additionally, we stated that “a limit could not be placed on the number of processing sites if the purpose were to allocate shoreside processing privileges.” We also stated that “requiring that fishermen sell their fish only to specific processors that hold IFQ is the equivalent of allocating on-shore processing privileges and thus is not authorized by the MSA.”Eileen Cooney

Halibut North of Point Chehalis. The Council adopted the following action.

Status Quo – Beginning May 1, restrict incidental halibut landings to 100 pounds (dressed weight) of halibut for every 1,000 pounds dressed weight) of sablefish landed and up to 2 additional halibut in excess of the 100 pounds per 1,000-pound ration per landing. Retention of halibut allowed beginning May 1.

You were given this halibut harvest because the Halibut Commission set a harvest limit in 2A high enough to allow this catch under the Catch Sharing plan. In 2009, this halibut catch could be lost due to proposed decreases in 2A harvest limits.

Future 2009-2010 potential changes. The Council is considering the following changes that might affect fixed gear limited entry permit holders for the 2009 and 2010 seasons. Final action will be in June in Foster City, California.

L.E. Fixed Gear.

- (a) Consider allowing LE fixed gear fishermen with a longline endorsement to access all of their landings limits using pot/trap gear. This could reduce bycatch.
- (b) Consider separate trip limits and management measures to the LE fixed gear sablefish and lingcod fishery for longline and pot/trap ears. This option is recommended only if the gear switching option in 6a is allowed.

NOTE: these two options are being put forward recognizing that sablefish pots, have a very low bycatch of critical overfished rock fish and may be able to access a greater share of the surplus ling cod inside of 100 fathoms. These options may allow pots to operate inside 100 fathoms in the North Coast and allow a longliner to use pots instead of the hook-and-line gear.

- (c) Consider changing the length variance in LE permit length endorsements. Defer to the trawl rationalization analysis.

This could affect both trawl and fixed gear operations in that the 5 foot plus and minus of your vessel's length endorsement could be dropped for the fisheries that operated under an IFQ format.

- (d) Require fixed gear to use a log book. This would greatly help in the assessment work of sablefish.
- (e) Reapportion Yellow-eye between the states of Washington, Oregon, and

California. This would move more to California. Yellow-eye is the most constricting overfished resource. It is why you are outside of 100 fathoms and why the recreational fishery is constrained so tightly. With this option, you could be moved out to 125 fathoms on the North Coast. Of all the potential changes, this proposal would be horrible for the fleet off of Washington and Oregon. It would constrain the directed halibut fishery off Oregon to outside 125 fathoms and would seriously affect the sablefish fleet off both Oregon and Washington. It would basically close the longline dog fish fishery off Washington as well. People will need to testify on this.

These options will be acted on at the June 2008 Foster City meeting of the Pacific Council.

*****North Pacific Council*****

Charter Halibut Issues. Charter boat crews barred from catching halibut. For the second consecutive year, sport fishing charter captains and crew members cannot catch or keep any fish while guiding anglers in salt water.

In Area 3A, the Charter GHL is 3.65 million pounds. Alaska has reported recent charter harvest in 3A as being as follows:

2004	3.668 million pounds	0.5 percent over
2005	3.668 million pounds	1.1 percent over
2006	3.664 million pounds	.4 percent over
2007	3.404 million pounds	6.7 percent under

Area 2C. Due to the 47 percent decline in CEY in 2C over the last two years, the Charter GHL of 1.432 Mlbs. was required to drop to .932 Mlbs. The precipitous drop in CEY has resulted in a very tense allocation debate throughout Alaska on halibut. The NMFS is expected to implement a one-fish bag limit by June 1, 2008 in Area 2C. However, the regulation at this time is still in Juneau, not in D.C.

The original halibut sablefish IFQ program incubated for two years in Juneau before hatching and flying to D.C. and the charter IFQ program marinated for four years before being presented to salivating D.C. representatives only to be recalled and over cooked by the Council. My guess is that the one fish limit will be implemented for this summer. It is time to find a solution and resurrect this at the October Council meeting.

The current GHLS for 3A and 2C are 3.65 million pounds and .932 million pounds, respectfully. The Council will evaluate and choose one or a combination of the following options at the October meeting, when final action is scheduled.

Alternative 2. Establish a catch sharing plan that includes sector accountability

Element 1 – Initial allocation

Option 1: Fixed percentages

	Area 2C	Area 3A	Based on:
a.	13.1%	14.0%	125% of the 1995-1999 avg charter harvest (current GHL formula)
b.	17.3%	15.4%	125% of the 2001-2005 avg charter harvest (GHL formula updated thru 2005)
c.	11.7%	12.7%	Current GHL as percent of 2004
d.	15.1%	12.7%	2005 charter harvest

Option 2: Fixed pounds

	Area 2C	Area 3A	Based on:
a.	1.43 Mlb	3.65 Mlb	125% of the 1995-1999 avg charter harvest (current GHL)
b.	1.69 Mlb	4.01 Mlb	125% of the 2000-2004 avg charter harvest (GHL updated thru 2004)
c.	1.90 Mlb	4.15 Mlb	125% of the 2001-2005 avg charter harvest (GHL updated thru 2005)

Option under a, b, and c:

Stair step up and down. The allocation in each area would be increased or reduced in stepwise increments based on a change in the total CEY. If the halibut stock were to increase or decrease from 15% to 24% from its average total CEY of the base period selected for the initial allocation at the time of final action, then the allocation would be increased or decreased by 15%. If the stock were to increase or decrease from at least 25% to 34%, then the allocation would be increased or decreased by an additional 10%. If the stock increased or decreased by at least 10% increments, the allocation would be increased or decreased by an additional 10%.

Option 3: 50% fixed/50% floating allocation

	Area 2C		Area 3A		
	50% of:	and	50% of:	50% of:	and
a.	13.1%		1.43 Mlb	14.1%	
b.	15.9%		1.69 Mlb	15.4%	
c.	17.3%		1.90 Mlb	15.4%	
					50% of
					3.65 Mlb
					4.01 Mlb
					4.15 Mlb

Element 2 – Annual Regulatory Cycle.

The initial charter allocation would be a common harvest pool for all charter limited entry permit holders. It would not close the fishery when the charter allocation is exceeded. Instead, the allocation would be linked to an annual regulatory analysis of management measures (delayed feedback loop) that take into account the projected CEY for the following year and any overages by the charter industry in the past year(s). This system would work best if there is not a time lag between the overage year and the payback year. The Council would not revisit or readjust the sector split. An allocation overage would trigger the regulatory process automatically, in contrast with current GHL management. *Reprinted from the Area 2C/3A halibut Catch Sharing Plan, Initial Review – April 2008, NPFMC.*

John Sackton wrote a guest editorial about the recent Council activity. He said:

“At the recent council meeting in Anchorage, a representative of three major banks lending to halibut fishermen (Commercial Fishing and Agricultural Bank, Viking Bank, and Wells Fargo Bank) spoke to the council about the economic impact of allocation decisions. Lela Klingert, President of CFAB, said that trust and belief in the future were at the heart of any credit system. If the council reallocated shares in a way that left operators with larger than expected loans in relation to their share ownership, the result would be to

halt most lending to smaller operators. She said that any reallocation decisions must take into account the universe of credit and lenders that have supplied the capital to the halibut fishery – for share purchases; vessels, and operating capital. If the trust was broken – by unanticipated or unintended consequence – the council could end up hurting the very operators it had mostly wanted to protect, whether charter or commercial operators. In this case, a political fight over an allocation decision threatens to weaken all participants in the fishery – certainly the opposite of the Council's goal."

Observer Program. The Council took action that will help fix an observer loophole. At the current time, by fishing less than 24 hours, you can get 3 days coverage. The change will limit this loophole to two days. The following statement came from the observer program.

While the Observer Program staff is best able to comment on the effects on data quality, it is well documented that a significant component of the 30% fleet is utilizing the existing ambiguity of the regulation to their advantage by fishing for a portion of a day unobserved, then embarking an observer late in the day, then making one small set or haul on the first day, and reversing this process on the last fishing day, thereby accruing two "observer days for very little observed fishing activity or resultant data".

****Markets****

Halibut. The season opened about two months ago on March 8th and we have 20% of the quota harvested. Prices are about where they were the beginning of last year. Recent FVOA deliveries into Seward received the following: 10-20's - \$4.10; 20-40's - \$4.35; and 60 ups - \$4.60. The restaurant trade would like to see a lower price, I am hearing back from the buyers, and there was frozen inventory left from 2007. The market will remain good with increasing demand for fresh supplies from July 15th to the end of the season.

The closure of ocean salmon fishing off of California and Oregon will put upward pressure on high valued species such as halibut and Alaskan salmon. The national economy is in play but one must not get caught up in all the political trivia. The ball to watch is the unemployment numbers. They are still at 5% which classical economists call full employment. However, the higher end restaurants are seeing fewer customers.

From March 8, 2008 through May 1, 2008

TAC					
Area	Species	Vessel Landings	Total Catch Pounds	Allocation Pounds	Remaining Pounds
2C	Halibut	430	1,673,006	6,210,000	4,536,994
3A	Halibut	498	6,116,228	24,220,000	18,103,772
3B	Halibut	49	605,375	10,900,000	10,294,625
4A	Halibut	2	***	3,100,000	***
4B	Halibut	7	62,988	1,488,000	1,425,012
4C	Halibut	0	***	884,500	***
4D	Halibut	0	***	1,238,300	***
4E	Halibut	0	***	0	***

Sablefish. Prices received by FVOA vessels recently were: 7↑ - \$4.90; 5-7 - \$4.80; 4-5 - \$4.55; 3-4 - \$4.35; and ↓3 - \$4.00. The yen versus the dollar is at 101.7. Last year it was running about 115. The Japanese Yen has about 14% more purchasing power than last year as do a number of European currencies. This is a major reason for higher fish prices this year. It is hard to tell how much demand has increased but I am told it has.

TAC					
Area	Species	Vessel Landings	Total Catch Pounds	Allocation Pounds	Remaining Pounds
AI	Sablefish	17	688,279	3,227,534	2,539,255
BS	Sablefish	7	63,788	2,522,062	2,458,274
CG	Sablefish	142	2,339,685	9,700,240	7,360,555
SE	Sablefish	161	2,385,649	7,098,812	4,713,163
WG	Sablefish	15	611,789	3,333,355	2,721,566
WY	Sablefish	84	2,158,054	4,085,124	1,927,070

Pacific Cod. The price following the season in the Bering Sea for H&G Pacific Cod seemed to average \$2.18/pound, with notable higher price due to the weak dollar. The best news for the fleet has to be confirmation of very good catch rates. Price to FVOA boats in Western GOA for P. Cod this spring were: .58 for >21"; .48 for <21" round fish. Adak is reported paying .67 for >21".

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

Sablefish. There have been several rumors that the farmed sablefish operation in Canada has been producing sizable harvests lately. I talked with several Canadian government and industry officials on this. There have been expected deliveries of a million to 5 million pounds annually of product over the past five years. There is no evidence of this level of production. There are fish on the market. They take about three years to get to harvestable size. Atlantic salmon take about 18 months. They are perhaps 2 to 4 lbs. dressed and the mega 3 levels are lower than wild fish. The fish are noticeably thinner. However, they are a

nice fillet and taste okay but not as rich. The Canadian Sablefish Association has received a Canadian national brand for their product called, "Wild Canadian Sablefish." The farmed sablefish have been marketed as "Wildly Farmed."

Marine Ecolabel Japan – The Japanese fishing industry has begun an attempt to look green with their own certification standards this year. ..JFA

MSC Headquarters has been besieged by the world's largest retailers to push for an Eco – Label for farmed fish. Rupert Howes, CEO of MSC, said his Board has now decided to review their policy regarding MSC certification of farmed fish. Last year they took an opposite decision.

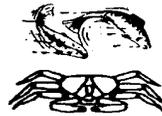
Sweden – Swedish Pelagic Producers are seeking MSC for Baltic herring and sprat.

****Second Watch****

Camera Study. The F/V Grant and F/V Sherrie Marie are working with IPHC and Archipelagos out of Victoria on a video camera experiment. The Council, in the next three years, will be looking at some form of observer requirements in the under 60 foot fleet and this may help minimize costs.

I want to thank **Jack Knutsen** for traveling with me to the Anchorage Council meeting in April and **John Crowley** who did a great job on the Advisory Panel to the North Pacific Council.

RICKEY AND ASSOCIATES



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****Calendar of Events****

Week of June 2, 2008	North Pacific Fishery Management Council	Kodiak, AK
Week of June 9, 2008	Pacific Fishery Management Council	Crowne Plaza Foster City, CA
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

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