

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. XXXII No. 3

November 2018

Sustaining Sponsors

<i>Alaska Glacier Seafoods, Inc.</i>	<i>Alaskan Observers, Inc.</i>	<i>Ballard Oil</i>
<i>Banner Bank</i>	<i>Bellingham Cold Storage Co.</i>	<i>Columbia State Bank</i>
<i>Covich & Williams, Inc.</i>	<i>Cummins Sales and Service</i>	<i>Dana F. Besecker Co., Inc.</i>
<i>Dock Street Brokers</i>	<i>Dungeness Gear Works, Inc.</i>	<i>Echo Belle, Inc.</i>
<i>Fishermen's News</i>	<i>Fishing Vessel Owners/Marine Ways</i>	<i>Gardner Boat Repair Inc.</i>
<i>Haines Packing Company</i>	<i>Harrigan, Leyh, Farmer, Thomsen LLP</i>	<i>Hingston, Fletcher & Assoc. P.L.L.C.</i>
<i>Icicle Seafoods, Inc.</i>	<i>JK Fabrication</i>	<i>LFS, Inc.</i>
<i>Mac's Ballard Upholstery</i>	<i>Marine Resources Consultants</i>	<i>Mountain Pacific Bank</i>
<i>Mustad Autollne Inc.</i>	<i>North American Fishing Supplies, Inc.</i>	<i>Northport Fisheries, Inc.</i>
<i>Northwest Electric Corp</i>	<i>Northwest Farm Credit Services</i>	<i>Ocean Beauty Seafoods LLC</i>
<i>Offshore Systems, Inc.</i>	<i>Parker Smith & Feek</i>	<i>Peoples Bank</i>
<i>The Permit Master</i>	<i>Petro Marine Services*</i>	<i>Port Townsend Shipwrights Co-op</i>
<i>Puget Sound Hydraulics Inc.</i>	<i>Resurrection Bay Seafoods LLC</i>	<i>Seafreeze/Citylce Cold Storage</i>
<i>Seattle Marine & Fishing Supply</i>	<i>Sitka Sound Seafood & Alaska Pacific Seafoods</i>	<i>Joe Sullivan Law Office PLLC</i>
<i>Taku Fisheries</i>	<i>Trident Seafoods</i>	<i>Unisea, Inc.</i>
<i>Vigor Industrial LLC</i>	<i>Yakutat Seafoods</i>	<i>Westward Seafoods, Inc.</i>

Thank you for your support!

Dear Members:

Here is an update on the recent North Pacific Fishery Management Council, the Pacific Council, markets, and Washington, D.C. issues.

****North Pacific Council –October in Anchorage****

The following actions were taken at the October NPMFC meeting.

Observer Program. The observer rate for 2019 will be 15% for pot vessels; 15% for trawl vessels; and 15% for hook-and-line vessels. Of note, this is of trips not poundage landed. We were informed that current cost for the program was \$1100 per observer day and likely will go up to \$1300-\$1400 per day for 2019. NMFS has a sole source contract for this. That is, they only use one observer contractor to supply observers, hence no competition. Outside costs are \$600 per day. The Council will consider increasing your delivery fee to the full 2% from the current 1.25% fee. So the fee could go up 60% to 2% of ex-vessel landings, which would only keep coverage values at current levels. The Council has targeted trawl for more coverage if there was more money, but there isn't any money in sight, except yours. The chart below shows where the fees came from in 2017. Over 70% comes from fixed gear assessments.

Table 2-2. -- Observer fees³ in 2017 by gear, vessel size category, and species or species group for *all areas combined*.

Vessel length category	Halibut	Sablefish	Pacific cod	Pollock	All other groundfish	Total all species
HOOK AND LINE						
< 40	\$266,661	\$32,405	\$5,394	\$31	\$914	\$305,405
40 - 57.5	\$575,347	\$325,402	\$17,783	\$94	\$8,480	\$927,106
> 57.5	\$676,477	\$516,440	\$3,330	\$6	\$7,322	\$1,203,575
Gear Subtotal	\$1,518,486	\$874,247	\$26,506	\$131	\$16,716	\$2,436,087
JIG						
< 40	\$341		\$36	\$1	\$72	\$450
40 - 57.5	\$959		\$213	\$1	\$276	\$1,449
> 57.5	\$937					\$937
Gear Subtotal	\$2,237		\$249	\$2	\$348	\$2,836
POT						
< 40			\$149		\$23	\$172
40 - 57.5	\$424	\$21,065	\$28,709	\$3	\$194	\$50,395
> 57.5	\$2,157	\$139,047	\$263,600	\$30	\$1,446	\$406,280
Gear Subtotal	\$2,581	\$160,112	\$292,459	\$33	\$1,663	\$456,847
TRAWL						
40 - 57.5		\$15	\$4	\$12,641	\$5	\$12,665
> 57.5		\$8,400	\$202,935	\$661,610	\$39,885	\$912,829
Gear Subtotal		\$8,415	\$202,939	\$674,250	\$39,890	\$925,494
TOTAL ALL GEAR	\$1,523,304	\$1,042,773	\$522,152	\$674,416	\$58,617	\$3,821,263
PERCENT BY SPECIES	40%	27%	14%	18%	2%	100%

Rounding error sometimes results in slight differences in row and column totals.

³ The unpaid portion of the observer fees are included. Administrative fees and interest charged for late fee payments are not included.

I testified on your behalf about the “tendering exemption”. We got little help except to look for time to prioritize correcting this exemption. It is clear vessels delivering to tenders know exactly how this exemption works and I suspect several Council members do as well. Theresa Peterson from Kodiak, Buck Laukitis of Homer and Kenny Down expressed concern that there was an industry

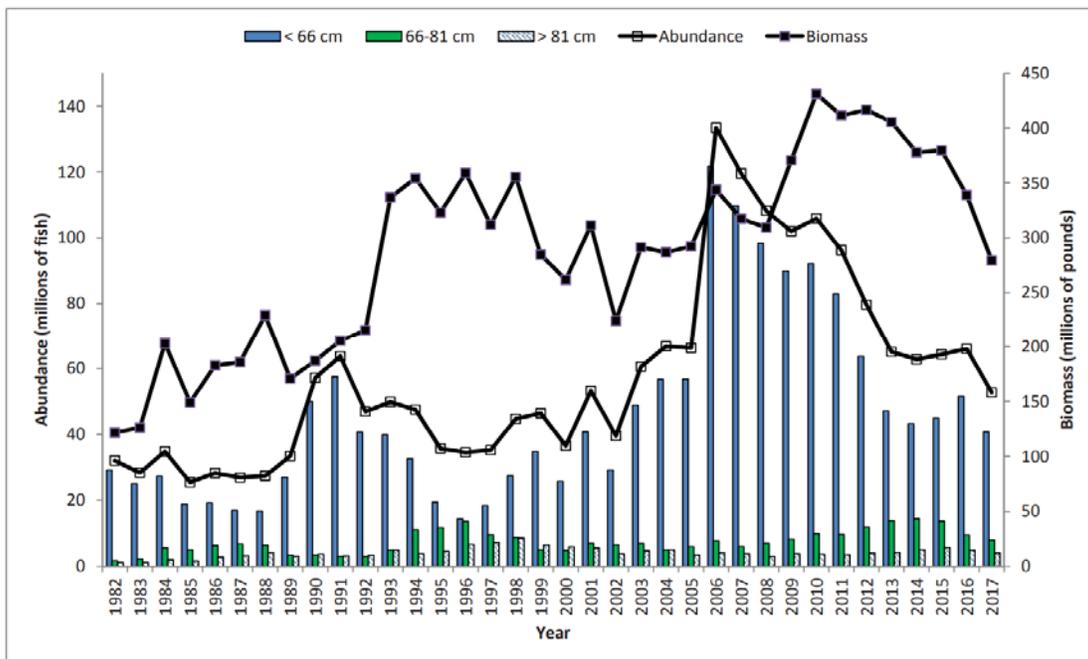
lack of integrity in the current program. Other Council members seemed to be dismissive of this.

Halibut in "Pot". This action only pertains to the Bering Sea. This action will allow the retention of legal-sized halibut in a single or longline pot gear used to fish for halibut or sablefish in the BSAI provided the fisher holds sufficient halibut IFQ/CDQ for that regulatory area. The Pribilof Island Halibut Conservation Zone will be closed to all fishing with pot gear. This is to protect Blue King Crab. Also, the 9-inch maximum width of tunnel will not apply when the vessel has unfished halibut IFQ/CDQ on board. Hopefully, they will make this change in the Gulf as well. This may be effective in 9 months.

Abundance-Based Management of Halibut Bycatch. The Council is looking at tying the trawl Halibut CAP to halibut abundance. The people who testified under the Agenda Item on behalf of the halibut resource were particularly disappointed. The current CAP for trawlers and freezer longliners is 3,515 Mt. The total is allocated to sectors as indicated below.

Amendment 80 Cooperatives	1,745 Mt
BSAI trawl limited access fishermen	745 Mt
LL Freezers	710 Mt
CDQ fisheries	315 Mt
Total	3,515 Mt

The Council chose a range of possible actions for a new CAP starting point. They will look at the 2016 PSC limit (3,515 Mt) and the 2016 Use (2,354 Mt). The Council voted down an attempt to include the 2017 usage of 1956 Mt. Only Buck Laukitis, Theresa Peterson, Carla Bush from the St. of Alaska and the Chairman, Simon Kinneen voted for inclusion. All three representatives from Washington State voted against its inclusion. Total biomass has been on a 6-year decline and numbers of halibut abundance has declined by 50% over a 10 year timeframe. The figure below depicts this.



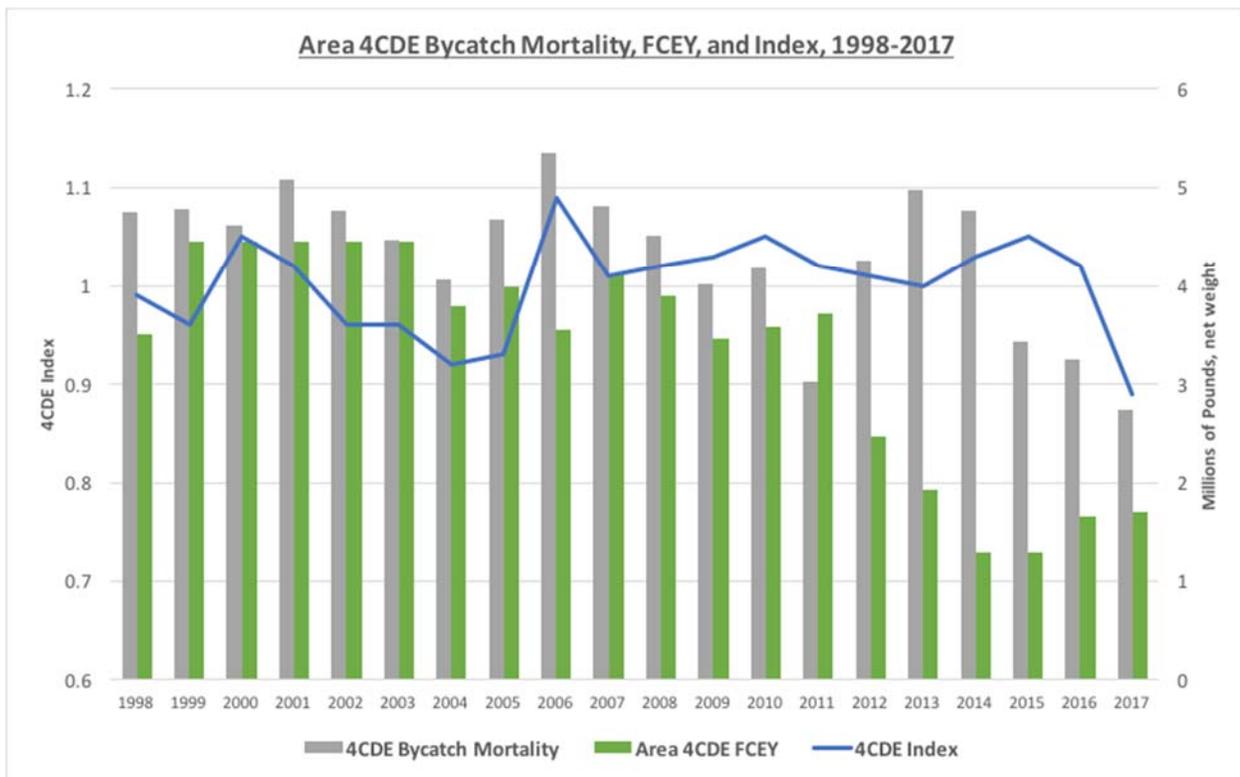
Abundance (numbers of fish) of Pacific halibut by length category and total biomass (pounds) as estimated by the NMFS Bering Sea standard trawl survey data from 1982-2017, using swept-area

estimates.

Figure 1-3 Estimated abundance (numbers of Pacific halibut) by length category, total biomass (pounds) as estimated by the NMFS Bering Sea Trawl survey data, 1982-2016. Source: 2016 IPHC RARA.

I expect a report back on ABM to the Council in October 2019, so a year out. I do not see this council action providing any immediate relief to the halibut resource. I see this action as defensive, should we eventually get an above-average year class, these new CAP numbers could protect that future year class.

This graph below comes from Jeff Kaufman of the Pribilofs. It shows how bycatch has dropped as abundance has declined. Also, not since 2011 has the legal directed fishery exceeded the amount as bycatch.



Medical Transfers. The Council moved to look at new medical exemption alternatives that largely will affect second generation fishermen. The new alternatives under consideration would allow medical exemptions 2 out of 5 years; 3 out of 7; and/or 2 out of 7 years with allowance to lease 80% in the 3rd year and 60% in the 4th year out of 7. This exemption process would not be retroactive to anyone currently on a medical exemption. Final action could come in December. Implementation maybe in 2020.

Small Sablefish. The Council approved another discussion paper that would look at mortality rates for pot vs. longline, issues of high grading and fishing down the biomass due to discards will be examined. The Council is a bit late on this latter issue as the adult fish seem to be already caught. Some Council members, NMFS and Trawl oriented members were not particularly helpful on this issue. There was talk of allowing release by pot operations and not longline operations.

Halibut Unguided Rental Vessels. The Council voted to begin licensing rental vessels as more and more charter operators are leasing their boats so the general angler rules apply and not the more restrictive charter boat rules. That is, two fish of any size. The table below shows non-charter and charter halibut catches. The last columns are for charter quota only. The charter boats have been curtailed, but some are making an end run by catching under the non-charter column.

Table 1 Non-charter, charter^a, and total sport harvest of Pacific Halibut in area 2C and area 3A and the GHL or Quota (after 2013) from 2003 – 2016. GHL was replaced with a quota under the Halibut CSP after 2013 (dashed line). GHL or quota applies only to the charter harvest.

Year	Area 2C				Area 3A			
	Non-charter	Charter	Total	GHL/Quota	Non-charter	Charter	Total	GHL/Quota
2003	0.846	1.412	2.258	1.432	2.046	3.382	5.427	3.650
2004	1.187	1.750	2.937	1.432	1.937	3.668	5.606	3.650
2005	0.845	1.952	2.789	1.432	1.984	3.689	5.672	3.650
2006	0.723	1.804	2.526	1.432	1.674	3.664	5.337	3.650
2007	1.131	1.918	3.049	1.432	2.281	4.002	6.283	3.650
2008	1.265	1.999	3.264	0.931	1.942	3.378	5.320	3.650
2009	1.133	1.249	2.383	0.788	2.023	2.734	4.758	3.650
2010	0.885	1.086	1.971	0.788	1.587	2.698	4.285	3.650
2011	0.685	0.344	1.029	0.788	1.615	2.793	4.408	3.650
2012	0.977	0.605	1.583	0.931	1.341	2.284	3.626	3.103
2013	1.361	0.762	2.123	0.788	1.452	2.514	3.966	2.734
2014	1.171	0.783	1.954	0.761	1.533	2.034	3.567	1.782
2015	1.327	0.768	2.095	0.851	1.646	2.067	3.683	1.890
2016	1.308	0.792	2.100	0.906	1.528	1.964	3.492	1.814

^a Charter estimates are based on the ADF&G mail survey before 2014, and on logbook data since 2014.

Pacific Council

Stock or Stock Complex	2016			2017			2018			2019			2020		
	OFL	ABC	ACL												
Sablefish N. of 36	8526	7784	5241	8050	7350	5252	8329	7604	5475	8489	7750	5606	8648	7896	5733
Sablefish S. of 36			1880			1864			1944			1990			2033

OFL = Over Fishing Level; ABC = Allowable Biological Catch; ACL = Allowable Catch Limit

The Pacific Council sablefish numbers could jump for 2021 with the new stock assessment which will be done this July. The previous stock assessment was based on trawl surveys that did not include the 2014 and 2015 year classes.

Gear Switching. I attended the October SaMTAAC Gear switching meeting held in Portland. The committee made of industry advisors and 6 Council members came up with five (5) options to solve a problem that probably does not exist. The perceived problem: Fixed gear catches of sablefish are limiting the trawl landings of Dover sole and other groundfish species. What is happening is that the trawlers are choosing to catch the sablefish on their own boats with pots or leasing out their sablefish to pot and longline fishers. Only about 10% of the trawl sablefish is actually owned/controlled by fixed gear business. Two major processors want the trawlers to use

their ITQ sable differently by harvesting Dover with it. The chief complaint is that fixed gear drives up the cost of leasing because the market pays more for larger fish. I am concerned the Council could take an action that jeopardizes the value of those who bought into the trawl ITQ program and are using fixed gear to harvest their Sablefish. Below is a recent graphic of sablefish abundance trends off Washington, Oregon and California. The trawlers would not catch their own quota if it were not for gear switching, which they are choosing to do!

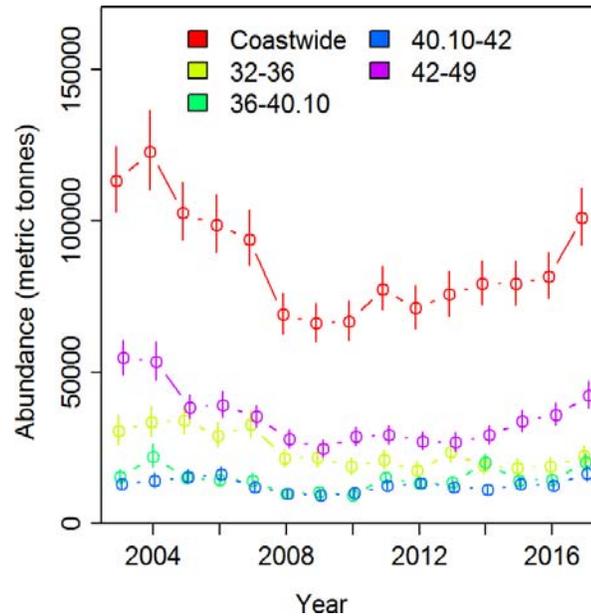


Figure 3. Standardized NWFSC groundfish bottom trawl survey indices.

****Markets****

Late September prices in Seward for halibut were reported at \$5.00, \$5.25, and \$5.50. Bellingham prices mid-October were \$6.25 for under 20's; 20-40's - \$6.50; and over 40's - \$6.75. Prices west of Seward and Homer have been \$1.75 to \$2.00 lower than for either Homer or Seward. The reason given is that this product is typically frozen and may have to compete with Atlantic Fresh Halibut beginning in November. Approximately 8 million pounds annually have come in the last two years from the Canadian Maritime Provinces on the East Coast. The timing of sales is tied to our November closure. This has caused a few processors to ask the question, "Can we have a longer season?" Eighty-nine percent of the halibut is in at mid-October. We should end the season with about 95% harvested.

NOAA Fisheries
PO Box 21668
Juneau, AK 99802-1668

Prepared: 10/16/2018
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	1,136	3,217,125	3570000	352,875	90
3A	halibut	1,338	6,775,388	7350000	574,612	92
3B	halibut	310	2,245,781	2620000	374,219	86
4A	halibut	158	1,147,028	1370000	222,972	84
4B	halibut	77	813,691	840000	26,309	97
4C/4D	halibut	104	763,181	880200	117,019	87
Total		3,123	14,962,194	16630200	1,668,006	90

Sablefish prices in mid-October to FVOA members at the time of this report have been in Alaska, 7 ups - \$9.20; 5-7's - \$8.20; 4-5's \$5.20; 3-4's \$4.00; 2-3's \$2.70, and 1-2's \$1.70. Delivered from the lower coast: 7-ups \$8.25; 5-7's \$7.75; 4-5's \$4.85; 3-4's \$3.85; 2-3's \$2.55; 1-2's \$1.50. Prices have rebounded for fish 4 pounds and larger but prices of smalls remain depressed. 72% of the quota is delivered and expectations are that 20%-25% will not be harvested. The fleet has struggled to catch their harvest off Alaska. Adult fish are few and far between while there does seem to be evidence of the 2014 and 2016 year classes. Off Washington, Oregon and California, there is definitely smaller fish from the same year classes but a better mix still of adult fish. I have been told by a number of members the harvest level in Alaska should not have been raised nor should it be raised for 2019. I would like your thoughts on this.

NOAA Fisheries
PO Box 21668
Juneau, AK 99802-1668

Prepared: 10/16/2018
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	
AI	sablefish	59	614,853	2630088	2,015,235	23
BS	sablefish	61	599,031	1291896	692,865	46
CG	sablefish	648	6,550,502	9096180	2,545,678	72
SE	sablefish	636	5,710,758	6556480	845,722	87
WG	sablefish	161	2,048,804	2722681	673,877	75
WY	sablefish	240	3,205,606	3503109	297,503	92
Total		1,805	18,729,554	25800434	7,070,880	73

There will be a modest increase in harvest limits off Washington, Oregon and California for the next year. We will learn in late November what the North Pacific Council is thinking on sablefish harvest limits for 2019.

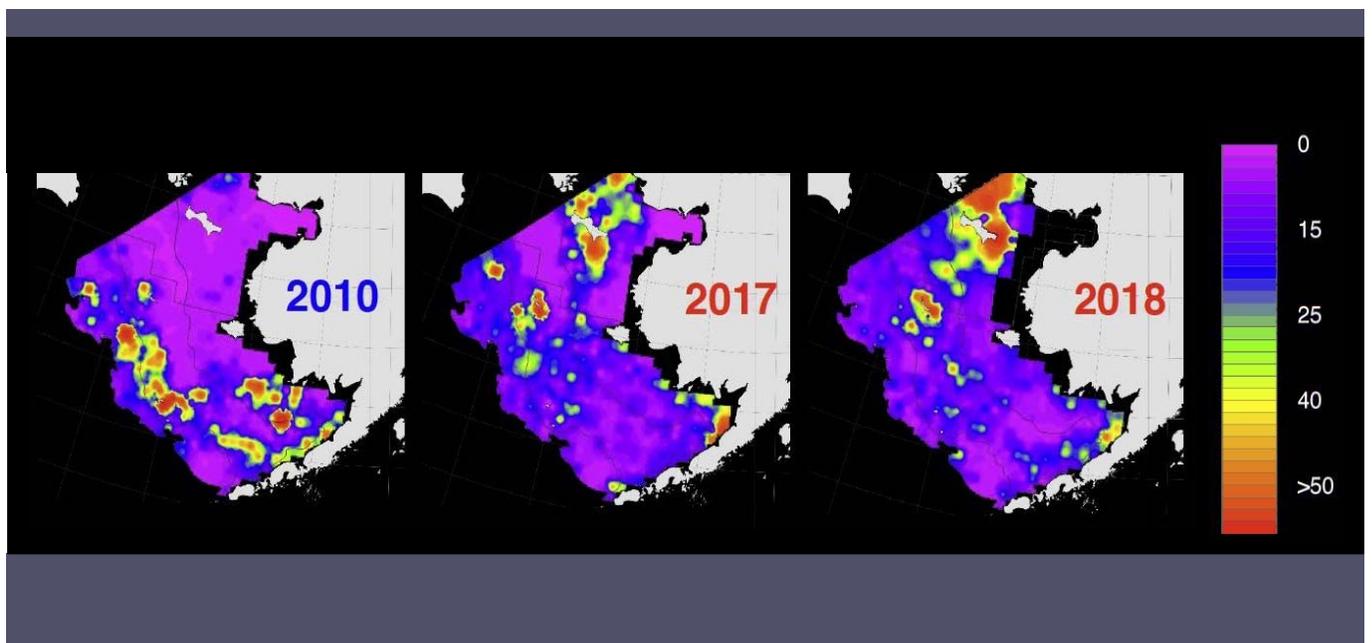
The tariff dust up with the United States and China is affecting fish prices, particularly those species processed in China and sent back to the United States. Shippers are finding ways to mitigate the tariff by having friendly countries on the invoice exporting or importing but there is a price for this intervention. For Sablefish, China has represented about 19% of export Sable sales.

EXPORTS

Country	Product	Pounds	\$\$\$\$
China - 2016	Sablefish Frozen	1,114,997 lbs.	\$6,686,953
China-Hong Kong 2016	Sablefish Frozen	1,077,861 lbs.	\$10,511,485
China - 2017	Sablefish Frozen	1,239,975 lbs.	\$7,610,415
China-Hong Kong 2017	Sablefish Frozen	774,494 lbs.	\$8,043,394

Total Sablefish exports for 2016 was 12,254,400 lbs., for \$80,818,282 and for 2017, total sablefish exports were 11,506,000 lbs., for \$86,475,955. Sablefish have been affected by the tariff but not as much as other species. The U.S. domestic market continues to help absorb increasing harvest limits. However, the harvest in Alaska this year will underperform putting upward pressure on prices.

Pacific Cod. The NPFMC set the preliminary Gulf of Alaska 2019 cod quota lower by another 5%. Last year it was reduced by 80%. Russia and Norway dropped the Barents Sea Cod harvest from 775,000 Mt to 725,000 Mt, a 6.5% drop. Below is a distribution of Pacific cod from the 2018 NOAA survey. This is the first year in 40 years of continuous surveys that there has not been a “cold plug” near St. Lawrence Island. This cold spot seemed to block the northern movement of Pacific cod and Pollock. As you can see from this graphic, temperature changes can radically alter fish distribution. A large finding of cod was found in the very northern area of the Bering Sea. The scientists are concerned that the cod may just swim over to Russia or even be trapped by another “cold plug” and starve out. A similar situation confronts the Pollock survey. This marks a major environmental change for the BSAI.



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

VIDA/EPA Vessel Discharge Rule. This legislation has been on the books to fix a lawsuit from 12 years ago that ended up requiring you to have an EPA discharge permit and meet impossible rules. You have benefited from three continuous temporary exemptions. The last one expired in January of 2018. The exemption is for all fishing vessels of any size and work boats under 79 feet in length. It is slated for a vote in the Senate on November 13. It will require 60 votes to move forward for a final vote. They call the 60 vote rule in the Senate, a “cloture vote.” Our exemption is part of a Coast Guard bill. The question is, will there be 9 Democrats to vote affirmative on this “cloture” vote. Keep your fingers crossed.

NOAA. Congratulations to Chris Oliver, the Assistant Administrator for NOAA Fisheries, has been appointed as a Halibut Commissioner. Not since the late Bob Schoening, in the late 1970’s, has the Administrator for NOAA, been also named a Halibut Commissioner. Richard Yamada and Bob Alverson were also appointed as interim Commissioners. All the U.S. Commissioners are waiting for final approval from the White House. Richard and Bob’s commissions expire on January 31st. The final day of the IPHC Annual Meeting is February 1st (Hmmm?) Oliver’s commission runs out in March 2019.

****Calendar of Events****

October 26, 2018	Bob’s 70th Birthday	Woohoo!
November 1-8, 2018 Advisory Bodies may begin Fri., Nov. 2	PFMC Meeting	San Diego Marriott Del Mar San Diego, CA
November 22-23, 2018	Thanksgiving Holiday	Office Closed
November 27-28, 2018	IPHC Interim Meeting	Seattle, WA
Dec 3-11, 2018	NPFMC Meeting	Hilton Hotel Anchorage, AK
December 24-28, 2018	Christmas Holiday	Office Closed
January 28-Feb. 1, 2019	IPHC Annual Meeting	Fairmont Empress Victoria, B.C. Canada

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



VESSEL LOANS
MARITIME RELATED BUSINESS LOANS
QUOTA/PERMIT LOANS

206.397.3110 | 2244 NW 56th St., Seattle, WA 98107



MOUNTAIN PACIFIC
 bank
 Keeping it local



Member FDIC



Marine Upholstery

PLEASURE & COMMERCIAL BOATS

CUSTOM CANVAS & ENCLOSURES • YACHTS

- Galleys
- Helm Seats
- Cushions
- Mattresses
- Curtains
- Covers
- Dodgers
- Headliners






Mobile Services
Free Estimates

Fast Quality Work
Insurance Claims

- Carpets
- Foam
- Repairs
- Custom Bedding
- Sheets
- Comforters

Pick-Up & Delivery Available

(206) **783-1696**
www.mactops.com



Keep Us in Mind Every
Time Your Vessels
Come to Port!



Your trusted source.

We support fisheries and agriculture with reliable, consistent credit and financial services, today and tomorrow.

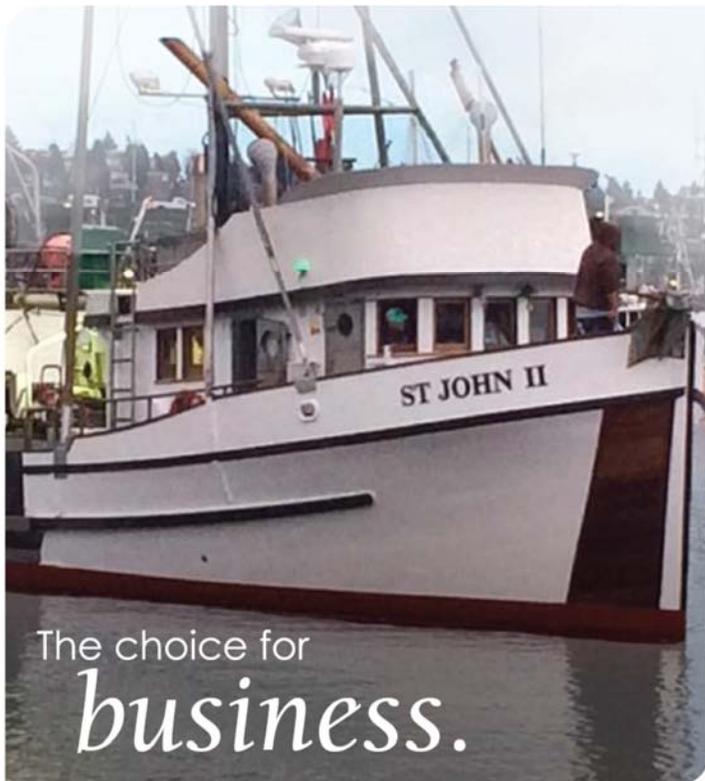
- Vessels
- Quotas
- Operating Lines of Credit

206.691.2000 | northwestfcs.com/fisheries

The institution is an equal opportunity provider and employer.
 *Served through Northwest Farm Credit Services Insurance Agency.



Here to Help You Grow™



The choice for
business.

Boat Loans
Quota Loans
Permit Loans
Maritime Financing

**Ballard Commercial
Banking Center**

5600 24th Avenue NW
Seattle, WA 98107
(206) 790-2742

Member FDIC

Peoples Bank
A higher level of service.

peoplesbank-wa.com



HAPPY
THANKSGIVING!