

The Wheel Watch

a newsletter of the

Fishing Vessel Owners= Association
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Thank you for your support!

Dear Longliner:

This newsletter will bring you up-to-date on the recent action of the North Pacific Council, the Pacific Council, IPHC, Washington, D.C., and markets.

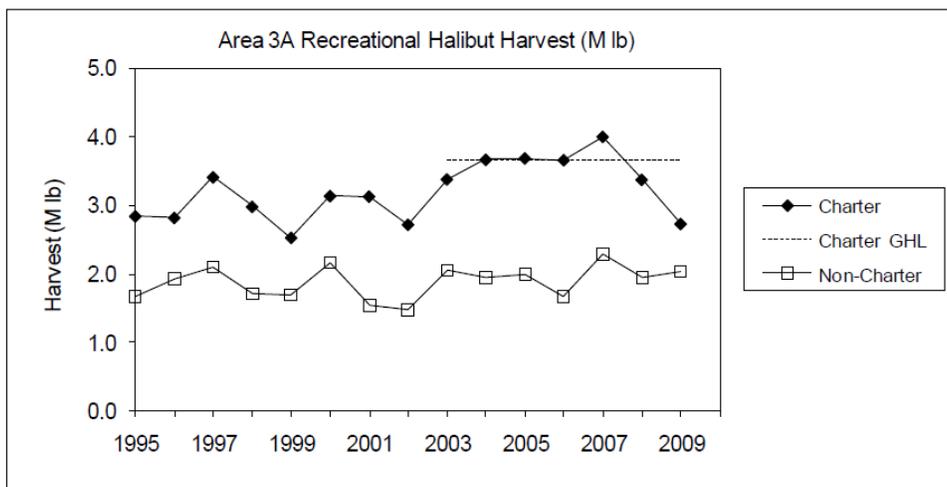
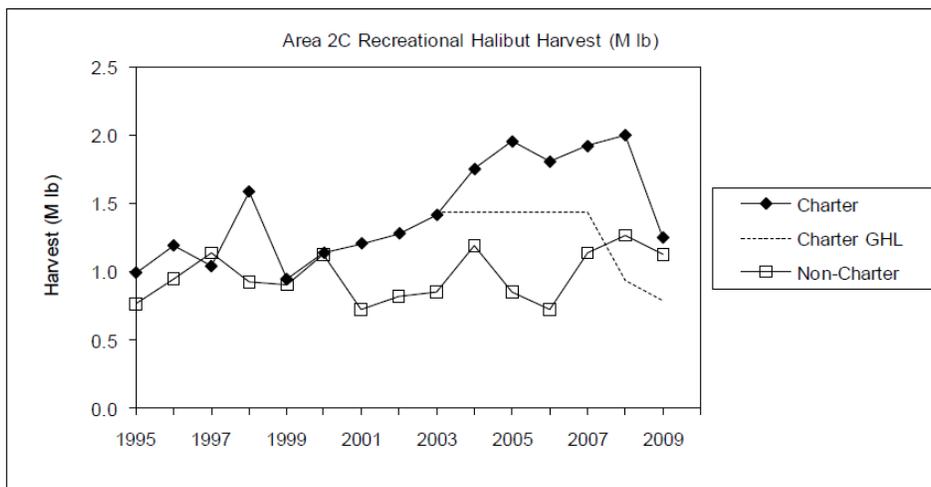
****NPFMC****

IFQ Amendments.

12 month ownership – if you are putting your fish on another vessel as an initial recipient, you must be recorded as a 20% owner in that vessel. As of June 2011, if you want to change vessels, you must have your name on a different boat 12 months preceding your change. If you have questions on this, call me.

Condemned QS – for the past 15 years there are some quota share units that have never been fished (inactive). Some are very small units (5 lbs.) These units will be revoked and distributed among IFQ permit holders in an amount proportional to their IFQ allocations.

Charter Halibut – I personally do not believe the current tools available to the Council will keep charter allocations within their guideline harvest. However, in Area 3A, the recession seems to have worked. The Charter fleet in 3A is 750,000 lbs. below their allocation. In 2C, they are still 500,000 lbs. too high, but the recession has helped.



A Charter representative sent the following to the Council:

Friday, July 23, 2010

Charter Halibut IFQ.

“Its time for fair treatment by the NPFMC of the charter halibut fishing fleet. Hundreds of established businesses and thousands of employees are at risk of losing their jobs because of the current management council’s actions. The halibut IFQ system is the proven management tool for conservation of the resource and management system is the only equitable solution to the halibut allocation issue.”

The Council passed a program that would have allowed for this, but it was not adopted largely because of charter boat opposition.

Charter boat L.E. Jessie Garrett of the National Marine Fisheries Services Restricted Access Management program said that halibut charter companies will need to prove that their business operated in either 2004 or 2005 and 2008 to receive a permit to carry anglers. The boat operators must have continuously owned the business throughout this period of time.

The new rule, which takes effect next February, will eliminate 34 percent of the charter businesses in Regulatory Area 3a and 43 percent in Area 2C. The regulatory areas span from the central Gulf of Alaska to the southeast portion.

Sea Lions. The NMFS new restrictions to protect Sea Lions will close the Atka mackerel and Pacific cod fisheries in the western Aleutians (area 543) and restrict the Atka mackerel and Pacific cod fisheries in the central Aleutians (Area 542). The NMFS provided little change to their proposed protections at the October Council meeting. The NMFS proposals assume closure into the beach. However, I have been told the Alaska Board of Fish may challenge this on a states right basis and open state waters (out to three miles) for <60’ vessels. I think this pushes a safety concern. These restrictions do not affect halibut or sablefish operations other than staying away from rookeries.

HAPC – Habitat of Particular Concern. Every five years, the Council entertains proposals to identify areas as HAPC. HAPC designations can come with no restrictions but often include closures to all gear or to specific gears. There are six areas proposed for the Bering Sea. There are relatively small areas that address spawning areas for skates. Apparently, skates return exactly to the same spot to lay eggs every year. Additionally, apparently skate eggs take three years to hatch so you can have three layers of eggs laid on top of each other with the lower level hatching. I suspect we will have a few new HAPC for skate spawning with some form of closure to certain gear types.

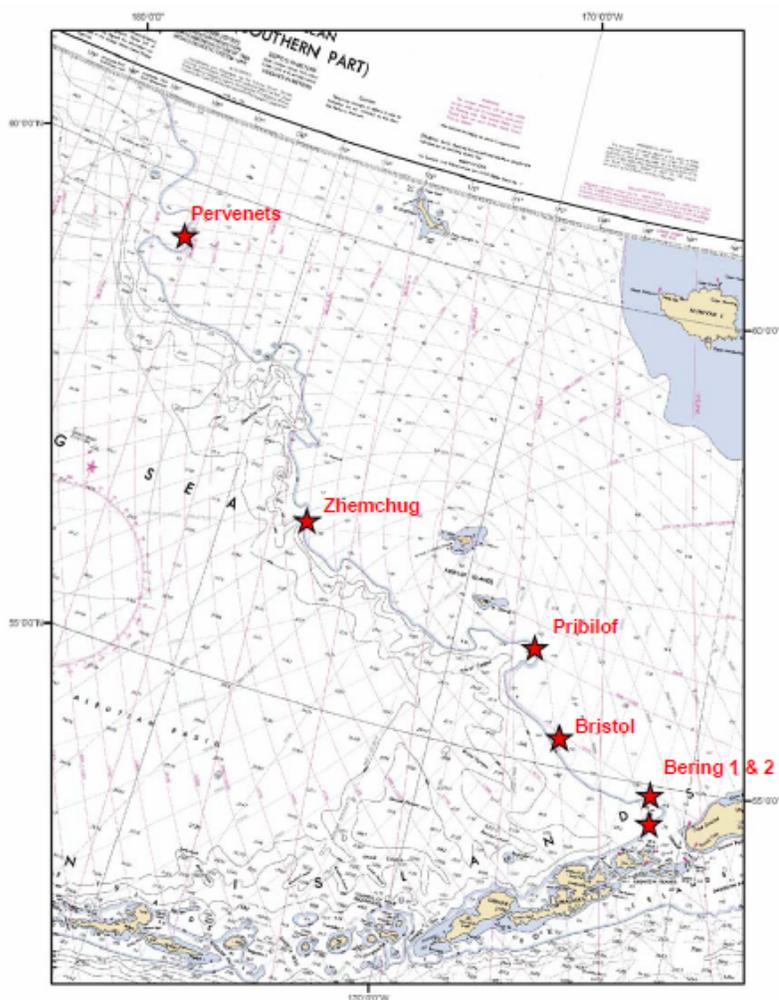


Figure 3. Overview map showing general locations (red stars) of six proposed skate nursery HAPC areas in the eastern Bering Sea.

Observer Coverage Changes. The Council took final action on observer requirement changes to the North Pacific Observer Program. The changes are as follows:

1. The changes would affect all Groundfish and halibut vessels that currently are covered less than 100%. Those vessels currently at 100% coverage or greater would continue with the existing pay as you go program. This will include <60' pot, trawl and longline vessels. It affects all vessels >60' as well.
2. Those vessels never covered or covered at 30% will pay a 1.25% landing fee to finance a new observer program. This fee will include pot, trawl, and longline activities.
3. Coverage assignment. The old 30% requirement would go away as will the coverage mandates in the Eastern Gulf. The fleet would be divided into those vessels 57.5 feet long and longer and those shorter than 57.5 feet in length.

Vessels <57.5' fleet down to 40 feet in length would be annually, randomly drawn for potential coverage and would likely know their responsibility for coverage in October or November of the preceding year you would take coverage. This is similar

to the way the Pacific council works its' observer program.

Vessels >57.5. This fleet must call into NMFS no less than 72 hours before you leave on a trip. You could call in earlier. At the time you call in, you will find out if you will take an observer. NMFS will hire and deploy coverage with those involved in the restructured program, not the vessel owners.

All Catcher Processors that are currently not covered or are less than 100% covered will have a choice. Either they can be 100% covered and pay as you go with the current program or if their production is below certain daily levels, they can choose to pay the 1.25% landing fee. For more details call the office.

There will be a new observer oversight group that will review the income generated and coverage levels by sector. NMFS will have to provide an Annual Report to the fleet. Implementation is probably not until 2013.

Note: If your vessel is not suitable for observers, we have found NMFS, at least on the lower coast, accommodating if crew quarters are too tight. You will need a Coast Guard review of the vessel to take an observer.

****Pacific Council****

Trawl ITQ continues to move forward. It becomes functional January 1, 2011. Longline or Pot operations can participate. You will need a trawl L.E. license that fits the length of your vessel. You can then lease fish, such as sablefish, and attach that fish to your vessel license. Trawl quota cannot be permanently traded for two years but can be leased during the first two years. If you fish Trawl ITQ sablefish with pots or longline gear, you will need appropriate amounts of bycatch species and 100% observer coverage. The observer coverage will be free for the first two years.

Overfished Species. The Pacific Council has eight overfished species. The East Coasters call these "choke" species as they can shut you down if you do not have enough. The science is not particularly robust on these species. The target dates for rebuilding are listed below.

Species	Rebuilt by:	
Boccaccio	2022	Affects mostly California
Canary	2027	Affects trawl and somewhat fixed-gear
Cowcod	2071	Affects southern California
POP	2020	Affects trawl
Widow	2015	Affects trawl
Yelloweye	2084	Affects fixed gear
Petrале	2016	Affects trawl
Darkblotch	2025	Affects whiting trawl

Tentative 2011 and 2012 Fixed gear limits for Sablefish.

2011		2012	
Tier 1	49,268	Tier 1	47,757
Tier 2	22,394	Tier 2	21,708
Tier 3	12,797	Tier 3	12,404

IPHC

After 85 years on the University of Washington campus, the International Pacific Halibut Commission (IPHC) will be moving to 2320 West Commodore Way, Suite 300 in Seattle. Their new headquarters will be on the third floor of the Salmon Bay Landing building located near Fishermen's Terminal in the Interbay area. Their phone and fax numbers will remain the same. Welcome new neighbors!

The IPHC's 2010 Interim Meeting will be held in Seattle at their new headquarters on November 30 and December 1, 2010. If you need a room, a block has been set aside at the Edgewater Hotel for \$139/night until November 5, 2010.

The 87th Annual Meeting of the IPHC will be held from Tuesday, January 25, 2011 through Friday, January 28, 2011. These sessions will be held at the Delta Ocean Pointe Resort in Victoria, B.C., Canada.

Markets

Halibut. Prices have reached record highs even with the North American recession. Recent prices in Seward to FVOA vessels were \$5.90 for 10-20's; \$6.15 for 20-40's; and \$6.40 for 40's. Prices received in Bellingham were \$6.35 for 10-20's; \$6.70 for 20-40's; and \$7.00 for 40 ups. There will likely be another 2,000,000 lbs. landed resulting in 98% of the halibut quota being caught. Inventories are relatively low so cold storage values should stay firm. With expectations that the quota will decline further in 2011, this will help keep cold storage values up.

Individual fishing Quota (IFQ) Allocations and Landings
For fishing year 2010

Area	Species	Vessel Landings	Total Catch Pound	TAC		Percent Landed
				Allocation Pounds	Remaining Pounds	
2C	Halibut	1,663	4,090,604	4,400,000	309,396	93
3A	Halibut	2,099	19,142,582	19,990,000	847,418	96
3B	Halibut	795	9,344,816	9,900,000	555,184	94
4A	Halibut	233	2,116,648	2,330,000	213,352	91
4B	Halibut	94	1,239,537	1,728,000	488,463	72
4C	Halibut	39	106,338	812,500	706,162	13
4D	Halibut	57	1,630,582	1,137,500	-493,082	143
Total		4,980	37,671,107	40,298,000	2,626,893	93

There have been several major grocery stores that have taken halibut out of their stores this fall due to the high prices. Prices at the retail level are \$18.00/lb. and up in Seattle. Costco's East Coast depot and Midwest stores are out of the market we are told.

Sablefish. Record prices were received for sablefish in all West Coast ports. While there has been increasing demand in the North American restaurant trade, long-term falling quotas in Alaska, British Columbia, and the lower West Coast and a weakening dollar against the yen has resulted in prices spiking during 2010. There are 3.5 million pounds remaining to be caught in Alaska, but only a million pounds of this will likely be caught.

The BS/AI quota will not be caught. There are rumors that this year's Alaskan survey did better, but this may not mean more fish. The catches off Washington, Oregon and California have been slow, but because of high prices, quotas are being caught. FVOA vessels have received the following prices: Yakutat – 7 ups - \$7.05; 5-7's - \$6.65; 4-5's - \$6.15; 3-4's - \$5.63; 2-3's - \$5.20. Bellingham (lower coast Blackcod) – 7 ups - \$6.40; 5-7's - \$5.90; 4-5's - \$5.40; 3-4's - \$4.90; 2-3's - \$4.25. Fort Bragg – 7 ups - \$6.10; 5-7's - \$5.60; 4-5's - \$5.05; 3-4's - \$4.60; 2-3's - \$4.00.

Individual fishing Quota (IFQ) Allocations and Landings For fishing year 2010

Area	Species	Vessel Landings	Total Catch Pounds	TAC		Percent Landed
				Allocation Pounds	Remaining Pounds	
AI	Sablefish	84	1,391,517	2,738,113	1,346,596	51
BS	Sablefish	154	1,000,501	2,460,334	1,459,833	41
CG	Sablefish	588	7,689,565	7,954,197	264,632	97
SE	Sablefish	524	5,491,749	5,687,868	196,119	97
WG	Sablefish	175	2,703,848	2,927,709	223,861	92
WY	Sablefish	208	3,051,259	3,108,486	57,227	98
Total		1,733	21,328,439	24,876,707	3,548,268	86

Price history - USD/JPY (10/20/2007 - 10/18/2010)



A currency change of 29% with the yen has taken place over the last three years helping to drive up sablefish prices. This gives Japan more purchasing power.

Pacific Cod. Prices have been strengthened by the Yen vs. the dollar. Prices for round cod delivered to Kodiak buyers are \$0.31/lb for large and \$0.18/lb for small. Frozen FOB Dutch Harbor prices for medium J-cut: 7-8 count (5.25 lbs ↑) \$1.45/lb.; 9-13 count (3.25 to 5.25 lbs) \$1.45/lb.; 16-20 count (2 – 3.25 lbs) \$1.37/lb.; 27 count (1.5 lbs↑) \$1.13/lb.

Collar in XL 13 lbs↑ \$1.70/lb.; Large 9-13 lbs - \$1.60/lb.; Medium 7-9 lbs - \$1.35/lb.

Harvests for 2011 look excellent in the Bering Sea. Harvest could be based on an ABC of 214,000 Mt. or higher, up 20% from 2010. GOA stock looks to be in excellent condition as

well. Internationally, Cod is on the rebound. Barents Sea harvest levels will be 703,000 Mt, up 16%. Canadian scientists say cod stocks on the Grand Bank have increased 70%, but European poaching is a problem. ...[Seafood.com](#)

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

Senate Bill 3755. This is potentially the most important bill Congress has done to commercial fishing families since the Magnuson/Steven's Act. This act creates new law that sets aside decades of maritime case law creating punitive damage liability for owners of commercial fishing vessels beyond current legal precedents. In addition to being sued for damages to a crewman, such as for a bad back, you will get sued for punitive damages (like a business fine) on top of the normal lawsuit. This bill was quietly put through the House. No congressional person from our state was aware of it. Debate was suspended in the House. In the Senate, Senators Reid and Rockefeller are pushing it. The Trial Lawyers Association, hiding behind the widows and orphans of the BP Horizon disaster, have pushed this new liability legislation that would affect commercial fishing, tug and barge, blue water freight, and the Washington State Ferry System. This bill could have been written to affect "oil derricks" but instead goes after the entire maritime industry.

At "OpenSecrets.org" contributions to Senate candidates by lawyers for 2010 and 2008 were as follows:

	2010	2008
Reid	\$2.484 Million (top)	\$330,541 (27 th)
Rockefeller	\$31,000 (59 th)	\$579,122 (15 th)
Cantwell	\$72,184 (42 nd)	\$23,550 (78 th)
Murray	\$311,775 (11 th)	\$162,471 (38 th)
Begich	\$88,300 (39 th)	
Murkowski	\$110,005 (36 th)	\$33,025 (69 th)

2008 Top - Senator Obama with \$43,187,642.

Insurance companies on the West Coast do not provide coverage for punitive damages. This is your biggest risk.

The major fishing organizations in Washington State and the United Fishermen of Alaska have put forward a compromise. Senator Murray's office has helped in the negotiations with the trial lawyers but no absolute position has been expressed relative to the compromise. Senator Begich has indicated support for punitive damages. Candidate Rossi has expressed opposition. To SB 3755. The legislation is on hold until after the elections.

National Ocean Council. The Obama administration has formed a new National Ocean Council to make sense of the overlapping governing policies of various agencies. The intent is to "protect, maintain and restore natural resources and their ecosystems while supporting sustainable commercial and recreations uses." One of the areas being looked at is a National Zoning System called Coastal & Marine Spatial Planning. The Ocean Council will develop, over a five-year period, regional coastal spatial plans. Some contend the Ocean Council is a way to subvert the Magnuson/Steven's Act authority on fishing regulations. Enviro groups want many marine protected areas set up and this new group could develop these closures. West Coast input would be through the tri-state Governor's Council (Washington, Oregon and California). There would be no scientific committee or

industry advisory panels. This appears to be an attempt to centralize decision making and avoid the open public process as envisioned by the late Senator Magnuson. All the four coastal states are opposed to this new management framework as expressed by their state fisheries directors.

Longline CP Co-op Act, HR 3910. At a hearing in August, the Director of the NMFS, Eric Schwaab made the following comment.

“NMFS supports the intent of this bill, but does not support the bill itself. The North Pacific Fishery Management Council already has the authority to recommend cooperative management for this fishery, and NMFS believes that it is preferable for such a change in fishery management policy be developed and implemented through the open and collaborative processes mandated by the Magnuson-Steven Fishery Management Act rather than imposed by statute.”

The Senate tried to pass this on unanimous consent but one person objected so it did not move. Congressmen Larsen, Young, and Hastings have pursued this on the House side but it has not come to a vote. Some have hope for a late push this year.

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

We have signed a contract with Scientific Certification Systems and they are about one-third of the way through with their review of the halibut/sablefish MSC label. It was five years ago that you received the MSC certification. The recertification process should be completed by March 2011.

U.K. based seafood supplier, Findus Group says it intends to buy all the wild-caught fish for its' Young's retail brand across Europe by 2012 from fisheries certified to the Marine Stewardship Council (MSC) standard. This could result in 50 million branded retail packs carrying MSC label. ...*SFI*

Whole Foods will launch a color-coded rating program with help from Monterey Bay Aquarium and Blue Ocean Institute that measures the environmental impact of its wild-caught seafood. It will have a green, yellow, and red rating system. ...*Associated Press*

****Second Watch****

Andreas L. Ness, 1910-2010, a centenarian, passed away this past spring shortly after his 100th birthday. Andreas emigrated in 1929 from Norway and began fishing in 1929. He was an owner in the F/V City of Seattle. In 1952, the ***Seattle Times*** recorded that they landed 125,000 pounds of halibut at a price of 26¢/lb. for a \$33,000 gross stock. He last fished as a cook on the F/V Carol M in 1976 with his son Norman.

Roger Davies. This summer we lost a longtime crewman, Roger Davies. He was 92 and fished from 1936 to 1992 on FVOA vessels. He served in the Seabees in WWII. He also travelled to Washington, D.C. and to the Council meetings to testify on behalf of the halibut fleet. He was affectionately known as the “Professor.”

Byron Bassi. Past president of FVOA from 1976 to 1978, Byron Bassi passed away this

summer. He was longtime owner and operator of the F/V Resolute. He served the Association during a difficult transition from foreign dominated fisheries to extended jurisdiction both the 12-mile limit and finally the 200-mile limit. His son Steve still runs the F/V Resolute.

Farm Credit Services. They will have a workshop at the Pacific Marine Expo on “Understanding Financial Statements” workshop. Contact Farm Credit at (206) 691-2000 and ask for Erik Olson.

NOAA paid for judges’ services from forfeited assets. Administrative law judges claim they were unaware that the fines and forfeitures they levied were providing 60% of the funds used to pay them. ...*Savin Seaford*

Despite gains in safety, commercial fishing continues to suffer a fatality rate nearly 36 times higher than the average rate for the U.S. work force. New England Groundfish is the most dangerous in the nation, pre quota shares. ...*SF.com*

Fuel Tax. As of October 1, 2010, it was reported that fuel suppliers in Alaska may have started collecting an additional 24.4 cents/gallon excise tax. The fleet is technically exempt and if you were charged, you can get a refund with IRS. Cong. Don Young has intervened on this. If you find that this is occurring, please let our office know.

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****Calendar of Events****

November 4-9, 2010 Advisory Bodies may begin Tue., Nov. 2; Council Session begins Thur., Nov. 4.	PFMC Meeting	Hilton Orange County/Costa Mesa Costa Mesa, CA
November 25 & 26, 2010	Thanksgiving holiday	FVOA office Closed
Nov. 30- Dec. 1, 2010	Interim IPHC Meeting	IPHC's New offices Seattle, WA
Week of Dec. 6, 2010	NPFMC	Hilton Hotel Anchorage, AK
December 24, 2010	Christmas Holiday	FVOA office closed
December 31, 2010	New Year's Holiday	FVOA office closed
January 25-28, 2011	IPHC Annual Meeting	Delta Ocean Pointe Resort Victoria, BC, Canada