The Wheel Watch

a newsletter of the

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Dear Longliner:

This newsletter will bring you up-to-date on developments at the North Pacific Council, Pacific Council, IPHC, markets, and actions in Washington, D.C.

North Pacific Council

The Council took up a number of issues concerning halibut and sablefish ITQ proposed changes, the observer program, and halibut bycatch concerns.

<u>New Council Member.</u> Roy Hyder, a long-serving representative from Oregon retired from Council participation. He is replaced by Mr. Steve Marx. Steve retired from the Oregon Department of Fish & Wildlife after 34 years. He was involved in watershed management and salmon issues. Congratulations to Mr. Marx.

Observer Issues. The Council following the advice from its Observer Committee and Advisory Panel, adopted corrective actions to stop the "tendering exemption" for taking an observer. The following was passed.

The Council initiates the following projects. Priorities will be discussed during staff tasking.

An Analysis to change the definition of a tender trip. This analysis should include option 2a and 2b described in the tendering discussion paper that would either start a new trip with delivery to a tender, or limit the number of deliveries to a tender vessel and evaluate observer deployment from tender vessels.

The Council initiates an analysis to consider increasing the observer fee.

The Council proposed these actions, both of which will require a regulatory amendment. The bad news is that even though they passed a potentially corrective action to the tendering issue, the Council could not find time to "schedule" for staff work up these two motions. The Council's observer program is a failed mission for catcher vessels significantly due to the current exemption for tendering. In some cases the tender is placed next to the dock. You would think this should be a higher priority, particularly when you consider it a fixable problem. I am sorry to report I do not expect a fix for a few years out.

2018 Observer Coverage Rates will be as follows: Electronic Monitoring – 30%; this is voluntary for EM equipped vessels; Hook and Line – 19%; Trawl – 22%; and Tender Trawl – 12%.

IFQ Committee Report: I attended the meeting. Michael Offerman, owner/operator and IFQ holder on F/V Kristiana, is a member of the Committee as is Shawn McManus, skipper and IFQ holder on the F/V Vansee. The issues before the Committee included:

- Discussion on halibut and retention in BSAI pot gear;
- NMFS report on cost recovery program;
- 2017 GOA sablefish review of pot gear usage;

- Small quota blocks not being fished; and
- Movement of guota shares into and out of rural communities.

Halibut retention in BSAI pot gear. The Council passed regulatory action in the Gulf of Alaska that allows blackcod pot operations to retain legal sized halibut if QS is held by the vessel fishing. The Council has a separate management plan for the BSAI and the regs there did not allow for halibut retention. The Council passed a motion to allow for retention in the BSAI and to eliminate the 9" opening restriction for pots. This is to allow larger halibut into a pot. Since the Gulf is a separate management plan, the Council will need to take separate action to remove the 9" restriction in the GOA to make the rules the same in the BSAI and GOA. This may take a year or two to complete these regulatory actions.

NMFS Cost Recovery. Cost recovery is the tax you pay known as an IFQ fee. The Magnuson Act caps this amount at 3% of your exvessel landed value. You are supposed to be charged only incremental costs that would not have been incurred, but for the Limited Access Program or CDQ you are involved with. The Pollock At-Sea Processors, Bering Sea Crab IFQ program, Amendment 80 trawl QS Program, and the Halibut/Sablefish Programs pay IFQ fees. Only costs that are direct program costs for your limited entry program should be submitted for cost recovery.

It turns out that in some cases where an enforcement person has been assigned, even if the primary reason for deployment was not the Halibut/Sablefish program, all expenses were logged towards your program. We heard that new accounting procedures will be in place to more fairly assign costs.

In the Pacific Council, the Whiting Factory Trawlers sued over the IFQ fees. They didn't think they should pay. The Court said yes, you get the privilege of paying, but NMFS over-charged you and gave the FTs a 2-year period of not paying the ITQ fee. Council members Buck Laukitis and Theresa Peterson seem to be good industry advocates for us on this issue.

Year	Overall costs (2016 \$)	OLE costs (2016 S)	
2000	4,717,053	4,045,728	6,000,000
2001	4,553,932	3,108,116	5,000,000
2002	4,594,200	3,201,059	
2003	4,367,629	2,750,601	4,000,000
2004	4,150,439	3,050,449	3,000,000
2005	4,525,159	3,627,464	2,000,000
2006	3,270,773	2,667,312	1,000,000
2007	3,129,349	2,531,437	
2008	3,887,053	2,931,897	2000 2002 2004 2006 2005 2002 2012 2014
2009	4,783,337	3,522,798	10° 10° 10° 10° 10° 10° 10° 10°
2010	5,715,497	3,914,579	OLE costs (2016 \$) Overall costs (2016 \$)
2011	5,451,725	3,351,011	
2012	5,173,943	2,939,210	
2013	5,117,374	2,871,354	
2014	4,628,395	2,568,626	
2015	5,654,065	3,416,073	
2016	5,902,497	3,567,920	

Table 3 and Figure 2. Direct program costs for the IFQ program, adjusted for inflation.

2017 To-date Review of Pot gear in the GOA. In 2017, 264 vessels, as of September 19th, fished IFQ sablefish with 246 vessels using hook-and-line gear, 7 vessels using pot gear, and 11 using both gear types. Twelve of the 17 vessels retained 15.5 Mt of halibut. Seven vessels using pot gear for GOA IFQ sablefish had observer coverage. Twenty vessels actually registered for pot tags in 2017.

The figure below shows the length frequency distribution for 6,518 sablefish that were caught in the Gulf of Alaska (GOA) and sampled by observers. The mean length for sampled sablefish caught with hook-and-line longline gear was 65.2 cm (N-5,986). The mean length for sampled sablefish caught with longline pot gear was 61.6 cm (N= 532). For reference, 2.54 cm is equal to 1 inch.

National Marine Fisheries Service (NMFS) produced this data query on August 23, 2017. No additional observer data has been collected since that date. The chart below shows the size differences of catch between pot and hook-and-line gear.



Small Quota Block unused. The Council was wondering if small blocks were not being fished. The report showed almost everything was being used.

<u>Movement of Quota.</u> There is Council concern of QS moving or being sold out of rural Alaska communities. The Council report refers to relocation, which means someone moved out of a rural area to an urban area or out of Alaska. Transfer refers to quota that was sold out of a rural area into an urban area or out-of-state. The tables below are poundage movement summaries. Note, these numbers are not Quota Share Units. The below tables could show a bias due to large quotas between 2002 and 2010.

	Area 2C	Area 3A	Area 3B	Area 4
AK Rural	-77,780	-222,367	-65,799	-23,423
AK Urban	-157,564	-569,397	-482,831	-93,298
Non AK	235,344	791,764	548,630	116,721

Table 2 Net movement of halibut IFQ lbs. by relocation, 2002 through 2016

	SE	WY	CG	WG	BS+AI
AK Rural	-34,571	39,019	119,014	10,805	43,340
AK Urban	-386,433	-40,153	-227,843	1,171	-40,618
Non AK	421,004	1,134	108,829	-11,976	-2,722

Table 4 Net movement of sablefish IFQ lbs. by relocation, 2002 through 2016

Table 6 Net movement of halibut IFQ lbs. by transfer, 2002 through 2016

<u>.</u>	Area 2C	Area 3A	Area 3B	Area 4
AK Rural	-280,188	-378,591	-68,796	430,117
AK Urban	-112,549	-790,197	-565,216	206,618
Non AK	392,737	1,168,788	634,012	-636,735

Table 8 Net movement of sablefish IFQ lbs. by transfer, 2002 through 2016

-	SE	WY	CG	WG	BS+AI
AK Rural	-162,430	68,608	262,115	-564,849	38,021
AK Urban	-815,860	134,434	-47,691	-729,072	1,430,286
Non AK	978,290	-203,042	-214,424	1,293,921	-1,468,307

The Observer Committee will meet again in February 2018 and discuss further potential solutions for rural areas, hired skippers, and other ITQ concerns.

<u>Abundance-Based Management (ABM).</u> This Council's endeavor is an attempt to establish a floating trawl, and cod longline halibut CAP in the BSAI based on abundance of juvenile halibut, documented by the NMFS Trawl survey and adult halibut based on the IPHC Setline survey. The Council is a long way from finishing this project. They did pass a motion that describes various elements, such as, control rules, new starting points, maximum ceiling and floors.

As an example, the Council identified new starting points for a halibut PSC limit of 10% below current, 2016, (2118 Mt) usage to 10% above the legal limit (3,867 Mt). The current trawl and cod longline usage at the end of 2016 was 2,354 Mt of Halibut. This would be a great new starting point as a halibut CAP. The current CAP is 3,515 Mt. However, the ceilings, how much the CAP could go up if abundance increased, is listed at 3,515 Mt or 4,426 Mt. In other words, we could lose all our gains under certain abundance trends.

As for the nuts and bolts of this program, it appears to some, including myself, overly complicated. The Council set April 2018 as a time to relook at this agenda item. If the Council takes final action on this, it won't be until next fall 2018 at the earliest. Hmmm? That would be one month before the Alaska Governor's election.

One irony was noted in the Council motion. The State of Alaska moved to change the problem statement, such that, some council members do not believe maintaining a directed halibut fishery in the Bering Sea is now a problem to be solved by the NPFMC. The irony comes from remembering that it was the State of Alaska Fishery Commissioner that petitioned the Obama Administration to provide for a minimal halibut fishery in 2015 of

950,000 lbs. Trawl bycatch was a major issue whether to allow a meaningful fishery at that time. To now change the problem statement on the ABM project is a bit of head fake particularly from the State of Alaska, let alone the Alaska dominated Council.

The below bar graph shows the 2016 halibut bycatch usage by the Amendment 80 Factory Trawl Fleet; the 2017 PSC limit for this fleet and previous 2015 PSC Limit; and 50% on either side of current PSC limit. This gives you an idea of where options might fall for a new halibut PSC CAP starting point under ABM. We will be monitoring this.



Preliminary Charter Halibut Harvest 2017

Preliminary Charter halibut harvest estimates for Areas 2C and 3A for 2017

A.r.o.o.	Mean	Logbook Harvest	Viold (lb)	026 RelMort	Total Removals	Allocation	Overage	Overage
Area	Wt (lb)	(no. fish)	Yield (lb)	(lb)	(lb)	(lb)	(lb)	%
2C	12.31	71,711	882,451	68,690	951,141	915,000	36,141	3.9%
ЗA	14.48	143,654	2,079,405	13,620	2,093,025	1,890,000	203,025	10.7%

Preliminary reports indicate the Charter fleet was about 4% over in Area 2C and 11% over in Area 3A. The Council will consider options to reduce their harvest for 2018. The Area 3A Charter Fleet is closed Thursday June 15 – August 31 and Wednesday all year. I am confident real restrictions are being applied and being discussed for 2018 to control catches.

Enforcement - IFQ Halibut and Sablefish

- 39 boardings of IFQ halibut vessels
- 12 boardings of IFQ sablefish vessels
- 3 fisheries violations onboard IFQ halibut vessels

Charter & Recreational/Subsistence Halibut

- 317 boardings of Recreational/Subsistence Halibut vessels
- 94 boardings of charter halibut vessels
- 3 fisheries violations observed onboard recreational & charter vessels

<u>Good News Teaser.</u> Dr. Dana Hanselman provided an early sneak look at the sablefish survey results for 2017. The numbers were up for the second year in a row. That is very good news. Dr. Hanselman also indicated that two strong year classes were now identified in the survey, more good news! The Plan Team will meet the week of the 13th of November in Seattle to finalize their recommendations to the NPFMC, which they will take up at their December meeting.





Stock or Stock		2016			2017			2018			2019			2020	
Complex	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 Council will finalize preliminary 2019 and 2020 numbers at their November Council

meeting. The Pacific Council sets their harvest limits two years at a time. As you can see, the projection from 2017 through 2020 shows a 9 percent increase in sablefish harvest.

<u>5-Year Review of the Trawl ITQ Program.</u> This program has allowed for gear switching to take place. Several of our members have purchased "Trawl ITQ Sablefish". The trawlers are upset that fixed-gear commands a higher price and higher lease fees and that 25% to 35% of the trawl sablefish is now caught with fixed-gear. This is the result of the choice of trawlers who have either leased their sablefish to a fixed gear operation or they used fixed gear themselves. The Council, at their September meeting, set a control date such that those who have used the gear switching privilege may get grandfathered in without restrictions. Further action may occur at the November meeting.

<u>Halibut.</u> For those of you that have a sablefish "tier" permit, you are aware that you can retain 140 lbs. of dressed halibut per 1000 lbs. of dressed sablefish north of Point Chehalis. The sport industry has asked that you not get this allocation any longer. They want it transferred for their usage. There will be a vote to take some of your halibut quota away at the November meeting in Costa Mesa. We have provided a compromised option. Hopefully, the Council will accept it. One of the problems is that you are allocated 70,000 lbs and to date you have only caught 30,000 lbs. If you do not use it, you may lose it.

Markets

<u>Halibut.</u> FVOA vessels returning to Bellingham received late August prices of \$7.10 for 10-20's; \$7.35 for 20-40's; and \$7.55 for 40 ups. Prices slid a bit in September. There were a number of reasons given but I think one reason is that the Auction Block in Homer filed for bankruptcy and we lost a competitive element for the fishermen. Homer has been the number 1 halibut port for some time. That distinction could go to Kodiak this year. We appear a bit behind in halibut deliveries from last year. Additionally, the East Coast will be producing about 7 million pounds of halibut that is affecting the price.

NOAA Fisheries	Prepared: 10/13/2017
PO Box 21668	Restricted Access Management
Juneau, AK 99802-1668	800-304-4846

|---- TAC ----| Vessel Remaining Area Species **Total Catch** Allocation Percent Landings Pounds **Pounds** Pounds Landed 2Chalibut 1,260 3,829,113 4212000 382,887 91 3A halibut 1,338 7,006,653 7739000 732,347 91 3B halibut 322 2,817,659 322,341 90 3140000 4A halibut 148 1,122,024 1390000 267,976 81 4Bhalibut 78 784,445 912000 127,555 86 4C/4Dhalibut 110 791,659 902400 110,741 88 Total 3,256 16,351,553 18295400 1,943,847 89

Individual Fishing Quota (IFQ) Allocations and Landings

<u>Sablefish.</u> Sablefish markets are just HOT! International demand and domestic demand remain strong. FVOA prices in Bellingham for Washington/Oregon sablefish are running at

\$3.70 for under 3's; \$5.25 for 3-4's; \$6.25 for 4-5's; \$7.25 5-6's; \$8.30 for 6-7's; and \$9.50 for 7 ups.

The yen vs. the dollar is ten points worse than this time last year, yet demand has pushed prices upwards.

WY	sablefish Total	209 1,592	2,937,827 17,651,951	3073212 22577309	135,385 4,925,358	<u>96</u> 78
WG	sablefish	150	1,830,230	2378763	548,533	77
SE	sablefish	541	5,096,036	5745188	649,152	89
CG	sablefish	573	6,607,688	7960811	1,353,123	83
BS	sablefish	68	533,471	1124346	590,875	47
AI	sablefish	51	646,699	2294989	1,648,290	28

Pacific Cod. The NPFMC announced preliminary stock abundances at the October meeting. The survey in the GOA was down 80%. This could result in a net down of 60% for 2018 in the GOA. The Bering Sea was down 35% to 37%. This could net a 20% down for 2018 in the BSAI.

Additionally, the joint Russian-Norwegian fisheries Commission set a Barents Sea cod quota of 775,000 Mt for 2018, 13% below 2017 levels of 896,000 Mt.

Meanwhile, pot cod vessels in Unimak Pass are receiving 38¢/lb. with 95% over 28 inches. This is a good price and catches appear good at this time. Freezer longline prices are rising as well.

IPHC

There is not much to report. The Interim meeting, where proposed harvest limits will become public and a review of the 2017 survey will be reported on, will be at the Grand Hyatt Hotel in Seattle from November 28-29, 2017. The hotel is located at 721 Pine Street in downtown Seattle.

Second Watch

Dear Commercial Fishing Vessel Owner:

In February 2017, Governor Bill Walker declared a public health emergency to combat the state's opioid epidemic. As Governor Walker explained in his administrative order, "Across the state of Alaska, individuals, families, businesses, and communities are struggling to cope with the devastating effects of opioid misuse, heroin abuse, and addiction disorders. The heroin and opioid epidemic has reached epic proportions in our state. There is an urgent need to raise awareness of opioid misuse and heroin addiction, and to promote prevention, treatment, and enforcement of opioid use in our state."

Your manager is feeling a bit old today. I got an advertisement that reads, "Free Luncheon Seminar" – Smart Cremation. It was not sponsored by the trawlers.

Eat on the Wild Side

MSC Fisheries Updates.

US North Pacific halibut – Fishery re-certified. The new certificate will be in effect for 5 years, contingent on the fishery successfully completing the audit requirements against the MSC Fisheries Standard. This is an SCS Global Services determination that the fishery should be certified.

US North Pacific sablefish – Fishery re-certified. This is an SCS Global Services determination that the fishery should also be certified for the next five years.

<u>Seafood.com.</u> Finally, genetically modified salmon has been approved for sale in the United States, but has yet to hit the market due to labeling complications. Sales could begin the second half of 2019.

<u>Seafood.com.</u> "Parasitic lice is becoming a problem for salmon farmers world-wide." There has been a surge in parasitic sea lice. They have infested farms in the United States, Canada, Norway and Chile.

<u>Seattle Times.</u> Restaurant Chef, Tom Douglas, called fish farms "pillaging our waters". Edouardo Jordon of Salare calls them shocking. Renee Ericksen of the Walrus & the Carpenter says they are just "gross". Bethany Clement went out on a boat to visit the Atlantic fish farm near Bainbridge's shore on a hot day. She said, "it smells like death. It's difficult to describe the stench in the breeze, like fertilizer, acrid ammonia, redolent or rot." Washington produces the most farmed Atlantic Salmon in the nation. Oregon has no farms and California and Alaska have banned them.

<u>Seafood.com.</u> Scottish fish farming industry has admitted losing up to 10 million salmon last year due to disease from parasites.

Washington, D.C.

<u>Head of NOAA.</u> Mr. Barry Myers of Pennsylvania will serve as Under Secretary for Oceans & Atmosphere, Department of Commerce. He is one of the world's leading authorities on the use of weather information. He served as CEO of Accu Weather since 2007. His main focus has been meteorological activity.

Magnuson-Steven's Act. At a hearing on the Kenai Peninsula, Senator Dan Sullivan brought his subcommittee on Oceans, Atmosphere, Fisheries & Coast Guard to Soldatna, AK. There were those who suggested our IFQ program has created a situation of two much consolidation, not just of ownership but multiple fishermen fishing on the same boat. Concerns of rural ITQ moving out of rural areas. Some noted in the Crab IFQ program, 900 fishermen lost their jobs. Similar complaints were targeting at the halibut/sablefish program. Julie Bonney, a trawl representative from Kodiak, tried to speak to the rationale of an ITQ program. She suggested it was like allocating a piece of pie. Duncan Fields stated "first of all, they're not all equal pieces and then only those people initially allocated a piece of the pie ever get to eat dessert." Fairly negative towards rational programs.

<u>Modern Fish Act.</u> The sports interest from Florida want to basically not apply quotas on sports only commercial fishermen. This bill has some big money behind it and has been introduced in both chambers of Congress.







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