

# The Wheel Watch

*a newsletter of the*

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**Thank you for your support!**

Dear Longliner:

This newsletter will bring you up-to-speed on the Vancouver IPHC Annual Meeting, the North Pacific Fishery Management Council meeting, PFMC, activities in Washington, D.C., and marketing.

## \*\* IPHC \*\*

The following were the final recommendations by the IPHC commissioners.

Area	2008 Catch Limit	2009 IPHC staff Recommendations	2009 Commissioners Decisions	% of change Decrease
2a	1.22	.86	.950	22%↓
2B	9.00	6.96	7.630	15%↓
2C	6.21	4.54	5.020	19%↓
3A	24.22	22.53	21.700	10.1%↓
3B	10.90	11.67	10.900	0.0%
4A	3.10	2.65	2.550	17.7%↓
4B	1.86	1.94	1.870	0.0%
4CDE	3.89	2.93	3.460	11%↓
Total	60.40	54.08	54.08	10.4%↓

The continued drop in harvest limits is seen in the commercial and survey CPUE rates except in a few areas such as 4B, 4D, and 2B for 2008.

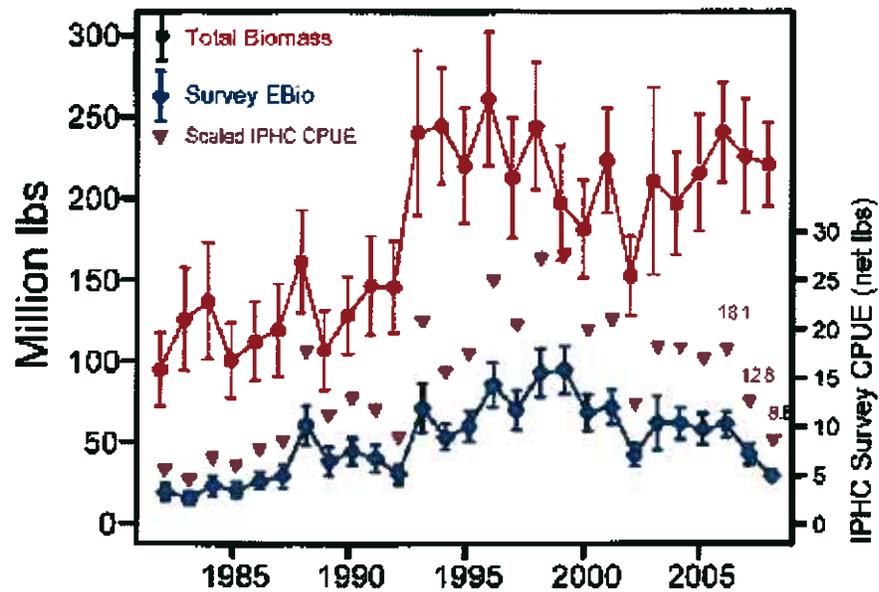
### Commercial CPUE

Year	2A	2B	2C	3A	3B	4A	4B	4C	4D	4E	Total
2004	145	212	240	485	328	315	202	120	444	—	340
2005	155	197	203	446	293	301	238	91	379	—	314
2006	147	202	170	403	292	241	218	72	280	—	284
2007	94	197	160	398	257	206	230	65	237	—	269
2008	69	174	163	359	232	205	211	88	251	—	248

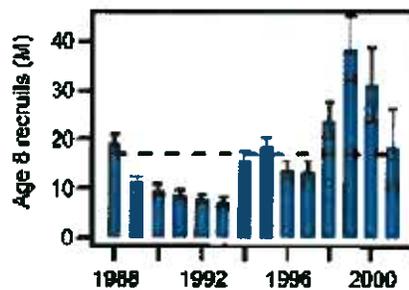
### IPHC Setline Survey CPUE

Year	2A	2B	2C	3A	3B	4A	4B	4C	4D	4EBS	Total
2004	27	86	173	270	236	137	73	—	132	18	106
2005	28	72	171	276	211	107	86	—	69	17	99
2006	16	59	144	232	181	84	95	—	63	18	86
2007	19	57	140	212	191	66	87	—	57	13	79
2008	18	88	108	189	126	83	103	—	68	9	72

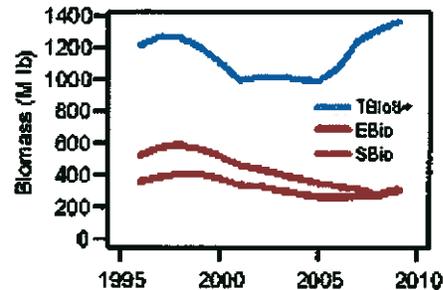
The following shows total biomass, survey exploitable biomass (EBio), and survey CPUE.



Age &amp; Recruitment



Biomass trends



The staff scientists still maintain that the 1998, 1999, and 2000 age 8 recruitment classes are very strong. In fact, they claim the '98' year class is bigger than the famous 1987 year class. They caution that the fish at a given age are smaller than in 1987 and that the average size of male halibut is so reduced that they barely are recruiting to the fishery, perhaps less than 15% of the males will recruit at the current size structure. The scientists still believe the biomass will trend up but they have said that for about three years in a row. There are some doubts of what is going on with the resource.

So how did the quotas get to be the quotas this year? This is my own opinion of how the quotas came to be this year. Using the best biological science and political science available, I believe the following is close to accurate.

**Area 2** - The staff scientists recommended a 23% reduction in 2B and a 27% reduction in 2C. Their arguments were compelling and presented with professional concern for all Area 2. They cited that harvest levels in the past were set too high and CPUE levels are almost half of 3A and 3B. They also expressed concern for Area 2 as the average age of fish

caught are 2 years less than out west indicating catch rates have been excessive over the last several years. The U.S. commercial fishing groups supported the staff recommendation in 2C. The Canadians only wanted to take a 10% drop. So the commissioners had political cover from the U.S. commercial fleet to accept the staff recommendations in 2C. The U.S. industry that fishes in 3B told the Conference Board the quota should remain at 10.90 so the U.S. industry gave up about 700,000 lbs. for the sake of the resource in 3B.

Ultimately, the Canadians took a 15% reduction or 700,000 lbs., more than the staff recommended. I believe the U.S. commissioners did not like the disparity between this and the 27% reduction in 2C so they added about 500,000 lbs to 2C for a 19% reduction for cosmetic purposes. The commissioners wanted to stay within the overall catch recommendation of 54,080,000 lbs. The gracious act by the 3B folks unintentionally aided the commissioners to this goal but they were still over the 54 million so they took a little out of 3A, 4A, 4B, to make the total harvest fit the staff recommendations. The reason Area 4A took a 17% drop was primarily due to the staff going from a 20% harvest philosophy to a 15% exploitation concept for all of Area 4.

The quota in area 2A needs to be about 1,250,000 lbs., before you can retain halibut with your blackcod tiered permit off the lower coast. So for 2009, you will not get the 10% bycatch of halibut in Area 2A.

The 2C commercial fishermen wanted the lower harvest limit recommended by the staff, in part, because it gave a better legal argument for reducing the 2C guided sports limit to one fish in 2C. However, 2C commercial folks have taken over a 50% reduction the last three years. There is concern the charter interest will attack this IPHC action, not to adopt the staff harvest limits.

The opening date was set at March 21<sup>st</sup> in order to accommodate the processors inventory concerns of the 2008 catch. At least one processor said there was still 2007 inventory around.

### **\*\*NPFMC\*\***

I want to thank Jack Knutsen and John Crowley for their help at the meeting. The Council met in Seattle the first week of February and primarily discussed bycatch of Chinook salmon in the pollock fishery and crab rationalization. There was an experimental fishing permit requested by a yellowfin sole company to look at new mortality rates of halibut in the flounder fisheries. We testified for a neutral person to be aboard for this experiment. The SSC felt there was no need for neutrality. On the other hand, the industry Advisory Panel felt a neutral party was appropriate. Very interesting comments from the scientists considering they refuse to use your log books unless there is an observer on board. The Council adopted the AP recommendation. IPHC said they would participate

**Charter Boat Update** – NMFS says they are going to implement a one fish bag limit in Area 2C. Everyone expects a lawsuit. Stay tuned.

The Council is asking for new amendments through June for changes to the

Halibut/Sablefish IFQ program.

**\*\*PFMC\*\***

Not much new here. Based on the IPHC 2A harvest limit, the blackcod tier limits will not likely be allowed a halibut bycatch.

Tier 1 limit	61,296 round lbs.
Tier 2 limit	27,862 round lbs.
Tier 3 limit	16,921 round lbs.

**\*\*Markets\*\***

**Halibut.** At the request of the processors, due to inventory problems, the IPHC set the opening date at **March 21** or two weeks later than last year. We were told that inventories of frozen halibut was about at last year's levels but movement of frozen had slowed due to the recession. The drop in quota by 10% will have some upward effect on 2009 demand but the overall negative national and international economies are the biggest concern.

In early February, Costco bought some farmed fresh halibut. It was flown to the U.S. and filleted and sold to Costco for about \$13/lb. The fish must have been small as the fillets were not quartered, one fillet per side, very thin, and according to some, poor texture. The Costco price started at \$14.99/lb and dropped rapidly to \$9.99/lb. It did not sell well. A total of 200,000 to 500,000 lbs were bought by Costco apparently as a test. It did not go so well.

Seafood International reported that Norway would harvest about 1000 tons of farmed halibut last month and I suspect that is where the fish came from. We suspect the fish took too long to grow to a good size. The break-even price for farmed fish, both in Norway and Bay of Fundy experiment is about \$4.50 to \$5.00 to the farmers. If prices drop in Alaska, this will definitely hurt the farmed halibut growers, which there are few.

**Sablefish.** There have been few deliveries from off of Washington this winter with prices similar to last year for the 300 lb. daily trip limit fishery. The yen is at 90 per dollar, representing almost 18% more purchasing power for the Japanese importers. With all the printing of dollars in D.C., the dollar could fall further and even strengthen the yen even more. This could be good for exporting sablefish; however, Japan is officially in a recession, partly because the yen is so strong. I still expect good prices for sablefish in 2009.

**Pacific Cod.** The supply of cod international is increasing. The Icelanders increased their harvest by 50,000 tons and reports are that North Sea cod stocks are rebounding. The price for round in western Alaska peninsula area was at .25 and .18 with a 5 lb. break this winter. Freezer longline H&G prices were bouncing at \$1.00 to \$1.20, down from the \$2.00/lb. range this time last year. I saw Pacific cod fillets at Safeway for over \$7.00/lb.

**2007** - Exvessel values of commercially harvested species in Alaska were \$1.6 billion.

Groundfish @ 13%  
Halibut/Sablefish @ 18%  
Pollock/Cod @ 37%  
Salmon @ 23%  
Shellfish @ 9%

U.S. commercial fishing generated \$103 billion in sales and supported more than 1.5 million jobs in 2006. -SFI

The U.S. Department of Agriculture announced final regulations for mandatory Country of Origin labeling required by the 2002 and 2008 farm bills. Farmed fish and shellfish must be labeled to indicate Country of Origin and method of production, wild or farmed. — Seafood.com News

### **\*\*Eat on the Wild Side\*\***

Supreme Court allows salmon-colorant lawsuit to proceed. The U.S. Supreme Court rejected an appeal from some of the nation's largest grocery chains, refusing to stop a customer lawsuit that accuses the supermarkets of failing to warn customers of the presence of artificial coloring.

Environmental NGOs opposed to shrimp farming are demanding World Wildlife Fund halt plans to create the Aquaculture Stewardship Council (ASC), a group that would certify sustainable aquaculture operations. —The Wave

BC to limit salmon farms as way to restore wild salmon populations. —The Wave

Another seafood dealer was caught mislabeling fish. They were selling tilapia fillets and Alaskan pollock as Walleye. —Seafood.com

**MSC.** I have been asked by the MSC labeling folks in London to provide a digital photograph of fishing for halibut or sablefish. If any of you have a photo of either, please email it to FVOA and we will forward it on to the MSC offices.

**School Lunch** - Swedish schools will find MSC eco-labeled fish on their lunch menus this year. —SFI

Companies with MSC Chain of Custody at year-ending, March 31 - 589

MSC labeled products at year-ending, March 31 - 1,421

### **\*\*Washington, D.C.\*\***

Department of Commerce - the new head of Commerce is Sen. Judd Gregg (R). He is known as a tough negotiator, difficult hawk. -- Seattle Times. Senator Gregg has been pro aquaculture. His state, New Hampshire, has 15 miles of coastline and is a member of the New England Council.

The new head of NOAA is Jane Lubchenco. Hailing from Oregon State, she is considered green, with affiliations with the Environmental Defense Fund.

Head of NMFS – the acting director is Dr. Jim Balsiger. He has served on the NPFMC and is currently an IPHC Commissioner. He is a candidate as is Dr. Rosenberg with associations to Pew. Another candidate is Dr. Brian Rothchild, also green and part of NMFS establishment. Dr. Jeff Koenings is also being considered. He is the past director of Washington State Fish & Wildlife and we have sent a letter on his behalf.

#### Congressional Committees

Appropriations – Sen. Murray (D) and Sen. Murkowski (R)

Commerce – Sen. Begich (D), Sen. Cantwell (D)

Natural Resources (in the House) – Minority Leader Doc Hastings (R), Inslee (D), McMorris (R),

Coast Guard – Cong. Larsen (D)

### **\*\*Second Watch\*\***

**CDQ companies fish for tax protection – Wesley Loy.** Several CDQ companies have been using their tax exempt status to acquire 50% of Ocean Beauty, Glacier Fish, parts of different freezer longline groups, and factory trawl companies. They generated \$170 million in revenue and had \$543 million in assets. IRS is saying some of the income from acquisitions is taxable. Some CDQ companies think everything should be tax exempt. An IRS spokesman said income not related to the core mission is taxable.

Congressman Don Young sponsored CDQ related legislation to help out but was not available for comment. Congressman Don Young and Senator Stevens arranged that the CDQ companies do not pay the 3% IFQ tax. At what point are we all Americans and we all pay our fair share?



### **\*\*Calendar of Events\*\***



March 6-13, 2009	PMFC meeting	Airport Marriott Seattle, WA
March 8, 2009	Blessing of the Fleet	Fishermen's Memorial Seattle, WA
March 30-April 5, 2009	NPFMC	Hilton Hotel Anchorage, AK
April 2-9, 2009	PFMC	The Westin SF Airport San Francisco, CA
May 3, 2009	Names Ceremony	Fishermen's Memorial Seattle, WA
June 1-7, 2009	NPFMC	Dutch Harbor, AK
June 11-18, 2009	PFMC	Doubletree Spokane, WA