

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. XVII, No.1

March 2003

Sustaining Sponsors

| | | |
|---------------------------------------|---|----------------------------|
| Access Unlimited, Inc. | Alyeska Seafoods, Inc. | Ballard Oil |
| Bank of America | Bellingham Cold Storage Co. | CityIce Cold Storage |
| Covich & Williams, Inc. | Cummins Northwest | Dana F. Besecker Co., Inc. |
| Danielson, Harrigan, Leyh & Tollefson | Dock Street Brokers | Echo Belle, Inc. |
| Empress Int. of California | Farm Credit Services - Fisheries Division | Fishermen's News |
| Fishing Vessel Owners/Marine Ways | Marine Resources Consultants | Marine Service & Supply |
| Marsh | Mundt MacGregor L.L.P.. | Nautilus Seafoods, Inc. |
| N C Power, Inc. | Northern Lights Seafoods | Northport Fisheries, Inc. |
| Northwest Marine Electric | Ocean Beauty, Inc. | Pacific Fishermen, Inc. |
| Philip D. Hingston, Inc. P.C. | Offshore Systems, Inc. | Rickey & Associates |
| Royal Aleutian Seafoods | Seafood Producers Co-op | Seafreeze Cold Storage |
| Seattle Marine & Fishing Supply | Sitka Sound Seafoods | The Fish Factory |
| The Permit Master | Trident Seafoods | Unisea, Inc. |
| Viking Community Bank | Westward Seafoods, Inc. | YKI Fisheries |

Thank you for your support!

Dear Longliner

This newsletter will bring you up-to-date on the recent Halibut Commission meeting in Victoria, B.C., the North Pacific Fishery Management meeting in Seattle, and a review of D.C. issues.

****North Pacific Council****

The meeting in Seattle lasted nine (9) days. The most arduous issue was finalization of the Bering Sea Crab Rationalization Plan. The Council's proposal on crab rationalization was requested by Congress and may be made operational through new legislation in March of this year. If that happens, the program could be operational in 2004. Some of the salient options include: (1) 3% for skipper shares; (2) 10% for CDQs; (3) processor shares with 90% of processing history guaranteed to certain approved processors; (4) catcher processor shares; (5) catcher shares; and (6) guaranteed deliveries to Pribiloff Area.

Essential Fish Habitat. The Council is being forced by courts and green organizations to look at more closed areas in order to protect certain habitat. There are six options being looked at for new closures. The first five options deal significantly with bottom trawl closures on habitat in the Aleutians, Bering Sea, and Gulf of Alaska. At the January/February Council meeting, another option was added. It is option 6 and focuses on all bottom tending gear, which includes pot and longline gear. The areas proposed to be closed include 70% of the most productive spot in Area 4D, 60% of area 4C, a large area of Area 3B on the south side of Kodiak, two areas that cut through Portlock Bank, and Seward Gully, part of the "W" grounds, and important areas of S.E. Alaska. Traditional Pacific Cod areas in the Bering Sea and crab areas are proposed for closure as is the Brown Crab fishery in the Aleutians.

We are told that this option needs to be analyzed as "a far-out" option to satisfy the National Environmental Protection Agency (NEPA) requirements. Additionally, we have been informed that it is unlikely these closures will ever be accepted. On behalf of FVOA, we testified against this option as the basis for the closures did not include observer data or data from NMFS or IPHC pertaining to sablefish and halibut fishing impacts. We will remain vigilant to make sure the proper analysis is done relative to these proposed closed areas. NMFS is asking the court for a year's extension to better analyze the options.

Halibut Charter GLH. The guideline harvest level (GHL) may well be adopted during 2003. You can credit the new governor in Alaska for this. There was some positive moves to resuscitate the Charter Boat IFQ program, but this will have a more difficult resurrection.

Things to watch for in the next year. Consideration of pots in the GOA for blackcod and block program changes about a year out.

****IPHC Annual Meeting****

We had Eric Olsen, Wade Bassi, Per Odegaard, and Arne Lee from FVOA attend the Annual Meeting in Victoria. Eric has been working hard since last year to get support for an earlier season. The goal is to provide an opportunity to have fresh wild halibut competing against farmed fish as much as possible. The season date was unanimously moved to March 1, 2003 and the closing date will be November 15, 2003. The IPHC will develop an outline of regulatory actions that need to take place in order to move the season earlier. One change will require the IPHC Annual meeting to be in December or November if an earlier date is chosen. The IPHC adopted the following harvest levels, which are the same as in 2002.

| | | |
|--------------|---------------|---------------------|
| 2A | 1.31 | million lbs |
| 2B | 11.750 | million lbs. |
| 2C | 8.500 | million lbs. |
| 3A | 22.630 | million lbs. |
| 3B | 17.130 | million lbs. |
| 4A | 4.970 | million lbs. |
| 4B | 4.180 | million lbs. |
| 4C | 2.030 | million lbs. |
| 4D | 2.030 | million lbs. |
| 4E | .390 | million lbs. |
| Total | 74.920 | million lbs. |

Next year, the Commission has indicated that they will have an adequate number of annual surveys to allow for Area 3B to stand on its own for the purpose of establishing harvest levels. It is anticipated that Area 3B and areas to the west will see some decline in harvest in 2004. Currently, Area 3A is used as a proxy for the lack of data out west, and next year, 3B science will be used for western areas. Please review the last five years of commercial and survey CPUE's below.

| | Commercial CPUE (Net lbs./Skate) | | | | | | | | |
|-------------|----------------------------------|-----|-----|-----|-----|-----|-----|-----|-----|
| | 2A | 2B | 2C | 3A | 3B | 4A | 4B | 4C | 4D |
| 1997 | 226 | 241 | 246 | 458 | 562 | 482 | 275 | 335 | 671 |
| 1998 | 194 | 232 | 236 | 451 | 611 | 525 | 287 | 287 | 627 |
| 1999 | 342 | 213 | 199 | 437 | 538 | 498 | 310 | 270 | 535 |
| 2000 | 263 | 227 | 186 | 443 | 577 | 548 | 318 | 223 | 556 |
| 2001 | 142 | 209 | 205 | 465 | 405 | 459 | 284 | 197 | 517 |

| | Survey CPUE | | | | | | | | |
|-------------|-------------|-----|-----|-----|-----|-----|-----|----|-------|
| | 2A | 2B | 2C | 3A | 3B | 4A | 4B | 4C | 4D |
| 1997 | 35 | 156 | 411 | 331 | 415 | 237 | 282 | 71 | 111 |
| 1998 | — | 92 | 232 | 281 | 436 | 304 | 216 | — | ----- |
| 1999 | 37 | 95 | 204 | 241 | 441 | 367 | 204 | — | ----- |
| 2000 | — | 104 | 232 | 273 | 378 | 286 | 216 | — | 213 |
| 2001 | 41 | 117 | 239 | 255 | 365 | 209 | 171 | — | 201 |

The following graphs are for Area 3A.

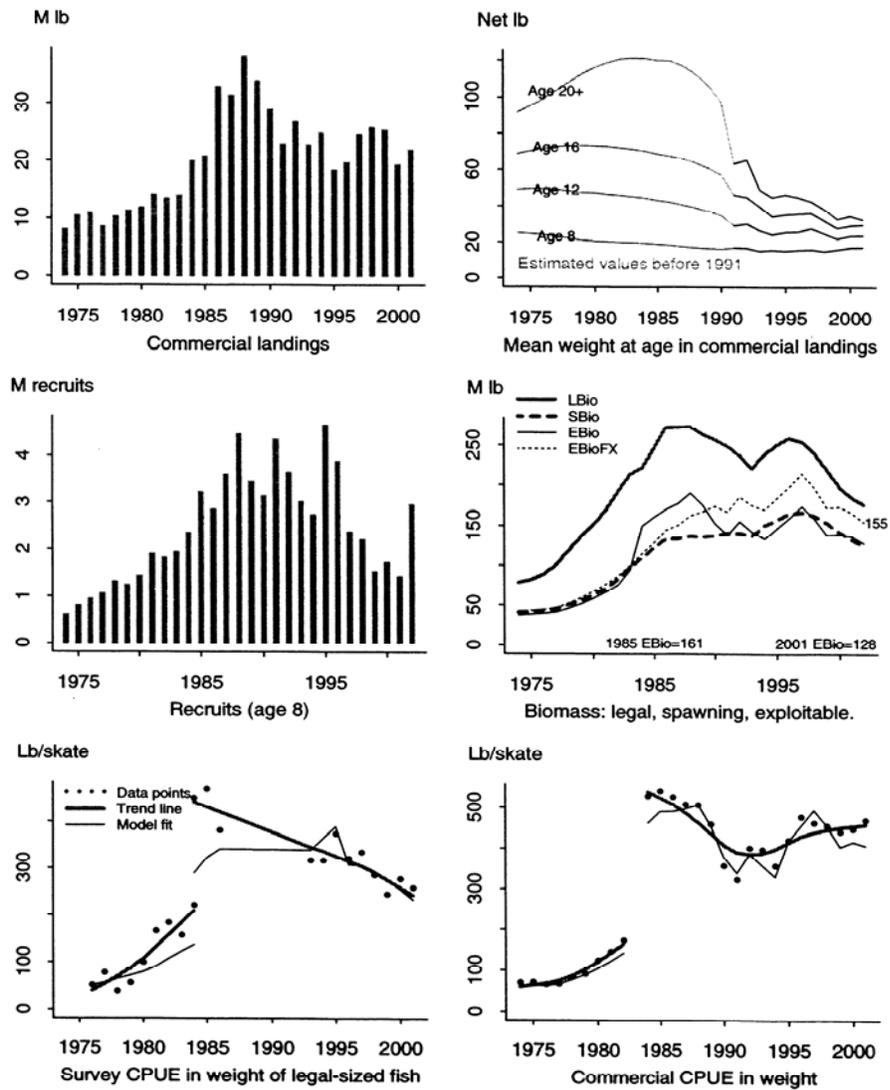


Figure 3. Fit of the standard model in Area 3A.

Here are some thoughts of interest from the Annual Meeting. The biomass increased 30% in Area 3A and 15% in Area 2C during 2002. Due to the slower growth rates, the fleet is harvesting proportionately fewer males than females. The smaller size of fish at a given age is credited to higher densities of halibut on the grounds. The Commission had 12 very expensive new style tags. These are surgically attached to the fish and at a given time are programmed to detach from the fish, float to the surface, and tell a satellite where the fish has been. All but two tags floated to the surface on the day programmed. This is helping determine migration patterns. Area 4C may have been impacted by a warm water phenomenon last year that pushed halibut out of the area and resulted in the harvest level not being taken.

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

Boil, boil, toil and trouble for the moment! All is quiet on the eastern front, but things could happen very quickly, perhaps the next supplemental appropriation's bill. There are expectations that an appropriation's bill will move the 15th of March and attached to it would likely be the Alaska Crab Rationalization package from the NPFMC, new national IFQ standards, some AFA clean-up stuff, and perhaps a SE Alaska seine buy-out provision. For the first time in six months, I would say the crab rationalization package could be in trouble due to the opposition to processor shares.

****Markets****

Halibut. Last year the market had 7,033,000 pounds of frozen at the beginning of December. The cold storage showed 4,009,000 pounds as of the 1st of December 2002, down 42%. Markets should be somewhat better in the first months of the season; however, the rate of delivery will be watched carefully. Last year, 75% of the harvest was landed before July 15th. The last 25% of the landings received very high prices in 2002.

Sablefish. The market was very good last Fall. I expect good prices throughout 2003 with somewhat better prices this Spring. The yen versus the dollar is currently slightly below 120 compared to 135 last March. This is good for export production, such as sablefish. There will likely be a greater volume in the market by the fall by as much as 15%. The Japanese are still in a recession, overall.

Green Label. The Fishing Vessel Owners' Association is the lead client in the grant for a green label for Pacific Halibut and Alaskan Sablefish. The Association received a grant from the Resources Legacy Fund for approximately two-thirds of the cost. Hopefully, this project will be completed within 14 months.

With the closure of Wards Cove Packing Co., Greg Ness and Marty Bunes decided to take the fresh sales business they were doing on their own. Their mixture of products will include the Alaskan products of halibut, cod, salmon, crab and pollock; 50% fresh, 50% frozen. Besides working with several processors in Alaska, they anticipate to purchase fresh halibut from fishing vessels in Alaska and Washington.

****Second Watch****

The salmon anti-trust court case is progressing through the Alaska state courts with a jury trial. The Bristol Bay salmon fishermen want over a billion dollars for price fixing by certain processors. This court case could last three months and there will likely be appeals. Should the processors lose on this case, it could affect all markets, not just salmon fisheries in Alaska. Some processors could close their doors if hit with the equivalent of a guilty verdict. Awards are usually three times damages for anti-trust cases. This could be ugly for many.

Please welcome as new “Sustaining Sponsors”, the following companies: Ocean Beauty, Inc., Jon Black, Seattle, WA; Northern Lights Seafoods, Masato Kane and Jay Cherrier, Seattle, WA; and, Empress Int. of California, Ed Youngman, Kirkland, WA. Please also welcome as a new “Associate Member”, Steve Daniels, F/V Indigo, Pelican, Alaska. Thank you for your support!