

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-date on the North Pacific Council, the Pacific Council, Washington, D.C. events, and marketing information.

****North Pacific Council****

Crab Rationalization. The Council finished up some trailing amendments and probably is done with the congressional request for a rationalization plan for crab, which was requested in 1996. The question remains, will Senator Stevens implement it with full processor shares and the controversial arbitration program. The Council recently set out restrictions on sale of processor quotas as well. CDQ communities and/or other qualifying community groups would have a first right of refusal to secure processing shares should they be sold out of an area.

One of the problems with this option is the “communities”, such as, the CDQ groups, they do not seem to be interested in the maintenance and building of a processing plant or being responsible for hiring personnel. They are interested in being a partner and taking a percentage. The Council has potentially built a new layer of bureaucracy and cost for future investment in Alaska. The irony in this is, that the intent is to keep jobs in a particular area and the actual outcome maybe to restrict or discourage investment in Alaskan communities.

Gulf Rationalization. The Council will take some significant action to narrow the options in June. Gulf rationalization options include processor shares, delivery limitations, community rights to processing shares, IFQs, and little regard to the catcher-processors in the GOA at sea. Gulf rationalization options of the various species are extremely complicated. Hopefully, the Council will limit much of the social engineering, but that is unlikely. The Council is still reflective of Governor Knowles appointments.

****Pacific Council****

The Council took unprecedented in-season management actions. The Council's actions elicited such comments as, “I hope someone sues your a__ blue!” (Joe Easley, Oregon Trawl Commission.) The truth is, the Pacific Council has six lawsuits already filed against it and nine overfished rockfish species. It's as blue as it gets!

The Council voted to manage based on the new NMFS observer data. This policy call was voted on and passed in a 10-to-2 vote. The observers' data showed an overall discard rate of 44.5% in the near-shore trawl fleet, with the following specific discard rates: Arrowtooth flounder - 46.5%, Sablefish - 64%, Shortspine thornyhead - 29.5%, Thornyheads - 59%, Yellow-eye - 49.1%. The numbers for the fixed-gear fleet were not available, due to a lack of observer trips. This created some consternation as well. I have expressed concern that the fixed-gear data wasn't ready as it creates an unnecessary argument.

The Council will be closing down the trawl fleet from 50 fathoms to 200 fathoms. This is targeted to be effective May 1st, but could slip. There was expressed concern from some scientists about pushing the trawl fleet into juvenile grounds in the shallow depths. Those trawls with large (8") footropes must fish deeper than 200 fathoms and cannot move from deep to shallow once they make a choice. The small trawl fleet will be fishing in the shallower depths. There was too much Yellowtail in the flounder fisheries and this promulgated some of the increased restrictions as well as Bocaccio bycatch off California.

Longline fixed-gear. The Council will allow 150 pounds of dressed halibut to every 1000 pounds of dressed Sablefish north of Grays Harbor. If you retain halibut, you must land to the north of Grays Harbor. If you retain halibut you have to have an IPHC permit, otherwise you cannot retain halibut with your Sablefish fixed-gear tiers. The Sablefish tiers will be as follows:

Tier 1	53,000	Round pounds
Tier 2	24,000	Round pounds
Tier 3	14,000	Round pounds

Beginning this year, you must fish outside of 100 fathoms. **This will be strictly enforced.** If you need the coordinates, we have them in the office. Charlie Noggle helped me try to modify a couple of points, but the Council was not in a relaxing regulation mood. Bad day at the track, so to speak. So stay outside 100 fathoms. Beginning about August, it is anticipated that you will need a Vessel Monitoring System (VMS). For further regulatory information, you can call Steve Springer at NMFS Enforcement (360) 418- 4248. For a VMS unit, you can call Rick Stafford (Satamatics) at (503) 554-6741. They have a \$700-\$900 unit that is easy to install. David Glem is using a system on the F/V Aleutian in order to help certify the new equipment. John Crowley attended the Groundfish Advisory Panel meeting on your behalf.

Please be careful as to coming inside the 100 fathoms line. It will be strictly enforced. The issue of drifting across while sleeping at night has yet to be resolved. The VMS unit on the Aleutian does have a button for sleep or inactive status. We are working on this issue.

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

Things are always in flux in Washington, D.C. Magnuson Act amendments and/or new restrictions on IFQs are not up for any immediate action and may be on hold through next year into 2005. This delay could happen because Senator Stevens, will be the new chair of Commerce, where fish legislation begins, provided the Republicans hold the Senate in 2004.

Crab rationalization. For the moment, things are at a standstill. The NPFMC endorsed processor shares, and the price arbitration process that was supported by the processors. All the major harvester groups have opposed the program at the moment. All the action of the NPFMC on crab rationalization could be lost. I expect a late-May negotiated breakthrough with processor quotas, with adjustments for the arbitration

process. Once it becomes law, I expect lawsuits on the guaranteed deliveries to processors and I expect the “big guy” in Kodiak to offer \$1 more than the arbitrated price agreement for delivery in the Bering Sea. I expect deliveries to him. The requirement to sell into the Pribilofs will be sued against under the Port Preference Act of the Constitution. Hopefully, some of the rationalization will survive.

Capital Construction Fund. Legislation will be reintroduced in the Senate and House. We will monitor this as it moves forward.

****Markets****

Halibut. The halibut market started off extremely well with prices over \$3.00 throughout Alaska. The prices have remained relatively high due to a low frozen carryover from last year, which was 42% below the year before, approximately 3,500,000 lbs. as of February 1, 2003. There has also been a series of storm fronts that have delayed some production and contributed to a dry market, which has kept prices high. Prices have slipped to \$2.60 and \$2.85, with a 40-pound break, in the third week of April, but prices remain high. As long as there is a proper price difference between frozen and fresh, the market could be much better than predicted.

Individual Fishing Quota (IFQ) Allocations and Landings						
From 01-MAR-03 through 22 - April -03						
				----- TAC -----		
		Vessel	Total Catch	Allocation	Remaining	
Area	Percent Species	Landings	Pounds	Pounds	Pounds	Landed
2C	halibut	511	2,180,368	8,500,000	6,319,632	26
3A	halibut	462	6,596,706	22,630,000	16,033,294	29
3B	halibut	87	1,598,947	17,130,000	15,531,053	9
4A	halibut	17	64,796	4,970,000	4,905,204	1
4B	halibut	3	41,450	3,344,000	3,302,550	1
4C	halibut	0	0	1,015,000	1,015,000	0
4D	halibut	0	0	1,421,000	1,421,000	0
Total		1,080	10,482,267	59,010,000	48,527,733	18

Sablefish. The market started out over \$4.00 and has now reached a plateau that could last throughout the season. In the 3rd week of April, FVOA vessels received prices that ranged from \$2.75 for under 2's to \$3.90 for over 5's. These are great prices. The yen versus the dollar was at 125 last year in the 3rd week of April and is at 120 this year. Very similar to last years for importers from Japan.

Individual Fishing Quota (IFQ) Allocations and Landings						
From 01-MAR-03 through 22 - April -03						
Area	Species	Vessel Landings	Total Catch Pounds	TAC		
				Allocation Pounds	Remaining Pounds	Percent Landed
AI	sablefish	3	174,372	4,100,556	3,926,184	4
BS	sablefish	19	218,159	2,557,336	2,339,177	9
CG	sablefish	160	2,108,566	11,358,099	9,249,533	19
SE	sablefish	153	2,281,217	7,848,376	5,567,159	29
WG	sablefish	6	172,102	4,532,658	4,360,556	4
WY	sablefish	54	1,302,976	4,466,520	3,163,544	29
Total		395	6,257,392	34,863,545	28,606,153	18

Green Label Update. The contractor is currently hiring personnel to review our Marine Stewardship label request. The project should be completed by March or April of 2004. The Canadians are doing the same for area 2B halibut stocks.

Pacific Cod. The U.S. season ended in early March. Prices in Japan are similar to last Fall for the larger sizes of cod. Cod, 5 to 6 (per pan) were running 387 yen/kilo, while the small fish 11-12, 13-15, and 16-17 were 375, 370 and 355 yen/kilo, respectively. The smaller fish seem to have better demand this year, due to poor production from Japanese vessels off Russia. Some product has been diverted to China as well. The US market has been better than last year due to the increased demand for smaller fish in Japan. Boats landing iced round fish saw price rises to over 30¢/lb.

****Second Watch****

CFAB. It was brought to my attention that Alaska's CFAB has objected to the NMFS IFQ loan program financed by the fleet with the annual 3% fee. CFAB believes it should not be competing against a government entity for commercial loans. The 20 year loans and lower risk assumptions used by NMFS are cited as competitive advantages that CFAB is concerned about. So who bankrolls CFAB? Is it also a government loan program, itself in competition with commercial banks. Is the pot calling the kettle black? CFAB's phone number: (907) 276-2007 (1-800-544-2228), Senator Steven's Phone No. (202) 224-3004 should you want to express an opinion.

Markets for Alaskans. It has been reported that Alaskan politics is pressuring processors with regard to salmon markets to hire Alaska boats and skippers. Non-Alaska vessels and crew should be hired only if there are surplus markets. Does anyone in Alaska know how many unemployed lawyers there are in Seattle already sniffing at this. **DISCRIMINATION** could pay much better than 6¢/lb. for pinks!

Organic. Senator Stevens and Senator Lisa Murkowski rolled the beef, pork, feathers, and fish-farm folks getting a break for wild fish to be labeled as organic. This was a welcomed good news.