

The Wheel Watch

a newsletter of the

Fishing Vessel Owners= Association
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Dear Longliner:

This newsletter will bring you up-to-date on the last meeting of the North Pacific and Pacific Fishery Management Councils, actions in Washington, D.C. and market updates. I hope you have had a safe fishing season.

****North Pacific Council****

GHL & Charter Boat IFQs. Both of these subjects have been before the Council before. Here is why they are still not finalized. The Guideline Harvest (GHL) was a negotiated bright line allocation that the charter operators were not supposed to go above. In 2000, the Council set a 1.432 million pound GHL for area 2C and a 3.659 million pounds GHL for 3A. This allowed for a 25% expansion of the charter boat fleet. The 2005 data report says the charter boats were over by 22% in Area 2C and 1% over in area 3A during their 2004 season.

When the Council voted for the GHL in 2000, there were also management measures that were included if the charter fleet hit the GHL. They included bag limits, vessel limits, no fishing by the skipper, etc.; this package was dropped by the NMFS because it was a "framework" type of management. The Pacific Council manages everything with frame working, but NOAA General Counsel in Juneau rejected it for Alaska. The Council, at its October meeting 2005, took the following action relative to the GHL as the current GHL is toothless.

The Council will begin a new analysis consistent with the GHL preferred alternative approved by the Council in 2000. This includes such restrictions as annual limits per person (5-6), no skippers and crew harvest, vessels limited to 1 trip per day, let the GHL float with abundance, divide the GHL into subsections for 2C and 3A, develop a moratorium for the charter fleet.

It will take until February 2006 to complete the initial part of the analysis and a year to approve. So we are about two (2) seasons out before any GHL restrictions go into effect. In the meantime, any overage will come off the commercial quotas. We testified on this issue and pointed out that a 22% overage in 2C amounts to about 300,000 pounds of overage that will have to be absorbed by the commercial fleet in S.E. Alaska. The current sale price of halibut in 2C is \$18-\$20/pound. This means a \$6,000,000 loss in asset trading values in 2C. Any overages by the charter fleet come out of the commercial quota eventually, thus squeezing the commercial harvest. It was evident in the testimony that there are charter interests that want to raise the GHL. There are others that seemed to acknowledge a need for regulations.

Charter Boat IFQs were voted on in 2000. It passed 8 to 3. The main purpose of the charter boat IFQ options was not that actual charter IFQs would be traded between charter interests, but the mechanism that allowed charter vessels to purchase commercial IFQs to augment potential restrictions they may face. The ability to buy commercial IFQs was supposed to end the allocation debate.

There was a motion to reconsider this action in 2000, which failed, led by the State of

Alaska. The rule then went to Juneau. The State of Alaska Sports Division of ADF&G under Governor Knowles pulled the log book program, which was the monitoring system, in order to sabotage the program. NMFS sat on the program until a month ago (nearly 4-1/2 years) when Dr. Hogarth asked the Council, "I request that the Council confirm its support for this program." Bob Penny, a sports Council member back in 2000, after losing the Halibut Charter vote, quit the Council and has worked to kill the program ever since. Trevor McCabe, a previous fisheries assistant to Senator Stevens, invested in some charter vessels, apparently without IFQ history. It was evident at this Council meeting that Governor Murkowski's representative did not support going forward with the Charter Boat IFQ program. Council member, Arne Fuglvog from Petersburg, did a great job for the commercial halibut fleet, but was unable to get adequate support from other Alaskan Council members. The response of the Council was rather lukewarm, back to Hogarth. I do not believe Dr. Hogarth, the director of NMFS, will publish the IFQ rule for charter vessels based on Council action. Ed Rasmussen, Council member from Anchorage, has announced he will move to rescind and try and permanently kill the IFQ charter program at the December meeting. Over 90 people testified on this action before the Council. Most were charter boat people who had come into the fishery in the last several years who testified they would lose everything.

Sablefish info. Chris Lundsford will be taking over as the lead sablefish scientist in Alaska in place of Mike Sigler. We want to thank Mike for his great work. I talked to Chris about this year's survey and he indicated all districts showed a slight decrease, ranging from 2 to 5%. There was no evidence of a new large year class. The 98 year class is much smaller than originally thought and the 2000 year class is somewhat better than predicted. Chris intends to begin to use the shallow water trawl surveys as a juvenile index beginning in 2006. This could be very helpful. The Plan Team's annual scientific meeting in Seattle will be November 15th and sablefish will be discussed at 9:00 a.m. over at NMFS @ Sandpoint.

Pacific Cod. I talked to Grant Thompson, the lead scientist on Pacific Cod. He said NMFS has a new model for 2006. It tends to push the ABC down; however, he thought most of the Bering Sea trawl survey numbers were similar to 2005. These numbers will be reviewed the week of November 15, 2005, at NMFS Sandpoint as well.

****Pacific Council****

Sablefish. There is a new sablefish model and the new buzz word is "steepness." This toggle switch in the model is very sensitive. In the past, it has been assumed to be .4. The new assessment author has recommended .34. This small change shaves the ABC down about 33% from current levels of harvest. It is unclear what database has resulted in this more conservative number.

Steepness has been defined to me as being the ability of a stock of fish to recover from overfishing under given environmental conditions. From what I can determine, the science to justify any potential "steepness" is weak. For canary rock fish, it is .48, which is more liberal than sablefish and for yellow-eye rock fish, it is .33. There does not seem to be any relative connection between the different species on this subject. As of October 18, apparently others have been asking good and reasonable questions about steepness because now it is not the issue it was. The issue has morphed to how much of the current

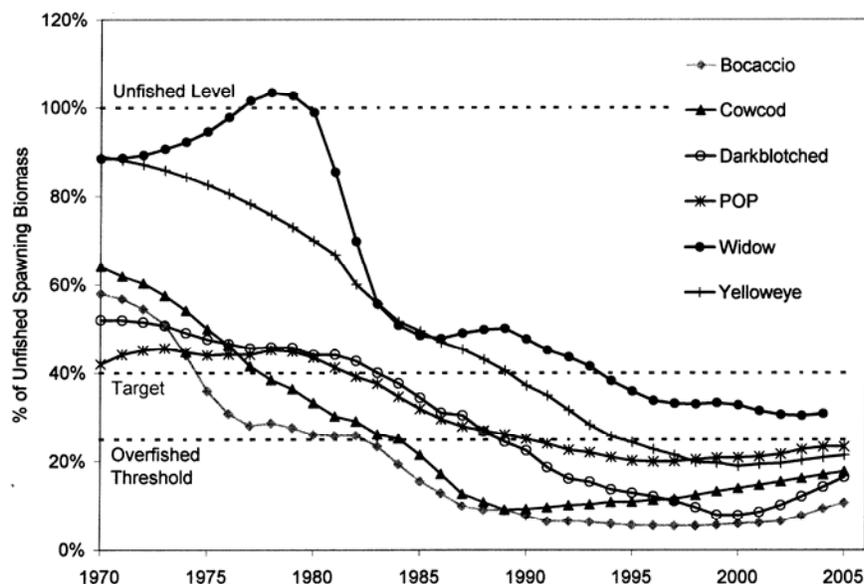
year classes are we catching and depleting? The new reduction could be 18% not 33% for 2007. Though there appears to be a better quota and the absolute numbers are better, the process has become marred. The main issue in the Pacific Council is similar to the North Pacific Council and that is the lack of a new big year class. However, the North Pacific Council does not use steepness in their model. The Pacific Council must make final recommendations on harvest limits in November for 2007 and 2008. The 2005 trawl survey information has not been included in the analysis as yet. The 2006 harvest level has been set and is not affected by this new model change. It is the 2007 and 2008 seasons that will likely be affected.

There was a new assessment and model on yellow-eye. It initially is showing a much lower harvest range. The Council may be forced to look at moving the longline fleet to deeper depths. The November meeting will be very interesting.

Halibut. The bycatch of halibut was reported to be 200,000 pounds less than last year in Area 2A. This is due in a large part to the depth restrictions on the trawl fleet. The depth restrictions could extend out to 250 fathoms in 2006 due to rock fish interactions.

Spiny Dogfish. The Council is looking at dogfish trip limits off the Coast of Washington to prevent excessive takes of red rock fish, yellow-eye, dark blotch, and canary. Trip limits for 2006 will be set at the November meeting.

Below please find a chart of the overfished species. I hope this chart gives you some hope in that species seem to be rebounding, though very slowly. Ling cod should come off the overfished list in 2006.



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

Reauthorization (MSA). We expect a new draft within the next couple of weeks from Senator Steven's office. Due to the emergencies of Katrina, Rita, and Iraq, the bill may be postponed until next year unless the senate stays for the month of December. The House bill will be out as well. The current MSA legislation's most debated features are provisions for processor quota shares (PQS). There are a number of requirements to be met in the bill in order to approve PQS. Some say the provisions are designed so as never to allow PQS. There is one section that is of significant interest relative to processor shares. It reads as follows:

"The allocation of limited access privileges to United States fish processors will not result in price fixing or any other anti-competitive practices and will not result in a decrease in ex-vessel value in the fishery." HmMMMM?

We are told the draft currently protects existing IFQ programs from processor shares or retro-fitting of new IFQ standards. We are still working this issue. The House bill does not provide for any such protections. Congressman Inslee from Seattle put the processor language in the House bill. He has asked to have halibut and sablefish protected from processor shares. Congressman Gilchrest's office has not responded on this matter. Congressman Young's office has been less than helpful on this issue as well.

Senator Steven's office has been most helpful to us on MSA issues, and I suspect the President's version of MSA will not be the prime piece of senate action. I know several of you have called with concerns about the administration's bill. I suspect the Steven's bill will prevail eventually, even over the House version.

Aquaculture Bill. There is a briefing on this legislation on the 24th of October in Washington, D.C. We received positive comments from Senators Stevens, Inouye, and Snowe on concerns we have been forwarding to them. Senator Steven's replied to us and his letter indicated the following:

"It is imperative to provide a strong regulatory framework for environmentally sound offshore aquaculture in the United States Exclusive Economic Zone (EEZ).

On June 8, 2005, I introduced by request, the Administration's bill, S.1195, the National Offshore Aquaculture Act of 2005. This legislation will establish the necessary framework to regulate offshore aquaculture. I have offered or cosponsored several amendments that will alter the proposed legislation outlined by the Administration.

The first amendment, S.A. 766, will eliminate the Jones Act waiver, and require that all offshore permit holders be United States citizens, residents or a corporation existing under the laws of a State or the United States.

The second amendment, S.A. 767, will require the Secretary of Commerce to consult with Regional Fishery Management Councils to identify existing environmental requirements applicable to offshore aquaculture, and determine further

requirements to address any associated environmental risks and impacts. These new requirements are to specifically address risks and impacts to natural fish stocks, marine ecosystems, water quality and habitat and marine mammals.

The third amendment, S.A. 769, will allow for the opting out of individual States. This provision will give the States great latitude and input into the permitting of aquaculture in the EEZ. It will also allow States to terminate the activities of previously permitted aquaculture operations at any time." Senator Stevens

These changes are extremely important for wild fish harvesting and processors who are not invested in high seas farms within the EEZ.

Senate Bill 1549. This bill was introduced by Senator Gordon Smith (R) from Oregon on behalf of some shorebased whiting fishermen and some of the shorebased processors. The heart of this bill says:

"50 percent of the remainder shall be available for harvest using fishermen's shares and 50% shall be available for harvest using processor cooperative shares."

If you are a fisherman who earned a million pounds of whiting IFQs, half would go to historical processors. There is a way to match up quotas but the bill does not protect harvesters in all situations such as when a processor owns their own vessel.

The Pacific Council has sent a letter to Congress and the Secretary of Commerce indicating that such rationalization schemes need to be worked out through the Council process. The Council has a number of trawl QS options to analyze including one similar to the Senator Smith option.

It would appear that there are some who are just tired of the Council process. There are those who dislike the process when they do not win, like Robert Penny from the NPFMC and try to stop the process. There are others who just do not want to subject themselves to an open deliberative process that can be slow. The NPFMC and the PFMC are both being tested. There are those with frankly, too much money who don't like to lose at the Council and those who do not think they need the Council process. In the end, the process is the only thing that can protect over time. What is to stop a future chair person of the Senate Appropriations Committee who does not like our industry from dropping in a new bill that hurts us (or maybe not us but just you)? Nothing, except maybe process.

****Market Info****

Halibut. Members of FVOA in late October have received prices of \$3.70, \$3.50, \$3.35 in Seward, and \$4.20, 3.90, 3.65 in Bellingham. Some buyers are saying that inventories are tight already for the close of the season and prices should be similar or better next year. Rumors are that surveys this year were down in most areas except, perhaps, for 3A, some overall quota reductions are probably likely. This should make the market even tighter for 2006 and be a sellers market. As you can see, 4C fish have been coming out of 4D, and this may be hurting overall production from the 4D grounds.

**Individual Fishing Quota (IFQ) Allocations and Landings
From Feb 27, 2005 through Oct 21 2005**

Area	Species	Vessel Landings	Total Catch Pounds	Allocation Pounds	Remaining Pounds	Percent Landed
2C	Halibut	2,780	9,866,610	10,930,000	1,063,390	90
3A	Halibut	2,481	23,988,359	25,470,000	1,481,641	94
3B	Halibut	784	12,498,330	13,150,000	651,670	95
4A	Halibut	294	3,183,546	3,440,000	246,454	93
4B	Halibut	91	1,462,145	1,808,000	245,855	86
4C	Halibut	10	78,361	907,500	829,139	9
4D	Halibut	44	1,678,464	1,270,500	-407,964	132
Total		6,484	52,855,815	56,976,000	4,120,185	93

Sablefish. The market has been hot! Prices for FVOA vessels in early October in Seward were: 1-2's - \$2.90; 2-3's - \$2.90; 3-4 - \$3.25; 4-5 - \$3.75; 5-7 - \$4.15; 7-ups - \$4.25.

**Individual Fishing Quota (IFQ) Allocations and Landings
From Feb 27, 2005 through Oct 21, 2005**

Area	Species	Vessel Landings	Total Catch Pounds	Allocation Pounds	Remaining Pounds	Percent Landed
AI	Sablefish	94	2,060,193	3,465,631	1,405,438	59
BS	Sablefish	119	1,078,177	2,151,690	1,073,513	50
CG	Sablefish	649	12,308,775	12,786,680	477,905	96
SE	Sablefish	653	7,388,716	7,870,422	481,706	94
WG	Sablefish	150	4,120,742	4,479,747	359,005	92
WY	Sablefish	251	4,925,731	5,011,056	85,325	98
Total		1,916	31,882,334	35,765,225	3,882,892	89

The wholesale price for frozen sablefish has continued to show a gradual increase through summer, partly due to increase competition from other markets. The "health boom" in the US, coupled with continued strong demand from Southeast Asia, has diverted a considerable amount of sablefish from the Japanese market. This has created a shortage, and the higher prices in Japan. (Bill Atkinson's News Report)

The wholesale price of 5-7 lb Alaskan sablefish has gone from ¥1,250 to ¥1,270 (\$5.17-5.25/lb) in mid-June, to its current level of ¥1,350 to ¥1,380/kilo (\$5.85-5.70/lb). The main factor behind the increase is inventory levels. At the start of the 2005 fishery in late February, inventory levels were relatively high, reflecting sluggish consumption during the year-end sales season, augmented by limited receipts of product from Canada and the WOC (Washington/Oregon/California) fisheries. As the main 2005 fishery in the Gulf of Alaska opened, the price wholesale price for Canadian and WOC product had dropped to a level between ¥1,130 and ¥1,150/kilo (\$4.67-4.75/lb). The Canadian Sablefish Association told me October deliveries to Japan brought prices for Canadians of 5/7 - \$5.15, 4/5 - \$4.75, 3/4- \$4.40.

For 2006, the lower coast harvest will be similar to 2005 and the NPFMC will take about 600 Mt (3%) off their harvest level. This will have an additional upward effect on 2006 prices. Several Seattle high-end restaurants, such as the "W," had "Wild Pacific Blackcod" on their menu.

****Second Watch****

Port Graham Packing Co. (425) 775-5308 is in the business of buying blackcod and halibut through Homer and perhaps, Bellingham. Give them a call!

Seafood International biggest ever freshwater fish ever caught has been pulled out of Mekong River in northern Thailand. The giant catfish was three meters and 600 kg. After a long campaign by environmentalists for release, the catfish died and was eaten.

Welcome new members. Haven Boatworks, LLC, Port Townsend, WA., new Sustaining Member, Greg Elwood, Everett, WA., and Scott Hartzell, F/V Ossian, Florence, OR as new Associate Members. Thank you for your support!

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

MSC Certification. The Marine Stewardship Council's review teams have scored U.S. halibut and Alaskan Sablefish. I have been told we passed, but have no other particulars. We are supposed to receive a 200-page report shortly. Once we receive this we get to comment back to MSC. MSC then will have two peer reviewers looking it over and then it will be published for 30 days for public comment. I hope this process is completed by late November or early December 2005.

From the Economist. The MSC certified English Dover sole, herring and mackerel in October. MSC has certified 14 of the world's fisheries, six of them in Britain. MSC labels are appearing in British supers such as J Sainsburg.

Video. We are about 1/3 done with a video of the Halibut and Sablefish fishery featuring the MSC endorsement. We have secured John Sabella to do this work. Those of you who contributed the \$75 have helped pay for the MSC project as well as this video. Thank you.

Odyssey. We are still struggling with the Museum people and a new longline exhibit. There will be three continuous messages from a DVD that speaks to the positive things being done by the longline industry, both by conventional and freezer longliners, relative to economic impacts, habitat impacts, and bycatch. Odyssey went under new management, likely extending completion dates.

Norwegian Research Institute. "Akvaforsk has taken out the worlds first cod genetics patent. The patent covers important cod breeding advances which makes it possible to match cod families to their specific farming environment." What has happened in the grain industry is now materializing in fish farming.

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****Calendar of Events****

October 30-Nov. 4, 2005	PFMC Meeting	Hyatt Regency Inlandia San Diego, CA
November 15, 2005	Fishermen's Memorial Dinner & Auction	Chinooks @ Salmon Bay Fishermen's Terminal Seattle, WA
December 5-11, 2005	NPFMC Meeting	Anchorage Hilton Anchorage, AK

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