

The Wheel Watch

a newsletter of the

Fishing Vessel Owners= Association
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Thank you for your support!

Dear Longliner:

This newsletter will bring you up-to-date on recent North Pacific and the Pacific Council meetings, Washington, D.C., Federal Court news, IPHC, and markets. I hope your season was a safe one!

North Pacific Council

Omnibus Package. The long awaited IFQ changes occurred in mid-August after almost four years of incubation in the federal process. They include: (1) allowance of transfer for medical reasons; (2) require a vessel monitoring system for vessels harvesting sablefish in the BSAI; (3) Block program changed for halibut—a QS holder to hold three blocks rather than two; (4) Blocks in 3B and 4A more than 20,000 lbs based on 2004 harvest numbers will be divided to a block of 20,000 lbs and the remainder unblocked; (5) halibut sweep-ups in 2C and 3A to 5,000 lbs; (6) Category D QS to be fished on vessels less than or equal to 60' in areas 3B and 4C; (7) allow category B vessels for 2C and S.E. outside to be fished on vessels of any size; (8) the proposal for a 12-month pre-ownership of a vessel for hiring a skipper was only partially approved with the exemption for a partial loss going back to NMFS for clarification. NMFS will report on this at the December Council meeting; (9) the product recovery rate change for sablefish in S.E. Alaska was not approved.

NOTE: NMFS adopted an administrative rule wherein if you catch all your sablefish IFQ, the IFQ permit holder cannot catch additional IFQ sablefish in state waters or federal waters.

Charter vs. Commercial: I believe there was good movement on this issue and there could be a final Council action taken in 2008. The accounting of charter and sports harvest numbers run a year behind commercial harvest. ADF&G published the following new harvest numbers with 2006 being the most recent information.

Year	Charter			Non-Charter			Total Sports Harvest		
	No. of Fish	AVG. WT	Yield	No. Fish	AVG. WT	Yield	No. of Fish	AVG. WT.	Yield
2003	163,629	20.7	3.382	118,004	17.3	2.046	281,633	19.3	5.427
2004	197,208	18.6	3.668	134,960	14.4	1.937	332,168	16.9	5.606
2005	206,902	17.8	3.689	127,086	15.6	1.984	333,988	17.0	5.672
2006	204,115	17.9	3.664	114,887	14.6	1.674	319,002	16.7	5.337

The 2006 numbers were met with suspicion from the commercial interest as the number of boats and fares per boat were both up but reported catch was down.

The council adopted the following options for analysis, which were supported by a large coalition of charter and commercial interests. These options are for a hard charter cap as opposed to the current Guideline Harvest.

	Area 2C	Area 3A
a. 125% of the 1995-1999 avg charter harvest (current GHL formula)	13%	14%
b. 125% of the 2001-2005 avg charter harvest (GHL, formula updated thru 2005)	17%	15%
c. Current GHL as percent of 2004	12%	13%
d. 2005 charter harvest	15%	13%

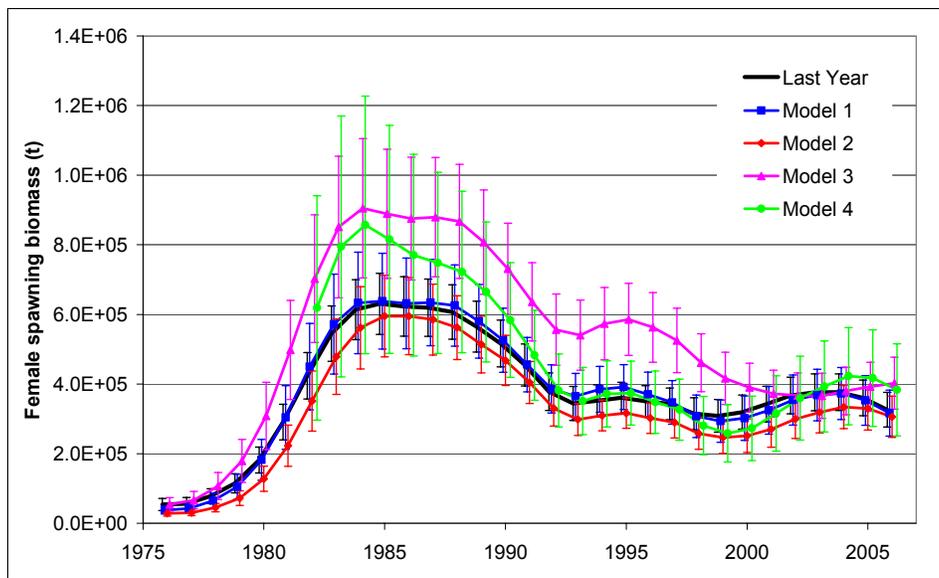
Option 2: Fixed pounds, with and without stair step up and step down linked to fishery CEY.

	Area 2C	Area 3A
a. 125% of the 1995-1999 avg charter harvest (current GHL)	1.4 Milb	3.7 Milb
b. 125% of the 2000-2004 avg charter harvest (GHL updated thru 2004)	1.7 Milb	4.0 Milb
c. 125% of the 2001-20005 avg charter harvest (GHL updated thru 2005)	1.9 Milb	4.1 Milb

Many of the long-term IFQ options have been a sticking point with the charter interests. They were recommended to be dropped by the charter/commercial testimony in favor of a simpler leasing option, from commercial to charter, with no permanent transfer of quota. The Council unanimously added this option for analysis.

2008 Sablefish TAC. The NPFMC Plan Team will meet on Tuesday, November 13th to review the new stock assessments. 2008 Sablefish harvest recommendations will be discussed at 9:00 am to noon at NMFS at Sand Point in Seattle.

2008 Pacific Cod TAC will be discussed for BSAI and GOA at 9:00 a.m. on November 15th. There is a lot of controversy on this for the BSAI. A Council report examining four models suggest harvest levels could drop from 177,000 mt (2007) to 127,000 mt for 2008 or a 28% reduction. The trawl survey was down 20%.



2008 Pollock. This is an important benchmark species. Stocks could be dropping. The fleet will likely not catch their harvest limit this year. With the reduction in prey species, crab quotas are up significantly in the Bering Sea.

Real Ex-Vessel values of domestic commercial fisheries off Alaska in millions of dollars

Year	Shellfish	Salmon	Herring	Halibut	Groundfish	Total
2003	192.5	184.5	9.8	182.1	665.1	1,234.0
2004	176.3	240.1	14.6	179.8	665.5	1,276.4
2005	164.3	301.7	13.8	175.5	763.8	1,419.2
2006	124.5	276.5	7.5	192.9	753.4	1,354.8

Note: About \$100 million of the groundfish is sablefish landings.

Trouble Brewing. There is currently a State of Alaska allowance for vessels that fish for extended periods of time to allow for gilling and gutting fish at sea. This processing is now being done by vessels engaged in near-shore activity on day trips. DEC of Alaska thinks it needs to establish sanitation standards for gilling and gutting that occur on fishing boats. DEC has a meeting on Thursday, November 8, 2007 in Juneau. UFA will be present.

Congratulations to Eric Olsen of Alaska for becoming the new Chairman of the NPFMC, and to new members, Sam Cotton and Duncan Fields.

Pacific Council

Halibut. The following is how halibut is allocated off Washington, Oregon and California based on the 2007, 2A TAC of 1,340,000 lbs. A sub-allocation of 70,000 lbs. is allocated to the sablefish endorsed vessels operating north of Point Chehalis, Washington when the TAC is greater than 900,000 pounds.

Treaty Tribes	494,000 lb (35% + 25,000 lb)
Non-Tribal Total	846,000 lb (65% - 25,000 lb)
Non-Tribal Commercial	338,182 lb (includes incidental sablefish)
Washington Sport	239,636 lb
Oregon/California Sport	268,182 lb

Currently, many of you who fish the lower coast can retain halibut with your sablefish. In 2008, there is a high probability you will not be able to. The reason is if IPHC adopts their new assessment model for the 2008 season, it will lower the 2A harvest below 900,000 pounds. If this drop in halibut quota occurs, the sablefish tiered permits will not be given a halibut bycatch allowance in 2008.

Sablefish. The Council, at its November meeting in San Diego, will review harvest options for sablefish from their Scientific Groundfish Plan Team. There is an expectation that the TAC could be increased from 20% to 45% for the 2009 and 2010 seasons. The Pacific Council sets harvest limits two (2) years at a time for sablefish. The Council will finalize all non-whiting quotas (TACs) for 2009 and 2010 at their June 2008 meeting.

Trawl ITQs. We have been successful in getting an option considered at the Allocation Committee that would allow a person who had a trawl or fixed gear limited entry permit to lease or buy quota from a trawler and use other legal gear such as pots or longline. At the Allocation Committee meeting, NOAA attorney Eileen Cooney announced a letter from NOAA GC would be coming out that indicated requiring a vessel with QS to use a single market shoreside co-op was tantamount to allocating processing quota and that such an option was not authorized by Congress except for crab and AFA Pollock fisheries. Consequently, the processors representative, Heather Monroe, moved to eliminate the shore-based co-op options. The option to grant 25% of all the IFQs to processors with purchasing history is still retained. This legal opinion could affect shoreside co-op options in Gulf of Alaska rationalization.

Overfished Species. The overfished species that hurt fixed gear operations are Bocaccio to the south of 40° 10', Canary, and Yellow eye. The good news is that Bocaccio and Canary for 2009 and 2010 can be increased so that they are not as great of a threat to close down fisheries. Yellow eye, however, is showing signs that there is more abundance but the new model allows less harvest.

Species	Target Year to Rebuild	Years left
Bocaccio	2026	19 years
Canary	2063	56 years
Yellow eye	2084	77 years
Cowcod (S. Calif.)	2039	32 years
Darkblotched	2011	4 years
POP	2017	10 years
Widow	2015	8 years

There is evidence that Widow, Canary and Bocaccio may be ahead of the above schedules.

****IPHC****

The Annual Meeting will be held in Portland at the Hilton Portland & Executive Tower from Tuesday, January 15, 2008 through Friday, January 18, 2008. For Reservations, please phone (503) 226-1611. The group rate is \$106/night.

I expect a contentious meeting, as the IPHC will reintroduce their coastwide assessment model for halibut. Previously, the models were all by individual statistical areas. The total harvest between the individual area models and the coastwide model is not significant. However, because of new assumptions on migrating patterns of juvenile and now, adult halibut moving clockwise in the Gulf of Alaska and south, the coastwide model allows a greater harvest west of Kodiak and a reduced harvest in areas 2A, 2B, and 2C. Based on last year CPUE numbers (old school science), Area 2 was due for a reduction. The total reduction was not imposed. Those who fish in area 2A may not get any bycatch allotment with their sablefish permits because the harvestable amount in 2A will likely drop below 900,000 lbs. In order to rebuild Area 2, western areas will likely be asked to give quota. I expect there not to be unanimity on how much, though I expect a TAC increase for 3B. There is also the issue that western areas have a lower harvest rate, .20 vs. .250 in Area 2.

I have heard from a number of you regarding the new coastwide model. So remember the words of Harold E. Lokken, "those who go to the meetings, make the decisions." See you there. Make your reservations early.

****Washington, D.C. & Federal Courts****

BBEDC. It was confirmed that at least one of the CDQ companies has requested corporate tax exemption status for any new investments purchased. BBEDC bought into Ocean Beauty Seafoods and they would like those profits to be tax exempt. If this happened, think how much more Ocean Beauty could pay the fishermen. Well, alas, nuts! I have been told their request is not going anywhere yet.

Bad Legislation. House Bill HR 2830, sponsored by Congresswoman Nancy Pelosi of California, would require:

"All new and major conversion (completed after 1/1/08) fishing vessels over 50 feet long would need to be classed by ABS or another classification society. The costs of classification could add 5 to 10 percent or more to the cost of a new small fishing vessel, plus ongoing recertification costs."

It is usually very difficult and expensive to get an existing vessel classed, and class

societies will almost never touch a vessel over 25 years old.

“If this passed into law, this would effectively prevent any major conversions (lengthening, sponsoning, deepening, or hold expansions) of fishing vessels over 50 feet.”

Another provision of the House resolution states, that after January 1, 2018, all fishing and fish tender vessels over 25 years old would have to either be classed or join a USCG alternate safety compliance program. “Of course, we don’t know that that program would be.” ...*Fishermen’s News*

Senators Stevens and Murkowski’s offices have stripped out onerous items in the Senate version. However, the existing bill is being sold as a safety and make work for U.S. shipyards. FVOA expects some form of the bill to pass and we have asked for exemptions to existing vessels. Senator Murkowski’s office has floated an exemption for vessels less than 400 tons. Arne Fuglvog has been most helpful on this.

CCF. Those of you who have CCF funds may be able to put your money in your IRA. Arne Fuglvog of Senator Murkowski’s office is leading this change on the Senate side.

Court Ruling. A federal court case involving ballast water discharge from international freighters resulted in a ruling that affects all boats, commercial and non-commercial in the United States. The EPA has operated with a 30 year exemption for discharges incidental to the normal operations of a vessel. The judge said this violates the Clean Water Act.

Markets

Halibut. In 2007, prices reached new highs. In mid-October, FVOA boats delivering into Juneau, received \$5.25, \$4.95 and \$4.85 for halibut. In Bellingham, prices rang the bell at \$5.95 straight on a trip of 17,000 lbs. I have seen halibut at \$17-\$19/pound at the local shopping centers. Time to put it in your pocket and pay something off.

Individual Fishing Quota (IFQ) Allocations and Landings From March 5, 2007 through October 23, 2007

Area	Species	Vessel Landings	Total Catch Pounds	TAC		Percent Landed
				Allocation Pounds	Remaining Pounds	
2C	Halibut	2,501	7,929,110	8,510,000	580,890	93
3A	Halibut	2,536	24,561,066	26,200,000	1,638,934	94
3B	Halibut	689	8,724,624	9,220,000	495,376	95
4A	Halibut	269	2,617,803	2,890,000	272,197	91
4B	Halibut	86	1,070,101	1,152,000	81,899	93
4C	Halibut	80	106,930	933,250	826,320	11
4D	Halibut	47	1,757,875	1,306,550	-451,325	135
4E	Halibut	0	0	0	0	0
Total		6,208	46,767,509	50,211,800	3,444,291	93

Sablefish. Steady Eddie. For 1-2’s, \$3.20; 2-3’s - \$3.60; 3-4’s - \$3.85; 4-5’s - \$4.00; 5-7’s - \$4.25 and 7 ups - \$4.45. The yen vs. the dollar has strengthened lately to 115 yen/dollar.

It was at 123 most of the summer. This news gives Japan more buying power. Good news is there are more reports of North American consumption of sablefish. Paul from the Augustine saw it on a menu in South Carolina. It probably took the place of Chilean Sea Bass.

Sablefish Exports.

Year	Total Export Wt.	Total Export Value	Export Wt to Japan Only	Export Value To Japan Only
2005	12,881,699 kilos	\$71,748,120	9,323,226 Kilos	\$57,377,218
2006	10,236,733 kilos	\$78,393,801	8,068,112 Kilos	\$63,811,410

Individual Fishing Quota (IFQ) Allocations and Landings From March 5, 2007 through October 23, 2007

Area	Species	Vessel Landings	Total Catch Pounds	TAC		Percent Landed
				Allocation Pounds	Remaining Pounds	
AI	Sablefish	71	1,548,509	3,716,956	2,168,447	42
BS	Sablefish	128	1,552,275	2,627,883	1,075,608	59
CG	Sablefish	596	10,602,839	10,917,179	314,340	97
SE	Sablefish	625	7,036,919	7,429,502	392,583	95
WG	Sablefish	165	3,880,555	4,356,290	475,735	89
WY	Sablefish	247	4,287,276	4,402,586	115,310	97
Total		1,832	28,908,373	33,450,396	4,542,023	86

North America's Top Seafood Markets

#2 Trident Seafoods	\$925 Million
#3 Pacific Seafoods	\$875 Million
#6 Unisea	\$730 Million
#10 American Seafoods	\$540 Million
#14 Ocean Beauty	\$451 Million
#15 Aqua Star	\$450 Million
#16 Icicle Seafoods	\$325 Million
#22 Peter Pan Seafoods	\$240 Million
#22 Golden Alaska Seafoods	\$240 Million

....*Seafood Business*

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

Marine Stewardship Certification. Pacific Coast pole and troll albacore fishery received MSC eco-label; Oregon Trawl Commission seeks MSC for their shrimp fishery; Scotland applies for MSC label for North Sea herring and mackerel; Norway's Arctic Cod and Haddock also seek MSC labels; and, Bering Sea & GOA Cod seek MSC certification..

European importers are warning that they will not take salmon from British Columbia (BC) next year unless the Canadian Province get MSC certification. Ouch! **Seafood International** Birds Eye announced in the UK it would stop making cod fish sticks unless they can get product that is MSC certified. ...*Fishing International*

Chilean Sea Bass imports sag 33%, environmental groups urge consumers to avoid the fish because of illegal fish concerns. ...**Seafood Business**

McDonalds and Birds Eye demand more control on Barents Sea harvest. 25% are believed to be pirated fish. ..**Seafood International**

Fish Farm News. A British Columbia legislative committee recommended a major overhaul of the province's fish farming industry. The special committee on sustainable aquaculture, made up of 10 members of the province's Legislative Assembly, recommended that within five years farmers should concern their operations from ocean net pens to floating corrals to act as sturdier barriers between captive fish and wild fish. Such "ocean-based closed containment" would keep farmed salmon from escaping, allow farmers to collect fish waste, cut down on the spread of disease and pests, such as sea lice, and keep out sea lions and seals that sometimes die while raiding fish farms, the committee said.

...**Anchorage Daily News**

A 6.2 earthquake caused a 300 meter cliff above Aysen Fjord in Chile to collapse and caused an 8 meter tsunami. It destroyed salmon pens, releasing 6 million salmon into the fjord. **Fishing International**

This year Norwegian fish farmers are producing 12,000 tons of cod, but in ten years this will have increase to 100,000 tons, investors and analysts believe....**Norway Post**

Trout Lodge of Sumner, Washington, buys aquaculture facility in Hawaii. They have been growing halibut and sablefish. It originally was a salmon facility. They will likely drop the halibut production as it takes too long to reach harvest size. They hope to buy some sablefish fingerlings from Salt Springs in Canada. It is suspected there is some NOAA subsidies involved.

NOAA will offer \$8 million for FY2008 and 2009 for individual projects up to \$1,000,000 to expand aquaculture projects. ...**NMFS**

Canadian government wants to help Huntsman Marine Science Center and the Atlantic Opportunities Agency to establish a halibut hatchery. Another subsidy.

****Second Watch****

Japanese seafood titans Maruha and Nichiro announced in December they plan to merge in October. This would put Westward Seafoods and Peter Pan Seafoods under the same ownership. I talked to both Barry Collier, CEO of Peter Pan, and Greg Baker, CEO of Westward. They confirm they do not plan to close any Alaskan processing facilities. Wesley Loy indicated that Governor Sarah Palin expressed concern to the Anti-Trust Division of the Federal Trade Commission.

We had several of our boats in Bellingham and Fishermen's Terminal get warnings for washing their decks off with soap. FYI

Continued on Page 10

RICKEY AND ASSOCIATES



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****Calendar of Events****

Nov. 4-9, 2007	PFMC Meeting	Hyatt Regency Islandia San Diego, CA
Nov. 13-14, 2007	Plan Team Meeting	NMFS – Sand Point, Seattle
Nov. 22-23, 2007	Thanksgiving Holiday	Office Closed
Week of Dec. 3, 2007	NPFMC Meeting	Anchorage Hilton Anchorage, AK
Dec. 24-25, 2007	Christmas Holiday	Office Closed
Jan. 15-18, 2008	IPHC Annual Meeting	Hilton Portland & Executive Tower, Portland, OR

Continued from Page 8

The collapse of New England and Canadian Cod is being linked to changes in salinity in 1985. Some are suggesting recovery is unlikely due to this environmental change.

...National Fisherman

Rudy Petersen passed away on August 19th. He was a pioneer of the trawl and crab fisheries. He served six (6) years on the NPFMC. Rudy was a major force in getting the 200 mile extended jurisdiction legislation.

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Happy Thanksgiving!