

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

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Dear Longliner

This newsletter will update you on the April Pacific and North Pacific Council actions, activities in Washington, D.C., and markets. I would like to thank Jack Knutsen and John Crowley for attending the North Pacific Fishery Management Council meetings for the Association, and Art Hodgins, who attended the Pacific Council on behalf of the Association.

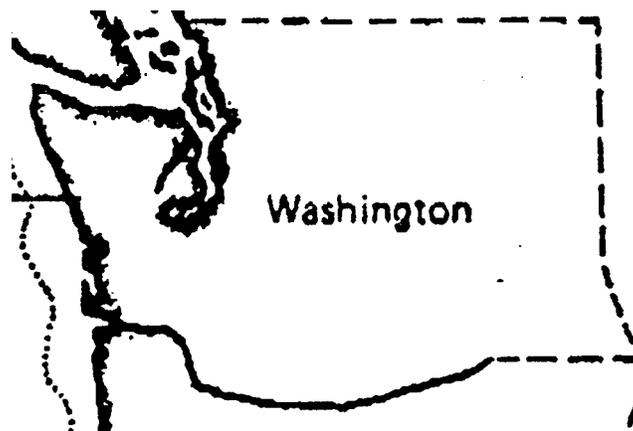
****Pacific Council****

Owners on board provision. The on-board requirement for second generation owners of a sablefish-endorsed permit was being questioned by NMFS. The Council, thanks to efforts of Art Hodgins and Jim Ponto on the Advisory Panel, voted to confirm and implement the second generation on-board provision. Laura Deach gave great testimony also. This requirement will likely be effective in 2003. The Council did provide that in the event the owner of a permit died, the estate would have three years to keep first generation privileges before selling the permit.

Sablefish opener and harvest limits. The sablefish season opened April 1, 2002 and will close October 31, 2002. Those vessels fishing north of Pt. Chehalis may retain halibut, beginning May 1st, provided they have an IPHC license acquired prior to April 30th. The amount of halibut will be 150 pounds dressed halibut to every 1000 pounds of dressed sablefish. If you stack permits, each permit will be allowed to have halibut landed against the permit. If the permit is owned by a second generation person, that individual must be on board while the fish are being harvested. If you intend to keep the halibut while fishing sablefish, you must sell to ports north of Pt. Chehalis.

Yellow-Eye. Yellow-eye are designated as overfished. The Council wants as little interaction with Yellow-eye as possible and have asked longliners off the coast of Washington to voluntarily avoid the area below. Please comply with their request. The concern is not to set your shallow end too shallow and hence increase your catch of Yellow-eye.

48°04'00"N; 125°11'00"W
48°04'00"N; 124°59'00"W
48°00'00"N; 125°11'00"W
48°00'00"N; 124°59'00"W



Fish Tickets. Though it is not a regulation, you should put your federal permit number on the state fish ticket. There won't likely be a place designated for it, so write it in.

****North Pacific Council****

The NPFMC took action on the 42 coastal villages ability to purchase IFQs, halibut subsistence, and four mini-regulatory issues. The big issue before the Council is the IFQ Bering Sea crab rationalization.

Coastal Villages. The council voted to allow 42 identified coastal communities with populations of less than 1500 to become IFQ owners of sablefish and halibut. Some of the elements of this action are as follows:

- (1) Ownership Entity - New nonprofit approved community corporations;
- (2) Use Caps for Individual Communities
 - (1) 1% of Area 2C and 0.5% of the combined Area 2C, 3A and 3B halibut QS, and 1% of Southeast and 1% of all combined sablefish QS.
- (3) Cumulative Use Caps for all Communities
 - (1) Communities are limited to 3% of the Area 2C, 3A, or 3B halibut QS and 3% of the SE, WY, CG, or WG sablefish QS in each of the first seven years of the program, with 21% total by area, unless modified by the Council through the yearly review.
 - (2) Communities are limited to 10 blocks of halibut QS and 5 blocks of sablefish QS in each management area. The blocks have to exceed 1996 poundages of 3000 lbs. of halibut for 2C and 3A and 5000 lbs. for SE, WY, CG, and WG for sablefish.
- (4) Vessel size restrictions are none, unless the community sells the QS back into the industry, then they will retain old size restrictions. "D" category quota is not available to the communities.
- (5) Some of the Performance Standards
 - (1) 50,000 lbs. per user from a community;
 - (2) Leasing is limited to residents of the community owning the QS.

The biggest concern of FVOA members was the overall poundage the communities could purchase and user restrictions. The limit is 3% in purchases for all communities per year up to a total of 21 percent of both halibut and sablefish. Communities in 3B cannot buy quota in 2C and communities in 2C cannot purchase quota in 3B. The IFQ implementation team recommended 10 percent as an overall cap for the cumulative cap, the Groundfish Advisory Panel voted for 15%, and the Council voted a 21% overall cap. I wish my IRA performed that well.

Due to many economic problems in Alaska, including the salmon price disaster for harvesters, the Gulf of Alaska groundfish unrationalized situation and overall depopulation of Alaska taking place, the Alaskan politics dictated that communities were going to get a shot at purchasing IFQs. FVOA representatives did a good job minimizing impacts. Here are some of my opinions on the positives and negatives of this program.

Positive - (1) With rural villages vested and interested in the maximum lease fee they will receive, it is unlikely that forced deliveries to historic processors will occur as is contemplated for crab rationalization. (2) With rural Alaskans vested as communities, Federal changes to the IFQ program becomes less likely, such as increases in fees or elimination of the program; (3) Instead of the communities just taking your quota from you, they will get the privilege of buying it from you; (4) For state and federal assistance in Alaska and Washington, D.C., the rural communities could be a powerful ally.

Negative - (1) If you are in the market for quota, you should buy between now and next season. I suspect some of the 42 communities will enter the market as soon as the regulation is approved and this will cause QS prices to inflate in price; (2) Rural villages will likely use your tax dollars, through federal or state grants, to purchase IFQs, and the community corporations will be tax exempt, which will put them in a better bidding situation against a second generation fisherman; (3) 70% of the current QS are held by people living in places like Petersburg, Sitka, Kodiak and Seward. This program is designed to take potential jobs and QS from these areas and put the job opportunities in more rural areas of Alaska, so there are some job losses for some existing areas.

Crab. The Council pushed a truckload of paperwork out the door containing IFQ options for rationalization of Bering Sea crab. I believe the Council will vote positively (90%) for some IFQ format, however, if there is a separate vote on processor quotas, or what they call, "two-pie", I only give that element a 50/50 chance. Two-pie could give 49% of the processor privilege to Japanese controlled companies. The swing votes on the Council believe rationalization is more important than "two-pie", hence, regardless of a positive or negative vote on "two-pie", I predict a positive vote on a crab IFQ concept. Final decision in June in Dutch Harbor.

Four Regulation Changes to IFQs. (1) **Prior Notice of Landing** - this will be changed to three hours prior notice of landing, probably effective 2003; (2) **Vessel Clearance** - Clearance to go to ports south of Bellingham, Everett, Seattle, will be put on the amendment pile for implementation in the next millennium; (3) Offload requirement for vessels - there will be no changes; (4) Processors need only to use the Product Transfer Form.

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

The House Committee on Resources is scheduled to have a legislative work group hearing on standards for IFQs on May 2nd. Congressman Don Young is likely to introduce legislation regarding this issue. The biggest concern FVOA has, is what will his legislation do to existing IFQ programs. We should know within the next two weeks. The following week, there will be a 40-person committee looking at IFQ standards in Texas, put on by the Heinz Foundation. I was asked to attend. Congressman Young's legislation should provide something to talk specifically about.

There is no sign of movement of the Magnuson-Steven's Act legislation on the Senate side yet. However, Senator Stevens will be the key person with regard to the lifting of the ban on IFQ programs. If Alaska requests an IFQ on crab at the June Council meeting, it will be difficult to

deny the rest of the country IFQ options. Senator Gorton and Senator Stevens did permit the Pacific Council to establish an IFQ for fixed gear sablefish last August.

****Market Information****

Halibut. Cold storage reports show that halibut frozen inventories were significantly below the year before. At 2.5 million pounds on March 1, 2002, cold storage was 47% below 2001 numbers. This is excellent and should help keep prices near the \$2.10-\$2.20 mark in the Seward area most of the year. The season has opened with heavy landings for the first month with 11% of the U.S. catch in and 18% of the Canadian catch in. Prices have held over \$2.00/pound for most of the first month activity.

From 18-March-2002 through 18-November-2002						
Area	Species	Vessel Landings	Total Catch Pounds	-----TAC-----		Percent Landed
				Allocation Pounds	Remaining Pounds	
2C	halibut	335	1,435,138	8,500,000	7,064,862	17
3A	halibut	332	4,448,246	22,630,000	18,181,754	20
3B	halibut	42	687,633	17,130,000	16,442,367	4
4A	halibut	5	14,729	4,970,000	4,955,271	0
4B	halibut	9	128,099	3,344,000	3,215,901	4
4C	halibut	0	0	1,015,000	1,015,000	0
4D	halibut	0	0	1,421,000	1,421,000	0
4E	halibut	0	0	0	0	0
Total		723	6,713,845	59,010,000	52,296,155	11

2B halibut 2,125,771 11,750,000 9,624,229 18%

Eco-Halibut. Puget Consumer Co-op (PCC), with seven outlets in Seattle, an environmentally friendly marketing Co-op, placed the ad below in the Seattle papers, which I think is our way to future marketing in the U.S.

**EcoFish Halibut Fillet
\$7.99 lb.**

This “First of the Season” Fresh Halibut Fillet is flown in fresh daily from Southeast Alaska. From EcoFish, it is hook-and-line caught with minimum bycatch. Part of a healthy diet, halibut is low in fat, mild and delicious.

Eco-Labeling. FVOA continues to work towards an eco-label for Alaskan halibut. FVOA has received an acceptance to a proposal for funding a Marine Stewardship Eco-Label for both Alaskan Halibut and Sablefish, with the assistance of the Pew Foundation. We should be able to tell you more on this exciting development in the next newsletter.

Sablefish. The yen vs. the dollar is a tell-tale reflection of all export markets to Japan. Last year the yen averaged about 120 vs. the dollar. This year it has seen 135, but seems to have settled at 130+. The Japanese economy cannot seem to jumpstart itself, even with zero interest loans from their federal reserve.

From 18-March-2002 through 18-November-2002						
				-----TAC-----		
		Vessel	Total Catch	Allocation	Remaining	Percent
Area	Species	Landings	Pounds	Pounds	Pounds	Landed
AI	Sablefish	8	178,426	3,373,920	3,195,494	5
BS	Sablefish	8	30,038	1,701,951	1,671,913	2
CG	Sablefish	97	1,414,533	9,576,782	8,162,249	15
SE	Sablefish	122	1,736,556	7,076,766	5,340,210	25
WG	Sablefish	4	73,305	3,950,643	3,877,338	2
WY	Sablefish	44	1,073,502	3,708,137	2,634,635	29
Total		283	4,506,360	29,388,199	24,881,839	15

In terms of volume of this year's product, the lower coast is 38% down, Chatham is down and British Columbia may not have a season. I still think late blackcod could have the best price. Association vessels report \$3.30 dressed for over 4 lb. fish and \$2.85 for under 4 lbs.

Pacific Cod. The market is flooded with late 2001 and 2002 deliveries. Prices are about .87 to .90/lb. FOB Dutch Harbor. Japan has asked that product not be sent to Japan in order to protect inventory prices in Japan. Seattle seems to be a bottleneck with cod.

Aquaculture - Seattle Times. "Washington fish farms are looking at other species and specially, sablefish. Export prices of \$4.00/lb. for sablefish compared to \$1.00 to \$1.40/lb. for salmon have salmon farmers looking for other alternatives. Fishermen earn more than \$3.00/lb. for sablefish but even at that price, fish farmers cannot make a commercial success of sablefish until they improve technologies for farming according to Stolt Sea Farm. Mortality rates for larvae typically top 80%, far above what is required for a profitable venture for farms at this time."

****Second Watch****

Senator Stevens wants all seafood sold in the U.S. Market to have labeling of country of origin and whether it is farmed or wild caught. It will be curious to see if U.S. wholesalers support this as many like to mix and match imports with domestic products.

Please welcome the following new members: As an Associate member, Tim Longrich, F/V Shuyak, Kodiak, Alaska; and as a Sustaining Sponsor, James Thorpe, Jr., Bank of America, Seattle, Washington. Thank you for your support!

Free Streamer Lines: Contact Erik Hanson, Pacific States Marine Fisheries Commission at (503) 650-5400; also available at TAKU Fisheries, Juneau, Resurrection Bay, Seward, Seward Fisheries.

Congratulations to Jerry Merrigan! Governor Knowles, not known for his commercial fishery support, appointed Jerry to the Alaska Board of Fish. This, by no means, evens the score with the Knowles administration. As Richard Geer said in "Pretty Woman", "We (harvesters) want some major sucking up too." Way to go Jerry!

****Calendar of Events****

May 5, 2002	Names Ceremony @ the Fishermen's Memorial Fishermen's Terminal	2 p.m. Seattle, WA
May 9-11, 2002	Maritime Week	Seattle Waterfront Seattle, WA
Week of June 2, 2002	NPFMC Meeting	Dutch Harbor, AK
Week of June 16, 2002	PFMC Meeting	Park Plaza International Hotel San Francisco, CA
Week of September 9, 2002	PFMC Meeting	Doubletree Hotel - Columbia River Portland, OR

RICKEY AND ASSOCIATES


JUNEAU, ALASKA

P.O. BOX 20330
 JUNEAU, ALASKA 99802

Phone: (907) 586-2442 Fax: (907) 364-2282

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4005 - 20th Ave. West, Room 232
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