

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 issues in the Pacific Council, the North Pacific Council, in Washington, D.C., and miscellaneous marketing issues.

****Pacific Council****

With all the population modeling by the scientists concerning the eight overfished species off the coast and amongst the allocation discussions, the following joke emerged from the grim realities of lower harvest limits.

“ $2 + 2 = 5$ (for very large values of 2 and very small values of 5)”

Sablefish is one of the few bright spots for the lower coast. The 2003 harvest limits will be 6000 mt., this is up from 4,367 mt., or a 37% increase. The sablefish resource has two strong year classes from 1999 and 2000. Both have been verified in the NMFS trawl surveys. The whiting fleet observers believe there could be a strong 2001 year class as well. There are two distinct populations within the sablefish resource—an older component, which you have been fishing on, and this very young component that will recruit to the fixed gear fleet in three to five years. You should not expect an immediate impact on your fishing from these strong new year classes. The harvest level could have been as high as 8100 mt.

Fixed-gear fishermen will be required to fish outside of 100 fathoms in 2003, north of 40° 10", Cape Mendicino, CA. South of this point you will be restricted to fish outside of 150 fathoms. This is to protect yellow-eye and canary rockfish to the north of 40° 10" and to protect bocaccio and canary rockfish south of 40° 10". All three of these species are listed as overfished.

VMS. You will be required to have a vessel monitoring system on your vessel next season in order to enforce these fishing depth restrictions. NMFS may supply the VMS. If they do not, the cost is \$2000 per unit and \$300-\$400 to install. It works like an EPIRB and will let enforcement know where you are by satellite communications

Other Restrictions On the Coast. Trawlers are closed between 250 fathoms to 75 and 100 fathoms coastwide and must use VMS. Shrimp trawlers off of Washington, Oregon and California must have fish excluders. Spot Prawn trawling is to end in all three states and prawn traps are to be substituted. “Rock Hopper” gear is significantly restricted.

Longline Dogfish. This fishery will be permitted outside of 100 fathoms, though fishing is poor at this depth, or with an Experimental Fishing Permit (EFP), which requires 100% observers. The EFP will be limited by a direct Yellow-eye cap.

Observer Information. The information on the federal observer program will be released in January. The Alrita and Vigorous had observers last year and this year. Jim Ponts (F/V Blackhawk), Chuck & Laura Deach (F/V Mary Catherine), and Bob Eder also had observers. I have to admit, NMFS has kept a pretty tight lid on what the data says at this time. Congress appropriated additional funds for the 2003 observers, about \$3.5 million, down ½ million dollars. Without these funds, a federal judge, in a current lawsuit brought by the National Resource Defense Council, could have shut down the West Coast fishery, much like a judge did to the Hawaii fisheries.

November Agenda. There is a proposal to be discussed at the November meeting in San Francisco, to allow up to five or six permits to be stacked for sablefish off the lower coast.

Enforcement. (Press Release from the State of Oregon). Pacific Surimi, an affiliate of Pacific Seafood Group, was found guilty of theft in the first degree by Judge Philip Nelson. The seafood buyer will pay \$166,000 to 20 vessels for shorting them on product landed; \$185,000 to the State Police, \$104,000 to Oregon Department of Fish & Wildlife, \$325,000 to a new Clatsop County Endowment Fund, and \$20,000 to the Oregon Wildlife Heritage Foundation's "Catch a Poacher" program. The parent corp., Dulcich Inc., will not be allowed to deny markets to boat owners who cooperated with this investigation. One council member from Oregon commented that it appeared to him that Clatsop County allowed itself to be bought off from further litigation with the \$325,000 donation. This bust is one of the reasons processor shares may not be part of the Pacific Council. Pacific Salmon Group is estimated to buy 50% to 60% of the harvested fish and shellfish off Washington, Oregon and California.

Note: Steve Aarvik of the F/V Windjammer, caught a 1943 aerial torpedo this summer – budda bing – budda boom!

****North Pacific Council****

The Council met in Seattle from September 30, 2002 through October 9, 2002. The main issues were what they call "trailing" amendments to the crab rationalization action taken in June. Initial harvest levels were approved for groundfish. Final action is expected in December. There isn't any information on sablefish until November. The big issue for IFQ holders is that the Guideline Harvest measure voted on in 2000 and the Charter Boat IFQ program voted on in 2001 are both on hold. The main reason is that some disgruntled charter folks and Council member, Robert Penney, persuaded the State of Alaska to stop the log book requirement for charter boats. Without this mechanism, the monitoring of the GHL and charter boat IFQ program are in question. Governor Knowles was opposed to these programs despite an original 9 to 2 vote in favor of the IFQ program. Perhaps with a new governor, these Council actions can be resurrected.

Robert Penny has resigned from the Council. Mr. Dan Coffee from the Board of Fish will take his place. He is sports oriented.

The downside for the commercial industry at this time is not what it was three years ago. With tourism off 20% in Alaska and lower harvest levels expected in 2003, and localized

depletion due to charter vessels in Juneau and Seward areas, the catch is not as heavy by charter vessels, therefore, not likely to creep up against the commercial harvest. Stay tuned.

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

There is a lot going on in Washington, D.C., however, how much will be accomplished is yet to be seen.

Magnuson Act Amendments. The Senate staff committee out of Senator Kerry's office (Massachusetts) stripped their original bill that was 116 pages long of everything except new IFQ standards. The new draft from the Senate does protect existing IFQ programs. However, new IFQ programs on the West Coast could require a 2/3 positive vote from the affected permit holders. It is unclear what may happen on the House side. There is no guarantee Senator Kerry's legislation will move. It could be attached to a Senate appropriations bill late in December. The House Bill on Magnuson was reported out of committee. It still has the Inslee amendment that could allow for processor shares in all Alaska Council related fisheries. The Senate version is silent on processor shares.

Wyden's Buy-Back Bill. The West Coast buy-back bill potentially would include those who have sablefish stacking permits on the lower coast. Senator Wyden's people have indicated we would be taken out of the bill. This bill does not provide free government buyback money. It would be a loan which the industry would have to pay back at a rate of 5% of gross revenues. The industry would vote on it as well.

Senator Wyden's Phone No.: (202) 224-5244

CCF. To those of you who have money deposited in Capital Construction funds, here's a bill you'll want to support. House Bill 3998 will amend the Merchant Marine Act and the tax code to define a "qualified withdrawal" to allow fishermen to roll CCF accounts into IRAs, and for those leaving the fishery (removing vessel and permits), it would also allow all CCF funds to be removed as a "qualified withdrawal."

Contact your rep to cosign and support the bill, and send a letter, fax, e-mail as follows to:

Representative Bill Thomas, Chair
House Ways and Means Committee
Washington, D.C. 20515
(202) 225-3625
(202) 225-2610 (FAX)

Fish Aid. The U.S. government will provide \$70 million in grants to the fishing communities in Alaska. \$15 million will be earmarked for economic development grants for Alaska fishing communities. I suspect this is money that may go to Gulf of Alaska communities who qualify to buy IFQs.

Predictions. I expect the crab rationalization program to be significantly adopted and attached to a Senate appropriation's bill in December. It will be considered a stand-alone

bill, safe from Magnuson Act requirements. Senator Kerry's pared-down legislation on IFQs and Wyden's buy-back could all get stuck on the appropriation's bill. However, due to the ire in the Senate between parties, things could go poof! I would downgrade my last letter's prediction on these last two items to 50/50. We could end up with a two-year extension of Magnuson Act, which includes the IFQ moratorium.

Governor of Alaska. Senator Murkowski is running for Governor of Alaska. So is Fran Ulmer who is the current Lieutenant Governor. Senator Murkowski's recent position paper stated:

"Aside from salmon, the hottest issue of the day is whether the federal North Pacific Fishery Management Council should create a new IFQ plan for Bering Sea crab fisheries, and whether it should include separate processing quota shares. I believe the federal councils need broad authority to design programs that fit the needs of different fisheries, but they should make sure they put the welfare and diversity of our fishing communities first. Issuing processor shares is a radical step. It requires very thorough analysis, and I am not satisfied such an analysis is complete at this time. How could it be? The Council won't even approve the final details of its plan until December."

Fran Ulmer stated:

In the debate over rationalization of the Bering Sea crab fishery that includes processor shares, Ulmer told the North Pacific Fisheries Management Council, "As a person who is deeply concerned about the state's economy and intensely committed to developing Alaska's resources in ways that benefit Alaskans, I urge you to think about the legacy of this decision. I want you to be completely sure in your own minds that this rationalization will not be regretted by our grandchildren."

Ulmer is absolutely opposed to processor shares in small boat fisheries such as salmon and herring, and in existing quota-regulated fisheries such as halibut and black cod.

I talked to Clem Tillion who assured me that Senator Murkowski does not intend to alter the halibut/sablefish program for processor shares. I told him it is always nice to see it in print. It makes IFQ holders feel warm and fuzzy, all 3000 of them. In 1984, Senator Murkowski was very helpful in getting the Council amendment adopted that established sablefish as a longline species in the Gulf of Alaska.

Homer. We lost a great ally in the state legislature in Juneau. Drew Scalzi was upset by Paul Seaton. Since there are no democrats running in the district, Paul will be the new congressman in Juneau. Paul Seaton led the anti-IFQ lawsuit that we fought all the way to the Supreme Court. Drew is still a halibut commissioner from Alaska. The issues of the campaign came down to taxes, an annexation issue, and processor shares, according to the Anchorage Daily News.

****Markets****

Halibut. WOW! FVOA vessels have recently received up to \$3.50/lb in Bellingham, \$3.20 to \$3.30 in Seward, and \$2.45+ in Dutch Harbor. Cold storage is reported to be 4.4 million pounds the beginning of September, up 900,000 pounds from the previous month, but 4 million pounds less than last year. Inventories will naturally increase this time of year, but the current inventory probably means short supplies his winter and a dry market next spring.

A perfect time to open the season earlier and compete with farmed fish, which sells during your off-season. As long as the buyers keep a reasonable price disparity between fresh and westward frozen prices, I do not expect a market glitch next season.

		Individual Fishing Quota (IFQ)				
Allocations and Landings		From 15-MAR-02 through 04-OCT-02				
		----- TAC -----				
	Vessel	Total Catch	Allocation	Remaining	Percent	
Area	Species	Landings	Pounds	Pounds	Pounds	Landed
2C	halibut	2,505	7,994,587	8,500,000	505,413	94
3A	halibut	2,269	20,835,848	22,630,000	1,794,152	92
3B	halibut	867	15,749,482	17,130,000	1,380,518	92
4A	halibut	351	4,696,292	4,970,000	273,708	94
4B	halibut	162	3,082,477	3,344,000	261,523	92
4C	halibut	99	482,766	1,015,000	532,234	48
4D	halibut	42	1,291,982	1,421,000	129,018	91
	Total	6,295	54,133,434	59,010,000	4,876,566	92

Sablefish. Low Supplies from reduced 2002 quotas finally drove prices up. One FVOA vessel received \$4.20 in Bellingham for 5 & Ups. Lower coast sablefish received similar price breaks as in Alaska; however, the average size is smaller on the lower coast. The increase in prices does not reflect a change in the Japanese economy, which is still in denial of their land investment losses during the 80's and 90's.

Individual Fishing Quota (IFQ) Allocations and Landings	
From 15-MAR-02 through 04-OCT-02	
----- TAC -----	

		Vessel	Total Catch	Allocation	Remaining	Percent
Area	Species	Landings	Pounds	Pounds	Pounds	Landed
AI	sablefish	113	1,572,959	3,373,920	1,800,961	47
BS	sablefish	120	996,293	1,701,951	705,658	59
CG	sablefish	586	9,297,845	9,576,782	278,937	97
SE	sablefish	654	6,680,815	7,076,766	395,951	94
WG	sablefish	152	3,568,952	3,950,643	381,691	90
WY	sablefish	221	3,679,826	3,708,137	28,311	99
Total		1,846	25,796,690	29,388,199	7,353,439	88

Pacific Cod. The cod market is stable going into Japan primarily due to exchange rates favoring the Japanese. Cod prices are similar to last year at about \$1.15 for large \$1.05 for smalls. There is an increased demand for smalls as the Hokenten trawler fleet is now getting shut down off Russia. The Russians are catching their own fish. The large collar-on market in Norway is at \$0.90 to \$1.00, about 10% off last year. The Norwegians gear a lot of their large cod inventory towards Brazil. Brazil has major international debt problems and their "real" (or dollar) devaluation has resulted in the cost from Brazil going up 30%, so demand has dropped for large cod.

****Flatfish Ball****

Mark you calendars for **Saturday, November 16, 2002 for the Flatfish Ball.** This will be held aboard the Royal Argosy and will depart from Pier 56 @ 7:00 p.m. A wonderful menu has been planned plus an exciting evening worth of entertainment. Mark you calendars, get your babysitters lined up, call your friends and family, and come out for a fun evening of socializing and dancing. Invitations will be mailed within the next week.

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