

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 bring you up-to-date on the North Pacific Council and Pacific Council activities, the IPHC proposals, activities in Washington, D.C., and markets.

****Actions in Washington, D.C.****

Punitive Damages Legislation. Before the November elections, this legislation was being pushed by the Trial Lawyers Association with support by Senator Reid and Senator Rockefeller. Both have taken substantial funds from the trial lawyers. This bill would have opened up vessel owners, particularly commercial fishing boat owners, to be sued for punitive damages. Currently, Federal Courts bar punitive damages for an injured crewman except for failure to provide maintenance and cure. We are told the trial lawyers have backed off and may now support legislation for punitive damages targeting oil derricks. Since this was supposed to address the Gulf of Mexico "BP Horizon" situation, this is a more acceptable approach. The previous legislation would have been disastrous for all vessel owners, so the situation is much improved since November.

Codfish Co-ops. The House and Senate have both passed legislation that authorizes a single fishery cooperative for the longline catcher processor subsector in the BSAI. This will greatly add to their efficiency in vessel usage relative to resources abundance.

Medicare. (Injuries for older Crew). Due to budget concerns, those in charge of Medicare (i.e. Feds) want to know when an older crewman, who is old enough to receive medical benefits, has an injury. Any long-term settlement from a lawsuit or negotiated out-of-court settlement for older crew may have to get federal government approval, with a portion of settlements offsetting future Medicare benefits of the injured crew. We have not had a problem with the Marine Safety Reserve on this but we have heard stories of lawsuits not settling because of federal intervention and demands.

Federal Loan Program. The IFQ current loan program, financed with your IFQ fees, will be expanded to accommodate the crab fleet in the Bering Sea. The fees from crab, halibut, and sablefish will be co-mingled as well as loans made. Funding will likely continue in 2011 based on a continuing resolution by congress similar to last year's funding.

Safety Act. John Crowley and I sat in on a Coast Guard meeting in Anchorage to discuss the new Safety Act and its impact on our vessels. We came away with a more positive feeling regarding this Act. The Act will require all vessels built after 7-1-2012, and longer than 50 feet to be "classed" and if longer than 79 feet, be load lined. Vessels built before 7-1-2012 and >50 feet will need to meet a Coast Guard "alternative compliance program." This will likely entail new classes for skippers, mandatory safety review of vessels, which most of you do already. Our biggest concern is under existing compliance programs for catcher processors very expensive structural demands have been requested by the Coast Guard. We will have another meeting with the Coast Guard on this before it affects you in 2020. We have asked for a meeting here in Seattle this spring.

****IPHC****

The following are the IPHC 2011 harvest recommendations. The staff recommends a catch limit total of 41.02 million pounds for 2011, a decrease of 19% from 2010.

Halibut Catch Limits 2011

Regulatory Area	2008 Fishery Catch Limit	2009 Fishery Catch Limit	2010 IPHC Fishery Catch Limits	2011 IPHC Staff Catch Limits	Change +/- 2011 IPHC Fishery Catch Limit	% Change +/- 2009 to 2010 IPHC fishery Catch Limit
2A	1.22	0.95	0.81	0.86	0.05	6%
2B	9	7.63	7.50	7.65	0.15	2%
2C	6.21	5.02	4.40	2.33	-2.07	-47%
3A	24.22	21.7	19.99	14.36	-5.63	-28%
3B	10.9	10.9	9.90	7.52	-2.38	-24%
4A	3.1	2.55	2.33	2.41	0.08	3%
4B	1.86	1.87	2.16	2.18	0.02	1%
4CDE	3.89	3.46	3.58	3.72	0.14	4%
Total	60.4	54.08	50.67	41.02	-9.64	-19%

Summary of changes from 2009 to 2010

	2A	2B	2C	3A	3B	4A	4B	4CDE	CW
Survey WPUE	+109%	+3%	-5%	-21%	-19%	-13%	-36%	-11%	-15%
Comm WPUE	+73%	+23%	+6%	-6%	-16%	-19%	-13%	-24%	-6%
Comm. catch	-14%	+2%	-10%	-6%	-6%	-8%	+9%	+2%	-5%
Removals	-16%	+1%	-4%	-4%	-6%	-12%	+7%	0%	-4%
Effort	-50%	-18%	-15%	-1%	+12%	+13%	+26%	+32%	-2%

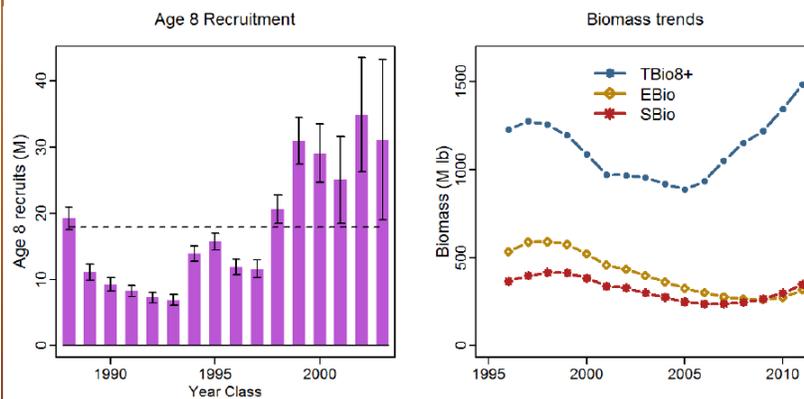
The staff is asking for 100% of their recommended reductions instead of half down. They have changed their WPUE (Weight per Unit of Effort) by weighting the current year 75%, the second year 20%, and the third year 5%. The most notable reduction is in SE Alaska, with a 47% reduction. Three years ago we asked how long it will take 2C to recover. We were told 5 years.

If you look at the recruitment chart below, the Commission argues the recent reductions are the result of the fleet fishing on weak year classes from 1989 through 1997. They say

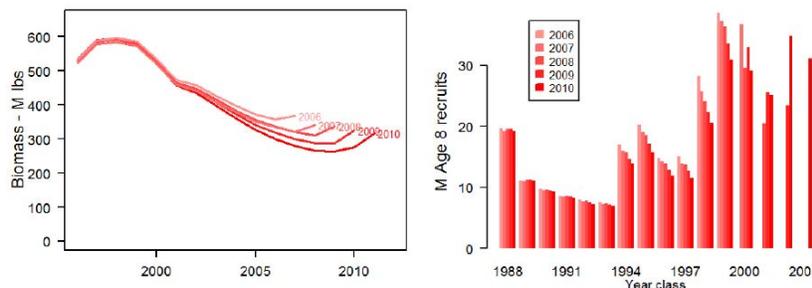
the larger year classes from 1998 to 2003 are delayed up to 4 years due to slow growth rates. If this is accurate, the “98” year class should have entered the fishery in 2010, hopefully followed by some very large year classes to come. The question many have is, are those year classes really there? The retrospective model has failed to accurately predict what the staff has hoped for. It has been off five consecutive years in a row and off in the negative direction. How much of the retrospective analysis being wrong is the result of unrecorded bycatch? This will be a big part of the discussion at the Annual Meeting. Based on the retrospective chart below, the difference in projections for 2006 to 2011 is about 100 million pounds in total biomass and a no-show of new recruits into the fishery for five consecutive years. These issues and what appears to be a resource failure in 2C raises serious questions for the Annual Meeting.

Based on the Summary Chart on page 3, in area 4CDE, the IPHC survey is down 11%, the commercial WPUE down 24% and 32% more gear is being hauled, and the harvest is recommended to go up 4%. In 2C, the survey is down 5%, the commercial WPUE is up 6%, and 15% less gear was hauled, and the harvest is down 47%. Now granted, I fly a desk all year and do not set much gear from it, but I really am having trouble understanding the IPHC’s interpretation of their survey data this year.

Recruitment and biomass



Model retrospective behavior



****NPFMC****

IFQ Changes. The Council took some initial action looking to make it easier for CQE communities to acquire more halibut IFQs. They added three communities and made it easier to buy category D fish. They can lease the fish. It is not owner operated.

In January, the Council will look to make it more difficult for initial recipients of IFQs, which is inconsistent with the liberal action for CQE communities taken at the December meeting. There is a proposal to not permit initial quota share holders from acquiring any additional quota unless they go to sea. Depending on how the Council formulates this decision, corporations and partnerships that initially received quota may not be allowed to obtain any additional quota. One of the initial recipients testifying in February 2010, quipped “What’s the matter? Aren’t we dying off fast enough?”

Figures 3.2a and 3.2b show the number of persons by type (individual or nonindividual) initially issued halibut or sablefish QS who still held QS at each year-end of the IFQ Program.

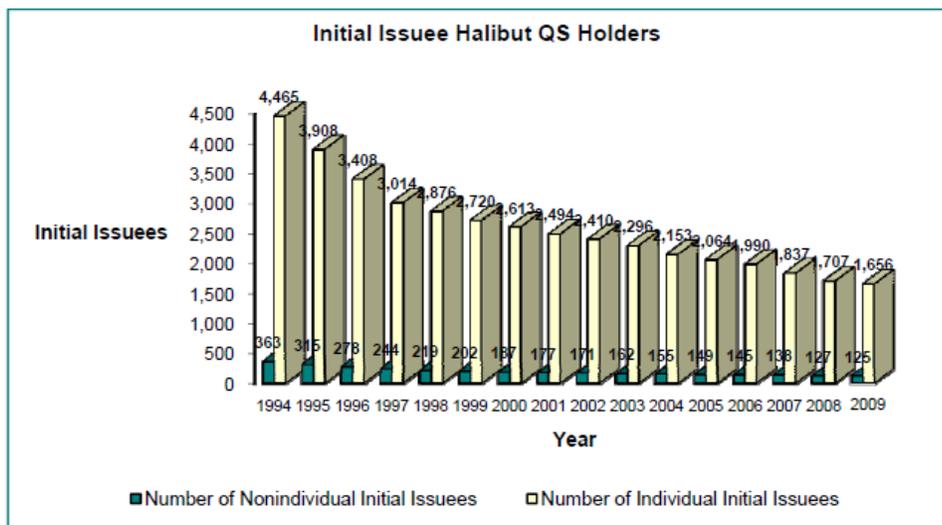


Figure 3.2a Initial Issues Holding Halibut QS at Year-end, 1994–2009

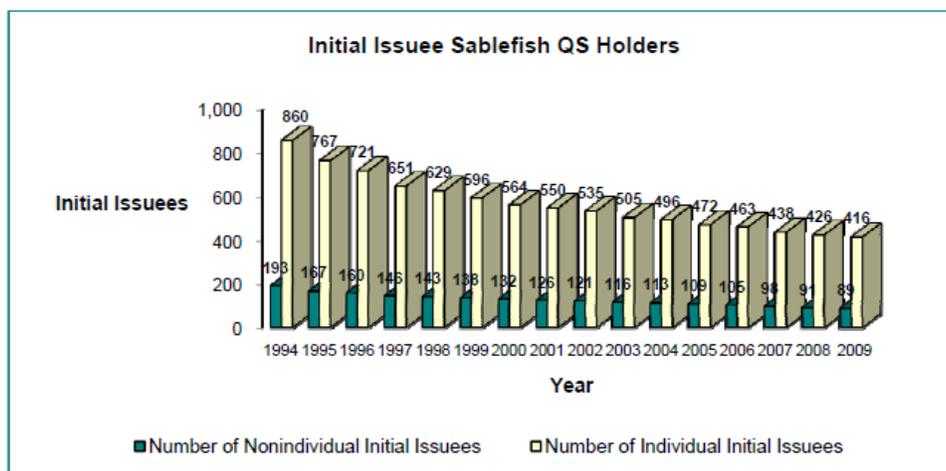


Figure 3.2b Initial Issues Holding Sablefish QS at Year-end, 1994–2009

Congratulations Cora Campbell! She was appointed as Acting Commissioner of Fish & Game by Governor Parnell of Alaska. She is opposed by many sports groups. Voice your support to the Governor's office at (907) 465-3500.

Halibut Charter. The new limited entry program becomes effective in February 2011. Some claim it could reduce charter operations for halibut by 33%. The program was designed with a lot of latent capacity (unused). We will find out this year if this Limited Entry program has any impact on charter activity.

Harvest Limits for Sablefish

Sablefish Area	2010 TAC	2010 Catch	2011 TAC	% of change
BS	2790	721	2850	2%↑
AI	2070	1049	1900	8%↓
W	1660	1329	1620	2%↓
C	4510	4434	4740	5%↑
WY	1620	1561	1990	22%↑
SE	2580	2074	2940	13%↑
Totals	15,230	11,168	16,040	5%↑

Pacific Cod – BSAI	168,780	159,012	227,950	↑35%
Pacific Cod – GOA	59,563	58,660	86,800	↑45%

Sablefish survey CPUE numbers have improved in the Central, West Yakutat and Southeast areas for the survey, voluntary log book and observer CPUEs. This is good news.

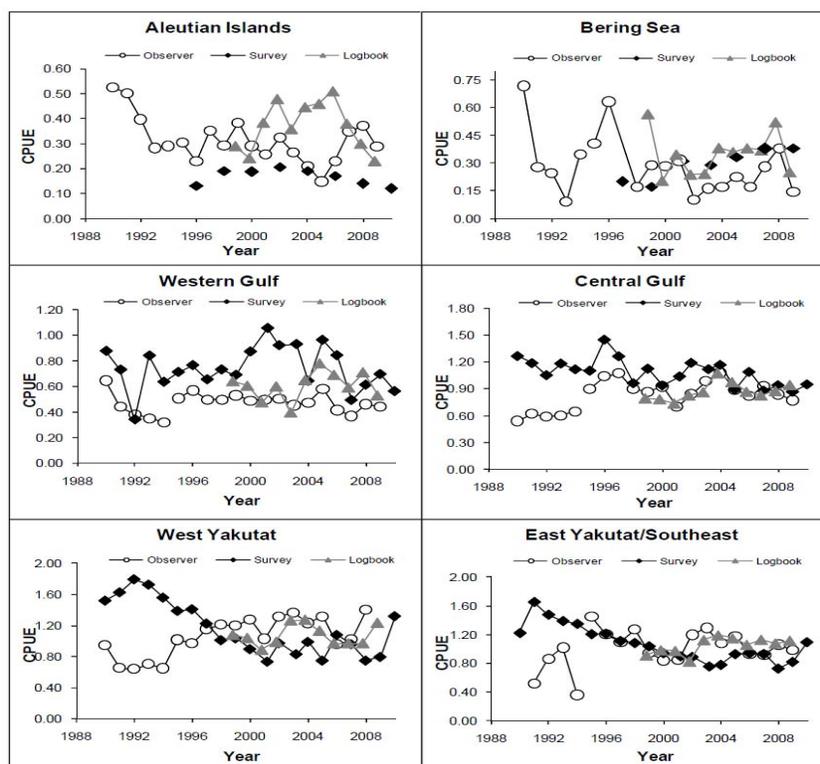
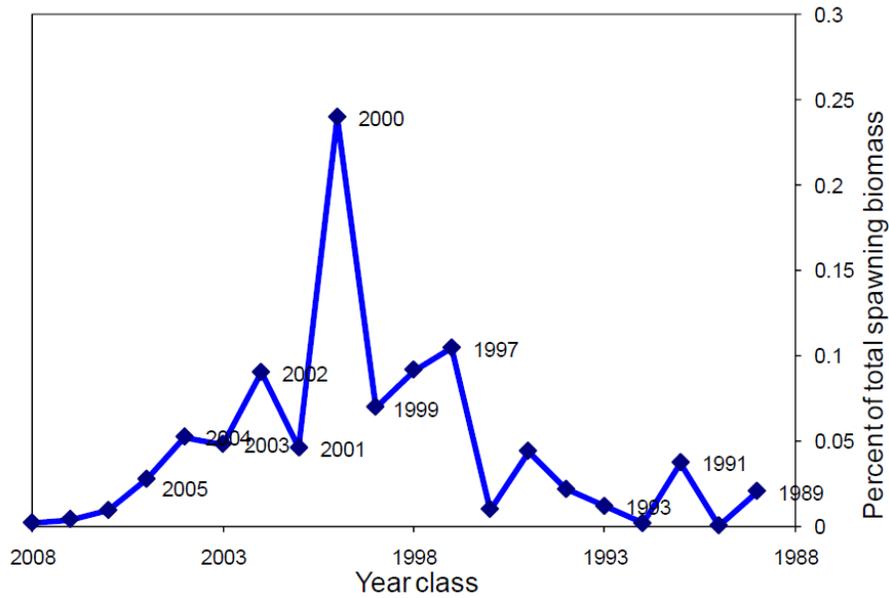


Figure 3.4. Average fishery catch rate (pounds/hoop) by region and data source for longline survey and fishery data. The fishery switched from open-access to individual quota management in 1995.

The sablefish model, like most models, is driven by year class strength.



Strong	1960	1963	1964	1970	1971	1977	1978	1980	1982	1991	1997	2000	
Average	1959	1961	1962	1965	1966	1967	1974	1979	1981	1984	1985	1988	
Weak	1958	1968	1969	1972	1973	1975	1976	1983	1986	1987	1990	1992	1996

This chart shows increasing survey CPUE in Chatham Straits. They can't hide the fish forever. These numbers reinforce what is happening on SE outside and West Yakutat. This is also good news.

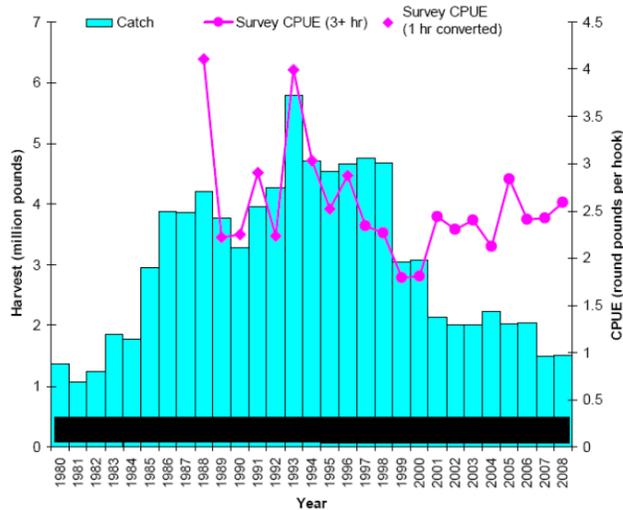


Figure. Northern Southeast Inside sablefish long line survey catch per unit effort in round pounds per hook and harvest over time (from Dressel per. comm. 2009).

****Pacific Council****

Trawl ITQ. It becomes functional January 1, 2011. Longline or pot operations can participate. You will need a trawl L.E. license that fits the length of your vessel. You can lease fish, such as sablefish, and attach that fish to your vessel license. Trawl quota cannot be permanently traded for two years but can be leased during the first two years. If you fish Trawl ITQ sablefish with pots or longline gear, you will need appropriate amounts of bycatch species and 100% observer coverage. The observer coverage will be free for the first two years.

Proposed 2011 and 2012 Fixed Gear Limits for Sablefish.

	2011		2012
Tier 1	41,379		40,113
Tier 2	18,809		18,233
Tier 3	10,748		10,419

****These updated numbers are substantially different than those we published in our November 2010 newsletter. Please note these changes.**

****Markets****

Halibut. With the quota going down as much as 19%, there will be upward pressure on 2011 prices and 2010 cold storage values. Some of the last vessels into Bellingham received \$6.35 for 10-20's; \$6.70 for 20-40's; and \$7.00 for 40 ups.

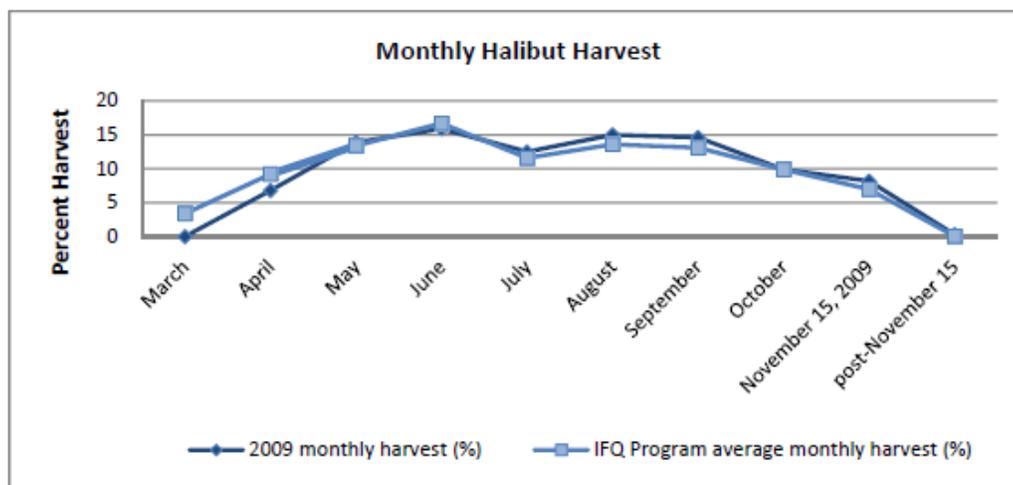


Figure 2.1 2009 Monthly Halibut Harvest (%) and Average Monthly IFQ Halibut Harvest (1995–2009)

Sablefish. Markets remain strong. Harvest limits will be down 13% on the lower coast. The B.C. harvest limits will be down. Overall supply will be down. The yen vs. the dollar is currently at 83.4. The dollar has remained relatively weak against the yen over the last 24 months. 2011 sablefish prices should be very good.

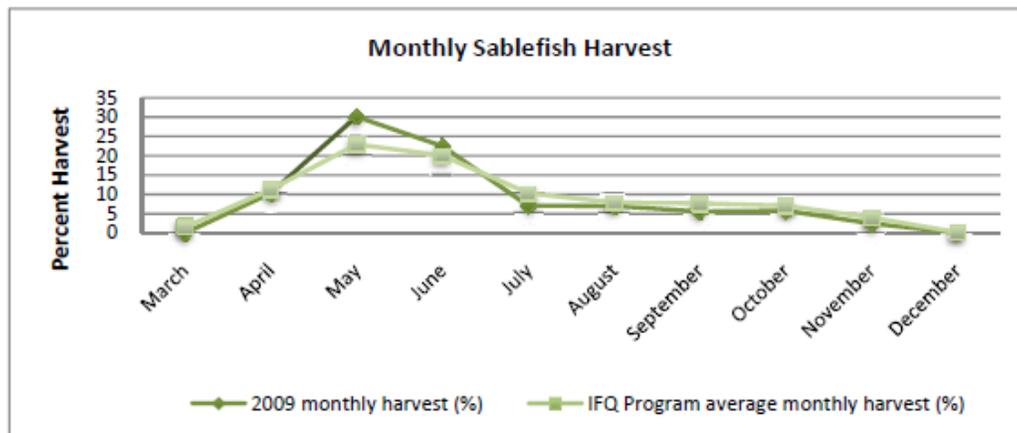


Figure 2.2 2009 Monthly Sablefish Harvest (%) and Average Monthly IFQ Sablefish Harvest (1995–2009)

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

Professor Ray Hilborne of the University of Washington claims eating more seafood is good for the environment, especially land habitat. He argues that reducing massive protein consumption from the oceans would result in a huge increase in rain forest destruction in order to convert land habitat for growing animal proteins. ...[Seafood.com](#)

Oregon has elected an old green governor, former Governor Kolenkowski. He is pushing for three additional marine reserves off the Oregon coast (i.e.) no fishing areas.

Highliner announced they will only source seafood from sustainable sources, i.e. MSC, GAA, ASC or other documented programs.

****Second Watch****

John Rosvik, longtime member of the Fishing Vessel Owners' Association and owner/operator of the halibut schooner, F/V Seymour, passed away this past summer. There was a memorial service held at Leif Erikson hall on December 5, 2010. John always gave short, to the point advice. John fished among the Soviet and Japanese foreign fleets with the F/V Seymour and was part of the generation of fishermen that helped rebuild the Halibut resource. His favorite songs were "Tiny Bubbles," and "Let it Be."

Employment. The Alaskan seafood industry employed 53,500 workers in 2009 in both the harvesting and processing sectors. ...[AK DOL Trends](#)

Please welcome **Pacific Storm Seafoods Ltd., Port Coquitlan, B.C.** as an Associate Member to the Association. Thank you for your support.

First Aid/CPR classes, sponsored by Washington Sea-Grant, are scheduled as follows: **January 21, 2011, February 10, 2011, and March 17, 2011**@ the Nordby Conference Center (Fishermen's Terminal) from 8 am to 5 pm. Cost is \$40. Questions? Call Sarah Fiskén at Sea-Grant at (206) 543-1225.

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****Calendar of Events****

December 31, 2010	New Year's Holiday	FVOA office closed
January 25-28, 2011	IPHC Annual Meeting	Delta Ocean Pointe Resort Victoria, BC, Canada
Week of January 31, 2011	NPFMC Meeting	Renaissance Seattle Hotel Seattle, WA
Week of March 5-10, 2011 Advisory Bodies may begin March 3 with the Council beginning on Sat. March 5 th	PFMC Meeting	Hilton Vancouver WA Vancouver, WA
Week of March 28 - April 5, 2011	NPFMC Meeting	Anchorage, AK
April 9-14, 2011 Advisory Bodies may begin Thurs. April 7 Council Session begins Sat. April 9.	PFMC Meeting	San Mateo Marriott San Mateo, CA 94402
Week of June 6, 2011	NPFMC Meeting	Nome, AK
June 8-13, 2011 Advisory Bodies may begin Tues. June 7 Council Session begins Wed., June 8	PFMC Meeting	Doubletree Hotel Spokane City Center

Happy New Year!

