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 actions of the North Pacific and the Pacific Councils, IPHC, Washington, D.C. and market activity.

North Pacific Council

<u>Charter Halibut.</u> Sitka was a beautiful location for the June NPFMC meeting. However, the community has issues like the Hatfields and McCoys over charter boat restrictions or lack thereof. 135 people signed up to testify at this Council meeting. Council member Gerry Merrigen from Petersburg was on point and carried the majority of the debate. The Council had two agenda items to deal with under charter boat issues–the first was long-term solutions, and the second was 2008 additional restrictions on the charter boat industry in 2C.

<u>Actions on Long-term Solutions.</u> The Council adopted the following problem statement and options to analyze for both Areas 2C and 3A.

> **<u>Problem Statement.</u> The absence of a hard allocation between the longline and the charter halibut sectors has resulted in conflicts between sectors and tensions in coastal communities dependent on the halibut resource. Unless a mechanism for transfer between sectors is established, the existing environment of instability and conflict will continue. The Council seeks to address this instability while balancing the needs of all who depend on the halibut resource for food, sport, or livelihood.**

The Council will analyze the following ideas for a long-term <u>compensated reallocation</u> between the charter and commercial industries. The first two options contemplate a pro-rata reallocation from commercial IFQ holders to either a Federal managed pool or a State of Alaska pool of quota for charter boat use in 2C and 3A. The current charter allocation would be managed as it is now, as a core allocation in both of these cases. The additional pro-rata quota from the commercial quota would be used to supplement the charter quota. Individual charter vessels would not necessarily own quota but this could happen. The commercial fleet would lose a percentage of their quota. In 3A, it could be 3% to 5% of existing commercially held IFQs. Area 2C could be 7% to 9%. The IFQ holders would be paid market value from either the state or Federal Government. The Council is also looking at a private non-profit association-common pool where a group, like the Sitka Charter boat Association, would purchase quota and supplement their group's harvest. There are many built-in limitations to these options.

The question on all these options is where does the money come from? Is it a federal loan, like the crab buy-out and paid back by the charter industry, or is it an additional fee on a fishing license for the state or possibly funded by a private non-profit organization? The Council staff will provide a review of these options at the October Council meeting.

<u>2008 – 2C Additional Requirements.</u> The Halibut Commission recommended a 2007 restriction of a one-fish bag limit on the charter fleet in Area 2C for 2007. The NMFS decided instead to implement a 2-fish bag limit where one is less than 32". This includes the State restrictions of crew not catching fish for the clients. The claim is these restrictions will have the same impact as the IPHC recommendation. The Council, for 2008, has recommended, in addition to the above restrictions for 2008, an overall 4 fish annual limit per person when charter fishing. This will likely affect non-residents mostly. This passed overwhelmingly by the Council with support from NMFS. Additionally, the Council

recommended a one-fish bag limit in 2C should the CEY drop below a certain level. This was recommended in order to stay within the correct GHL allocations. This second restriction passed 6 to 5 with objections from the Chairwoman. Gerry Merrigen, Doug Hoedel, the three Washington representatives, and the Oregon representative voted together for a 6 majority. Notably, the CDQ representative, the state commissioner and Chair, NMFS representative, and Mr. Rasmuson voted against this. **Follow-up by fishermen in Washington, D.C. needs to take place for these recommendations to be enacted.**

<u>New Council members.</u> There will be two new council members for the fall meeting, both from Alaska. The Governor has recommended Duncan Fields from Kodiak, who represents native issues out of Old Harbor on Kodiak and Beth Stewart who represents fishermen from the King Cove and Sand Point area. As of the writing of this newsletter, there is a bit of a struggle over Beth's appointment from some of the shorebased and at-sea processors. I believe both of the candidates want to bring finality to the halibut Charter boat allocation fight and get it behind the Council. I believe the new governor of Alaska does not want to run for re-election in three years and have this mess unresolved.

The Council did vote for a moratorium for the charter fleet at the April meeting which could be implemented in the 2009 season but more probably the 2010 season. The Council will also review reports in October for additional charter boat restrictions in 3A for the 2008 season and hard allocation caps for 2C and 3A as opposed to the current guideline harvest between the two sectors. The hard allocation options range in 2C from 12% to 17% and 13% to 15% in 3A or fixed pounds of 1.4 million – 1.9 in 2C and 3.7 – 4.2 million pounds in 3A. The current GHL is 1.472 million in 2C and 3.65 in Area 3A. These actions should be considered positive by the commercial fleet.

The three voting members from Washington, John Bundy, Dave Benson and Bill Tweit, were very helpful and deserve a big thank you as does Gerry Merrigen.

<u>New Power Rising.</u> The success of the June meeting, with regards to the charter boat issues, goes completely to the new young guns of S.E. Alaska. Although there were a few from the 60's generation who testified, most of the others were all under 30, so they can be trusted, they weren't given any free quota, they pay the 3% IFQ tax, and they don't get any landing fee kick-backs. They own their own Halibut and Sablefish IFQs as deck hands and new vessel owners and they unknowingly were the force at this last Council meeting. They significantly represent Alaska and the longline industries' future. Together, their testimony was powerful. How can Alaskans ignore a Lexi Fish when he testifies that he took his last 7 years of state dividends and bought IFQs in order to earn money for college and asks how come his quota is allowed to evaporate. One after another young faces, no grey hair at all, testified similarly about the small units, or not so small units, they had taken loans out for, how their parents had co-signed for them, how their equity was eroding, and asking the <u>Alaskan-dominated Council</u> for help. The question I came away with is why only a 6 to 5 vote to help keep the GHL adhered to? Why were only two of the Alaskans, Gerry Merrigen and Doug Hoedel, supportive? The Governor's new appointees need to help bring this allocation mess left by the Knowles and Murkowski administrations to final closure. The new, young, quota holders from Alaska are not just from S.E. Alaska. They are throughout the Gulf and they will not be dismissed lightly, if the testimony in Sitka was any example of the future. They are the new power rising. These new young guns who testified in June were: Kelsey, Andy, and Lucas Skordahl (Jay Skordahl's family), John Dean, Kevin Bean, Jeff Farvor, Todd Wyman (Tim Wyman's son), Ben Lawrie, Dylan Davis (Richey's son), Casey Harvey, Aurora Pederson, Lexi Fish (Steve Fish's son), Eve, Fabian, Ivan, Marie Clare Grutter, Anne Pullnon, Ocean and Noah Mayo (Mike Mayo's family), Kale

and Jake LaDulce, Jeff Blankenship and Jeb Morrow (Mike's family).

These young longliners need to do one more thing. They need to call their elected officials in Washington, D.C. and ask them to support the actions taken by the NPFMC and tell their story one more time, even if it is to a recording machine.

Congresssman Don Young	Senator Ted Stevens	Senator Lisa Murkowski
(202) 225-5765	(202) 224-3004	(202) 224-6665

Pacific Council

Sablefish. This is good news! The scientists recommended acceptance of the new stock assessment. Process wise, the Council will adopt the Acceptable Biological Catch (ABC) levels for sablefish at the November Council meeting. The adoption of 2009 and 2010 harvest levels will take place at the April 2008 meeting. The 2007 harvest level is currently at 5933 Mt. This will likely be the 2008 harvest level as well. I previously had reported this would be an increase. There was an error in one of the assessment reports which was corrected, so status quo for 2008. The 2009 and 2010 harvest levels could be as high as 9643 Mt. This would represent as much as a 62% increase. The debate between now and April 2008 will be how much of this will be passed on to the harvesters.

One of the driving forces of the model is the success of the different year classes. The age of the 2007 year class can be predicted with zooplankton observation. This showed promise earlier this year and the analysis could be complete by this fall. A good 2007 year class indicator would be very helpful. The future potential harvest levels are listed below. Remember a new assessment is done every two years, so don't bet your marbles on the 2019 projection.

Projected potential sablefish catch, landings, spawning stock biomass and depletion for base model

Year	ABC Catch	OY Catch	SSB	95% CI	Depletion	95% CI
2008	6058	5933	95389	76791 – 113987	38.9%	32.4% - 45.4%
2009	9643	9795	94686	75646 – 113726	38.6%	31.8% - 45.4%
2010	8977	8988	91285	73113 – 109457	37.2%	30.7% - 43.7%
2011	8593	8484	88354	70802 – 105906	36.0%	29.7% - 42.4%
2012	8419	8225	86164	68786 – 103542	35.1%	28.7% - 41.6%
2013	8361	8110	84561	66988 – 102134	34.5%	27.8% - 41.1%
2014	8348	8058	83316	65377 – 101255	34.0%	27.1% - 40.9%
2015	8338	8019	82264	63936 – 100592	33.5%	26.3% - 40.7%
2016	8313	7973	81317	62640 – 99994	33.2%	25.7% - 40.6%
2017	8270	7914	80434	61465 – 99403	32.8%	25.2% - 40.4%
2018	8212	7843	79600	60390 – 98810	32.5%	24.6% - 40.3%
2019	8145	7765	78810	59398 – 98222	32.1%	24.2% - 40.1%

The stock assessment authors point out that 1999 and 2000 were very good year classes, 2001 and 2004 were good, 1998 and 2002 were okay, and 2003, 2005 and 2006 were not so good. If the 2007 comes in favorably, it could be a big boost to the resource.

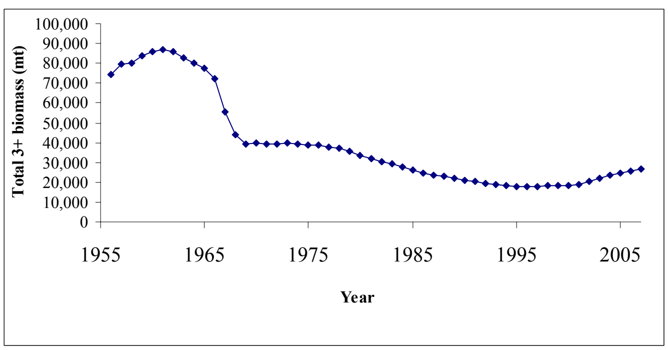
Recent estimated trend in sablefish recruitment

Year	Recruitment (1000s)	95% CI
1997	2,103	360 - 2,516
1998	8,828	804 - 6,167
1999	27,369	1,925 - 19,080
2000	25,330	2,138 - 19,728
2001	16,747	1,502 - 11,287
2002	9,698	1,045 - 6,546
2003	4,726	635 - 3,011
2004	17,357	1,770 - 8,783
2005	2,609	584 - 1,986
2006	5,343	1,545 - 2,447

So where is the Council on its rebuilding plans? Ling Cod was listed as overfished but was declared rebuilt last year. Yelloweye, which still has a choke collar on the sports and longline fisheries, is rebuilding; Cow cod is rebuilding; Widow rockfish could be rebuilt by next year, and Pacific Ocean Perch is rising. Canary rockfish are also rebuilding as well as Dark Blotch. Canary and Yelloweye are the biggest concern to the longline industry as they are needed bycatches for sablefish.

From PFMC June 2007 Agenda Item E.6.a, Attachment 6 pertaining to the Pacific Ocean Perch resource.

3+ Biomass Levels from 1956 to 2007

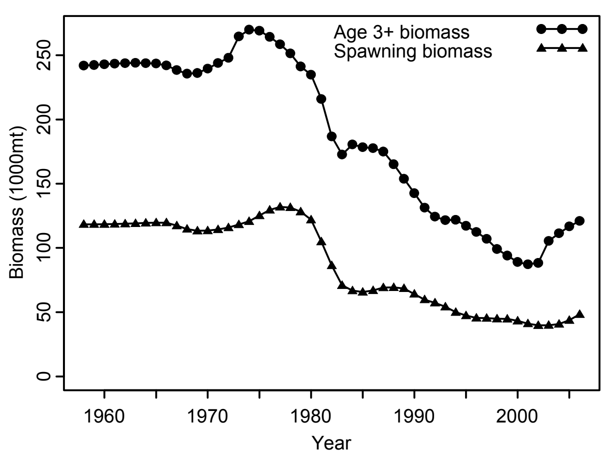


Biomass estimates for the past 10 years

Year	*Total 3+ biomass(mt)*
1998	*18,214*
1999	*18,178*
2000	*18,231*
2001	*18,760*
2002	*20,582*
2003	*22,142*
2004	*23,508*
2005	*24,618*
2006	*25,658*
2007	*26,544*

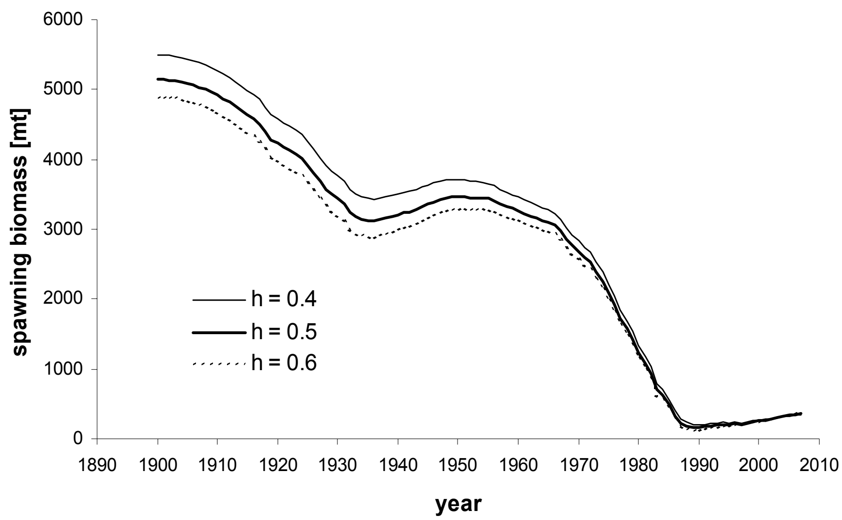
From the 2007 PFMC June Agenda Item E.6.a, Attachment 7 on widow rockfish resource.

Age 3+ biomass and spawning biomass

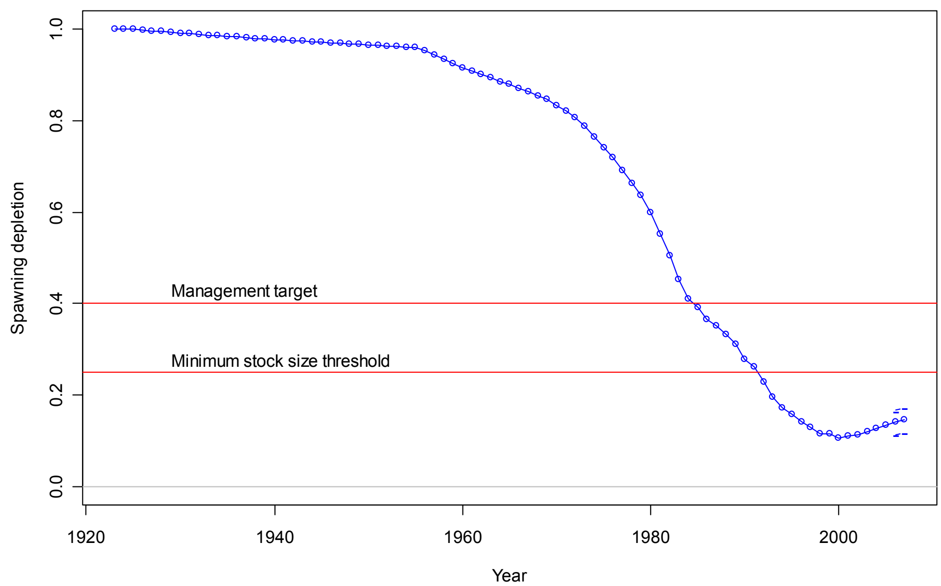


From the 2007 PFMC June Agenda Item E.6.a, Attachment 8 on the status of cowcod.

Figure ES2: Time series of spawning biomass



From the 2007 PFMC June Agenda Item E.6.a, Attachment 9 on the status of yelloweye rockfish.



Market

Halibut. As of the end of June, prices in Kodiak were $3.90 for 10-20's, $4.20 for 20-40's, and $4.40 for 40 ups, and Seward prices were $3.80, $4.25 and $4.45. Bellingham prices were $4.75, $5.04 and $5.30 in June. There is market resistance at the $5 levels. Overall, prices are 24% higher this year than last. The market seems to be accepting more frozen at the higher prices and Europe is in play on Pacific halibut.

Individual Fishing Quota (IFQ) Allocations and Landings

From March 5, 2007 through June 20, 2007

Area	Species	Vessel Landings	Total Catch Pounds	Allocation Pounds	Remaining Pounds	Percent Landed
2C	Halibut	1,091	4,559,560	8,510,000	3,950,440	54
3A	Halibut	1,236	12,869,302	26,200,000	13,330,698	49
3B	Halibut	249	3,352,304	9,220,000	5,867,696	36
4A	Halibut	49	624,769	2,890,000	2,265,231	22
4B	Halibut	17	233,254	1,152,000	918,746	20
4C	Halibut	1	101	933,250	933,149	0
4D	Halibut	4	116,859	1,306,550	1,189,691	9
4E	Halibut	0	0	0	0	0
Total		**2,647**	**21,756,149**	**50,211,800**	**28,455,651**	**43**

Sablefish. The yen vs. the dollar is at 123 yen per dollar. The Japanese currency is one of the few major currencies that have not fallen against the dollar. For several years, the yen was at 105 to 115, giving greater buying power to the Japanese. There is some softening of the Asian market. Good news, there is more sablefish in the domestic market. Recently, prices in Seward have been as follows: 2-3, $3.30, 3-4, $3.70, 4-5, $3.95, 5-7, $4.25 and 7ups, $4.45. Cape Flattery sablefish is close to these prices.

Individual Fishing Quota (IFQ) Allocations and Landings

From March 5, 2007 through June 20, 2007

Area	Species	Vessel Landings	Total Catch Pounds	Allocation Pounds	Remaining Pounds	Percent Landed
AI	Sablefish	26	783,185	3,716,956	2,933,771	21
BS	Sablefish	43	555,163	2,627,883	2,072,720	21
CG	Sablefish	338	7,448,244	10,917,179	3,468,935	68
SE	Sablefish	367	4,472,349	7,429,502	2,957,153	60
WG	Sablefish	61	2,044,927	4,356,290	2,311,363	47
WY	Sablefish	147	2,972,009	4,402,586	1,430,577	68
Total		982	18,275,877	33,450,396	15,174,519	55

Eat on the Wild Side

MSC Certification. "In London, almost a quarter of a million children now eat certified sustainable seafood lunches as the MSC's Fish and Kids project reaches a total so far of 1040 schools in England. The biggest supplier in London reveals that the schools involved in "Fish and Kids" will consume 3-5 million fish fingers." ***Seafood International***

…Saithe & Dover sole from Germany seek MSC certification. ***Seafood International***

Illegal. 130,000 tonnes of cod and whitefish finding its way to Europe that is being reprocessed in China. Aker Seafoods of Norway says illegal fish imports from China have cost the legal industry $295 million. ***Seafood International***

Imports. Imports from Vietnam into Europe of tilapia and $3/kg catfish are competing with saithe and Alaska Pollock. Chinese Imports of seafood rose $1 billion or 37% in one year. There is concern on how to differentiate the Alaskan Bering Sea seafood, seeking MSC certification and being reprocessed in China, from illegal fish being laundered through

China. ***Seafood International***

Washington, D.C. Senator Ted Stevens introduced an amendment to forbid fin fish aquaculture permits within Alaska's 200 mile Exclusive Economic Zone. Senator Inouye of Hawaii agreed to co-sponsor this amendment.

Norwegian Farmed Cod. Cod farmers expect to harvest 1,700 tons of cod this year and 7000 tons next year. (I have found Europeans exaggerate. Last month's information was less than this, but it is coming on).

Farmed Feed – N.Y. Times. "Federal officials announced that a manufacturing plant in Ohio was using the same banned substance, melamine, to make binding agents that end up in feed for farmed fish, shrimp and livestock. The FDA issued a voluntary recall of finished feed.

Second Watch

IPHC will have a Stock assessment Workshop, June 27-28, 2007, to review their assessment philosophy for halibut. Their new model is a single coast-wide estimate of exploitable biomass. This will have significant impacts on the different regulatory areas.

Top seafood suppliers in America according to Seafood Business

#2	Trident Seafoods	Seattle	$925 million in sales
#3	Pacific Seafood Group	Clackamas	$874 Million in sales
#6	Unisea/Nippon Suisan	Redmond	$730 million in sales
#10	American Seafoods	Seattle	$540 million in sales
#14	Ocean Beauty Seafoods	Seattle	$451 million in sales
#15	Aqua Star	Seattle	$450 million in sales
#16	Icicle Seafoods	Seattle	$325 million in sales
#22	Peter Pan Seafoods	Seattle	$240 million in sales

Selenium. This chemical element naturally appears in fish to help bind with heavy metals such as mercury to take it out of your body. The State of Alaska keeps statistics on this. Mean average parts per million for halibut are selenium .353/mercury .325; Sablefish – selenium .236/mercury .182. We are researching more on this.

Calendar of Events

Sept. 9-14, 2007	PFMC Meeting	Doubletree Hotel-Lloyd Center, Portland, OR
Sept. 22, 2007 **11 a.m. to 6:30 p.m.**	19th Annual Fishermen's Fall Festival	Fishermen's Terminal Seattle, WA
Week of Oct. 1, 2007	NPFMC Meeting	Anchorage Hilton Anchorage, AK
Nov. 4-9, 2007	PFMC Meeting	Hyatt Regency Islandia San Diego, CA
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

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From NOAA's Historic Fisheries Collection