

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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Thank you for your support!

Dear Longliner:

Happy New Year! The following should bring you up-to-date on recent North Pacific and the Pacific Council meetings and issues, IPHC, Washington, D.C., and some market updates.

****North Pacific Council****

Halibut Charter. The Council moved the decision document forward for analysis. It will be on the March agenda. The initial analysis of the hard cap options will come out in April with a potential final analysis and action in October 2008. The following is the list of allocation options.

Option 1: Fixed percentage of combined charter harvest and commercial catch limit, as a percentage of the fishery CEY.

	Area 2C	Area 3A
a. 125% of the 1995-1999 avg. charter harvest (current GHL Formula)	13.1%	14.0%
b. 125% of the 2001-2005 avg charter harvest (GHL formula updated thru 2005)	17.3%	15.4%
c. Current GHL as percent of 2004	11.7%	12.7%
d. 2005 charter harvest	15.1%	12.7%

Option 2: Fixed pounds linked to fishery CEY (at time of final action)

Fixed pounds, linked to fishery CEY at the time of final action would be used as the base amount to determine if the current CEY triggers an adjustment in the charter sector allocation.

a. 125% of the 1995-1999 avg charter harvest (current GHL)	1.43 Milb	3.65 Milb
b. 125% of the 2000-2004 avg charter harvest (GHL updated thru 2004)	1.69 Milb	4.01 Milb
c. 125% of the 2001-2005 avg charter harvest (GHL updated thru 2005)	1.90 Milb	4.15 Milb.

There was a new hard cap which blends the above options with a 50% fixed CAP and 50% floating CAP with stock abundance.

There were some pre-meeting rumors that outgoing Council member, Ed Rasmussen, would ask for a set of higher charter boat allocation options. This did not occur, however, it could still happen. I was encouraged with the movement towards a final decision on a hard cap. Commissioner Denby Lloyd and Chairman Eric Olson were both helpful in moving this to the next phase of decision making.

Cod – Sector Splits. The Council is working on an allocation of cod in the Gulf of Alaska between all the user groups. The sector groups have been identified as trawl, hook-and-line, pot, and jig. There are a plethora of sub-options, such as over and under 60 foot vessels, over and under 125 ft., pot catchers vs. pot catcher processors, and all other sub-groups.

The Council is looking at the following years to determine catch history between sectors.

Component 4. Years included for purpose of determining catch history

- Option 1. Qualifying years 1995-2005: average of best 5 years
- Option 2. Qualifying years 1995-2005: average of best 7 years
- Option 3. Qualifying years 2000-2006: average of best 3 years
- Option 4. Qualifying years 2000-2006: average of best 5 years

There is a component where jig operations get 1, 3, 5, or 7% of the cod. This allocation is a bit of a land grab as more percentage is provided than history would otherwise justify. There are also rollover provisions for unused cod between sectors, such as a November 1st date for such a rollover. This can get complicated if there are many sectors chosen as halibut PSC will get apportioned to each sector. Pots would have no halibut PSC limit.

There is some concern that the State of Alaska may try to add an option that moves processed at-sea Cod to shorebased deliveries. This has not happened, but is a concern that should be watched closely. Freezer-longliner CP's history would be at risk here.

Councilman Sam Cotton, on a 6 to 5 vote, was successful in getting an analysis on sideboard restrictions relative to cod and Pollock in the GOA. Some have suggested AFA is under attack because of this. I have been told that some AFA beneficiaries may have found a way around existing sideboard restrictions and that is the focus of the analysis requested. This could affect AFA trawl operations.

Sablefish Harvest Limits. The Council adopted the following for 2008.

Apportionments are based on survey and fishery information	2007 ABC Percent	2007 Survey RPW	2006 Fishery RPW	2008 ABC Percent	2007 ABC	Authors 2008 ABC	Change
Total					20,100	18,030	-10%
Bering Sea	15%	19%	14%	16%	2,980	2,860	-4%
Aleutians	14%	12%	15%	14%	2,810	2,440	-13%
Gulf of Alaska	71%	68%	70%	71%	14,310	12,730	-11%
Western	17%	13%	14%	15%	2,470	1,880	-24%
Central	43%	44%	41%	43%	6,190	5,500	-11%
W. Yakutat	15%	16%	15%	15%	2,100	1,950	-7%
E. Yakutat /Southeast	25%	28%	30%	27%	3,550	3,390	-5%

Projected 2008 spawning biomass is 37% of unfished biomass. Spawning biomass has increased from a low of 29% of unfished biomass during 2000-01 to a projected 37% in 2008. The 1997 year class has been an important contributor to the population but is now fully mature and comprised only 18% of 2008 spawning biomass. The 2000 year class appears to be larger than the 1997 year class, but is only 75% mature and should also comprise 18% of spawning biomass in 2008.

The scientists recommended a 2008 ABC of 18,030 t. The maximum permissible yield for 2008 from an adjusted F₄₀ strategy is 18,030 t. the maximum permissible yield for 2008 is a 10% decrease from the 2007 ABC of 20,100 t. Spawning biomass is projected to decline through 2012, and then is expected to increase assuming average recruitment is achieved. Because of the lack of strong year classes, the maximum permissible ABC is projected to be 16,476 t in 2009 and 15,881 in 2010 (using estimated catches, instead of maximum permissible).

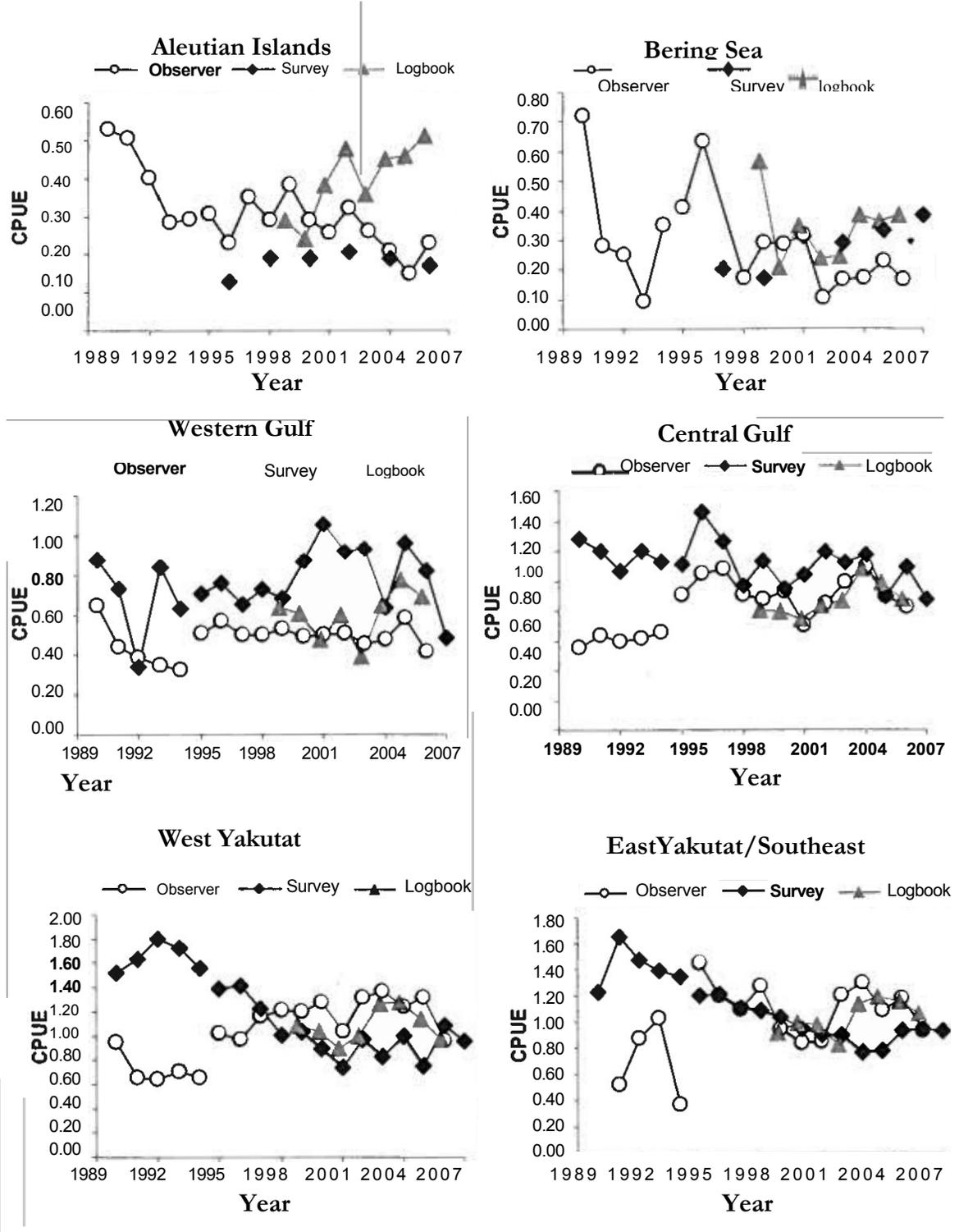


Figure 3.4. Average fishery catch rate (pounds/hook) by region and data source for longline survey and fishery data. The fishery switched from open-access to individual quota management in 1995.

The above CPUE graphs show the decreasing trend in sablefish abundance reflected in the Council's decision to reduce harvest levels.

Pacific Cod BSAI – set at 170,720 Mt.

Pacific Cod GOA

	2007 TAC	2007 Catch	2008 TAC
Western	20,141	13,227	19,449
Central	28,405	23,404	28,426
East	3,718	65	2,394
Total	52,264	36,696	50,269

Congratulations to John Crowley, as he was appointed to the Advisory Panel as a Washington State representative!

****IPHC****

The following are the staff Preliminary Catch Limit Recommendations for 2008. I have provided the staff Coastwide option and the Staff option should the old model be used.

Catch Limits Based on Coastwide Assessment

Reg Area	Exploitable biomass	Harvest Rate	Total CEY	2007 Other Removals	2007 Catch Limit	2008 Fishery CEY	2008 Catch Limit Recommendation	
2A	4.70	20.0%	0.94	0.29	1.34	0.65	1.00	^{1,4}
2B	25.60	20.0%	5.12	0.47	11.47	4.65	8.06	^{2,4}
2C	32.50	20.0%	6.50	2.59	8.51	3.92	6.21	⁴
3A	144.80	20.0%	28.96	6.71	26.20	22.25	24.22	⁴
3B	74.00	20.0%	14.80	0.53	9.22	14.27	10.90	³
4A	21.30	20.0%	4.26	0.75	2.89	3.51	3.10	³
4B	20.20	15.0%	3.03	0.33	1.44	2.70	1.86	³
4CDE	37.90	15.0%	5.69	2.01	4.10	3.68	3.89	⁴
Total	361.00	19.2%	69.30	13.68	65.17	55.62	59.24	

Note: Exploitable biomass is coastwide assessment, survey partitioning; amended 2C sport

¹ Catch limits and Fishery CEY for 2A includes commercial, sport, and treaty subsistence catches

² Catch limits and Fishery CEY for 2B includes commercial and sport catch

³ Calculated as 2007 catch limit plus 1/3 of the difference between

2008 Fishery CEY and 2007 Catch Limit

⁴ Calculated as 2007 Catch Limit minus 1/2 of the difference between

2008 Fishery CEY and 2007 Catch Limit

Assumes GHL of 0.931 Mlb in 2C, 3.65 in Area 3A under Other Removals, 2C based on regulated GHL reduction.

OR

Catch Limits Based on 2006 Closed-area Assessment, Sport Adheres to Limits

Reg Area	Exploitable biomass	Harvest Rate	Total CEY	2007 Other Removals	2007 Catch Limit	2008 Fishery CEY	2008 Catch Limit Recommendation	
2A	4.60	20.0%	0.92	0.29	1.34	0.63	0.99	^{1,4}
2B	37.00	20.0%	7.40	0.47	11.47	6.93	9.20	^{2,4}
2C	49.00	20.0%	9.80	2.59	8.51	7.22	7.86	⁴
3A	169.00	20.0%	33.80	6.71	26.20	27.09	26.50	³
3B	54.00	20.0%	10.80	0.53	9.22	10.27	9.57	³
4A	11.00	20.0%	2.20	0.75	2.89	1.45	2.17	⁴
4B	14.00	15.0%	2.10	0.33	1.44	1.77	1.55	³
4CDE	52.00	15.0%	7.80	2.01	4.10	5.79	4.66	³
Total	390.60	19.2%	74.82	13.68	65.17	61.14	62.50	

Note: Exploitable biomass is coastwide assessment, survey partitioning; amended 2C sport

¹ Catch limits and Fishery CEY for 2A includes commercial, sport, and treaty subsistence catches

² Catch limits and Fishery CEY for 2B includes commercial and sport catch

³ Calculated as 2007 catch limit plus 1/3 of the difference between

2008 Fishery CEY and 2007 Catch Limit

⁴ Calculated as 2007 Catch Limit minus 1/2 of the difference between

2008 Fishery CEY and 2007 Catch Limit

Assumes GHL of 0.931 Mlb in 2C, 3.65 in Area 3A under Other Removals, 2C based on regulated GHL reduction.

As of the writing of this newsletter, the "Blue Book" is not available which has most of the new assessment information. The staff has recommended the coast-wide assessment rather than their old model. They also have recommended all areas be harvested at a rate of .20, except for Areas 4B and 4CDE districts which will be harvested at a rate of .15. Last year Area 2 was harvested at .250; Area 3A and 3B at .20 and Area 4 at .15. There are now only two rates, .20 and .15. The new stock assessment model tends to lower Area 2 harvest and adds some to 3B and perhaps 4A. The lower harvest rate hits areas 2A, B and C specifically.

With the exceptions of Areas 3A and 4B, commercial catch per unit effort (CPUE) in 2007 showed decreases from 2006 values. Commercial CPUE in Area 3A was unchanged, while that in Area 4B showed a notable increase. The 2007 IPHC setline survey CPUE values were largely stable or increasing in the central and eastern portions of the stock (Areas 2A-3B) but lower than in 2006 for Area 4. These fluctuations were generally in the +/-10% range, although Area 4A showed a larger decline of over 20%.

Politics of Change. I expect western Alaskan to generally agree with the coast-wide assessment, 3A is reduced by about 10%, while Areas 2C and 2B get hit hard. I expect the Canadians not to embrace the change all the way and Area 2A, though having a small quota, will have the most political punch per pound to not embrace the coast-wide model. I expect an old-style meeting. Marquess of Queensberry rules will be in play as justified by Roberts Rules of Order.

****Pacific Council****

Sablefish. The harvest tier levels for sablefish for the 2008 season will be as follows:

Tier 1 -48,500 lbs.
Tier 2 -22,000 lbs.
Tier 3 -12,500 lbs.

The Council will determine in April if there will be any available halibut allowed to be delivered by vessels fishing North of Point Chehalis. The catch sharing plan for the Pacific Council requires the harvest of 2A be larger than 900,000 lbs., in order to have a longline bycatch. The proposed IPHC limit is currently 1,000,000 lbs. If this level of harvest is accepted, I expect your bycatch to be less than last years as the total harvest for 2007 was 1.3 million.

2009-10. The Council will finalize the scientific recommendation on harvest for 2009-2010 at their June meeting. The Scientific & Statistical Committee have recommended a harvest near 9200 mt. This is an increase of over 30%. However, your tier limits will only go up about 20%. The reason for this is the scientists have reallocated about 1000 mt. to south of Cape Conception in southern California.

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

EPA – Water Discharge. For the last 35 years, EPA has provided an exemption to vessels where marine water is used for cooling an engine when discharged, for water pumped up and down in a live tank for crab, and for ice melt that is pumped overboard. A California judge ruled that EPA did not have the authority to make those exemptions. It is estimated that EPA would have to license every commercial and non-commercial vessel to satisfy the

ruling. The House of Representatives has put forward a house bill that instructs EPA to proceed with licensing but exempts all non-commercial vessels such as Paul Allen's 400-foot yacht. The original rule was designed to address invasive species. Senator Stevens and Murkowski are working on a commercial exemption to maintain the status quo. Nancy Pelosi's House Bill provides only an exemption for non-commercial vessels.

ABS. The House is moving a bill that would require all commercial fishing vessels to comply with American Bureau of Shipping. Most U.S. commercial fishing vessels would have trouble complying. It appears to be a make work project for California ship yards. Senators Murkowski and Stevens have been working up amendments to provide exemptions.

Markets

Halibut. Prices reached a new high in 2007. One of the major buyers told me half of his sales are to restaurants, a quarter to Safeway-type markets and a quarter to institutions. The quota will be approximately 10% less than last year. Cold storage seems committed for. The price to the fishermen and consumers is reaching a price that has fish farmers more interested; however, world supply of farmed halibut is relatively low and the choice to divert halibut farm production to cod a few years ago has put most fish farmers out of market position to seriously affect your market in the near future. Prices will be in the \$4-\$5 level next year. As more halibut depends on the restaurant trade, the market has become more prone to the effects of any type of recession.

Individual Fishing Quota (IFQ) Allocations and Landings From 05-March-2007 through 19-December-2007

Area	Species	Vessel Landings	Total Catch Pounds	Allocation Pounds	Remaining Pounds	Percent Landed
2C	Halibut	2,675	8,304,159	8,510,000	205,841	98
3A	Halibut	2,725	25,957,340	26,200,000	242,660	99
3B	Halibut	737	9,26,714	9,220,000	3,286	100
4A	Halibut	289	2,775,332	2,890,000	114,668	96
4B	Halibut	88	1,088,443	1,152,000	63,557	94
4C	Halibut	80	106,930	933,250	826,320	11
4D	Halibut	52	1,879,795	1,306,550	-573,245	144
4E	Halibut	0	0	0	0	0
Total		6,646	49,328,713	50,211,800	883,087	98
AI	Sablefish	75	1,608,434	3,716,956	2,108,522	43
BS	Sablefish	137	1,770,032	2,627,883	856,851	67
CG	Sablefish	632	10,862,813	10,917,179	54,366	100
SE	Sablefish	664	7,356,705	7,429,502	72,797	99
WG	Sablefish	181	4,092,359	4,356,290	263,931	94
WY	Sablefish	256	4,389,985	4,402,586	12,601	100
Total		1,945	30,080,328	33,450,396	3,370,068	90

Sablefish. There is some weakness in the market. The Alaska federal harvest will be down 10% from 20,200 mt. to 18,030 mt., the lower Pacific U.S. quota will be the same as last year at about 5850 mt. and the Canadian harvest will be lowered from 3500 mt. to about 2800 mt. The yen is now back to 112 yen per dollar as opposed to 123 yen per dollar. I

suspect by April the market will be similar to 2007.

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

The National Healthy Mother, Healthy Babies Coalition (HMHB), an Alexandria, VA., nonprofit, said seafood's nutritional benefits far outweigh the health risks associated with methylmercury. Seafood is the primary dietary source of omega-3 fatty acids, especially docosahexaenoic acid (DHA), a key nutrient for developing fetuses, infants, and young children. ...*Seafood Current.com*

Selenium counteracts mercury, say studies. Two recent studies by Dr. Nicholas Ralston, Ph.D., provide further evidence that selenium negates the toxic effects of methylmercury in seafood. Ralston, a researcher at the University of North Dakota, says most marine fish species are rich in selenium.

"The public needs to know that selenium-dependent enzymes protect the brain against oxidative damage," says Ralston. "All creatures that have nervous systems have selenium-dependent enzymes that protect them. If you have a brain, you have selenium-dependent enzymes."

Ralston's work will be published in the December issue of the scientific journal *Biological Trace Element Research....the GreenWiseconcept.*

****Second Watch****

For Sale: Used 100 skates, manline cod skates, 42 inch, 13/0 hooks, Overhauled.
Contact: Norm Pillen, F/V Sherrie Marie @ (509) 675-0304

Please welcome as a new Associate Member, Yakov Reutov, F/V Dynasty, Homer , Alaska.
Thank you for your support

Russ Trombley is on the move! Effective January 1, 2008, **Marine Service & Supply** is moving down the road to 2737B - West Commadore (one of the Time Oil buildings). His phone and fax remain the same.

Are you interested in having your halibut quota fished on my 44' vessel, Dynasty? Please call Yakov Reutov at (907) 299-0962 (cell) or (907) 235-4274 (home).

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fisheries@farm-credit.com

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****Calendar of Events****

Jan. 14-18, 2008	IPHC Annual Meeting	Hilton Portland & Executive Tower, Portland, Or
Week of Feb. 4, 2008	NPFMC Meeting	Marriott Renaissance Seattle, WA
Week of March 9, 2008	PFMC Meeting	Sacramento, CA
Week of March 31, 2008	NPFMC Meeting	Anchorage, AK
Week of April 6, 2008	PFMC Meeting	Seattle, WA
Week of June 2, 2008	NPFMC Meeting	Kodiak AK
Week of June 8, 2008	PFMC Meeting	Foster City, CA
Week of Sept. 7, 2008	PFMC Meeting	Boise, ID
Week of Sept. 29, 2008	NPFMC Meeting	Anchorage, AK
Week of Nov. 2, 2008	PFMC Meeting	San Diego, CA 92108
Week of Dec. 8, 2008	NPFMC Meeting	Anchorage, AK

**Fishing Vessel Owners' Association
4005 - 20th Ave. West, Room 232
Seattle, WA 98199**

Happy New Year!