

# 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 opening season market information, events in Washington, D.C., North Pacific, and Pacific Council activities.

## \*\*North Pacific Council\*\*

The Council met the week of April 4, 2005 in Anchorage. Relative to the Halibut/Sablefish IFQ actions, not much occurred; however, the June meeting will have some important issues. The June meeting will address the following:

1. **VMS.** When the Council took its Essential Fish Habitat and Habitat of Particular Concern actions, the Coast Guard and NMFS enforcement now believe the only way to enforce closed areas to protect habitat is by using a VMS system for everyone. This was recommended at the April meeting. The Council took some exception to this, so the June meeting has been set up to finalize the Council's response on VMS requirements..

There were six areas in the Aleutians that affect longline and pot IFQ fishermen. These are relatively small closures intended to protect coral at Adak Canyon, Bobrof Island, Great Sitkin, Semisopochnoi Island, Ulak Island, and Cape Moffet. I expect the Council will require all vessels, including halibut and sablefish IFQ vessels, to have a VMS for operation in the Aleutians. In the Gulf, there are a few, very small areas in the 2C halibut area that are closed for coral. I think the Council may require VMS in the SE statistical area, but leave the Central Gulf free of VMS for halibut and sablefish operations. If you fish Pacific cod, you already need VMS in the Gulf due to Sea Lion complications. (See the chart on the previous page for Aleutian closures.)

2. **Final action** on certain Gulf rockfish, for an IFQ experiment, is scheduled. The important issue here is to make sure the bycatch of these rockfish are properly allocated for fixed gear. The rock fish in question are Shortraker, Rougheye and Thornyheads.
3. **Halibut charter and GHL.** This is a ghost from the past. The Guideline Harvest Level (GHL) for charter vessels was implemented several years ago. This action limited charter operations to a 20% growth in their allocation of halibut. If they hit the GHL, which could occur soon, then, the following year, the Council needs to put into place, regulations that reduce the charter harvest, such as, a single fish bag limit. The second part to the GHL was the Halibut Charter IFQ. This was provided to help the charter vessels adjust to the GHL. The charter people can buy commercial quota and harvest it as charter quota. This is just now being made available for public comment by NMFS. It is clear many national sports groups will oppose this. This will be on the agenda for Council comment. Due to this program being delayed so long, a **recency** issue now emerges, which could delay or kill this program. It was voted on so long ago, the Commerce Department may consider the option mute.
4. **Observer Program - preliminary review.** This amended version of the current observer program has been held up for sometime. The reason for this is there is a dispute over how much observers should get paid. The dispute suggests they should get overtime 24 hours

a day. This would send costs into the stratosphere. Halibut vessels would come under potential observer requirements. The 60-foot vessel designation would disappear. Another option may look at observer requirements based on poundage fished instead of length of vessel. It would likely be that all IFQ holders would pay up to a 1% fee matched by the processor to fund this program.

## \*\*Pacific Council\*\*

The Council will allow 100 lbs. dressed weight of halibut as a bycatch to sablefish tiers for each 1000 lbs. dressed weight of sablefish. Halibut will be allowed to be retained on May 1, 2005 if you fish to the north of Grays Harbor. You must also land to the north of Grays Harbor if you have halibut on board.

The Sablefish tier levels for 2005 will be in round weight.

Tier 1 64,000      Tier 2 29,100      Tier 3 16,600

***Spiny dog fish.*** The Council voted to consider a spiny dog fish control date, which would be a limited entry endorsement to fish dog fish. There was opposition from the trawl industry. Their argument was this would take away interest from their trawl IFQ work. Since two weeks ago, the returning Pacific Cod freezer longliners from the Bering Sea returned from their initial season of Pacific Cod. At least one now wants to enter the dog fish fishery off Washington. The Council never set a harvest limit for dog fish and it remains an open fishery for longliners. This open window leaves the prospect of new Canary and Yellow-Eye bycatches not considered for the "2005" season and unlimited dog fish catch. The Council will likely look at this in June.

***Essential Fish Habitat.*** The Council will consider protecting certain areas of the West Coast from bottom trawlers as well as from bottom tending gear (includes fixed gear). A final action will take place at the June meeting. This action is contemplated based on legal action taken by Oceana similar to the action taken by the NPFMC.

## \*\*Washington, D.C. Issues\*\*

***Open Ocean Aquaculture Bill (OOA).*** Senator Lisa Murkowski introduced this legislation. The main part of the bill prohibits federal agencies from issuing any permits for aquaculture facilities in the EEZ (3 to 200 miles out) until congress passes another statute that "sets out the type and specificity of the analyses that the head of any agency with jurisdiction to regulate aquaculture shall carry out prior to issuing any such permit". That analyses must include disease control, structural engineering, pollution, biological and genetic impacts, access and transportation, food safety; and social and economic impacts of such facility on other marine activities, including commercial and recreational fishing.

The bill also requires that the federal agency "consult with the Governor of each state located within" 200 miles of the proposed facility.

Finally, the bill requires approval of the permit by the regional fishery management Council.

This is a great first step. Putting authorization under the Council framework is an appropriate requirement.

**Capital Construction Fund (CCF).** There seems to be considerable effort on the part of folks to amend the CCF program, such that, the funds can be rolled into an IRA without being penalized, used for safety upgrades, and possibly, available for purchasing IFQs. Senator Wyden (D-OR), has not been very supportive of the latter idea; however, Alaska Senators have shown interest.

**Magnuson-Steven's Act.** There maybe field hearings beginning in August. There may not be a new bill to work from until January of 2006. It seems both the House and Senate will be following Senator Steven's lead. Some of the bigger issues will center on the ability to use IFQs as a management option. The options being discussed on IFQ restrictions include: (1) Require a 5 or 10 year sunset date on IFQ programs, (2) A referendum of 2/3 of the participants would be required to implement an IFQ program, (3) Raise the 3% tax, and (4) Allow the use of processor shares beyond the use of them in the Bering Sea crab fishery.

Just a quick comment on these four items being discussed. The sunset date idea would destroy any interest from banks to use IFQs as collateral. Who is going to loan money on a program that potentially disappears every 5 to 10 years? I doubt if you could get a 15-year loan in order to get your principle payment lower. The referendum of 2/3 puts too much negotiating power in the hands of the 33-1/3% least performing participants. Raise the fee of 3%? At this time, only halibut and sablefish fishermen pay the 3% fee. It would seem that until other programs around the country start paying this fee, the halibut/sablefish fishermen should not be singled out. This fee may ultimately be what is needed to justify taxing other fishermen. Processor shares, according to Senator Ted Stevens, should only be in the crab fishery in the Bering Sea. I suspect some slippage on this comment during the 2006 discussions.

## \*\*Markets\*\*

**Halibut.** The markets are doing well. Prices are very similar to last year. The markets have accepted the \$3.00 to \$3.30 values in Alaska. Halibut continues to be on most West Coast menus, often two to four times on the same menu. About 20% of the quota is in and there appears to be very few market glitches. May is typically the largest delivery month. You may see some sag in prices as volume increases, but markets will remain strong through June and July.

**Secretary Evans** has been sent a letter from ASMI asking for assistance relative to unfair tariff sanctions from Europe. The EU has a 15% tariff on Pacific halibut and a 7.5% tariff on the Atlantic Halibut. I suspect the quality of Pacific Halibut is challenging the price of EU farmed halibut (U.S. \$10.75/kilo). The New England Atlantic Halibut has the same quality as pre-IFQ Alaskan halibut, so it has a lesser tariff. This is actually a compliment to the Halibut IFQ fishermen and processors, but it ain't fair.

<b>Individual Fishing Quota (IFQ) Allocations and Landings</b>						
From 27 Feb 2005 thru 26 April 2005						
-----TAC-----						
		<b>Vessel</b>	<b>Total Catch</b>	<b>Allocation</b>	<b>Remaining</b>	<b>Percent</b>
<b>Area</b>	<b>Species</b>	<b>Landings</b>	<b>Pounds</b>	<b>Pounds</b>	<b>Pounds</b>	<b>Landed</b>
<b>2C</b>	Halibut	530	2,564,810	10,930,000	8,365,190	23
<b>3A</b>	Halibut	530	6,422,110	25,470,000	19,047,890	25
<b>3B</b>	Halibut	86	1,444,252	13,150,000	11,705,748	11
<b>4A</b>	Halibut	9	84,995	3,440,000	3,355,005	2
<b>4B</b>	Halibut	8	61,955	1,808,000	1,746,045	3
<b>4C</b>	Halibut	0	0	907,500	907,500	0
<b>4D</b>	Halibut	0	0	1,270,500	1,270,500	0
<b>4E</b>	Halibut	0	0	0	0	0
<b>Total</b>		<b>1,163</b>	<b>10,578,122</b>	<b>56,976,000</b>	<b>46,397,878</b>	<b>19</b>

**Sablefish.** The dollar has strengthened and inched up to ¥109, 3% despite attempts by the U.S. to devalue the dollar. The Canadians typically sell their catch just after the New Year. This had added inventory, but should not be any unexpected concern. The inventories are believed to be about 2000 tons in Japan. Additionally, international quotas on Mero have been reduced which has removed some of the competition to sablefish (Bill Atkinson's News Report, February 2005).

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<b>AI</b>	sablefish	17	1,049,048	3,465,631	2,416,583	30
<b>BS</b>	sablefish	6	32,433	2,151,690	2,119,257	2
<b>CG</b>	sablefish	145	2,292,821	12,786,680	10,493,859	18
<b>SE</b>	sablefish	180	2,527,893	7,870,422	5,342,529	32
<b>WG</b>	sablefish	11	487,775	4,479,747	3,991,972	11
<b>WY</b>	sablefish	61	1,665,031	5,011,056	3,346,025	33
<b>Total</b>		<b>420</b>	<b>8,055,001</b>	<b>35,765,226</b>	<b>27,710,225</b>	<b>23</b>

## \*\*Eat on the Wild Side!\*\*

**Marine Stewardship Certification (MSC).** We have been told that final questions have gone out to NMFS and that the certifiers will score the Alaska Sablefish and Halibut fisheries in late April and early May. There appears to be an end to this tunnel.

**Halibut Farming.** Despite farmed halibut fetching good prices in the market in Europe, there are still few halibut farmers making money in Norway. That is because halibut farming is both time consuming and costly according to **IntraFish 2005**. 1000 tons were produced in Norway in 2004 at \$10.74/kilo. It has been a challenge to produce bigger juveniles/fry. Fish farmers are dependent on big, good quality juveniles for production. Intrafish states, "It takes 4 to 5 years to raise a halibut to slaughter size. Halibut tie up a considerable amount of capital."

**From Intrafish Media.** It has been said Cod will be the new major aquaculture species. There is 10 to 20 million juveniles for contract for 2005 in Norway.

'Forecasts for production and sales of farmed cod in Norway vary depending on whom you talk to, but common for all is the unshakeable conviction that the EU

fish market shall fish and foremost be supplied with massive quantities of wholly farmed and wild-catch farm-raised cod from Norway.

Iceland also has positive prospects and has started production. The same applies to the United Kingdom and Canada. Germany, Sweden, the Faroe Islands and Denmark are all considering the possibilities for investing in cod farming.'

**Sablefish Farming.** The two grow-outs in Canada will likely be harvested in August or September this year. Total processed poundage will likely be 200,000 lbs., if the fingerlings have not had other problems, such as, die-offs. Gidon Minkoff of Sablefin Hatcheries Ltd. claims in two years he can produce 4000 to 5000 Mt. or 25% of the current world production of sablefish.. I suspect he is looking for more working capital with a statement like that. However, Sablefin Hatcheries continue to operate at some level.

**Nutritional Facts.** Based on nutritional reports from WSU, Halibut and Sablefish have 22% less sodium than Ham. Sablefish has 18 times more Omega 3 than lean ground beef, 30 times more than ham. Halibut has 10.85 times less saturated fat than chicken thighs.

## \*\*Second Watch\*\*

Longtime member and friend of the Fishing Vessel Owners' Association, **Jack Crowley**, passed away in early March. Jack testified for 10 years before the NPFMC for the IFQ program and walked the halls of Congress for years to help get it implemented. He also attended many of the Pacific Council meetings and helped establish the sablefish tiered program. Jack served on the Board of Directors of the Association as well as the Marine Safety Reserve. Jack, you will be missed

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We would like to welcome to the Association, **Mr. Ron Hegge** as an Associate Member. Ron now resides in Sunriver, Oregon. Thanks for your support.


  
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## \*\*Calendar of Events\*\*

<b>June 1-7, 2005</b>	<b>NPFMC Meeting</b>	<b>Girdwood, AK</b>
<b>June 12-17, 2005</b>	<b>PFMC Meeting</b>	<b>Crowne Plaza Mid Peninsula Foster City, CA</b>
<b>September 18-23,2005</b>	<b>PFMC Meeting</b>	<b>Embassy Suite Hotel/Airpt. Portland, OR</b>
<b>October 3-9+, 2005</b>	<b>NPFMC Meeting</b>	<b>Hilton Hotel Anchorage, AK</b>
<b>October 30-Nov. 4, 2005</b>	<b>PFMC Meeting</b>	<b>Hyatt Regency Islandia San Diego, CA</b>
<b>December 5-11, 2005</b>	<b>NPFMC Meeting</b>	<b>Anchorage Hilton Anchorage, AK</b>

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