

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

Vol. XXI, No. 2

May 2007

Sustaining Sponsors

Alaska Fresh Seafoods	Ballard Oil	Bank of America
Bellingham Cold Storage Co.	CityIce Cold Storage	Covich & Williams, Inc.
Cummins Northwest	Dana F. Besecker Co., Inc.	Danielson, Harrigan, Leyh & Tollefson
Dock Street Brokers	Northwest Farm Credit Services	Fishermen=s News
High Tide Seafoods, Inc.	Philip D. Hingston, Inc, P.C.	Icelander, Inc
Law Office of Paul L. Anderson, P.L.L.C.	Marine Resources Consultants	Marine Service & Supply
Marsh	Mundt MacGregor L.L.P.	
	Nautilus Seafoods, Inc.	Northern Lights Seafoods
Northport Fisheries, Inc.	Northwest Electric Corp.	Ocean Beauty, Inc.
Offshore Systems, Inc.	Pacific Fishermen, Inc	The Permit Master
Resurrection Bay Seafoods LLC	Rickey & Associates	Seafood Producers Co-op
Seafreeze Cold Storage	Seafresh Marketing LLC	Seattle Marine & Fishing Supply
Sitka Sound Seafood& Alaska Pacific Seafoods	Trident Seafoods	Unisea, Inc.
The Fish Factory	Fishing Vessel Owners /Marine Ways	Haven Boatworks, LLC
Viking Community Bank	Westward Seafoods, Inc	Satellite Technical

Alaska Fresh Seafoods	Ballard Oil	Bank of America
		Services

Thank you for your support!

Dear Longliner:

This newsletter will bring you up-to-date on ongoing events at the Pacific and North Pacific Fisheries Management Councils, IPHC, Washington, D.C., and marketing developments.

**** North Pacific Council ****

Past Actions. The omnibus #4 package, which has nine changes to the IFQ program, including such things as relaxing halibut blocked quota, emergency medical relief for a skipper, second generation, the requirement to have your name on the boat papers 12 months before you hire a skipper, and VMS requirement for blackcod in the Aleutians and Bering Sea, will likely be implemented by mid-summer. The reason for the delay is there was a break in the water main on the Coast Guard floor of the Federal Building, and NMFS has the fourth floor of the Federal Building under the Coast Guard, and the last report was NMFS was sinking from the 4th floor down. [There was an actual water main break.]

Regarding the 12-month rule, NMFS may hold off on the definition of a constructive loss due to concerns FVOA raised and send that part back to the council for clarification.

Halibut Charter. The Council voted for a charter moratorium in areas 2C and 3A, using a control date of 2005. The key limitation was at least five bottom fish trips in their log books during 2004 or 2005 and in the year prior to implementation, likely either 2007 or 2008. A transferable permit must have 15 bottom fish trips. An estimated 25% of the permits will be non-transferable. However, there is room for expansion. It is a fairly loose moratorium but a good start on controlling the unlimited charter boat expansion.

Measures for 2007. The NMFS will not adopt the IPHC recommendations of a one-fish bag limit in 2C for six weeks and two weeks in 3A. Rather, they will adopt for 2C only a two-fish bag limit where one fish must be less than 32". The claim is this will be as effective as what IPHC proposed. We, at FVOA, are not convinced, and FVOA has stated the same in comments to NMFS.

June 2007. The Council will review additional regulations for potential implementation in 2C to control the charter fleet for the 2007 season. I suspect the regulations currently proposed by NMFS, which they got from ADF&G, sports division, will be allowed to stand for the 2007 season. This decision will be made in Sitka the first week in June.

October 2007. At the Council meeting in October, they will consider provisions to curtail the 2008 Area 3A harvest for charter vessels. Additionally, the Council has begun a process for looking at a hard cap solution. The range of percentages are (12% - 17% in 2C and 13% - 15% in 3A, or fixed pounds of 1.4 million- 1.9 million in 2C and 3.7 million-4.2 million in 3A). The current Guideline harvests are 1.432 Million pounds for 2C and 3.65 million pounds in 3A. If the harvest drops anymore in 2C, the GHF could drop to 1.21 million pounds, as it has a step-down provision. The Council will further consider a market-based solution as a long-term solution.

More of the Same. The Alaska Congress in House Bill 186 is considering provisions that

would allow NMFS to access log book information from the State of Alaska. This is essential to implement the moratorium and monitor future hard allocations and the GHL between the charter and commercial interests. It appears that some charter interests were attempting to sabotage the process by eliminating accountability of catch. This bill passed May 9, 2007. This is good for future monitoring of the charter fleet.

Senator Lisa Murkowski wrote to FVOA regarding the halibut charter boats.

“This issue is a very sensitive one that deserves accurate research and attention. Both the commercial and recreational sectors are impacted by the instability of not having a long-term allocation plan in place. I am encouraging the agencies and industry to work to implement a plan that will stabilize the industry and provide a fair and equitable solution.”

Anglers Announces Plans to Take Over Cook Inlet Salmon. The heads of the Kenai River Sportfishing Association discussed plans to take over the Cook Inlet salmon fisheries with a shift in harvest priorities that would limit the commercial catch to whatever remains after all other user groups, including tourists, catch their limits. The chairman of the committee that heard their testimony said he plans to bring Cook Inlet salmon allocation before the Legislature next year.

“The public should have the first right to allocation for the fisheries they need. Your family, my family, people that live here should have the amount of fish they need for their own needs, and the tourists should. Then whatever is surplus to our needs could be commercial harvested,” said Bob Penney, maven of the Kenai Peninsula sport charter industry and a board member of KRSA

Mr. Penney is suspected to have been the force behind the turn down of Halibut Charter IFQs as well as the recent log book problem in the State legislature. Some legislators believe the Kenai River proposal should apply to all fish in Alaska. I am told it will not likely go far in the state legislature.

****Pacific Council****

The Pacific Council is in a struggle to maintain its managerial authority. One of the outgoing acts of the Clinton Administration was to give the Sanctuary Act additional authority. There are four sanctuaries off the West Coast, three off of California and one in the Olympic Peninsula. Each believes they should control fishing activity within their respective sanctuary. The sanctuary people see new life with the politics of the nation moving to the left. The 2006 Congress was unable to give clear authority to the Councils through the Magnuson-Steven’s Act (MSA) regarding fishing restrictions within sanctuaries because of green opposition. Both Sanctuary and MSA actions are controlled by the Commerce Department.

Congressman Inslee said lately: “Recently there has been an astonishing discovery within the Olympic Coast National Marine Sanctuary. A viable and impressive community of deep sea corals has been discovered in an area where they were previously unknown. While this area does benefit from being located within a marine sanctuary, it is my hope that you will

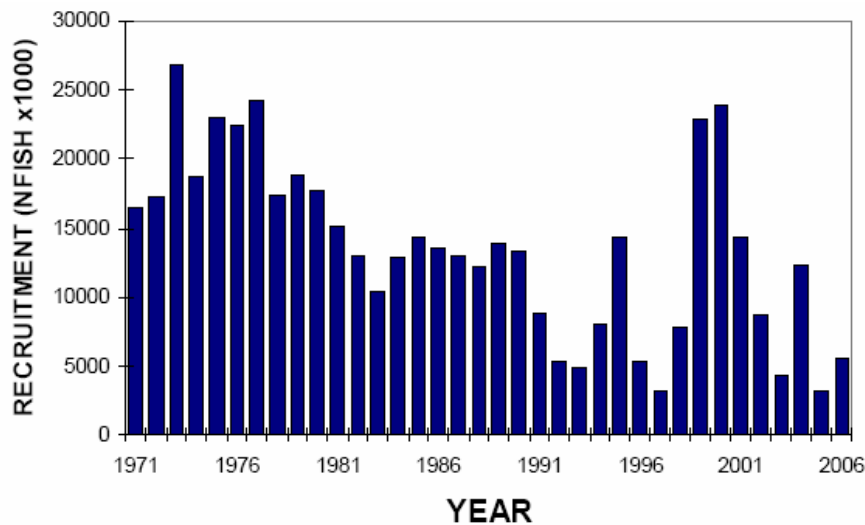
protect these areas further by restricting specific fishing activities in proximity of these sensitive deep sea coral habitats.”

Sablefish Assessment. There is an April 16, 2007 Preliminary Stock Assessment for Sablefish off Washington, Oregon and California. This new assessment will go under scientific peer review in mid-May 2007 and then be presented to the Pacific Council in June. We hired Dr. Jack Tagart to follow the assessment process. The following are preliminary and could be changed before the Council takes final action.

Historical Landings Coast-wide in metric tons

Year	HKL	POT	TWL	TOTAL
2000	2711	852	2727	6291
2001	2357	672	2624	5655
2002	1745	472	1597	3817
2003	2304	799	2331	5435
2004	2524	811	1337	5785
2005	2803	996	1955	6212
2006	2334	1037	2137	5861

Recent recruitment could be better, however, we have a very good 1999 and 2000 year class, and good recruitment from 2001 and 2004. It would appear 2005 and 2006 were not very robust.



The current harvest level for 2007 is 4600 Mt, the amount for 2008 is proposed to be 5900 Mt, and the following are the new projections of Allowable Biological Catch levels by the assessment author, beginning in 2008 with his new assumptions.

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

Year	ABC Catch	ABC Landings	OY Catch	OY Landings	SSB	95% CI	Depletion	95% CI
2008	9,639	9,627	9,639	5,935	84,848	70,433-99,263	39.3%	33.8%-44.7%
2009	8,862	8,848	9,069	8,929	82,950	68,415-97,485	38.4%	32.8%-43.9%
2010	8,344	8,329	8,529	8,262	79,391	65,637-93,145	36.7%	31.5%-42.0%
2011	8,124	8,108	8,295	7,928	76,665	63,314-90,016	35.5%	30.3%-40.7%
2012	8,108	8,092	8,276	7,834	74,869	61,363-88,375	34.6%	29.2%-40.1%
2013	8,185	8,168	8,359	7,864	73,740	59,671-87,809	34.1%	28.3%-40.0%
2014	8,278	8,262	8,467	7,932	72,992	58,222-87,762	33.8%	27.5%-40.1%

In reality, science can only look about two years down the road. New recruit classes will determine if the harvest levels drop or stay up beyond 2012. If these numbers hold through the next four months of evaluation, harvest levels could increase by 50% beginning in 2009, with some increase in 2008 as well. I must stress that new recruits and environmental conditions are the driving elements in the new assessment model.

New tag recovery data support the hypothesis of three populations of sablefish off the lower coast. Tag recoveries indicate two populations mixing off S.W. Vancouver Island and N.W. to S.W. Washington state.

The Council continues to struggle with its trawl ITQ program.

Markets

Seafood is experiencing increasing demand in the United States as well as the United Kingdom. The UK's number one supermarket, Tesco, has had seafood sales grow 70% during the last three years and double in the last two years. Fish is the new chicken according to senior buyers at Tesco.

Halibut. If you are buying early season halibut, your check book is probably about to catch fire. FVOA boats report the following prices in Seward on May 8, 2007: 40↑ \$4.50, 20-40's \$4.25, and ↓20's \$4.00. This is about a \$0.30 drop from the week before. Frozen halibut imports into the U.S. increased 49% to 6.7 million pounds fueled by 4.7 million pounds from China (S.F. Market). It is suspected these were Russian in origin. Undoubtedly, they are trying to take advantage of the current North American market. The U.S. fleets harvest rate is about 5-7% behind last year, largely due to the weather issues this spring.

Trident Wins! Diamond Lodge Enterprises' Cold Smoked halibut and Tataki Sockeye Salmon from Trident Seafoods beat out a record 70 entries to win the International Boston Seafood Show 2007 New Products Competition. Congratulations to Trident!

**Individual Fishing quota (IFQ) Allocations and Landings
From 05-March-2007 through 08-May-2007**

Area	Species	Vessel Landings	Total Catch Pounds	Allocation Pounds	Remaining Pounds	%
2C	Halibut	520	2,387,104	8,510,000	6,122,896	28
3A	Halibut	583	6,879,856	26,200,000	19,320,144	27
3B	Halibut	57	884,831	9,220,000	8,335,169	10
4A	Halibut	8	55,365	2,890,000	2,834,635	3
4B	Halibut	3	30,873	1,152,000	1,121,127	5
4C	Halibut	0	0	933,250	933,250	0
4D	Halibut	0	0	1,306,550	1,306,550	0
4E	Halibut	0	0	0	0	0
Total		1,171	10,238,029	50,211,800	39,973,771	21

Sablefish. FVOA vessel prices have been excellent again this year. Prices are as follows for Seward: 7↑-\$4.40; 5-7- \$4.20, 4-5- \$3.90, 3-4- \$3.70, and 3↓- \$3.30. These prices have been steady since the opening. They are for eastern dressed blackcod.

Area	Species	Vessel Landings	Total Catch Pounds	Allocation Pounds	Remaining Pounds	%
AI	Sablefish	7	425,591	3,716,956	3,291,365	12
BS	Sablefish	17	179,674	2,627,883	2,448,209	7
CG	Sablefish	138	2,971,162	10,917,179	7,946,017	28
SE	Sablefish	189	2,578,546	7,429,502	4,850,956	35
WG	Sablefish	9	464,791	4,356,290	3,891,499	11
WY	Sablefish	79	1,719,129	4,402,586	2,683,457	41
Total		439	8,338,893	33,450,396	25,111,503	26

Top Five Sablefish Markets for 2006

China & Hong-Kong	711,827 Kg	\$5,012,898
Japan	8,068,112 Kg	\$63,811,410
Singapore	135,682 Kg	\$901,575
South Korea	356,108 Kg	\$1,973,476
United Kingdom	104,276	\$1,126,712
Total of all 2006 Sablefish Exports	10,236,733 Kg	\$78,393,801

Pacific Cod.

During the last two months, not much H&G fish have been moving in the market. Coming out of the "A" season, the market was in the \$1.85 to \$2.00 mark with prices exceeding \$2/pound for sales in Japan and Europe.

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

Trident does it right! Trident Seafoods has decided to use the MSC logo on their halibut products sold through Costco. The logo can be found on their Pub Battered halibut, one and two pound boxes. They are also using the logo for their salmon and Pollock. A big thanks to Chuck Bundrant and his marketing team at Trident.

The Dana Besecker Co. has committed to putting the MSC logo on their halibut and sablefish boxes. Thank-you Dana and Tyler!

Busted! Inside Edition ran a story about ten retailers in New York and Detroit that were selling salmon as wild while about half was farmed. In all cases, they blamed the supplier and in one case presented an invoice indicating that they had been sold wild salmon.

Norway and Farmed Halibut. Exports were 756 tons. Average prices was \$11.65/Kg. previous reports put break-even at \$5.00/lb. 2010 production is hoped to be 2500 tons. The long growing time makes halibut more costly than other farmed species. .. ***Seafood International***

Hubbs SeaWorld Research Institute in Mission Bay is becoming a leader in aquaculture ranching where yellow-fin tuna are corralled and raised for the sashimi markets. California passed legislation providing for fish in offshore pens within three miles of the California coastline. ..***San Diego Tribune***

Washington State Democratic Central Committee 4-28-07 passed unanimously a resolution opposing open-cage polluting fin fish farms of carnivorous species in state waters and requested a moratorium or ban on expansion of privately owned, industrial aquaculture operations in state and federal waters. Thanks to Anne Mosness on this.

Fish Radio Kodiak – Lanie Welch. A new finding by economists at the University of British Columbia reveals that large-scale blackcod farming is unlikely to boost the regions economy and a ban would actually benefit the Province. UBC's fisheries economic researcher says he believed initially that any environmental risks would be outweighed by economic gains. But that was not the case.

North Carolina. Scientists have raised black sea bass. However, they note marine fish are trickier animals to raise. They have smaller eggs, more delicate larvae and they have finicky diets. Fresh water fish can be fed store bought feed. The young sea bass, a marine species, require live plankton.

Selenium. Mercury is a heavy metal of increasing concern as a global pollutant. Half of the mercury in the ocean is man-made and the other half is from volcanic action on the ocean seabed. China, in two years, will pass the U.S. in air-borne pollutants with their coal plants and the prevailing winds across the Pacific Ocean make China the number one polluter of the Pacific Ocean.

Adults can experience neurological effects when exposed to high concentrations of methyl

mercury; however, the biggest concern is mercury's effect on unborn and growing children. Selenium, apparently is found in all fish and binds with mercury allowing the body to get rid of mercury. The first report on the protective effects of selenium against mercury toxicity appeared in 1967. William Lands, PH.D., with the National Institute of Health says all fish, even those with high mercury are safe. Fish is loaded with selenium that neutralizes the danger of mercury. A North Dakota study shows common fish such as grouper, swordfish, and albacore, have 15 times more selenium than mercury making it perfectly safe in Land's view. ..*U.S. A. Today* (wow - we will have to look into this more).

****IPHC****

IPHC Stock Assessment Workshop - June 27-28, 2007. The International Pacific Halibut Commission introduced a modified approach to assessing the Pacific halibut stock at its 2007 Annual Meeting. While employing the same stock assessment model as had been used previous, the assessment used the model to determine a single coastwide estimate of exploitable biomass. This single coastwide estimate was then apportioned into IPHC regulatory area estimates using data from the fishery-independent IPHC setline stock assessment survey and estimates of bottom area from each regulation area.

At the 2007 Annual Meeting, the IPHC commissioners deferred adoption of the new approach until IPHC staff had conducted a workshop involving other stock assessment researchers and industry participants, to further explore the basis and implications of the new approach. The general intent of this workshop will be to develop a final assessment approach for the current year during the summer, incorporating necessary changes resulting from the workshop, prior to conducting the current year assessment in the fall of the year. The workshop will be held at the Hotel Nexus, in Seattle, on June 27-28, 2007. A registration form for the workshop with details on the venue is attached to this news Release and is available on the IPHC website (www.iphc.washington.edu). Registration forms must be received by June 15, 2007.

The workshop will cover: detailed description of the assessment data; data compilation and preprocessing; detailed description of the assessment model; fitting the assessment model; alternate model fits involving different parameterizations; methods of apportioning coastwide biomass into regulatory area biomass; development of optimal harvest policy. The workshop is intended to be technical, rather than educational, and participants are expected to be familiar with the IPHC assessment process. Relevant documents are IPHC Scientific Report 83, which describes the assessment model and harvest policy.

The IPHC is also conducting an independent peer review of the assessment and the peer reviewers will attend the workshop.

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

Federal Fish Farming Bill: This bill will likely pass Congress this year. The proposed legislation would provide for 20 year leases for aquaculture sites from 3 to 200 miles offshore. Individual states could force facilities to remain at least 12 miles off their coasts.

Senators Steven's and Inouye will likely sponsor the new bill. For Alaska, fish farms may be vetoed by the State of Alaska out to 200 miles. Other states can veto pens out to 12 miles. The PEW Charitable Trust endorsed fish farming, "if done correctly" with the provision that carnivorous fish should not be raised in captivity. The bill excludes offshore aquaculture from regulations under the Magnuson-Stevens Act and requires, to the extent possible, that fish farms do not interfere with fishing or other activities regulated by MSA. The bill allows the Secretary to impose permit conditions that addresses environmental, social, economic, and cultural impacts. It is unclear how far this language goes such as using production limits. The current U.S. seafood trade deficit is \$8 to \$10 billion. 80% of the seafood consumed in the U.S. is imported. The pens would have to be run with a U.S. company, which will require U.S. labor standards. The original bill didn't provide for this. The bill does not provide an exemption to the Jones Act, something originally requested by the Administration.

Senator Lisa Murkowski of Alaska has shown some innovation and independence on this matter introducing her own bill. Her bill would structure aquaculture such that important species caught as wild fish in the U.S. would not be duplicated in aquaculture. Her legislation focuses on protecting existing wild investment with rigorous economic analysis and cost benefits studies to protect existing markets and communities. Her bill focuses on promoting fish farms for species being imported in great numbers. A big thank-you to Senator Lisa Murkowski.

****Second Watch****

Alcohol Test Kits. You must have this kit on board according to Coast Guard regulations. It affects all commercial fishing vessels. If you have hull damage greater than \$100,000 or injury to your crew, you need to perform these tests in accordance with the regulations. Listed below are some resources for you to contact:

Form CG-2692B: http://www.uscg.mil/ccs/cit/cim/forms1/FORMS/CG_2692B.pdf

USCG drug testing website: <http://www.uscg.mil/hq/gm/moa/dapip.htm>

USCG drug testing rules (following Serious Marine Incident):

http://www.uscg.mil/D13/portland/misc_downloads_files/two%20Hr%20Rule%20Pub%2012-22-05.pdf

DOT urine specimen collection guidelines:

http://www.dot.gov/ost/dapc/testingpubs/200612_urine_guidelines.pdf

Giant Rockfish. Estimated to be 90 to 115 years old, 44 inches long and 60 lbs., a female, short-raker rockfish was caught by the Kodiak Enterprise, south of the Pribilof Islands.

The **Bristol Bay Economic Development Corporation** has invested in a 50% partnership of Ocean Beauty Seafoods. BBEDC is a CDQ corporation that has tax exempt status on its share of CDQ fish in the Bering Sea. They also own 50% of American Seafood. Their success points out how aggressive you can be when you are tax exempt. Perhaps we

should all ask for the same exemption and when told no then ask, why not? Is it time for the CDQ companies to join in the privilege of paying taxes? CDQs have been exempt from the 3% IFQ fee as well.

AIS. As of April 22, 2007 the Automatic Identification System (AIS) is not required in the U.S. or Canada for fishing vessels. However, processors and tenders are required to have an AIS system. For questions, call (907) 835-7223.



Financing Commercial Fishermen

- Quota & Permits
- Operating Expenses
- Vessel Construction
- Vessel Modification
- Vessel Purchase
- Gear & Equipment
- Residential Loans
- Marketing
- Processing
- Business Consulting

 **Northwest**
FARM CREDIT SERVICES

Fisheries Team – 800.372.0112
fisheries@farm-credit.com

RICKEY AND ASSOCIATES



JUNEAU ALASKA



P.O. BOX 20330 • JUNEAU, ALASKA 99802

Phone: (907) 586-2442 Fax: (907) 364-2282

FISHERY CONSULTING

We assist fishermen and fish processors in satisfying the State and Federal government requirements for fishing operations in Alaska.

WE CAN EXPEDITE:

- Entry permits and vessel licenses
- All federal permits and licenses
- Permit transfers
- QS/IFQ transfers
- USCG vessel registration

PROCESSOR LICENSING: Edie Bundy for assistance, State of Alaska Departments of: Commerce, Revenue, D.E.C., Fish & Game
Phone 541-772-3286 • Fax 541-773-4590

PERMIT, IFQ, AND LLP BROKERAGE: Buyers and Sellers
please call for Permit, IFQ, and LLP listings.

Visa and MasterCard Accepted

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