

PROCESSOR ADVISORY GROUP

January 22, 2003

EIGHTH ANNUAL MEETING REPORT

CHAIR: Blake Tipton, S.M. Products, Canada
VICE CHAIR: John Woodruff, Icicle Seafoods, Inc., U.S.

The Processors Advisory Group meeting was called to order at 2:30 p.m. by John Woodruff, who temporarily chaired the meeting in Blake Tipton's absence on Monday. Blake Tipton, the official chair, led the proceedings through the remainder of the agenda.

CATCH LIMITS

Area 2A	1.31
Area 2B	11.75
Area 2C	8.50
Area 3A	24.89
Area 3B	17.13
Area 4A	4.97
Area 4B	4.18
<u>Area 4CDE</u>	<u>4.65</u>
TOTAL	77.38

The PAG voted to support the staff's recommendations for the 2003 catch limits with the exception of their recommendations for increases in Area 3A and 4CDE. Given the IPHC staff's expectation that the models will be up and running next year for Areas 3B and 4A and 4B, the PAG voted to accept the catch limit proposals for 2003.

For Area 3A, however, we believe the IPHC has developed a good data set for producing model estimates. The commercial and set-line CPUEs in their surveys indicate increases of between ten and twenty percent. Given the staff's uncertainty in that area about maintaining the status quo, and without interfering with the conservative estimates, the PAG agreed that the increase is unlikely to adversely affect the biomass. Finally, an additional 2 million pounds is not likely to generate a market issue.

For Area 4 CDE, the PAG voted to increase the catch limit by 200,000 pounds with the understanding that the increase would be allocated to Area 4E for a total of 590,000 pounds and that Areas 4 CD remain the same as in 2002. The increase is a conservative number and past catch histories indicate the fishermen there have the capacity to land the increased quota. Therefore, since the data shows the biomass can handle the conservative increase, and the harvest largely came from Area 4E anyway, and because the halibut fishery has a huge impact on the economy there, the PAG believes the increase is justified, providing there is no detrimental impact on Areas 4C and 4D..

The PAG heard a report from representatives of St. Paul Island about the concerns they have with Area 4C halibut and some of the possible causes for the low catch. PAG recommends that the IPHC staff work with St. Paul to help them investigate the causes and determine if the problems are short or long term, and the steps that can be taken to mitigate the situation.

REGULATORY PROPOSALS

IPHC

A. CATCH SHARING PLAN

The PAG understands the Catch Sharing Plan is set by the NPFMC, but wants to see Area 4E increased by 200,000 pounds for the benefit of the coastal communities there without detrimentally impacting Areas 4C and 4D.

B. POSSESSION OF FILLETS ABOARD VESSELS

PAG has no comment and prefers to leave it as a staff matter.

C. VESSEL MONITORING SYSTEM FOR AREA 4

PAG has no comment and prefers to leave the matter to the Enforcement staff.

D. DEFINITION OF LANDING

The PAG has no comment.

E. ACCESS TO FISH FOR SAMPLING

The PAG supports the staff's recommendations for access to halibut for tagging purposes.

F. PERMITS REQUIRED TO TAG FISH OR RETAIN HALIBUT FOR RESEARCH PURPOSES.

The PAG concurs with the staff recommendation to impose some controls over tagging halibut.

G. CAPE SPENCER LIGHT

The PAG concurs with the staff recommendation to update the coordinates consistent with the U.S. Coast Guard Light List.

INDUSTRY PROPOSALS

A. RSW FISH DELIVERY

PAG supports the current system of deducting ten percent for heads on and zero percent for RSW fish and does not support the proposal that was submitted.

B. SEASON DATES

By a vote of eight to six, the PAG agreed to support opening the halibut fishery March 1 and closing it November 15. The majority of PAG's members agreed that plants are already operating by then and an early opening will not present problems for most of them. An earlier opening helps the p-cod fishermen who are largely fishing small boats in early January. The larger boat Seattle schooner fleet will mostly not be fishing in the Central Gulf until later in the season, so the local small boat fleet are the ones most likely to fish early and they will have to consider for themselves unfavorable weather conditions and then make their own decisions about whether or not to go out and fish.

The PAG agrees with harvesters that a longer season will act as a hedge against the farmed product. However PAG members differ from the predominant view of harvesters that farmed halibut will enter the marketplace soon in large volumes.

If the IPHC votes for opening the season on March 1, the PAG request the staff to analyze the first two-week harvest totals for removals for weights per fish by area to determine if there was a shift in the size of halibut harvested two weeks earlier than usual.

PAG considers it important for extensions of the season to occur at the front end of the season only and closures should continue to occur on November 15. In all cases, season openings and closures should occur in Canada and the U.S. simultaneously.

Another important comment from processors is their preference for openings to take place on Sundays unless, for religious reasons an alternative day must be chosen, in which case PAG's second choice is Saturday openings, and Monday openings would be their third choice.

C. WINTER HALIBUT FISHERY

The PAG does not support this proposal for conservation reasons and the regulatory structure is currently not in place to support it.

ADDITIONAL COMMENTS

IFO ENFORCEMENT LEVELS

The PAG notes that the level of landings that are fully observed by the NMFS enforcement division was 1.4%. We are given to understand that the NMFS committed to fully observing a minimum of 20% of all halibut landings. As a point of interest, is the IPHC staff satisfied that the shortfall is not threatening the integrity of the resource?

ATTENDANCE

Aero Trading Company Ltd.
Coastal Villages Seafood, LLC
Dana Besecker Company
Empress International
Halibut Association of North America
Icicle Seafoods, Inc.
North Pacific Processors, Inc./Sitka Sound Seafoods
Pribilof Alaska Seafood Company
Pure Pacific Seafoods
Peter Pan Seafoods, Inc.
S.M. Products (B.C.) Ltd.

MINORITY REPORT

The minority that voted against the motion to open the fishery March 1, 2003 did so for several reasons. Foremost, we are concerned about conservation and healthy sustainable stocks for the future. There is a feeling amongst the delegates that the actual size of fish harvested would be much smaller than normal as the bigger fish will not have moved onto the continental shelf and therefore the fishermen would be handling more pieces in order to achieve the same overall poundage.

Weather and the safety issues it brings are another important consideration. Another issue is that the frozen product landed in 2002 may not have fully moved in the marketplace by March 1; thus, the opportunity is taken away from those companies who only handle frozen product and, in effect, would have a shortened marketing period. Some companies also noted that they have conflicting seasons with other fisheries. Furthermore, the questions of migration between different areas, i.e. 2A, 2B, 2C, could become an issue as the patterns are not yet fully understood at this point in time.

The minority cautions the commissioners that should they decide to open the season earlier as voted by the Conference Board and PAG, and if there is doubt as to the safety and viability of this extension, perhaps a compromise to Saturday March 8 would be in order. This would also be a good test to see if the marketplace can accept fresh halibut in volume prior to the traditional March 15 opening.