PROCESSOR ADVISORY GROUP

January 23, 2013

EIGHTEENTH ANNUAL MEETING REPORT

IPHC 89TH Annual Meeting—Victoria, B.C.

CHAIR: Blake Tipton, S.M. Products (B.C.), Ltd.
VICE-CHAIR: Tom McLaughlin, Seafood Producers, Coop

The Processor Advisory Group meeting was called to order at 1:07 p.m. For the benefit of new members, Blake provided a brief background on the genesis of the PAG, and emphasized that membership to PAG, according to our Guidelines, is open to all processors, not just HANA members. As required in the Guidelines, when the PAG is convened in Canada, the chairperson is a resident of Canada, with the vice-chair from the U.S.

Blake Tipton was elected chairman and Tom McLaughlin elected vice-chairman.

Twenty companies with 28 representatives attended the first day of the PAG meetings this year. We had six observers. On the second day, 21 companies were represented by 29 individuals, with three observers. PAG members again represent a majority of halibut bought and processed in Alaska, British Columbia, Oregon and Washington. This attendance is again at high levels of industry representation.

The PAG is grateful to the additional guests who provided more information on a variety of subjects, and suffered our many questions. Thank you to:

Ian Stewart, Steve Martell, Gregg Williams, and Steve Keith of the IPHC who addressed the PAG, but also those staff members who were asked questions by individual members of the PAG throughout the past two days:

Rebecca Reed	Fisheries & Oceans Canada, Pacific Region
Glenn Merrill	National Marine Fisheries Service
Alison Webb	Fisheries & Oceans Canada, Ottawa
Rob Jones	Northwest Indian Fisheries Commission,
Gway Kirchner	Pacific fishery Management Council (ODFW),
Russ Svee	Makah Tribe Fisheries Director,
Martin Paish	Oak Bay Marine Group, and
John McCulloch	Langara Fishing Adventures

2013 STAFF REGULATORY PROPOSALS

1. CATCH LIMITS

The PAG approved by a vote of 17 in favor with 2 opposed, the following Fishery CEY's for 2013:

2A	**.90**
2B	**6.22**
2C	**3.76**
3A	**9.24**
3B	**2.73**
4A	**1.33**
4B	**1.45**
4CDE	**1.93**
TOTAL	**27.56 MILLION LBS.**

These amounts were calculated in the following way. For Areas 2A, 2B, 4A, 4B, and 4CDE, we took a one-third step down from last year's catch limits. For Areas 3A and 3B, we used the CEYs from Table 6 on page 121 in the Blue Book (Blue Line). For Area 2C, we used the CEY from Table 8 on page 121 in the Blue Book. It should be noted that based on PAG's recommendation the total removals should be 45.2 Million pounds.

2. SEASON DATES

The PAG approved season dates of opening on Saturday, March 30, 2013, and closing on Thursday, October 31, 2013.

The opening date is recommended because there are high levels of frozen inventory from 2011 and 2012. This unsold inventory is not just from processors but distributors and retailers. The PAG continues to favor a Saturday opening to get product to the market by the following week.

The closing date was determined in part by the need for IPHC staff to have sufficient time to prepare accurate information, including stock assessments to the commissioners for their interim meeting.

3. CATCH SHARING PLANS: AREAS 2A AND 4CDE – The PAG continues to support the staff's recommendation that the Commission endorse the catch sharing plans developed by the Pacific and North Pacific Fisheries Management Councils for these areas, respectively. For Area 2B, the PAG makes no comment due to the ongoing litigation in Canada (Area 2B).

4. AREA 2C SPORT FISHING REGULATIONS FOR THE CHARTER VESSELS. The PAG recommends that the Commission maintains the current regulation.

INDUSTRY PROPOSALS

1. Harvest ticket for Alaska halibut and black cod.
   The PAG needed further information from ADF&G and we inadvertently forgot to ask for it.

2. Statewide charter tag (for Oregon).
   PAG has no comment on this proposal.

3. Adoption of circle hooks. Proposal 5. Halibut catch and (careful) release.
   PAG supports proposals that advance less wastage and less mortality.

4. Account for preserved fish onboard.
   PAG does not support this proposal.

Regarding the request from Commissioners for feedback on the two additional advisory bodies that have been proposed, the discussion resulted in a realization that before we could advance nominations to either of these bodies, we needed to express our concerns about the structure and funding of them. The PAG passed the following motion by unanimous vote:

That the PAG support the initial formation of the proposed MSAB, with consideration by the Commissioners of the following comments and recommendations:

1. Funding has not been explained, and that mechanism needs to be determined. The PAG recommends that the structure of funding includes all travel and lodging expenses of MSAB members as required.

2. The category of processors should include the appointment of five members of the halibut processing sector, equal to the harvesting sector. If the total membership drops to a lower number, the processing sector should have as many members on the MSAB as do the other major categories.

3. We recommend a strong process for alternate selection.

4. We recommend that the Commission quantify the time commitment to be required of prospective members. We also recommend a defined term duration.

5. We recommend that the group focus on management strategy, not environmental issues.

6. We recommend that the Commission develop a plan for integrating the new advisory board and its work products and recommendations into the existing structure. We recommend, for example, that the MSAB make reports to the PAG and Conference Board at their regular meetings, as well as provide communications to the industry between meetings.

7. We recommend a careful evaluation of the proposed category of scientific advisors: from where will they be selected? We recommend

consideration of selecting scientific advisors from the proposed Scientific Review Board (SRB) to provide coordination and consistency between the two groups.

8. We recommend the new system of advisory groups be reviewed and evaluated two years after implementation.

9. We recommend the development of a plan for a strong administrative structure for the proposed advisory group.

10. We recommend adding a membership category for First Nations/Tribes/Alaska Natives.

We will work on the remaining projects and report back to the commissioners tomorrow morning.

The PAG recessed at 4 p.m.

PAG Attendees 2013

United States	Canada
APICDA Joint Ventures	Aero Trading
Auction Block Company	Albion Fisheries
Bellingham Cold Storage	Canadian Fishing Co.
Central Bering Sea Fishermen's Assn 170 Degrees West	French Creek Seafood
Dana F. Besecker Co., Inc.	Hart Sales
Icicle Seafoods	PASCO Seafoods Ltd.
North Pacific Seafoods	Scarlet Point Seafoods
Northport Fisheries	SM Products (BC) Ltd.
Pacific Seafoods	
Peter Pan Seafoods	
Seafood Producers Coop	
Trident Seafoods	
Yakutat Seafoods	

PROCESSOR ADVISORY GROUP

January 24, 2013 – Day Three

CHAIR: BLAKE TIPTON, S.M. PRODUCTS (B.C.) LTD.
VICE-CHAIR: TOM MCLAUGHLIN, SEAFOOD PRODUCERS COOP

The PAG was reconvened at 10:30 a.m. Thursday morning with twelve company members present, represented by 18 individuals.

Due to the suggestion to revisit the PAG's catch limit recommendations with members of the Conference Board, the first order of business was to ask the PAG membership if they were in favor of that.

A motion was made to invite representative members of the Conference Board in to discuss the catch limits. Motion passed unanimously.

Discussion under this motion included a nearly unanimous sense of bewilderment in response to the Commissioner's suggestion. Our bewilderment comes from knowing that the purpose of the advisory bodies is to come up with positions that have been a result of deliberative, considered, measured discussion and debate.

After this inclusive, thoughtful process, each advisory board submits their positions to the Commissioners. The Commissioners then decide.

About twenty representatives from the Conference Board met with the PAG for an hour and reiterated their position on catch limits.

The PAG resumed at 1:30 with a presentation from Scott Meyer of Alaska Department of Fish & Game.

After Scott's presentation, the PAG moved to not support Industry Proposal #1 "Harvest Ticket for Alaska Halibut & Black Cod" for two reasons. First, the IPHC has no jurisdiction on black cod and this proposal should be addressed to NMFS and the State of Alaska. Second, if the proposal were revised to address halibut only, it would need to be more specific on how it would protect against poor accounting any better than the State's current model does or their soon to be implemented use of logbooks.

CATCH LIMITS

The PAG agreed by unanimous consent to maintain our original vote on catch limits.

Justification for this includes the following considerations:

- The PAG began deliberations Wednesday and Thursday from a conservative approach to stock health. We were impressed with the staff presentations and their emphasis on a sustainable harvest rate driving the decision table rather than specific pounds per area.

- We unanimously agreed that meeting with the Conference Board is an extremely helpful practice and should be done as needed in the future, but to do so prior to reaching any positions on any issues.

- It was felt that the new IPHC staff may have created the risk decision table with some built-in conservatism. So when we looked at area-by-area survey data and other information, we saw areas that reflected less risk and we considered adding more fish.

- The WPUEs shown on pages 62 and 74 of the Blue Book for Areas 3A and 3B played a large role in our decision to keep those areas at the Blue Line. We strongly feel that a small up-tick in the last year preceded by more than a decade of a steep downward trend, combined with the uncertainty of the by-catch accounting merits a more conservative approach.

- We looked at others areas that, given CPUEs, reports from the field, and other data, appeared to merit adjustments up, from the blue line.

- It was important to PAG members to stay close to the Blue Line and make adjustments only on the merits of an area, without taking anything from another area. If we had started from a total coast wide catch and then reapportioned amounts by area that would be apportionment and reapportionment. That's not how we approached it.

- Every PAG member is sensitive to the pressures, conditions, and risks under which the fishing fleet operates and endures.

PAG REVISIONS TO GUIDELINES

The PAG worked four hours on the catch limit issue rather than follow our agenda to work on revisions to the PAG Guidelines. So we will continue that work in the coming weeks, getting input from PAG members electronically, and submit our revised document as soon as possible.

MSAB

The PAG reiterates that without certain information regarding the structure, funding, time commitments, and other considerations, we cannot provide committed individuals to serve. So we respectfully request some direction from the commissioners on when this information will be forthcoming. We are prepared, however, to get on the record, the six names that were volunteered to serve on this board. They are:

John Woodruff, Icicle
Peggy Parker, HANA
Shane Halverson, North Pacific
Brad Mirau, Aero Trading
Heather McCarty, McCarty & Associates
Don McLeod, Canfisco

PERFORMANCE REVIEW

Because of time constraints, our responses to your request will be forthcoming following deliberations via electronic communications with PAG members in the coming months.

Adjourned at 5:30 p.m.