

PROCESSOR ADVISORY GROUP

January 15, 2014

NINETEENTH ANNUAL MEETING REPORT

IPHC 90TH Annual Meeting—Seattle, WA

CHAIR: Tom McLaughlin, Seafood Producers, Coop

VICE-CHAIR: Blake Tipton, S.M. Products (B.C.), Ltd.

The Processor Advisory Group meeting was called to order at 10:00 a.m. on Monday, January 13, 2014. HANA president Blake Tipton opened the meeting with a call to order and roll call. There were 14 member companies present, represented by 20 individuals, for a quorum of 14. Over the next two days, attendance increased to 17 companies represented by 30 individuals. There were two new members: Swiftsure Seafoods from the U.S. and 7 Seas Fish Company from Canada. A full list of members is provided at the end of this report.

As required in the PAG Guidelines – soon to be the PAG Rules of Procedure – when the PAG convenes in the U.S., the chairperson is a resident of the U.S. and the vice-chair is a resident of Canada. A nomination and election process was held shortly following the call to order. Tom McLaughlin was elected chairman and Blake Tipton was elected vice-chairman.

The PAG is grateful to the visiting experts who provided more information on a variety of subjects. Thank you to:

Ian Stewart, Gregg Williams, and Heather Gilroy of the IPHC who addressed the PAG on several topics, and

Jane DeCosimo	North Pacific Fishery Management Council
Sylvie Berube	Fisheries & Oceans Canada, Pacific Region
Glenn Merrill	National Marine Fisheries Service
Kevin Duffy	NMFS West Coast Region

Gway Kirchner Pacific Fishery Management Council (ODFW)
Fred Williams Department of Fisheries & Oceans
Neil Davis Department of Fisheries & Oceans

This year the PAG agreed to meet a day early to resolve some housekeeping issues, first among them the Rules of Procedure. The document was reviewed on Monday with one change made at the IPHC Interim meeting related to reporting, and was approved by a vote of 8-0. However, on Wednesday further changes were proposed, discussed, and a motion made to include changes related to proxies and reporting requirements. A motion to accept these changes passed with 18 in favor and 0 opposed. The document will be submitted to the IPHC Commissioners this week.

The PAG asked for volunteers to monitor Administrative Sessions for the purpose of keeping the advisory body fully informed on all issues before us. Six members offered to attend the Administrative Sessions and report back to the PAG throughout the week.

Approval of the previous meetings minutes was tabled until the following day, when some minor typographical errors were corrected. A corrected version was approved on Tuesday and will be submitted to the IPHC.

Under New Business on Monday, it was agreed by consensus that the PAG encourage the IPHC to consider other industry events scheduled long in advance that may conflict with the IPHC annual meeting. This year PAG's attendance was down considerably due to the annual meeting of the National Fisheries Institute taking place this week in Miami.

SEASON DATES

The PAG approved by unanimous vote a season opening date of noon on Saturday, March 22, 2014 and a closing date of noon, Saturday, October 31, 2014.

The PAG has supported a Saturday opening for several years so fresh fish can arrive in the market for week end sales. We continue to support a later opening this year for several reasons. March 16-17th is the Boston Seafood

Show when contracts are negotiated and sales are made. An opening following that event would be optimal for the market.

Tides are good for opening on March 22. The black cod quota is down 14%, so we feel that there is not a strong argument for opening earlier due to black cod considerations. March 22 is one week earlier than what staff recommended, and the PAG feels an additional week of an open season would not jeopardize migration. Time to prepare survey data for the stock assessment would not be constrained as we're recommending one week earlier on the closing end, as well.

The PAG has traditionally supported a late October or early November season closure due to diminishing volume coming through the plants, diminishing market interest among buyers focusing on Thanksgiving, and increasing quality issues in some areas. We continue to support an October 31 closing date as the quotas remain at these low levels.

However, if we had to pick an alternative date, we unanimously agreed that a November 7th closing date would be preferable to any earlier opening date in March. March 22nd is the earliest the industry can support given the timing of the Boston Seafood Show and the position of the market at that time of year.

STAFF PROPOSALS

By unanimous votes, the PAG approved the catch sharing plans in 2A, 2B, 2C, 3A, and 4CDE as described in the Blue Book.

APPORTIONMENT

As in the past, the Canadian members of the PAG do not approve of the apportionment plan.

INFORMAL MEETING WITH THE CONFERENCE BOARD

At the request of members of the Conference Board, three PAG members met informally with eight members of the Conference Board to discuss

season dates. We appreciate the willingness of the harvester’s advisory body to meet with us to explore common ground on this and other issues. The individuals from the Conference Board were Herb Van Grootel, Per Odegaard, Russell Cameron, Kathy Hansen, Jim Hubbard, Bernie Rurkeholder, Art Davidson, and Lenny Herzog. PAG representatives were Blake Tipton, Tony Blore, and Charles McEldowney.

CATCH LIMITS

By unanimous vote of 18 for, 0 opposed, the PAG recommends the following catch limits for 2014:

For AREA 2A	.99 million pounds
2B	6.54
2C	5.32
3A	9.43
3B	2.84
4A	.85
4B	1.135
4CDE	<u>1.285</u>
	28.39

The PAG’s lengthy discussion on catch limits began with a motion to support the Blue Line. That motion was subsequently withdrawn when there appeared to be too many motions ahead to amend the main motion. In the end, the final motion was to adopt the Blue Line (Table 6 on page 153) for Areas 3A, 3B, and 4A with amendments in other areas that reflect valid arguments to justify an increase from the Blue Line.

On an area by area basis, our rationale is as follows.

Area 2A – The socio-economic argument states that the 2013 catch limit of .99 million pounds is the minimum needed to keep the industry alive, yet it means a tenth of a percent increase in the harvest rate. Area 2A has essentially solved their by-catch issue and they’ve seen an uptick in their commercial WPUE.

Area 2B has had consistent or increasing WPUE for several years and has accounted for all removals from all fisheries. Their Ebio has increased over last year, and there is an indication that individual sizes have increased.

In Area 2C the survey WPUE has been up for 4-5 years and this year is up 16%. The WPUE for the commercial fleet is likewise up for the past 4-5 years and up this year by 10%. The Ebio in this area relative to 2013 is up 2.5 million pounds, about a 10% increase.

PAG concurs with the staff recommendations of the Blue Line in Areas 3A, 3B, and 4A for all the reasons listed in the Blue Book. Nearly all the metrics indicate the stocks in these areas are showing no signs of rebuilding, and have not for several years. The PAG is also concerned about uncertainties related to accurate accounting for all removals.

Area 4B and 4CDE have shown increases in survey WPUE. It also appears that the limited surveys done in that large area may not be reflecting the current status of abundance in 4B and 4CDE. Some of our members suggested that the halibut in Area 4B may be a separate stock, or subset because of their larger size. The size at age problem is not seen in this area. We note the large bycatch removal here that has occurred year after year, and would like to see more research in this area to understand its impact on the stocks. The PAG got to these numbers of 1.135 million pounds in Area 4B and 1.285 in Areas 4CDE by taking the difference between the 2013 catch and the 2014 blue line and stepping down by half, the second step in a three-year reduction rather than a much larger one-year reduction.

REGULATORY PROPOSALS

Proposal #1

The PAG had a long discussion about agency proposal #1, regarding pot gear in a portion of Area 4A. We discussed the ramifications of allowing halibut to be retained in pots, how the North Pacific Fishery Management Council would craft the plan, how it would be enforced, and what some unintended consequences would be of lifting a gear ban that has been in place for decades. Jane DiCosimo gave us an extensive summary of the background and current status of this proposal. Gregg Williams gave us the IPHC's position and more information about the current state of the fisheries at issue in the proposal.

Although we understand the current fleet in that area is small, the PAG was concerned that fishermen would target halibut (a clear change in fishing behavior) if they were allowed to retain and sell them. Beyond that, there were concerns about the condition of the fish after it has been caught. According to the supporting documents submitted by the agency, the entry to the pots is 9” by 9”, an area that would not prevent a large halibut from swimming through, but could result in considerable damage to the fish.

The PAG recommends that the commission reject Proposal #1 until a better understanding of the full consequences is available. The motion to support the proposal failed with 3 in favor, 12 opposed, and two abstentions.

Proposal #2

Both Ian Stewart and Heather Gilroy came to the PAG to answer questions on and help us understand this proposal. It was the consensus of the PAG that the science isn't there at this time to carry out the proposal. The final motion to support Proposal #2 failed with 0 in favor and 17 opposed.

By-catch Presentation

The PAG appreciates the presentation by the Bycatch Project team and stand ready to provide input when needed. The presentation came too late for us to craft a response or feedback at this meeting, and it is not clear what, if any, critique was needed. Nevertheless, PAG has consistently been in favor of reducing bycatch where possible and improving bycatch accounting accuracy in all areas.

A Note of thanks to Gregg Williams

The PAG wants to express a deep debt of gratitude to Gregg Williams for his dedication to the industry, infinite patience bringing clarity to confusing situations, and cheerful professionalism throughout it all. “Thank you” doesn't really cover it, but we – the PAG and HANA – extend our sincere gratitude and wish him the best.

The PAG adjourned at 3:05 Wednesday, January 15, 2014.

PAG MEMBERS
 2014 IPHC ANNUAL MEETING
 Seattle, WA

United States	Canada
170 Degrees West	7 Seas Fish Company
APICDA J/Vs	Aero Trading
Auction Block	Canadian Fishing Company
Dana F. Besecker Company	Hart Sales/Adak Fresh
Icicle Seafoods	S.M. Products (BC) Ltd.
North Pacific Seafoods	
Northport Fisheries	
Pacific Seafood Group	
Peter Pan Seafoods	
Seafood Producers Coop	

Swiftsure Seafoods	
Trident Seafoods	
Yakutat Seafoods	