

PROCESSOR ADVISORY GROUP

January 20, 2004

NINTH ANNUAL MEETING REPORT

CHAIR: John Woodruff, Icicle Seafoods, Inc., U.S.

VICE CHAIR: Blake Tipton, S.M. Products, Canada

The Processors Advisory Group meeting was called to order at 3:15 p.m. by John Woodruff, who was elected chair of the meeting this year and Blake Tipton vice-chair. There were 21 different companies attending the PAG meetings this year and they clearly represent the majority of halibut harvested in Alaska, British Columbia and Washington.

CATCH LIMITS

Area 2A	1.48
Area 2B	13.80
Area 2C	11.31
Area 3A	25.06
Area 3B	15.60
Area 4A	3.47
Area 4B	2.81
<u>Area 4CDE</u>	<u>3.39</u>
TOTAL	76.91

After considerable discussion, the PAG voted to support the revised staff catch limit recommendations for 2004, based on CEY harvest policy, recognizing that the quotas will ride up and down rather than remain at a constant rate. We think the CCC policy has potential as a tool, but we need to better understand how exactly it works. This year, we were unclear about the various harvest rates and ceilings and how they impacted the CCC policy. We think too much fish is foregone in the high biomass years than is recaptured when the biomass drops below the catch ceiling.

We support the IPHC work group being established to explore these questions in greater detail, perhaps for renewed consideration next year. We are especially curious to explore how markets might react under each policy.

SEASON DATES

The PAG recommends a March 14 - November 15 season for 2004. Based on our experience last year, PAG members in Canada and the United States are concerned about fish size and fish quality issues, with many members reporting significantly smaller fish, and in some cases softer fish as well. Furthermore, members expressed concerns about

migratory issues and the economics for some companies of having their plants open for an extra two weeks. We also agree with the Coast Guard that earlier openings increase safety risks

The PAG recommends a Sunday opening in order to most efficiently move the first fish to the fresh market. The day of the week for the opening is an important consideration. The PAG for several years now has encouraged the IPHC to consider this matter when deciding the opening day of the week and we again request that the IPHC consider its importance when deciding the dates.

Processors, like others, are concerned about farmed halibut entering our marketplace in large volumes; in anticipation of that, we believe more analysis needs to be undertaken regarding the impacts of earlier openings.

While the PAG clearly does not support a March 1 opening, if the IPHC votes to again open early, the PAG once again requests that the staff analyze and compare the first two-week harvest totals on a day-to-day basis of removals for numbers of landings and weights per fish by area with those from the previous years' later openings to determine if there is a shift in the size of halibut harvested two weeks earlier in March..

REGULATORY PROPOSALS

ITEM 1: NMFS RECOMMENDATIONS

The PAG is in full support of the regulatory amendments proposed by the National Marine Fisheries Service.

ITEM 2: ALASKA FOOD BANK

The PAG opposes the proposal by the Alaska Food Coalition for retaining halibut for distribution into a food bank system in Alaska. The proposal would result in an increased mortality rate and introduces potentially significant quality issues that could impact the marketplace. The IPHC and the halibut industry have been working to reduce trawl-caught bycatch and this proposal would shift the focus away from that effort. Furthermore, it is clear to the PAG, that there is ample supply of other groundfish bycatch that could be used for this purpose.

We are also concerned that if proposals like this are approved, it is likely that requests for similar programs will continue to be brought before the IPHC. Perhaps it would help the industry and the IPHC if a routine system for evaluating future requests is established by the staff.

ITEM 3: SUBSISTENCE MATTERS

DATA COLLECTION

Accounting for all removals of halibut is important. The PAG doesn't understand the mechanics of the card system, but we do advocate developing a program that will effectively account for subsistence removals and sales consistent with programs for other user groups. We're not certain about the question of who has the authority over this, but the IPHC should investigate the potential for a cooperative program with ADFG and NMFS that could simplify the process and/or combine it with other data collection programs

POSSESSING SUBSISTENCE AND COMMERCIAL HARVESTS

We understand there are issues of jurisdiction, but we believe retaining subsistence fish should not be allowed during a commercial fishing trip. It would help enforcement account for all removals if possession of subsistence caught halibut were prohibited while other commercially caught species are onboard.

POSSESSION LIMIT

The PAG supports establishing a possession limit for subsistence-caught halibut. Though the NPFMC has authority to impose a limit, the PAG believes that, because this is such an important enforcement issue, the IPHC should work with the NPFMC to develop a possession limit.

ITEM 4: 32" LIMIT FOR ALL COMMERCIAL USERS

The PAG did not take a position on this proposal.

ITEM 5: AREA 4 VESSEL CLEARANCE CHANGE

PAG supports this proposal. Since the vessels at issue are already required to carry NMFS observers, we believe no purpose is served by the additional burden the clearance requirement imposes on harvesters there.

ITEM 6: DISPUTE RESOLUTION GUIDELINES

Based on our current understanding of the request, the PAG voted to oppose the proposal. The current system between U.S. and Canada works well and PAG sees no reason to complicate the fishery.

ITEM 7: CREATE SPECIAL HALIBUT HARVEST AREA

The PAG did not take a position on this proposal

ITEM 8: AREA 4C CATCH SHARING PLAN

The PAG recommends the IPHC send a letter to the NPFMC, the jurisdictional agency, supporting their work on harvest issues in Area 4.

FEDERAL FUNDING

The PAG wants to go on record in support of full U.S. funding for the IPHC. The PAG companies agreed to work with the Chairman to contact their Congressional delegations and request their support for fully funding the U.S. contribution to the IPHC's budget for 2004.

CHALK REPORT

Chalky halibut remains a serious problem to the industry and it was the hope of the members of the PAG and others in industry that the study the University of Alaska's Kodiak facility would point us towards the underlying causes of the condition. We understand that the completed analysis is below acceptable standards and we applaud the IPHC staff's ongoing effort to improve its quality before formally accepting it. We also ask the staff to suggest additional scientific efforts that might lead to a better understanding of the condition and ways the industry might affect it. We want to express our appreciation to the IPHC staff members and NOAA representatives who provided additional information that helped us with our deliberations.

PAG STRUCTURE

The PAG agreed to adopt the following additional rules governing its meetings:

- Each company attending the PAG meetings will be entitled to one vote.
- In order for a minority report to be included in the PAG's minutes, there must be a minimum of three votes, or 20 percent of total number of votes, whichever is greater

We want to express our appreciation to the IPHC staff members and NOAA representatives who provided additional information and helped us with our deliberations.

INDUSTRY PARTICIPANTS

Aero Trading Company Ltd.
Aleut Enterprise Corp. - Adak
Atka Pride Seafoods
Coastal Villages Region Fund
Dana F. Besecker Co., Inc.
Halibut Association of North America
Hoonah Cold Storage
Icicle Seafoods, Inc.
NorQuest Seafoods
Northern Products Corp.
North Pacific Processors, Inc.
Northport Fisheries, Inc.
Petersburg Fisheries
Pribilof Alaska Seafood Company
Peter Pan Seafoods, Inc.
Resurrection Bay Seafoods
Seafood Producers Coop
Sea Freeze
Sitka Sound Seafoods
S.M. Products (BC)Ltd.
Trident Seafoods