

M E M O R A N D U M

TO: Council, SSC and AP Members

FROM: Jim H. Branson
Executive Director

DATE: November 30, 1984

SUBJECT: Joint Venture Operations Requested for 1985

ACTION REQUIRED

- a. Evaluate individual joint venture requests
- b. Review with SSC suggested harvest levels and apportionments to DAP, JVP and TALFF for 1985.
- c. Recommend allocations to individual joint ventures.

BACKGROUND

The Council has received joint venture applications for 30 individual operations proposing to harvest 828,700 mt off Alaska in 1985. Eight countries would be involved in these joint ventures including Japan, South Korea, U.S.S.R., Taiwan, Poland, Iceland, Spain, and Portugal. The projected harvest includes only 345,000 mt for Japan and does not take into account any additional commitments that may be made by Japan during the joint U.S./Japan industry discussions scheduled for December 9-12. Table 1 identifies the major species sought in the 1985 joint ventures and indicates that well over 100 trawlers may be employed this year in these operations.

An operation-by-operation summary of species requests is given in Table 2, which in addition indicates the number of U.S. trawlers per operation and the month that fishing is anticipated to begin.

Past performance for the various operations is shown in item C-4(a).

The Council's Interim Policy on Joint Ventures and Allocations, adopted in September 1984, is provided as C-4(b). This policy was sent to all joint venture companies on October 15. The companies were requested to respond to the company-level questions (in Attachment B to the policy) to clarify how their individual operation met the criteria in the policy. The responses received from the companies are numbered 1-30, the sequence referring to that in Table 2 of this agenda item.

The Council's Permit Review Committee will have evaluated each operation on its merits and will recommend individual allocations where JVP species are in short supply. The Council needs to make its recommendations on species and areas where directed fishing by joint ventures should be allowed, when joint ventures should be limited, or when only an incidental catch should be allowed. These recommendations will be forwarded to NMFS for inclusion in the permit provisions of the foreign receiving vessels.

Special Note on Japanese Joint Ventures. US/Japan industry negotiations are not scheduled until December 9-12, after the Council meeting. Because the Council will not know until then the total tonnage that Japan will request in joint ventures, the Council may wish to hold back some specified amounts of various species above the requests in Table 1. These extra tonnages would be placed in JVP in anticipation of Japan committing to more than the currently requested 330,000 mt.

TABLE 2. Joint Venture Company Requests for 1985.

These include joint venture tonnages that have been formally applied for by each country as well as additional proposals by individual companies not yet accepted by the foreign partners.

<u>JAPAN</u>										
	<u>Company</u>	<u>Area</u>	<u>Pollock</u>	<u>Pacific cod</u>	<u>Atka mackerel</u>	<u>Yellowfin sole</u>	<u>Flatfish</u>	<u>POP</u>	<u>Other</u>	<u>Total</u>
1.	Whitney Fidalgo/Ohtori (5; late Jan.) ^{1/}	B/G	23,300	500	----	----	----	----	200	24,000
2.	Whitney Fidalgo/Kyokuyo (5; late Jan.)	B/G	10,700	200	----	----	----	----	100	11,000
3.	Westward Trawlers/ Taiyo (10-14; anytime)	B/G	108,500	900	----	----	----	----	600	110,000
4.	Alyeska Ocean/Hoko (4; late Jan.)	B/G	10,900	----	----	----	----	----	600	11,500
5.	Alyeska Ocean/Hoko (4; late Jan.)	B/G	22,400	----	----	----	----	----	1,100	23,500
6.	Peter Pan/Nichiro (3; Jan.)	B/G	20,600	200	----	----	----	----	200	21,000
7.	Unisea/Nippon (8-14; Jan.)	B/G	128,000	700	----	----	----	----	300	129,000
*8.	Alaska Contact/ Japan Small Trawlers (?; Feb.)	B/G	5,000	5,000	----	----	5,000	----	----	15,000
JAPAN TOTAL			329,400	7,500	----	----	5,000	----	3,100	345,000

*No official permit application has been received.

^{1/} Number of U.S. trawlers and start time.

TABLE 1. Joint Venture Requests (mt) Combined by Country for 1985

<u>Country</u>	<u>Pollock</u>	<u>Pacific cod</u>	<u>Atka Mackerel</u>	<u>Yellowfin sole</u>	<u>Flatfish</u>	<u>POP</u>	<u>Other</u>	<u>Total</u>
Japan (39-49)*	329,400	7,500	----	----	5,000	----	3,100	345,000
Korea (45)	77,900	9,550	25,450	10,900	1,400	4,600	3,900	133,700
U.S.S.R. (20)	15,000	33,000	20,000	76,600	53,100	100	2,200	200,000
Taiwan (7)	2,800	3,700	----	----	2,150	----	350	9,000
Poland	110,000	----	----	----	----	----	----	110,000
Iceland (4)	5,000	10,000	----	----	----	----	----	15,000
Spain (3)	4,000	8,000	----	----	----	----	----	12,000
Portugal	<u>----</u>	<u>4,000</u>	<u>----</u>	<u>----</u>	<u>----</u>	<u>----</u>	<u>----</u>	<u>4,000</u>
TOTAL	544,100	75,750	45,450	87,500	61,650	4,700	9,550	828,700

*Anticipated number of U.S. trawlers.

SOUTH KOREA, Continued

	<u>Company</u>	<u>Area</u>	<u>Pollock</u>	<u>Pacific cod</u>	<u>Atka mackerel</u>	<u>Yellowfin sole</u>	<u>Flatfish</u>	<u>POP</u>	<u>Other</u>	<u>Total</u>
16.	ProFish/Daiho (3-4; Feb.)	BSA	1,500	1,500	500	----	1,000	----	----	4,500
17.	ProFish/Silla (4; Feb.)	BSA GOA	500 <u>5,600</u> 6,100	300 <u>100</u> 400	3,500 <u>-----</u> 3,500	400 <u>-----</u> 400	---- <u>-----</u> ----	---- <u>300</u> 300	---- <u>100</u> 100	4,700 <u>6,100</u> 10,800
18.	ProFish/Dongbang (2; April)	BSA	----	200	2,000	200	----	----	200	2,600
19.	ProFish/Namyang (2; April)	BSA	----	500	900	1,500	----	1,100	1,000	5,000
20.	Arctic Venture/ Korean Wong Yang (4; March)	GOA	14,100	200	600	----	----	----	100	15,000
21.	?/Korean Wong Yang (4; March)	BSA	9,500	600	----	600	----	----	300	11,000
22.	Arctic Venture/Transocean (2; March)	BSA	<u>500</u>	<u>500</u>	<u>1,000</u>	<u>1,000</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>3,000</u>
	KOREA TOTAL		77,900	9,550	25,450	10,900	1,400	4,600	3,900	133,700- 137,700

U.S.S.R.

	<u>Company</u>	<u>Area</u>	<u>Pollock</u>	<u>Pacific cod</u>	<u>Atka mackerel</u>	<u>Yellowfin sole</u>	<u>Flatfish</u>	<u>POP</u>	<u>Other</u>	<u>Total</u>
23.	Marine Resource Co. (20; Feb.)	BS AI	13,000 <u>2,000</u> 15,000	33,000 <u>-----</u> 33,000	---- <u>20,000</u> 20,000	76,600 <u>-----</u> 76,600	53,100 ^{1/} <u>-----</u> 53,100	0 <u>100</u> 100	2,000 <u>200</u> ^{2/} 2,200	177,700 <u>22,300</u> 200,000

1/ Includes 2,000 mt turbot

2/ Includes 150 mt sablefish and 50 mt rockfish.

SOUTH KOREA

	<u>Company</u>		<u>Pollock</u>	<u>Pacific cod</u>	<u>Atka mackerel</u>	<u>Yellowfin sole</u>	<u>Flatfish</u>	<u>POP</u>	<u>Other</u>	<u>Total</u>
9.	Cal-Alaska/Marine Ent. (2; March)	BSA	200	400	1,700	----	200	600	150	3,250
		GOA	<u>1,800</u>	<u>400</u>	<u>800</u>	----	<u>200</u>	<u>2,600</u>	<u>150</u>	<u>5,950</u>
			2,000	800	2,500	----	400	3,200	300	9,200
10.	Alaska JV/Nambug (2; Feb.)	BSA	3,200	----	----	----	----	----	----	} 3,950
		BS	----	----	----	400	----	----	----	
		AI	----	----	350	----	----	----	----	
		CG	<u>4,000</u>	<u>50</u>	----	----	----	----	----	
			7,200	50	350	400	----	----	----	4,050
										8,000-
										12,000
11.	Alaska JV/Daerim (3; March)	BSA	1,500	----	----	----	----	----	----	1,500
		BS	----	----	----	3,000	----	----	----	3,000
		AI	----	----	3,000	----	----	----	----	3,000
		B/G	----	1,000	----	----	----	----	1,500	2,500
		CG	<u>5,000</u>	----	----	----	----	----	----	----
			6,500	1,000	3,000	3,000	----	1,500	15,000	
12.	Alaska JV/Samho Mool-san (4; Jan)	BSA	----	200	----	----	----	----	200	} 8,200
		BS	2,200	----	----	1,100	----	----	----	
		AI	----	----	4,500	----	----	----	----	
		GOA	----	----	----	----	----	----	200	
		CG	10,000	400	----	----	----	----	----	
		WG	----	----	<u>1,200</u>	----	----	----	----	
			12,200	600	5,700	1,100	----	400	11,800	
										20,000
13.	JV Fisheries/Oyang (2; Feb.)	BSA	3,500	700	1,500	700	----	----	----	6,400
		GOA	<u>4,000</u>	----	----	----	----	----	----	<u>4,000</u>
			7,500	700	1,500	700	----	----	----	10,400
14.	Alaska Contact/Hansung (5; Jan.)	BSA	300	500	400	800	----	----	----	2,000
		GOA	<u>6,000</u>	----	----	----	----	----	----	<u>6,000</u>
			6,300	500	400	800	----	----	----	8,000
15.	ProFish/Dongwon (6; Feb.)	BSA	900	2,000	3,500	1,200	----	----	----	7,600
		GOA	<u>3,600</u>	----	----	----	----	----	----	<u>3,600</u>
			4,500	2,000	3,500	1,200	----	----	----	11,200

OTHER COUNTRIES

	<u>Company</u>	<u>Area</u>	<u>Pollock</u>	<u>Pacific cod</u>	<u>Atka mackerel</u>	<u>Yellowfin sole</u>	<u>Flatfish</u>	<u>POP</u>	<u>Other</u>	<u>Total</u>	
	<u>TAIWAN</u>										
24.	Alaska Contact/Highly Ent. (6; April)	BSA	250	250	----	----	700	----	25	1,225	
		GOA	<u>1,750</u>	<u>2,750</u>	----	----	<u>600</u>	----	<u>175</u>	<u>5,275</u>	
			2,000	3,000	----	----	1,300	----	200	6,500	
25.	St. George Tanaq/ Highly Ent. (1; March)	BSA	800	700	----	----	850	----	150	2,500	
	TAIWAN TOTAL		<u>2,800</u>	<u>3,700</u>	----	----	<u>2,150</u>	----	<u>350</u>	<u>9,000</u>	
	<u>POLAND</u>										
26.	Alaska Contact/Rybex (4; Jan)	BSA	30,000	----	----	----	----	----	----	30,000	
		GOA	<u>10,000</u>	----	----	----	----	----	----	<u>10,000</u>	
			40,000	----	----	----	----	----	----	40,000	
27.	Quest Export/Rybex (15; Jan.)	GOA	<u>70,000</u>	----	----	----	----	----	----	<u>70,000</u>	
	POLAND TOTAL		<u>110,000</u>	----	----	----	----	----	----	<u>110,000</u>	
	<u>ICELAND</u>										
*28.	Alaska JV/Iceland (4; Jan.)	BSA	----	7,500	----	----	----	----	----	7,500	
		GOA	<u>5,000</u>	<u>2,500</u>	----	----	----	----	----	<u>7,500</u>	
			5,000	10,000	----	----	----	----	----	15,000	
	<u>SPAIN^{1/}</u>										
29.	Alaska Salt Fish/Spain (3; Jan.)	BSA	4,000	----	----	----	----	----	----	4,000	
		GOA	----	<u>8,000</u>	----	----	----	----	----	<u>8,000</u>	
			4,000	8,000	----	----	----	----	----	12,000	
	<u>*PORTUGAL</u>										
30.	Alaska Contact/ Solseca	B/G	----	4,000	----	----	----	----	----	4,000	

*No official permit application has been received.

^{1/} The permit application is for the MAR DE LABRADOR which sank in November.

JOINT VENTURE CATCHES (MT) FOR 1978-84AGENDA C-4(a)
DECEMBER 1984

<u>Company</u> ^{1/}	<u>Country</u>	<u>Total</u>	<u>Request</u> ^{2/}	<u>%</u>	<u>Main Species</u>
<u>1984</u>					
MRC	USSR	92,310	92,300	100	pollock, sole, cod, A. mackerel
WFS	Japan	23,000	24,000	96	pollock
WTI	Japan	114,063	110,000	104	pollock
AHL	Japan	36,089	35,000	103	pollock
PPS	Japan	25,902	21,000	123	pollock, sole
UNI	Japan	133,202	129,000	103	pollock
CAK	Korea	6,130	8,200	75	pollock, A. mackerel
JVF	Korea	13,957	21,000	66	pollock, A. mackerel
PRD	Korea	8,983	7,000	128	pollock, sole
PRS	Korea	10,500	10,500	100	pollock, A. mackerel
PRM	Korea	3,232	3,000	108	pollock
FPA	Korea	18,243	12,000	152	pollock
AJV	Korea	26,000	20,000	130	pollock, A. mackerel, sole
AJD	Korea	6,800	2,500	272	A. mackerel
ACH	Korea	4,730	4,000	118	pollock, A. mackerel
*DRM	Korea	?	3,000	0	flatfish, cod, pollock
*ACL	Taiwan	8,250	12,000	69	cod, pollock
SGT	Taiwan	0	7,000	0	cod, flatfish
*ACP	Poland	13,200	15,000	88	pollock
*QET	Poland	3,500	5,000	70	pollock
*ACT	Portugal	0	1,762	0	cod
ASF	Spain	1,800	12,000	15	cod
FRG	Germany	4,000	6,000	67	pollock
	1984 TOTAL	544,532	561,262	97	(as of November 29)
<u>1983</u>					
MRC	USSR	71,750	104,000	69	sole, pollock, A. mackerel, cod
FRG	Germany	0	8,360	0	cod, pollock
JVN	Korea	24,276	18,000	135	pollock, cod, yellowfin sole
FPA	Korea	31,000	32,000	97	pollock
NPC	Korea	4,000	8,600	46	pollock
UNI	Japan	78,000	60,000	130	pollock
WTI	Japan	66,597	45,000	148	pollock
JHA	Japan	31,487	26,000	121	pollock
WFS	Japan	26,239	20,000	131	pollock
PPS	Japan	11,600	10,000	116	pollock
ACL	Taiwan	3,000	4,000	75	cod, flatfish
PHS	Taiwan	--	6,000	--	cod, flounders
ASF	Spain	--	12,000	--	cod, pollock
	1983 TOTAL	347,949	353,960	98	

*These companies have ongoing operations; catch figures will be updated.

1/ See last page for full company names.

2/ These represent just the initial requests by the companies and do not include any formal or informal inseason augmentations to the original request reviewed by the Council.

<u>Company</u> ^{1/}	<u>Country</u>	<u>Total</u>	<u>Request</u> ^{2/}	<u>%</u>	<u>Main Species</u>
<u>1982</u>					
MRC	USSR	53,216	96,000	55	flatfish, A. mackerel, cod
FRG	Germany	4,000	15,420	26	cod, pollock
JVN	Korea	16,321	16,500	99	pollock
FPA	Korea	32,023	30,000	107	pollock
UNI	Japan	21,315	20,000	107	pollock
WTI	Japan	23,718	30,000	79	pollock
JHA	Japan	11,631	10,000	116	pollock
WFS	Japan	9,932	10,000	99	pollock
MPK	Poland	7,000	24,300	29	pollock, cod
SSF	Taiwan	400	5,700	7	cod, pollock
	1982 TOTAL	179,556	257,920	70	
<u>1981</u>					
MRC	USSR	48,020	72,500	66	yellowfin sole, pollock, cod
FRG	Germany	3,004	25,000	12	cod, pollock
FPA	Korea	30,000	77,500	39	pollock
UNI	Japan	6,130	7,000	88	pollock
PAK	Japan	5,315	7,000	76	pollock
MPK	Poland	2,220	18,430	12	pollock
	1981 TOTAL	94,689	207,430	46	
<u>1980</u>					
MRC	USSR	24,859	31,500	79	yellowfin sole, cod, pollock
FPA	Korea	8,571	122,500	7	pollock, cod
	1980 TOTAL	33,430	154,000	22	
<u>1979</u>					
MRC	USSR	123	10,000	1	pollock
FPA	Korea	1,383	130,000	1	pollock
	1979 TOTAL	1,506	140,000	1	
<u>1978</u>					
FPA	Korea	45	unknown		pollock

1/ See last page for full company names.

2/ These represent just the initial requests by the companies and do not include any formal or informal inseason augmentations to the original request reviewed by the Council.

Joint Venture Companies

ACH = Alaska Contact/Hansung Fisheries
ACL = Alaska Contact, Ltd./Highly Enterprise
ACP = Alaska Contact, Ltd./Poland
ACT = Alaska Contact, Ltd./Portugal
AJV = Alaskan Joint Venture Fisheries/Samho Moolsan
AJD = Alaskan Joint Venture Fisheries/Daerim
ALH = Alyeska Ocean/Hoko
ASF = Alaska Salt Fish/Bacaladera Vasca
CAK = Cal-Alaska Fisheries/Marine Enterprise
DRM = Daerim/Daerim America
FPA = Fish Prod. Assoc./Korea Wonyang Fish.
FRG = Nordstern
JHA = Jeff Hendricks/Hoko Fish.
JVF = J.V. Fish. Ltd./Oyang Fisheries and Nambug Fisheries
JVN = J.V. Fish. Ltd./N. Pac. Jt. Fishing Op. Committee
MPK = Mrs. Pauls Kitchen
MRC = Marine Resources Co.
NPC = North Pac. Corp./Marine Enterprise Co.
PAK = Pan-Alaska/Taiyo
PHS = Pribilof-Highly Sea Products/Highly Enterprise
PPS = Peter Pan Seafoods/Nichiro Gyogyo
PRD = Profish International/Dongwon
PRM = Profish International/Daerim
PRS = Profish International/Silla
QET = Quest Export Trading Company/Poland
SGT = St. George Tanaq/Highly Enterprise
SSF = Swiftsure/Chong Shing Ocean Enterprise
UNI = Uni-Sea/Nippon Suisan Kaisha
WFS = Whitney-Fidalgo/Ohtori Suisan (Kyokuyo)
WTI = Westward Trawlers/Taiyo

October 1, 1984

NORTH PACIFIC FISHERY MANAGEMENT COUNCIL

INTERIM POLICY

on

Joint Ventures and Allocations*

General Policy. The North Pacific Fishery Management Council is responsible by law for assuring the conservation of fishery stocks off Alaska and fostering the development of the United States fishery for those stocks currently underutilized by this country, though they may be fully exploited by other nations. The Magnuson Fishery Conservation and Management Act allows the Council to equitably allocate harvest privileges, and the Council intends to use these allocations to increase American participation in underutilized fisheries consistent with the Act.

The Council believes it is in the greatest national interest for the resource to be harvested, processed, and marketed by U.S. industry. However, until the domestic industry can harvest, process, and market the available groundfish resource, the Council will encourage joint ventures between Americans and foreigners that will increase U.S. participation in the utilization of these resources. Joint ventures generally are considered to be operations in which U.S. fishermen deliver raw fish to foreign processors at sea. Ownership of the finished product may be foreign or U.S. Other forms of joint ventures are possible and will be appraised on their individual merits as they are formulated.

The Council will continue to give highest priority to target operations that are wholly American, and joint ventures will only be considered for groundfish species not harvested and processed totally by U.S. industry.

The Council intends that any country to whom a direct allocation is given must also be engaged in "over-the-side" joint ventures or the purchase of U.S. produced products. A relationship of a one-to-one ratio for joint venture

*Approved by the Council in September 1984.

fishing to foreign directed fishing at the earliest possible date is most desirable at this time. After this ratio is achieved, TALFF will be put on a sliding scale toward total elimination of foreign fishing as American industry (harvesting/processing/marketing) comes on line.

Joint Venture Permit Review Procedure. The Council will hold its review each December of all prospective joint ventures for the coming year. This will coincide with the Council making its final recommendations on apportioning available groundfish yields to Domestic Annual Processing (DAP: totally U.S. harvested and processed), Joint Venture Processing (JVP: U.S. harvested and foreign processed), and Total Allowable Level of Foreign Fishing (TALFF: foreign harvested).

The Council expects to receive all permit applications for foreign vessels to operate in joint ventures at least two weeks before the week of the Council meeting. Applications are expected to be complete and to have been published in the Federal Register by Friday preceding Council meeting week. In no case will the Council consider applications published later than Monday of the meeting week.

In addition to the information required on the NMFS permit application form, each applicant is requested to describe in writing how their operation meets the criteria listed in Table 1. In cases of shortages of desired species, the Council will use this information to rank individual joint ventures and to formulate Council recommendations.

Applications for joint operations submitted subsequent to the December meeting will be reviewed and recommended for approval or denial based upon the merits of the proposed operation compared to previously approved or denied applications and the availability of resources to be allocated.

Each applicant is encouraged to present oral testimony before the Council's Permit Review Committee, which will meet during Council week. The Council will review permits and committee recommendations during its meeting.

Joint ventures are expected to make realistic requests for allocations that lie within their capability to perform. The Council will compare these

requests in aggregate with NMFS projections of JVP derived from industry surveys and will closely monitor attainment of joint venture goals during the season.

Permit Review Criteria. Groundfish operations which are legitimately wholly domestic in the harvesting and processing of our fishery resources and do not involve foreign flag vessels, fall under the Council's definition of DAP and therefore will not need permits. They will be given first priority in groundfish apportionments.

Second priority is granted to operations involving foreign processing vessels and U.S. harvesters and other sectors of the U.S. industry. The Council intends to give preference to those joint venture operations or nations which clearly evidence maximum U.S. industry involvement in all phases of the operation and which give strongest support to the development of the domestic industry for underutilized species.

The Council will use the criteria in Table 1 to appraise joint operation requests relative to each other and make its recommendations to NMFS. Other factors not listed may be considered also. The relative ordering of joint operations using these criteria will become especially important when biologically available yield is insufficient to meet all DAP and JVP demands. In those cases, the operations of lowest merit relative to the others will be in the highest risk of not receiving recommended approval or approval at requested levels.

For each approved joint venture operation, the Council shall recommend a maximum amount of fish that may be received by the foreign vessels of that joint venture operation. It is intended that this amount be incorporated in the permits of those foreign vessels, subject to subsequent augmentation by the Regional Director under the following paragraph. Each permit should provide that a maximum of 50% of the amount stated in that permit may be received until the Regional Director, after consultation with the Council or the Interim Action Committee and the U.S. joint venture partner, determines that the venture is proceeding satisfactorily.

The Council considers tonnages by species requested on foreign permit applications to be firm targets. Any requests for in-season augmentation may be acted on by the Regional Director if TALFF remains. However, the Council will review all requested augmentations for species with no TALFF. The Council may appoint an Interim Action Committee to review requests for augmentations and new joint ventures if they must be acted on outside a regularly scheduled Council meeting.

Table 1. Criteria for the review of joint venture requests and allocations*

-
- Purchase of finished or semi-finished U.S. product, especially underutilized species
 - Efforts to lower or remove trade barriers.
 - Level of U.S. industry involvement in all phases of joint operation (harvesting, processing, marketing)
 - Ratio of country's total joint venture request to total anticipated direct fishing allocation.
 - Enhancement of U.S. employment at sea and ashore
 - Destination and final marketing of products and competition with U.S. products
 - Achievement of joint operation requests and past participation in purchasing, processing and harvesting groundfish from off Alaska.
 - Proof of financial responsibility by foreign partner.
 - Transfer of capital and investment to U.S. infrastructure.
 - Compatibility of joint operation with other U.S. fisheries and incidental species (i.e. gear conflicts, ground preemption, environmental degradation, bycatch of highly valued species totally utilized by U.S. industry, etc.)
 - Partnership relations, ease of dispute settlement.
 - Foreign participation in fisheries research off Alaska.
 - Technology transfer.
 - Reporting of fishery and market information beyond that required by law.
 - Potential net economic contributions of the joint venture to the U.S. fishing industry.
 - Compliance with U.S. laws and treaties.
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*No priorities meant or implied.

Company Level Questions

1. What is the level of U.S. industry involvement in the harvesting, processing, and marketing phases of the joint operation?
2. How will this specific operation enhance U.S. employment at sea and ashore?
3. What is the destination and final marketing of products? To what extent will the joint venture products compete with U.S. products?
4. What is the company's past record in achieving its requests and participating in purchasing, processing, and harvesting groundfish off Alaska?
5. What proof of financial responsibility has been shown by the foreign partner?
6. How compatible will this particular joint venture operation be with other U.S. fisheries and incidental species? What is the potential for gear conflicts, grounds preemption, environmental degradation, or bycatch of highly valued species totally utilized by U.S. industry?
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8. What are the potential net economic contributions of the joint venture to the U.S. fishing industry?
9. What kind of record does the foreign partner and its vessels have in complying with U.S. laws and treaties?

Foreign Nation Level Questions

10. How much finished or semi-finished U.S. product has the nation of the foreign partner purchased over the past few years? How much of this was of groundfish species underutilized by the U.S.?
11. What progress has been made in lowering or removing trade barriers of the foreign nation to U.S. fishery products?
12. What is the ratio of the country's total joint venture request to total anticipated direct fishing allocation?
13. To what extent has the foreign nation transferred capital and investment to U.S. infrastructure?
14. What kinds of technology have been transferred to the U.S.?
15. How much fisheries research does the country do off Alaska?
16. Has the foreign nation cooperated in reporting fishery and market information beyond that required by law?
17. Has the foreign nation complied with U.S. laws and treaties to the fullest extent?

C-4
SUPPLEMENTAL

RECEIVED DEC 2 1984

ELIZABETH F, INC.

P.O. BOX 1275
KODIAK, ALASKA 99615
907-486-3215

ACTION	ROUTE TO	INITIAL
		3
		4

November 23, 1984

Mr. Clarence Potuzke
North Pacific Fishery Management Council
P. O. Box 103136
Anchorage, Alaska 99510

Re: Mr. Branson's October 15, 1985, "Attachment B - Company Level Questions"

Dear Mr. Potuzke:

We have the fishing vessel Elizabeth F, an American trawler, which with an American crew harvested fish for joint venture operations in 1984. We have had partnership arrangements with Kyokuyo Ltd. (Japan) and Marine Resources Company International (Russian) through their 1984 allocations.

We would like to respond to the questions directed at the fishing effort level. Employment aboard the fishing vessel Elizabeth F has been 18 crewmembers throughout 1984, with an additional estimate of support jobs of 4, making a total of 22 jobs.

The manner and professionalism of these joint ventures are of the highest quality. The written contracts of both are an example of why good relationships shall and do exist between these partners.

The U.S. trawlers through well run joint operations such as these have gained much knowledge in the harvesting and handling of the various fish species that at this present time would not be available to U.S. fishermen except through our foreign partners.

Sincerely yours,

ELIZABETH F, INC.


Louis P. Iani,
President

cc: Honorable Frank Murkowski - U.S. Senate
Honorable Ted Stevens - U.S. Senate
Honorable Don Young - U.S. House of Representatives

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- Honorable Don Young - U.S. House of Representatives



PETER BLOCK Vice President—Industrial Relations

Universal Seafoods, Ltd.

15110 N.E. 90th Street
Redmond, WA 98073-1019

P.O. Box 1019
(206) 881-8181

Company Level Questions

1. What is the level of U.S. industry involvement in the harvesting, processing, and marketing phases of the joint operation?

The Nippon Suisan/Universal Seafoods Joint Venture (J/V) began on June 1, 1981 with two U.S. catcher vessels which harvested 6,130 MT of Pollock and incidental species and has expanded to where our last J/V, which began on June 14, 1984, included fourteen catcher vessels which harvested 60,202 MT for the summer program for a total of 133,103 MT for the 1984 calendar year. This represents a gross income to the harvesters of some \$12.5 million for the year. All processing is accomplished aboard the Nippon Suisan surimi-trawler factory vessels. Universal Seafoods receives and repacks kamoboko products, and through its affiliate, Intersea Fisheries, markets these products throughout the U.S.

2. How will this specific operation enhance U.S. employment at sea and ashore?

Since the scope of the 1985 program is as yet undetermined, we are unable to determine the number of vessels we will employ. However, if we assume ten catcher vessels will be employed at an average employment level of seven people per vessel (including relief personnel), their gross income can be expected to be around \$500,000 per year. This equates to an employment level of seventy people at sea for a gross payroll of \$5.0 million for the 1985 year. In addition, these vessels can be expected to purchase a similar amount of goods and services shore side. Also, as indicated in question (1), Universal Seafoods is engaged in the distribution and marketing of surimi products.

3. What is the destination and final marketing of products? To what extent will the joint venture products compete with U.S. products?

The initial destination of the surimi material is Japan where most of the material is manufactured into finished form.

4. What is the company's past record in achieving its requests and participating in purchasing, processing, and harvesting groundfish off Alaska?

The company's past record has been very good. In the seven J/V programs conducted since 1981, we have exceeded our tonnage requests in all but the 1982 winter program, where a 90 percent achievement record was realized. The J/V has purchased a total of 237,050 MT of pollock and incidental species, employing seventeen catcher vessels. In 1983, Universal Seafoods committed \$1.1 million to convert a crab processing plant to a groundfish plant in Dutch Harbor and since that time has purchased, processed and marketed some 6,500 (round) MT of various groundfish species. Its J/V partner has played a key role in these activities.

5. What proof of financial responsibility has been shown by the foreign partner?

The foreign partner is the largest fishing company in the world. In the course of our seven J/V programs, we have had some nineteen scheduled payment periods, including interim and final settlements, through which the J/V disbursed some \$22.4 million to the harvesters. In all cases final payments were scheduled for not more than thirty days after conclusion of the J/V fishing season. All payments were made either on or ahead of schedule. Financial responsibility has been further demonstrated by the fact that the domestic partner was contractually required to make all payments, giving harvesters ready access to a reputable domestic company.

6. How compatible will this particular joint venture operation be with other U.S. fisheries and incidental species? What is the potential for gear conflicts, grounds preemption, environmental degradation, or bycatch of highly valued species totally utilized by U.S. industry?

Since this J/V will target Pollock, it is expected that the catch rate of incidental species will be low--on the order of one percent, as in past programs. In past J/V programs in the Shelikof Straits, gear conflict and bycatch of highly valued species has been minimal. We have no way of assessing environmental degradation or grounds preemption, but expect these to be minimal also.

7. What is the company's record on dispute settlement and more generally on partnership relations?

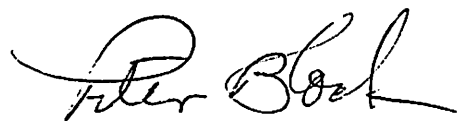
The company's record has been excellent. The agreement with our catcher vessels provides for settling disputes in a progressive manner, up to and including legal action (with venue in the State of Washington). Our philosophy is to settle disputes on the grounds, and in those few instances where we have had disagreements, they have been amicably settled there. Partnership relations have been excellent also. However, we incurred a situation this fall where, at the vessel owners request, we made an early announcement of surplus vessels, anticipating a reduced fleet size for the winter program. One of the three owners who was given notice complained.

8. What are the potential net economic contributions of the joint venture to the U.S. fishing industry?

Under the earlier assumption of ten vessels fishing, the J/V could be expected to produce a gross income of some \$15.0 million for the 1985 calendar year.

9. What kind of record does the foreign partner and its vessels have in complying with U.S. laws and treaties?

The record for both has been very good. Neither the vessels nor the foreign partner has sustained any serious violation on the Pacific Ocean.

A handwritten signature in cursive script, appearing to read "Peter Block".

U.S. commercial landings of Alaska Pollock.

	1978	1979	1980	1981	1982	1983
1,000 lbs	3892	7286	6771	3839	3260	3046
Metric ton	1765	3305	3071	1741	1479	1382

Joint venture fisheries (Pollock).

	1978	1979	1980	1981	1982	1983
1,000 lbs	99	3320	36850	129961	284142	624131
Metric ton	45	1506	16715	58950	128886	283104

* 1980 figure is 50% of total j/v catch.

Foreign catch in FCZ (Pollock).

	1978	1979	1980	1981	1982	1983
1,000 lbs	2367908	2308547	2467225	2463125	2320992	2145186
Metric ton	1074076	1047150	1119126	1117266	1052795	973050

U.S. imports of white-fish blocks and slabs.

	1978	1979	1980	1981	1982	1983
1,000 lbs	406286	408152	336117	344111	318966	384458
Metric ton	184290	185137	152462	156088	144682	174389

U.S. exports of fresh or frozen fillets and steaks
(all species except Salmon and Herring)

	1978	1979	1980	1981	1982	1983
1,000 lbs	29896	46559	46657	36079	37386	21264
Metric ton	13561	21119	21163	16365	16958	9645

U.S. consumption of regular and minced blocks

	1978	1979	1980	1981	1982	1983
Total 1000 lbs.	408165	413009	337322	345140	321732	387654
Total MT	185142	187340	153008	156554	145937	175839
U.S. 1000 lbs	1879	4857	1205	1029	2766	3196
U.S. product MT	852	2203	547	467	1255	1450
% of total	0.5	1.2	0.4	0.3	0.9	0.8
Import 1000 lbs	406286	408152	336117	344111	318966	384458
Import MT	184290	185137	152462	156088	144682	174389
% of total	99.5	98.8	99.6	99.7	99.1	99.2

U.S. imports of regular and minced blocks from Denmark

	1978	1979	1980	1981	1982	1983
1,000 lbs	81791	49254	31369	44331	47267	69093
Metric ton	37100	22341	14229	20108	21440	31340
% of U.S. import	20.1	12.1	9.3	12.9	14.8	18.0
Val. 1000 \$	71608	44192	29685	42035	42254	68340

Danish imports of seven fishery commodities
(incl. fresh and frozen whitefish)

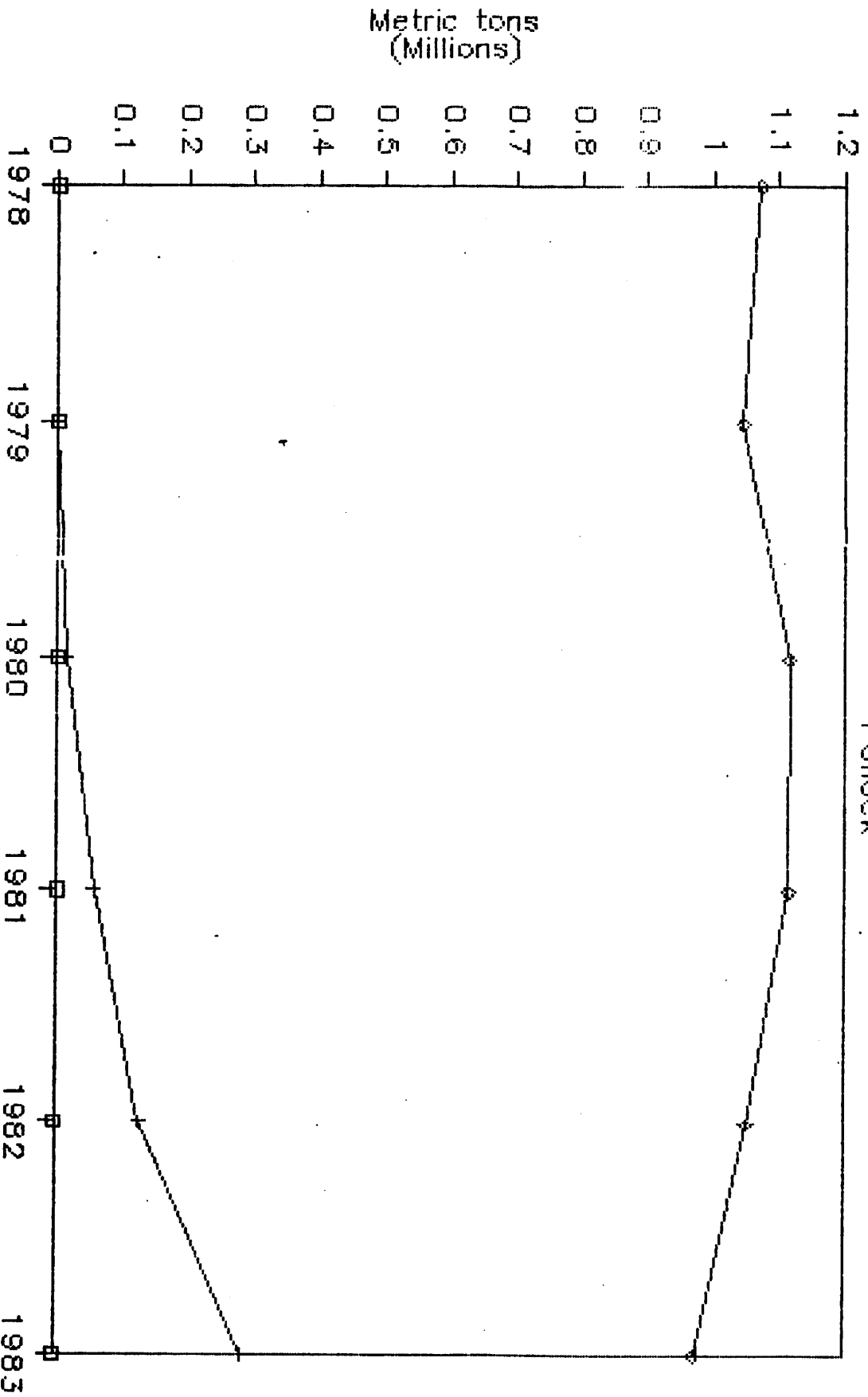
	1978	1979	1980	1981	1982	1983
Value						
1,000 U.S. \$	220990	269548	330665	304760	?	

Origin fish blocks and slabs imported into the U.S. (metric tons).

	1978	1979	1980	1981	1982	1983
Canada	46075	56396	54661	53210	49232	56128
% of total	25.0	30.5	35.9	34.1	34.0	32.2
Iceland	29912	33052	26862	22094	22431	27374
% of total	16.2	17.9	17.6	14.2	15.5	15.7
Denmark	37100	22341	14229	20108	25646	31012
% of total	20.1	12.1	9.3	12.9	17.7	17.8
Korea	23801	29819	19202	18578	18685	25908
% of total	12.9	16.1	12.6	11.9	12.9	14.9
Norway	20753	8941	9416	12866	6961	6633
% of total	11.3	4.8	6.2	8.2	4.8	3.8
Japan					2786	4896
% of total	0.0	0.0	0.0	0.0	1.9	2.8
Argentina					5804	5710
% of total	0.0	0.0	0.0	0.0	4.0	3.3
Poland			7032	7241		
% of total			4.6	4.6		
Total						
Scandinavia	87766	64334	50507	55069	55038	65019
% of total	47.6	34.7	33.1	35.3	38.0	37.3

Catch in Alaska FCZ

Pollock

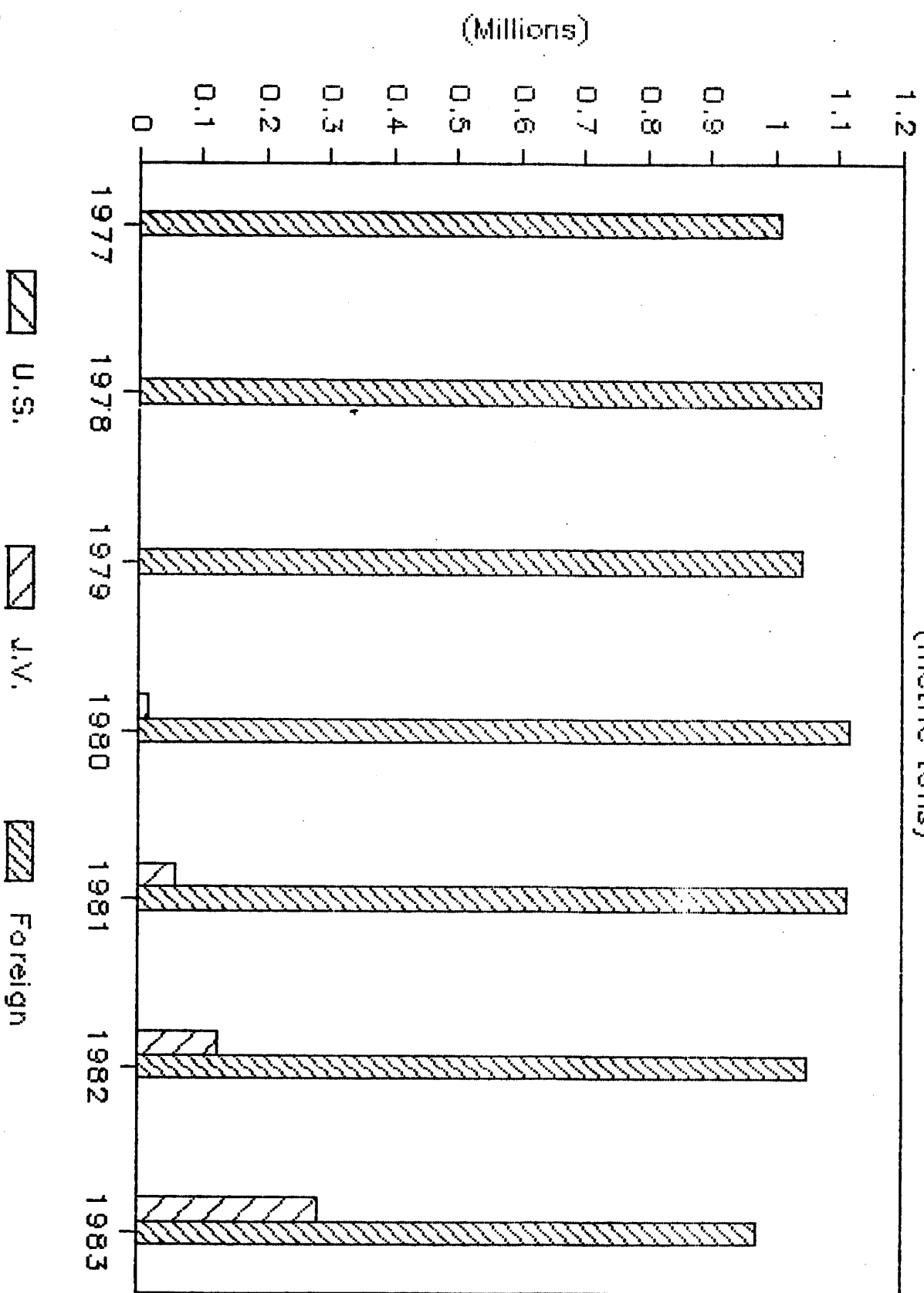


U.S. Landings

+ J/V Fisheries

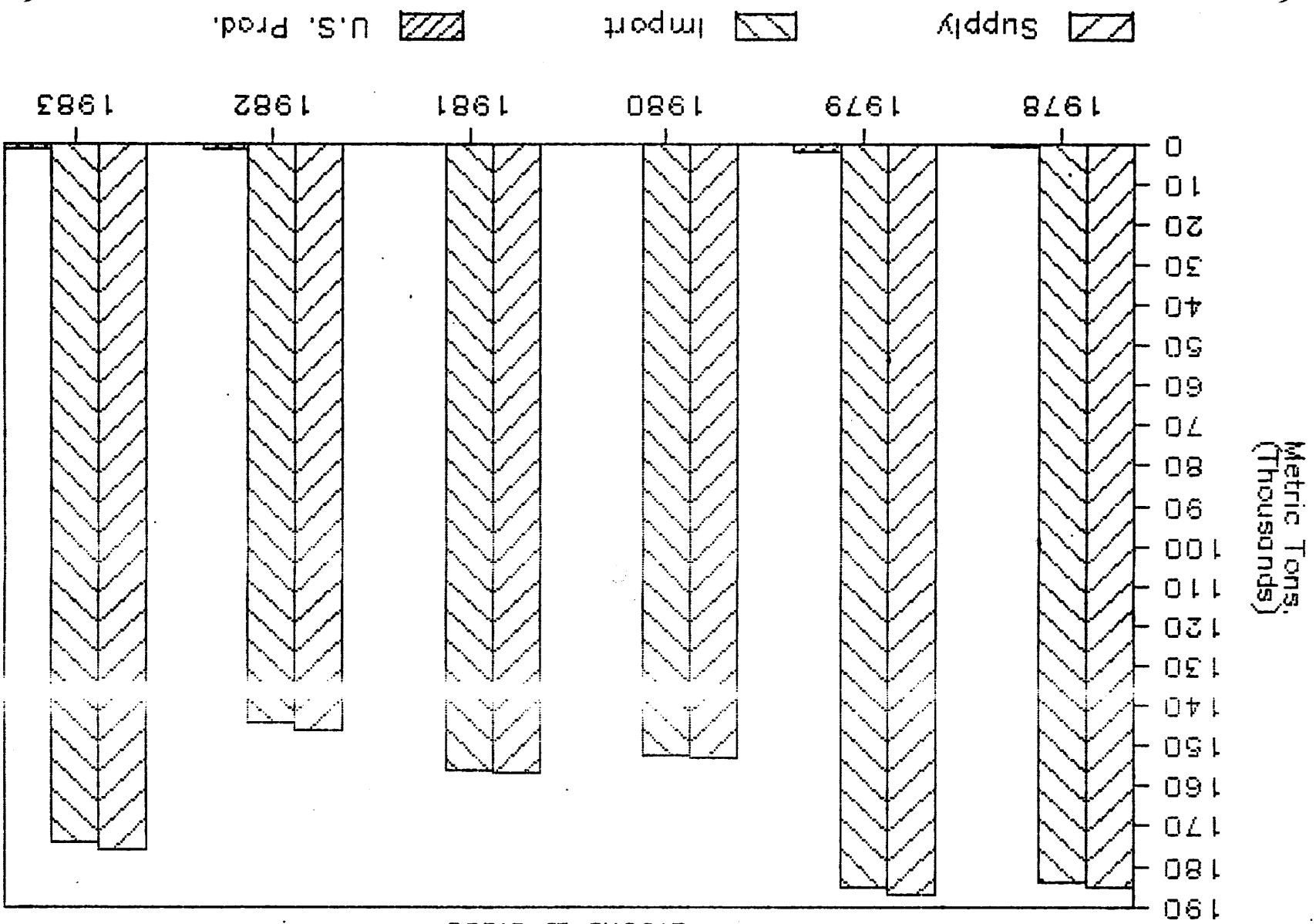
◇ Foreign catch

Catch in Alaska FCZ. (metric tons)



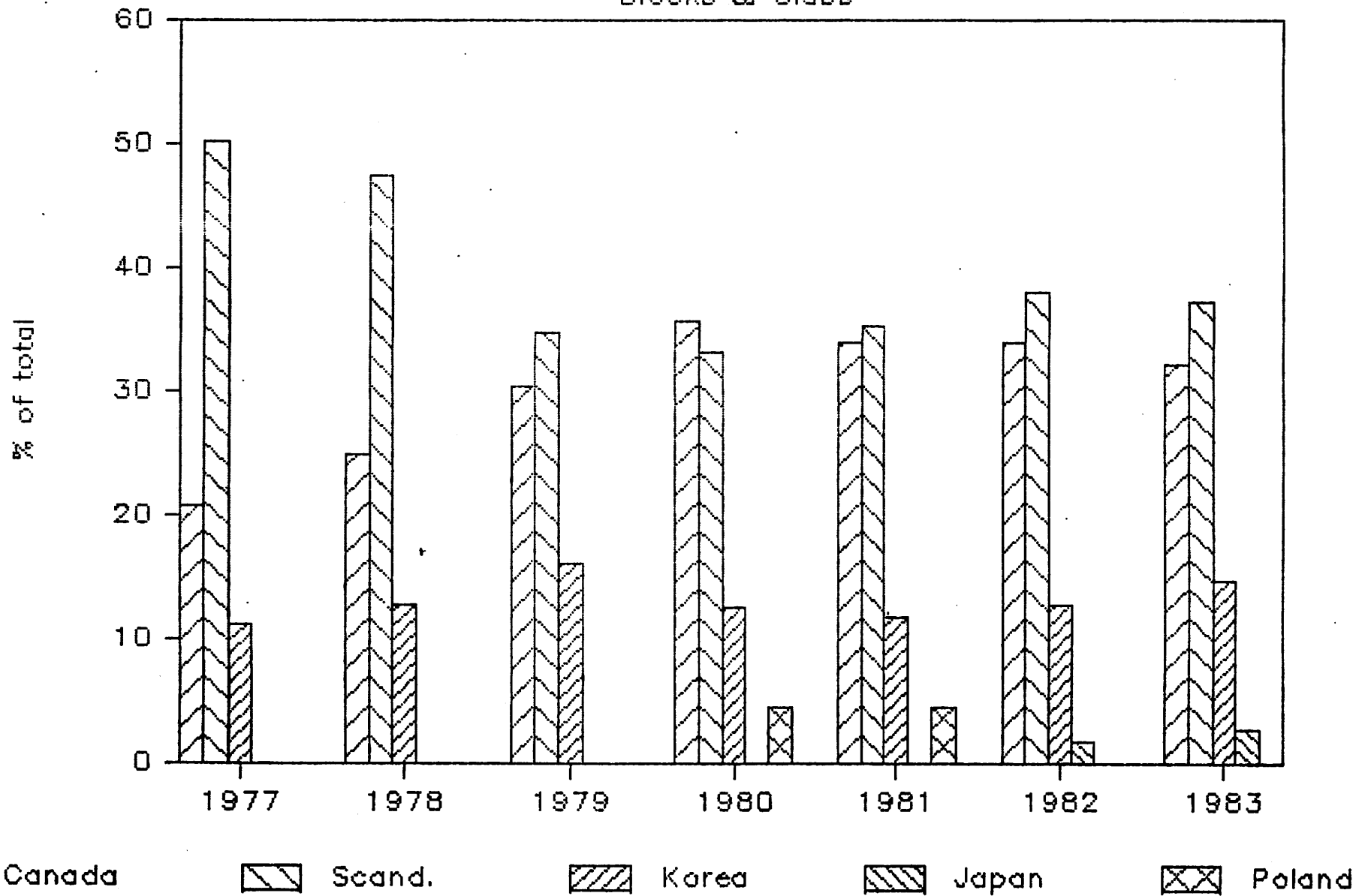
Total Supply and Import to U.S.

Blocks & Slabs



Origin of U.S. Imports.

Blocks & Slabs



THE 1:1 OR LESS TALFF: JV OPTION FOR ALASKA-WIDE POLLOCK

Harvest Guidelines	1,521,600
DAP	- 231,593
Available to JVP/TALFF during 1985	1,290,007

Reserves	- 241,000
Available to JVP/TALFF on January 1, 1985	1,049,007

JVP Scenarios

	<u>1</u>	<u>2</u>	<u>3</u>	<u>%</u>
Japan	324,400	329,400	700,000	78.6
ROK	79,800	103,400	103,400	11.6
USSR	15,000	15,000	15,000	1.7
Taiwan	0	2,800	2,800	0.3
Poland	40,000	50,000	50,000	5.6
Spain	0	4,000	4,000	0.4
FRG	0	0	0	0.0
Iceland	0	5,000	5,000	0.6
Portugal	<u>0</u>	<u>10,000</u>	<u>10,000</u>	<u>1.1</u>
JVP	459,200	519,600	890,200	100.0

Annual Budget

Available to TALFF	830,807	770,407	399,807
TALFF Demand (assuming 1:1)	459,200	515,600 ^{1/}	886,200 ^{1/}
Shortfall	none	none	-486,393
Prorata TALFF Reduction to meet Annual Supply	0	0	54.89%

1/ Spain requested no directed allocation.

THE 1:1 OR LESS TALFF:JV OPTION FOR ALASKA-WIDE POLLOCK

January 1985 Allocations of Pollock

(Assuming 1,049,007 mt available to JVP and TALFF)

Scenario	<u>1</u>	<u>2</u>	<u>3</u>
JVP	<u>459,200</u>	<u>519,600</u>	<u>890,200</u>
Total TALFF	459,200	515,600	158,807
50% Hold back	<u>229,600</u>	<u>257,800</u>	<u>79,404</u>

January Allocations:

				<u>%</u>
Japan ^{1/}	162,200	164,700	62,720	78.9
ROK ^{2/}	39,900	51,700	9,265	11.6
USSR	7,500	7,500	1,344	1.6
Taiwan	0	1,400	251	.3
Poland	20,000	25,000	4,480	5.6
Spain	0	0	0	0
FRG	0	0	0	0
Iceland	0	2,500	448	.5
Portugal	0	5,000	896	1.1
Allocated TALFF	<u>229,600</u>	<u>257,800</u>	<u>79,404</u>	<u>100.0</u>
Unapportioned	<u>130,607</u>	<u>13,807</u>	<u>0</u>	

1/ Japan's high catch for pollock for January - March for 1983 and 1984 was 82,443 mt Alaska wide.

2/ Korea's high catch for pollock for January - March for 1983 and 1984 was 20,113 mt Alaska wide.

Scenarios for 1:1 Option

Scenario 1: Includes only permits passed by Permit Committee in December, i.e. does not account for the following:

Company	8	Japan	5,000 mt	pollock
	20	ROK	14,100	
	21	ROK	9,500	
	24	TW	2,000	
	25	TW	800	
	27	Poland	70,000	
	28	Iceland	5,000	
	29	Spain	4,000	
	30	Portugal	0	
	31	FRG	6,000	

Scenario 2: Includes December permits plus companies 8, 20, 21, 24, 25, 28, and 29. Also Poland comes in for 10,000 mt with Quest, but W. Germany never gets project off the ground because BUSSE is sold. Also Portugal requests 10,000 mt joint venture.

Scenario 3: Same as #3 but Japan goes to 700,000 mt (current Coalition request).

TABLE I

JAPANESE JOINT VENTURES
1981 - 1984

Company/Year	Target (mts)	Achieved (mts)	Value \$U.S.	Vessels 1984
Hoko				
1982	10,000	11,631	\$1,000,000	CHIKUBU MARU
1983	26,000	31,742	3,000,000	TSUDA MARU
1984	35,000	36,101	3,400,000	
Kyokuyo				
1982	10,000	9,932	1,000,000	DAISHIN MARU #28
1983	26,300	26,240	2,400,000	OHTORI MARU
1984	35,000	35,898	3,500,000	
Nichiro				
1983	10,000	10,972	1,000,000	AKEBONO MARU #72
1984 Pollock	21,000	21,013	2,100,000	
1984 Yellowfin	4,900	4,789	600,000	
Nissui				
1981	7,000	6,130	900,000	HARUNA MARU
1982	20,000	21,316	2,100,000	KONGO MARU
1983	60,000	76,500	6,900,000	KOYO MARU #3
1984	129,000	133,105	12,600,000	RIKUZEN MARU YAMATO MARU
Taiyo				
1981	7,000	5,316	800,000	TENYO MARU
1982	30,000	23,340	2,300,000	TENYO MARU #2
1983	57,500	66,172	6,200,000	TENYO MARU #3
1984	110,000	114,761	10,900,000	TENYO MARU #5 ZUIYO MARU #2 ZUIYO MARU #3

Note: 1983 target amounts based upon preliminary plans.

8309010 #03

11/28 16:26