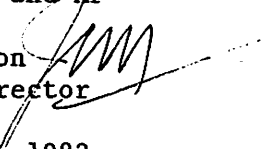


M E M O R A N D U M

TO: Council, SSC and AP

FROM: Jim H. Branson 
Executive Director

DATE: September 21, 1983

SUBJECT: Foreign Joint Venture and Directed Fishing Permits

ACTION REQUIRED

Review permit applications for joint ventures.

BACKGROUND

Two permit applications are before the Council for review and recommendations at this meeting.

1. Spain has submitted an application for 1983 for the BAHIA DE LOS BASCOS to receive 8,000 mt cod and 4,000 mt pollock beginning in November 1983 in both the Bering Sea/Aleutian Islands and the Gulf of Alaska. The U.S. party is Alaska Salt Fish Corporation whose President, George A. Dickson, will be attending the Council meeting to answer any questions. Items C-5(a) and (b) further describe the proposed operation. The vessel has had no violations in the U.S. FCZ.
2. Taiwan is supposedly going to submit an application for 1983 for the CHIEF DRAGON 737 to fish and receive fish from U.S. catchers in the Bering Sea. This vessel is a substitute for HIGHLY 301 whose permit application was deferred by the Council in July for lack of information. According to the HIGHLY 301 application received in July, one or two catchers will deliver 6,000 mt per U.S. catcher vessel annually for the next eight years in this joint venture between Highly Enterprise Corporation and Pribilof-Highly Seaproducts. The catch will be 40% Pacific cod and 30% flounders. The CHIEF DRAGON 737 was previously approved by the Council in December 1982 for a joint venture in the Gulf of Alaska in 1983, and has no major violations for the past five years. Mike Jones of Pribilof-Highly Seaproducts will be available to answer questions. The application will be placed under item C-5(c) if it arrives in time for the Council meeting.

FISHING VESSEL IDENTIFICATION FORM

NPHC

AGENDA C-5(a)
SEPTEMBER 1983

SP-83-0175

(1) VESSEL NAME : Bahia de los Bascos (2) CALL SIGN : EFHQ
 (3) HULL NMBR : SS-2-1798
 (4) VESSEL TYPE : Stern Trailer/Processor (5) LENGTH : 186 feet
 (6) GROSS TONS : 497 (7) NET TONS : 201 (8) MAX SPEED : 10 knots
 (9) OWNERS NAME : Bac Ladera Vasca, Ltd.
 ADDRESS : Alto de Arreche, Apt. 95, Irun, Spain

(10) PROCESSING EQUIPMENT : 2 Baader 410 Headers
2 Wash Tanks
2 Baader 440 Splitters
Assortments of Conveyor Belts, etc.

(11) HOLD CAPACITY (IN CUBIC METERS) :
 HOLD #1 : 183.3 HOLD #2 : 183.3 HOLD #3 : 183.3 HOLD #4 : -0-
 (IF MORE THAN 4 HOLDS, GIVE TOTAL HOLD CAPACITY _____)

(12) FISHERIES FOR WHICH PERMIT IS REQUESTED : _____

FISHERY	TARGET SPECIES	GEAR	CATCH	PROCESS	OTHER
Bering Sea, Shelikof Straits	Cod			X	
	Pollock			X	
Ground Fish					

(13) HAS THIS VESSEL EVER RECEIVED A PERMIT TO FISH WITHIN THE U.S. FCZ?
 YES _____ NO X (IF YES, LIST PERMIT NUMBER (S) _____)

(14) ARE FISHING ACTIVITIES REQUESTED IN SUPPORT OF VESSELS OF THE U.S.?
 (If yes, attach supplemental sheet showing fishery, species quantities, dates, locations and specific activities requested.)
 YES _____ NO X

THE UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

APPLICATION FOR VESSEL PERMITS TO RECEIVE
UNITED STATES HARVESTED FISH FROM VESSELS OF THE UNITED STATES
WITHIN THE FISHERY CONSERVATION ZONE

No. _____

Under the Magnuson Fishery Conservation and Management Act, as amended, the Government of Spain submits this application for permits for vessels under its jurisdiction to receive United States harvested fish from vessels of the United States within the fishery conservation zone of the United States, during the year 1983.

Fishing Vessel Identification Forms are attached to this application. The fisheries, species, and amounts of United States harvested fish desired to be received by vessels of the Spanish flag are as follows;

Fishery	Species	Total Tonnage Requested For Each Species (MT)
Shelikof Straits	Cod	8000 MT (round weight)
and	Pollock	4000 MT (round weight)
Bering Sea		
Ground Fish		12,000 MT Total

Detailed descriptions of the methods of operation proposed for each fishery requested are attached and form a part of this application.

Submitted: July 20, 1983

(Date)

[Signature]
Signature
Counselor for Agriculture and
Fisheries Affairs.

Title

1. Method of Operation. The proposed method of operation would involve U.S. draggers delivering cod ends of Pollock or Cod to the Spanish processing vessel. All would be accomplished as an at-sea operation outside of the three-mile limit in the U.S. Fisheries Conservation Zone. The Pollock would be taken in Shelikof Straits and the Cod would be taken near Dutch Harbor and on the Bering Sea side of the Aleutian Islands.

When the processing vessel is full, it will unload in Mexico then return to the fishing grounds until the allocation is filled.

2. Number and Type of Vessels:

(a) U.S. Vessels: 2 to 3 U.S. draggers.

(b) Spanish Vessels: One Spanish 186-foot stern trawler/processor utilizing its processing capacity to salt the U.S. caught fish.

3. Principal Contact With the United States.

Alaska Salt Fish Corporation
880 "H" Street, Suite 200
Anchorage, AK 99501
[907]276-2272

President: George A. Dickson of Anchorage, Alaska;
Vice President: Roy Silvestro of Boston, Mass.;
Secretary: Ronnie Wrenn of Charlotte, North Carolina.

In June of 1983, Alaska Salt Fish Corporation successfully completed a Portuguese inland waters joint venture off of Kodiak Island. This was a pioneering effort made possible by the June 1982 amendment to the Magnuson Fishery Management Conservation Act which allowed the Governors of the States to permit joint venturers in inland waters. The Portuguese took 5,000 MT of round Cod from 5 Kodiak based Alaska Draggers.

4. Geographical Area of Operation.

Pollock: Shelikof Straits located in the Central Regulatory Area of the Gulf of Alaska.

Cod: North side of the Alaska Peninsula and the Aleutian Islands in Areas I and IV between 160° and 180° W. longitude.

5. Period of Operation.

Begin in November of 1983. Because of the limited hold capacity of the processing boat (550 metric tons), the boat will have to leave the fishing grounds periodically to unload its' cargo in Mexico for shipment to Spain. It is anticipated that the boat will take on 1,800

round metric tons every 60-75 days. During the time the processing boat is going to and from Mexico, the catcher baots will salt fish and deliver them to shore where they will be loaded onto vans and shipped to the East Coast of the U.S. The Spanish partner will purchase this finished product. The total operation could take a year to complete.

6. Species and Quantity.

The proposed venture will harvest 8,000 MT (round weight) of Cod and 4,000 MT (round weight) of Pollock. The fish will be headed and gutted, split or filleted and salted. The end market for all the fish is Spain.

7. Incidental Catch.

All incidental catch will be returned to sea.

8. Delivery of Fish.

Cod end transfer from the U.S. catcher boats to the Spanish processing ship will be the method of delivery.

9. Relationship to Other Fishing Operations.

The processing vessel will not conduct fishing (i.e., catching) operations during the joint venture and will be used exclusively to received United States harvested fish. During periods when the processing vessel is taking its fish to Mexico, the U.S. catcher boats will salt fish which will be purchased by the Spanish company.

10. Prices.

Prices for the Cod and Pollock have not yet been negotiated, but preliminary contacts with U.S. fishermen indicate that prices are not an impediment to the venture.

AGENDA C-5(b)
SEPTEMBER 1983

AC

DICKSON, EVANS & ESCH

ATTORNEYS AT LAW
880 H STREET, SUITE 200
ANCHORAGE, ALASKA 99501

TELEPHONE
AREA CODE 907
276-2272

GEORGE A. DICKSON
M. P. EVANS
BEN J. ESCH
ROBERT I. SHOAF

TO: North Pacific Fisheries Management Council
FROM: George A. Dickson
DATE: September 19, 1983
RE: September Meeting and Discussion of the Spanish
Joint Venture Permit Application

This is a supplement to those comments submitted on September 8, 1983.

The reference to Smokwa Shell, Inc., was premature and should be deleted as we are still in a very early stage of negotiation.

It is almost certain that the fish will not be taken to Mexico for unloading. Arrangements are rapidly firming up to make high seas transfers with an American company who has developed quite an expertise in this procedure. This should compress the time frame of the venture.

I also want to emphasize that this is the first time that salted pollock will have been introduced to the Spanish market. If this is successful, it could open up a whole new United States fishery. The Spanish market is one of the largest markets in the world for salt fish. The fact that a new market is being opened for plentiful United States fish stock should be an added incentive to grant the permit.

DICKSON, EVANS & ESCH

ATTORNEYS AT LAW
880 H STREET, SUITE 200
ANCHORAGE, ALASKA 99501

TELEPHONE
AREA CODE 907
276-2272

GEORGE A. DICKSON
M.P. EVANS
BEN J. ESCH
WILLIAM F. MEESE

DRAFT COMMENTS TO NORTH PACIFIC FISHERIES MANAGEMENT COUNCIL REGARDING SPANISH JOINT VENTURE PERMIT APPLICATION OF BACALADERA VASCA LTD.

PROJECT

Two or three United States draggers will catch for the 186' Spanish stern trawler/processor, Bahia De Los Vascos. The Spanish vessel, using only its processing capacity, will bleed, gut, split, and salt the United States caught fish. The fish will be transferred in the round to the Spanish processor in zippered cod ends. The use of cod end transfers will avoid handling of catches aboard the United States catcher boats and minimize catch delivery time. The processing vessel will not conduct fishing operations during the joint venture; it will be used exclusively to receive and process the United States harvested fish.

The joint venture is seeking to harvest 12,000 M/T of pollock and cod. The operation is scheduled to last upwards of one year. The Spanish processor has a hold capacity of 550 M/T. Thus, the Spanish processor will have to unload finished product approximately seven times during the course of the operation.

The Spanish processor is currently planning to unload the finished product in Mexico or, alternatively, make high seas transfers. If the boat unloads in Mexico, during the time the boat is going to and from Mexico the United States catcher boats will split, gut, and salt the fish they catch and deliver them to shore. The fish will then be put in vans and rail shipped to the East Coast, where the Spanish partner will ship it to Spain.

The proposed joint venture will harvest 8,000 M/T of cod in the round and 4,000 M/T of pollock in the round. The pollock will be caught in the Shelikof Straits, and the cod will be taken near Dutch Harbor, on the Bering Sea side of the Aleutian Islands. All harvesting and processing will occur outside the three-mile Territorial Sea in the United States Fishery Conservation Zone.

The prices to be paid to the United States fishermen for the cod and pollock have not yet been settled upon, but preliminary contacts with United States fishermen indicate that both parties can reach a satisfactory agreement on prices.

THE SPANISH PARTNER

The Spanish corporation, Bacaladera Vasca Ltd., has conducted business with Mr. Ronnie Wrenn, one of the United States partners, for the past several years. Those dealings between Ronnie Wrenn's company, Starboard Sales of Virginia, and Bacaladera Vasca Ltd., have taken place on the United States East Coast. Information received from the United States registered agent of the Spanish Fleet, Carmen De Aza Martinez, indicates that the Spanish company of this joint venture, Bacaladera Vasca Ltd., has never been cited for being in violation of the MFCMA since she was first appointed in 1977.

The Spanish partner does an annual business somewhere in the neighborhood of \$15 million per year. The entirety of their fish product is consumed domestically in Spain. The Spanish corporation wholesales the majority of its fish product, but they also distribute the fish in retail outlets and grocery stores which are owned by the company.

TRANSFER OF TECHNOLOGY

The Spanish partner is making arrangements to start up and run a test production line of salted pollock. The envisioned operation will place five experienced Spanish workers at the Smokwa Shell, Inc., processing plant in Kodiak. The Kodiak plant will produce salted pollock for approximately six to eight weeks. The product will then be test marketed in Spain by Bacaladera Vasca Ltd. United States workers will be trained in the processing of salted pollock during the course of the test production. Depending on the success of the test marketing of pollock, the Spanish would wish to set up a longer-term arrangement with the Kodiak processor.

The United States catcher boats in this joint venture will process salted cod and pollock during the times the Spanish processor is not on the fishing grounds and will receive any training and assistance necessary to successfully conduct such on-board processing.

TRADE RELATIONS

During the course of discussions regarding this permit application, inquiry has been made as to the level of the Spanish tariffs on imported cod. I recently spoke with Mr. Fernando Goni of the Spanish Consulate Commercial Division in San Francisco. Mr. Goni informs me that the tariff on frozen cod is 13.2%. The resulting figure is then taxed an additional 8% of internal compensation, so that the effective tariff is 22.26% on frozen cod. Salted cod is taxed with an initial tariff of 9.1% and then an internal compensation tax of 7%, for an effective tariff of 16.74%. However, Mr. Goni informed me that the trade in these specific

products is not free trade; it is subject to bilateral negotiations and agreed-upon import quantities.

The Spanish have traditionally engaged in the cod fishery. They have not, however, been fishing off Alaska. We understand that the United States Department of Commerce is desirous of having the Spanish engage in fishing and processing operations off the Alaska coast in the FCZ. No Directed Fishery Allocation is being requested in connection with this joint venture--that is, there are no "fish" in this venture apropos the federal "fish and chips" policy. Here, the Spanish are only contributing "chips."

The approval of this joint venture will serve both of the major thrusts of the American Fish Promotion Act of 1980 as outlined by Ted Kronmiller, Assistant Secretary of State for Fishery Affairs. First, this joint venture will, through the planned test production and marketing of pollock, bring about improved access to the Spanish foreign market. Second, this joint venture contributes to the desired increase in foreign joint ventures with United States fishermen.



Marine Resources Company

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Seattle, Washington 98109
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NAKHODKA OFFICE:
Verkhne - Morskaya, 134
Nakhodka 17
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September 21, 1983

Office of the Governor
William Sheffield
Pouch A
Juneau, AK 99811

Dear Governor Sheffield:

With this letter Marine Resources Company would like to apply for permission under 5AAC 39.198 (d) for two primary vessels, the "Kontaika" and "Korenga", and one reserve vessel, the "Mys Egorova", to receive various flounder species and Pacific cod from American fishing vessels in the internal waters of the State of Alaska in the Kodiak, Chignik and South Peninsula districts. Arrangements are being finalized with the Alaska Draggers' Association to supply the necessary catcher vessels to be contracted with us for delivery of the fish. The shipowner is Dalryba, the far east operational organization of the Soviet Ministry of Fisheries. Dates of the operation are planned for 20 October, 1983, through 10 January, 1984. Within the eighty (80) days or so of the fishery we would anticipate purchasing approximately 7000 tons of mixed bottomfish (50 percent cod, 25 percent sole, 15 percent pollock and 10 percent miscellaneous species).

Discussions have been underway for some time with the Alaska Draggers' Association of Kodiak about this project. Marine Resources Company has been quite active over the past three years in developing markets for the U.S. trawl fishermen on the West Coast and in the Alaska area, primarily the Bering Sea and Aleutian Islands. Together with our Soviet partners we are the most experienced in the North Pacific in conducting joint venture-type operations at all times of the year and on a variety of species. In 1982 we purchased over 100,000 MT from U.S. fishermen and in 1983 our level has increased to over 140,000 MT with approximately half of this from the Alaska area. The processing vessels Korenga, Kontaika, and Mys Egorova have several years' experience in working with U.S. fishermen on cod and sole in the Bering Sea. Kodiak area fishermen have also participated in this fishery over the years. This existing familiarity and working relationship serves as an excellent foundation for the expansion of our cooperative endeavors with Alaskan fishermen in State waters.

Deliveries of fresh fish will take place via detachable codends. All fish delivered to our processors will be fully utilized excepting such prohibited species which the State may direct us to dispose of or transfer as you may wish. All of our vessels have fish meal plants on board so that discharge of factory wastes will be minimal and in accordance with State regulations. An agreement will also be reached with the local pilots' association regarding the movement of our processing vessels within State waters.

The conditions precedent to the operation of the vessel in Alaska waters as set forth in 5AAC 39.198 (d) are met as follows:

- 1) There is no doubt that harvesting capacities of the existing Alaska Dragger fleet are underutilized. With the increasing involvement of the Alaskan fleet in the joint venture markets the fleet's capabilities have increased substantially over the past several years. Concurrently the cod resource appears to be at or near an all time high in these districts and sole is also abundant and stable. Recognition seems to be growing that these high levels of groundfish abundance are having a detrimental effect through predation on crab and shrimp stocks and therefore seriously impacting the economic viability of these fisheries for the fishermen who depend upon them for their livelihood. Just recently the Kodiak Fish and Game Advisory Committee identified the need to reduce levels of predation on crab and shrimp as being critical. They have formed a committee to develop specific plans to reduce the fish populations in the Kodiak area. Operations such as we are presently proposing will not only provide important markets to local fishermen but will help in the efforts to decrease predation on shellfish stocks which is also important in returning economic opportunity to the crab and shrimp industry.
2. The cod and sole resources in these districts have never been fully exploited by American fishermen or processors. Even at lower levels of abundance these resources can support viable fisheries. More knowledge is necessary to better understand how best to fish the resource, what levels of fishing can be sustained and how the products can be processed and marketed. The fishery is still in the experimental stage because stable markets have not been offered the fishermen from local processors and marketers. Our operation would provide additional opportunity for local fishermen to expand their knowledge of fishing technique and how abundance and behavior of the resource vary over time and season. Valuable data can also be obtained through biological sampling and geographical analysis of the catches. We will do our utmost to cooperate with Alaska Department of Fish and Game personnel in sharing catch data and observations. Our Soviet captains and crew are experienced and cooperative in hosting federal fishery observers aboard during our joint fishing activities within the 200-mile zone. We would welcome an ADF&G technician or biologist on board our vessels and would make accommodations available to them throughout the fishery.
3. Our understanding is that shore side markets for the local drag

fleet will be extremely limited if they exist at all this fall and winter in Kodiak. The resource in the region is far in excess of local intentions to purchase and process. The approximate 7000 tons of fish we would anticipate purchasing would remain unutilized in absence of our operation.

4. Soviet vessels have not fished themselves on an independent quota in U.S. managed waters since 1980. Soviet vessels have a commendable record of compliance with U.S. Fishing Regulations. The joint venture mode of operation is an accepted and maturely developed format in the eyes of Soviet shipowners, captains and crews. Except for a possible port call in Kodiak before or at the conclusion of the operation, which would provide additional revenue for local community for sale of fuel, provisions, gifts, etc. the processing vessels would be engaged in no other activity except the acceptance, processing and offloading to cargo vessels of U.S. harvested fish during their stay in the State's internal waters. The Kontaika, Korenga and Mys Egorova presently hold federal permits for accepting fish from U.S. fishermen in the Bering Sea and Gulf of Alaska through 1983. Depending upon fishing conditions our vessels have the flexibility of working inside or outside of state waters at the discretion of the fishermen.

5. Taking into consideration the robust condition of cod and sole stocks, our fishery at the level of approximately 7000 MT will not interfere with any other operations, particularly by an American processor, within these districts. At the present time local fishermen foresee a market for only one trawler to deliver flatfish to a Kodiak shore plant this winter. No shore side markets for cod are expected. Additionally we understand a Portuguese processing ship has been authorized to receive 3000 MT of cod from the Kodiak area fleet in State waters this fall and winter. Since this fishery is being organized thru the Alaska Dragger's Association as ours will be, the infrastructure exists to maximize cooperation and distribute fishing effort as necessary to prevent any conflicts.

It should be noted that our proposal is for a multi-species fishery and market. Our desire is to utilize for food purposes everything that is harvested and landed. The fishermen appreciated a multi-species market because it maximizes the economic return from their harvesting effort, minimizes wastage and also provides very valuable flexibility within the goals of the fishery for modifying fishing effort as required by variable resource and weather conditions.

Marine Resources Company is anxious to cooperate with state authorities and local fishermen to expand the knowledge of local resources and fishing conditions together with market development and expansion. We believe this proposed project will provide benefit to the State, local community and fishermen and their families involved in this operation.

We trust you will look favorably upon our request and look forward to providing further information as it may be required. Considering that our joint plan calls for the operation to begin on 20 October, an expeditious decision on this proposal is needed. Thank you for your consideration.

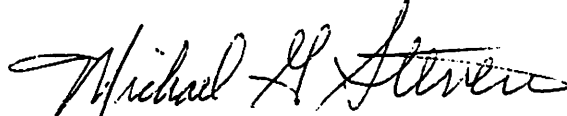
Best regards,



Walter T. Pereyra
Vice President



Lev Berezkin
Soviet Vice President



Michael G. Stevens
Manager, Operations Dept.

cc: Commisioner Collingsworth
Alaska Draggers Assocation

ECONOMIC DIVISION
COORDINATION COUNCIL FOR NORTH AMERICAN AFFAIRS
OFFICE IN U.S.A.

4301 CONNECTICUT AVE., N.W., SUITE 420
WASHINGTON, D.C. 20008

REFERENCE NO. 72-2137

CABLE ADDRESS: SINOECOM
TELEPHONE: (202) 686-6400
TELEX: 440292

September 15, 1983

Mr. William D. McClure
American Institute in Taiwan
1700 N. Moore Street, 17th Floor
Arlington, VA 22209

22 SEP 1983

CD

Dear Mr. McClure:

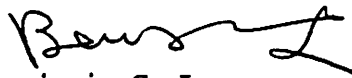
I have the pleasure to acknowledge receipt of your letter dated September 7, 1983 regarding the report that our fishing vessels are suspected of taking pacific salmon during May and June of this year.

We reported this case to our Government for investigation immediately after our last meeting and now we are advised that the followings measures have already been taken by our authorities concerned:

- (1) A letter has been sent on Sept. 3, 1983 by Ministry of Economic Affairs to the fishery Associations emphasizing that all our fishing vessels operating in North Pacific area are strickly forbidden to catch salmon and trout. Any violators of this regulation will be subject to heavy punishment and revocation of fishing licenses immediately.
- (2) MOEA has determined to impose ban on the exportation of Salmon and trout fish.

Our government is very concerned about this case and has taken appropriate measures to prevent the fishing of salmon and trout. Please convey this information to your authorities concerned for their understanding. Thank you for your cooperation.

Sincerely yours,



Benjamin C. Lu
Director

cc: Dr. Storer
✓ Ms. C. Dawson
Mr. R. Arnaudo