

M E M O R A N D U M

TO: Council, AP and SSC Members
FROM: Jim H. Branson
Executive Director
DATE: September 19, 1985
SUBJECT: Joint Venture Operations

ACTION REQUIRED

1. Status report on joint ventures for 1985.
2. Recap of U.S./Korea Fisheries Development Conference, July 28-30.

BACKGROUND

The status report on joint ventures is Item B-5(a). There are still over 15 operating and several may continue late into the year. Some 80 U.S. trawlers are still working the grounds; there were 57 last year at this time. For March-July there were 73-92 catchers compared to 42-66 in 1984.

Discussions at the U.S./Korea Fisheries Development Conference are summarized in Item B-5(b). Annie Burnham, Greg Baker, and Thorn Smith will give a report and answer any questions regarding the conference.

Item B-5(c) is a final report provided by Clint Atkinson on the Hoko-Alyeska joint venture.

NORTH PACIFIC FISHERY MANAGEMENT COUNCIL
STATUS REPORT ON JOINT VENTURE OPERATIONS OFF ALASKA FOR 1985

September 18, 1985

The total joint venture catch off Alaska through September 7, 1985 as reported by NMFS was 789,852 mt, which included the following species harvests:

| <u>Species</u> | <u>Gulf of Alaska</u> | <u>Bering Sea/Aleutians</u> |
|---------------------|-----------------------|-----------------------------|
| Pollock | 220,911 mt | 337,458 mt |
| Pacific cod | 1,674 | 36,828 |
| Atka mackerel | 3 | 37,528 |
| Sablefish | 27 | 95 |
| Rockfish | 9 | 17 |
| Pacific ocean perch | 22 | 428 |
| Flatfish | 803 | 39,423 |
| Yellowfin sole | -- | 106,981 |
| Turbot | -- | 360 |
| Others | <u>1,984</u> | <u>5,281</u> |
| TOTAL | 225,433 mt | 564,399 mt |

Individual operations in the Bering Sea and Gulf of Alaska are summarized below.

1. Whitney-Fidalgo Seafoods/Ohtori Suisan (Japan)
 (1985 request: 24,000 mt originally; 2,630 mt added in May)

Operations began February 1 and through March 19 harvested 10,449 mt pollock from Shelikof Strait. Operations in the Bering Sea caught 2,651 mt pollock from March 23 to April 30 using three catchers and one processor. No update was available.

2. Whitney-Fidalgo Seafoods/Kyokuyo (Japan) (Complete)
 (1985 request: 11,000 mt)

Operations from January 27 to March 16 harvested 10,431 mt pollock from Shelikof Strait.

3. Westward Trawlers/Taiyo (Japan)
 (1985 request: 141,500 mt originally; 3,085 mt added in March)

Shelikof operations commenced in February and through March 6, harvested 30,233 mt mainly pollock using eight to nine catchers and four processors. Operations moved to the Bering Sea/Aleutian Islands on March 9 and harvested 46,330 mt pollock through April 22. Fishing began again on June 19 in the

Bering Sea and caught 61,505 mt pollock by August 25 using nine catchers and four processors. Yellowfin sole operations began July 23 and by September 14 harvested 2,260 mt flounders and 240 mt cod. Operations will end around September 23.

4. Westward Trawlers/Kanai (Japan) (Complete)
(1985 request: 1,540 mt)

Operations began August 1 and by September 2 harvested 1,472 mt flatfish using two processors and one to two catchers.

5. Westward Trawlers/Hokkaido Fisheries (Japan)
(1985 request: 8,300 mt)

Operations commenced in the Bering Sea and Aleutians August 1 and will run until September 27 using one processor and one to three catchers. Harvest by September 14 was 6,300 mt pollock.

6. Alyeska Ocean/Hoko (Japan) (Complete)
(1985 request: 35,000 mt, originally; 2,330 mt added in May)

Shelikof operations from February 6 through March 16 harvested 11,398 mt pollock and 48 mt Pacific cod using three catchers and one processor. Unimak Pass operations from March 20 through April 19 harvested 11,385 mt pollock and 186 mt cod using three to four catchers and one processor. Operations from June 18 through August 3 harvested 16,921 mt pollock in the Bering Sea and Aleutians.

Yellowfin sole operations in Bristol Bay from August 8 to September 4 caught 2,303 mt sole and other flounders using two catchers and one processor.

7. Peter Pan Seafoods/Nichiro Gyogyo (Japan)
(1985 request: 21,000 mt originally; 5,250 mt added in March)

Shelikof operations from February 2 to March 24 caught 10,000 mt pollock using two catchers and one processor. Bering Sea operations harvested 15,000 mt pollock between June 16 and September 5 using three catchers and one processor.

Bering Sea yellowfin sole operations from May 21 to June 9 harvested 1,600 mt using two catchers and three processors. Operations resumed September 11 fishing for an additional 3,600 mt.

8. Universal Seafoods/Nippon Suisan (Japan)
(1985 request: 181,000 mt originally; 4,880 mt added in March)

Shelikof operations from January 31 through March 9 harvested 39,195 mt pollock using 10 catchers and 5 surimi factory trawlers. Bering Sea/Aleutians operations caught another 42,780 mt pollock between March 16 and April 22 and 4,138 mt yellowfin sole between April 27 and June 21 using two to three catchers and one processor. They fished for pollock again starting July 1 and through September 7 caught 70,011 mt pollock in the Bering Sea and Aleutians using 12 catchers and 5 motherships. Two more catchers have now been added and operations will continue through September 30 harvesting another 2,000 pollock.

9. Alaska Contact/Japan Medium Trawlers (Japan)
(1985 request: 18,400 mt originally; 2,100 mt added in March)

Shelikof operations from February 17 through March 13 caught 5,993 mt pollock using four catchers and three processors. Bering Sea operations from June 1 through August 22 caught 5,850 mt (63% yellowfin sole and flounder) using two catchers and 2-4 processors. Operations will re-commence September 25.

10. Alaskan Fisheries/Hokkaido Fisheries (Japan) (Complete)
(1985 request: 2,220 mt)

Operations from June 19 to July 21 in Bristol Bay took 1,404 mt yellowfin sole using two catchers and one processor.

11. Cal-Alaska/Marine Enterprise (South Korea)
(1985 request: 9,200 mt)

Shelikof operations March 3-29 harvested 2,800 mt pollock using one catcher and one processor. Operations then moved to the Bering Sea/Aleutian Islands and through August 30 caught 3,600 mt, including 1,900 mt pollock, 1,150 mt yellowfin sole, and 490 mt Pacific cod. Operations will continue through 1985 in the Eastern Bering Sea using one catcher and one processor.

12. Alaska Joint Venture Fisheries/Nambug (South Korea) (Complete)
(1985 request: 10,000 mt)

Shelikof operations from February 22 to April 16 harvested 8,000 mt pollock using two catchers and one processor. Bering Sea operations from June 1 to June 20 caught 1,000 mt pollock, 600 mt Atka mackerel, and 200 mt other groundfish using one processor and two catchers.

13. Alaska Joint Venture Fisheries/Daerim (South Korea)
(1985 request: 6,600 mt)

Shelikof operations February 22 to March 31 harvested 7,000 mt pollock using three catchers and two processors. Operations in Segum Pass and Bristol Bay from March 30 through September 8 harvested 3,500 mt Atka mackerel, 1,954 mt pollock, 150 mt cod, and 1,032 mt sole using 3-4 catchers and 1-2 processors. Operations will continue until October 15 for yellowfin sole and pollock using one processor and one catcher in the Bering Sea.

14. Alaska Joint Venture Fisheries/Samho Moolsan (South Korea) (Continuing)
(1985 request: 25,000 mt)

Operations began January 25 in Unimak Pass and harvested 1,800 mt cod and pollock by February 15 using two catchers and one processor. Shelikof operations from February 20 to March 30 harvested 15,000 mt pollock using four to six catchers and three processors. Operations in Bristol Bay and Segum Pass by mid-September harvested 3,700 mt pollock, 880 mt cod, 3,500 mt sole, and 4,000 mt Atka mackerel using 1-3 processors and 2-6 catchers. Operations will continue in Segum until mid-October.

15. JV Fisheries/Oyang (South Korea) (Complete)
(1985 request: 13,500 mt)

Shelikof operations commenced February 21 and through April 5 harvested 9,600 mt pollock using two catchers and one to two factory ships. From April 24 to May 24 they harvested 1,200 mt Atka mackerel in the Bering Sea and from May 25 to June 5 caught 447 mt pollock. They fished the Bering Sea and Aleutians for their final operation and harvested 1,400 mt flounders in the Bering Sea June 10-30 using one processor and two catchers. Total for the year is 12,722 mt.

16. Alaska Contact/Hansung (South Korea)
(1985 request: 33,300 mt)

Shelikof operations February 17 to March 22 harvested 12,048 mt pollock using four catchers and two processors. Operations began again April 6 and have harvested about 5,000 mt mostly pollock using two catchers and one processor in the Bering Sea.

17. ProFish Alaska/Dongwon (South Korea)
(1985 request: 14,000 mt)

Shelikof operations harvested 4,858 mt pollock between February 24 and March 27 using two catchers and one processor. Combined operations delivering to Dongwon, Silla, Dongbang, and Namyang Sa vessels began on April 20 using nine catchers and five processors in the Bering Sea and Aleutians. Operations ended with a catch of 18,500 mt which was 55% Atka mackerel, 15% cod, and 30% sole. Operations will re-commence in October fishing for an additional 7,000 mt using mid-water trawls.

18. ProFish Alaska/Daiho (South Korea)
(1985 request: 4,500 mt)

Shelikof operations harvested 1,400 mt of pollock between February 24 and March 27 using one catcher and one processor. Operations have ceased for the time being.

19. Profish International/Silla (South Korea)
(1985 request: 13,500 mt)

Shelikof operations from February 24 through March 27 harvested 7,150 mt of pollock using two catchers and one processor. See Profish/Dongwon operations above for further activity.

20. ProFish Alaska/Dongbang (South Korea)
(1985 request: 2,600 mt)

See Profish/Dongwon operations above for further activity.

21. ProFish Alaska/Namyang (South Korea)
(1985 request: 5,200 mt)

See Profish/Dongwon operations above for further activity.

22. Arctic Venture Fisheries/Korea Wonyang (South Korea)
(1985 request: 37,000 mt)

Shelikof operations from March 5 to April 8 harvested 17,000 mt pollock using five catchers and three processors. Bering Sea operations from June 15 to August 31 caught 11,266 mt pollock. They resumed again September 12 using one processor and three-four catchers fishing for an additional 8,800 mt.

23. Arctic Venture Fisheries/TransOcean (South Korea)
(1985 request: 3,000 mt)

Operations south of the Aleutians harvested 1,100 mt pollock, 40 mt cod, and 20 mt Atka mackerel using one catcher and one processor. Operations shifted to Atka mackerel in Segum Pass on May 9 and ran until June 6. Few Atka mackerel were found and the catch totaled 2,198 mt which included 1,210 mt pollock, 100 mt cod, and 856 mt mackerel.

24. Marine Resources Company (U.S.S.R.)
(1985 request: 200,000 mt)

Codfish operations February 17 to March 31 harvested 13,800 mt including 10,000 mt cod using 23 catchers and 13 processors in Unimak Pass.. Operations switched to flounders on April 1 and using 15 processors and 27 catchers caught 121,000 mt through September 7. Operations will continue until early October fishing toward 136,000 mt goal.

The Atka mackerel fishery April 20 through July 31 harvested 19,000 mt using seven catchers and two processors. The fleet switched to Bristol Bay and harvested 9,000 mt flounders through September 7 using one mothership and five catchers. Their goal is 14,000 mt by early October.

25. Alaska Contact/Highly Enterprise (Taiwan)
(1985 request: 6,500 mt)

Operations commenced May 10 in the Gulf of Alaska using three catchers and three to four processors and caught 2,200 mt cod and pollock. Operations are just beginning in the Bering Sea.

26. St. George Tanaq/Highly Enterprise (Taiwan)
(1985 request: 9,000 mt)

Operations have not commenced.

27. Alaska Contact/Rybex (Poland)
(1985 request: 40,000 mt)

Shelikof operations January 23 through April 19 harvested 13,120 mt pollock using five catchers and three processors. Operations shifted to Unimak on April 21 and harvested 7,000 mt pollock. Operations are now moving to the Western Gulf using one processor and three catchers. They will continue through January 1.

28. Quest Export Trading/Rybex (Poland)
(1985 request: 10,000 mt)

Shelikof operations began February 24 and through April 29 harvested 4,237 mt pollock using one catcher and one processor. Operations moved to the Bering Sea and harvested 2,607 mt pollock through June 15 using two catchers and one processor. Operations may continue this fall in the Gulf of Alaska.

29. Alaska JV Fisheries/Iceland
(1985 request: 15,000 mt)

Operations have been cancelled.

30. ProFish Alaska/Solseca (Portugal)
(1985 request: 10,000 mt)

Operations commenced February 7 and through mid-March harvested 750 mt cod in the Bering Sea/Aleutians area using two catchers and one processor. No additional fishing has occurred.

RECEIVED AUG 14 1985

AGENDA B-5(b)
SEPTEMBER 1985

KOREA DEEP SEA FISHERIES ASSOCIATION

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| ACTION | ROUTE TO | DATE |
|--------|---------------|------|
| | Exec. Dir. | |
| | Deputy Dir. | |
| | Exec. Sec. | |
| | Staff Asst. 1 | |
| | Staff Asst. 2 | |
| | Staff Asst. 3 | |
| | Sec./Offcr. | |
| | Sec./Typist | |

Statement of the Korean Fisheries Mission
Visiting the United States
July 27 - August 8, 1985
Admiral C. Y. Hwang ROKN, Retired
President of the Association

August 1, 1985

BACKGROUND

1. This Mission began with participation in the First US/Korea Fisheries Development Conference, held July 28-30 at the Alyeska Resort in Girdwood, Alaska. The final documents produced by the Conference, including a list of the Korean and American participants, are attached. For the visit to Washington, DC to report on the Conference and other recent developments, Admiral Hwang has been joined by President M. N. Kim of Daerim, a former Deputy Administrator of the National Fisheries Administration of Korea, who is now the chief executive of a major integrated harvesting, processing and marketing firm with an important American subsidiary headquartered in the New York area. Director K. Y. Lee of the Association staff will also accompany the Mission on its Washington visit.

THE FIRST US/KOREA FISHERIES DEVELOPMENT CONFERENCE

2. The first US/Korea "industry-to-industry" meeting appeared to be a genuine success. Some 23 Korean member company executives met with over 40 American representatives of the harvesting, primary and secondary processing, factory trawler and marketing sectors (there was also some participation from other interested parties such as the financial community). Most of the meeting's work was done in two work groups composed respectively of participants mainly interested in harvesting and processing/marketing/trading. The two work groups produced a number of agreements and points of consensus detailed in their final reports (and given together with extended background in the summaries of discussion available from the group chairpersons).

3. The Korean and American participants agreed to meet again in 1986, and established a "Steering Committee" (which itself will probably set up several subordinate work groups) to advance cooperation during the intervals between full conferences. Arrangements were made for the exchange of information on

an ongoing basis, and it was agreed that the first meeting of the "Steering Committee" will probably take place just prior to the December, 1985 meeting of the North Pacific Fisheries Management Council. In addition to the documents attached, copies of the address made to the Conference by Governor Sheffield of Alaska and of the opening remarks by Admiral Hwang and American "Spokesman" Dr. Walter Pereyra are available upon request.

THE CURRENT DIRECT QUOTA FISHERIES RELATIONSHIP

4. The official request of the Korean side for direct quotas in 1985 is 330,000 mt of pollock and associated bycatch in the Bering Sea/Aleutians and the Gulf of Alaska. We request an August allocation of 100,000 tons of pollock and bycatch in the Bering Sea/Aleutian Islands area, broken down with the following species composition:

| | |
|---------------------|-----------|
| Pollock | 78,300 mt |
| Pacific cod | 5,000 mt |
| Sablefish | 50 mt |
| Yellowfin sole | 12,000 mt |
| Turbots | 500 mt |
| Other flounders | 2,500 mt |
| Pacific Ocean perch | 30 mt |
| Atka mackerel | 20 mt |
| Other rockfish | 100 mt |
| Squid | 500 mt |
| Other species | 1,000 mt |

As Admiral Hwang stated before the Alyeska meeting, it is the hope of the Korean industry that its level of cooperation vis-a-vis the steadily increasing American requirements for higher and broader levels of fisheries cooperation will entitle Korea to stable annual allocations of its relatively modest annual direct quota requirement of about 300,000 mt of pollock and bycatch.

5. The Korean industry is grateful for the actions of the American authorities in moving quickly to adjust the confusing situation concerning allocations which arose early in 1985 as a result of the use of "TALFF" in American/Japanese negotiations. Generous allocations this spring have assisted the Korean industry to recover its balance somewhat after the events of last winter. We wish to express particular appreciation for the prompt American response to our request for Pacific cod for bycatch in June. In the context of very strict bycatch restrictions, the Korean fleet shifted operations continually this spring to avoid cod concentrations. When we supplied evidence that we were running out of cod even despite such precautions, we were promptly given an appropriate interim allocation. The Korean industry took this allocation as an indication that the American authorities do in fact wish to avoid wastage, and will assist sincere efforts toward cooperation with the current, very strict bycatch regime.

MAGNUSON ACT COOPERATION

6. The Korean special arrangements to ease American exports of fisheries products to Korea remain in place (special tariff/quota of 14,000 mt at 10% ad valorem; "automatic" approval for species of interest to American exporters). Imports into Korea appear to have recovered and to be holding steady, although the over-valuation of the dollar is holding down growth, and much of the recovery is due to purchases from an American venture of Soviet-origin pollock. At the Alyeska meeting, there appeared to be good acceptance by American processors of the Korean role as a useful international trade intermediary -- whose principal contribution to American fisheries exports may lie in trading American product into third markets.

7. Korean purchases of American-caught fish in "joint ventures" will total over 180,000 mt in 1985. The ventures have gone well this year, and a number of relatively minor issues in running the ventures (e.g. the "density coefficient" to be used) were resolved for 1986 by the "harvesters workgroup" at the Alyeska meeting. The ratio of Korean "joint venture" purchases to tonnages received in direct quotas will in 1985 probably be greater than two tons to three fished from direct allocations. This ratio is undoubtedly greater than any other free-market foreign fishing nation, and a reflection of the Korean industry's wish to do more in this area as a counterbalance to its inability to do better on imports of American fisheries products. In 1985, the Korean joint venture effort has included the purchase of a former West German vessel for exclusive use in working with American harvesters; the hope has been that this action will count favorably in terms of Magnuson Act criteria for direct quotas.

8. As to enforcement questions and observance of American fishing regulations, the Korean industry is happy to report that there do not appear to have been any violations thus far in 1985 of a nature such as to involve monetary or other penalties. There were several relatively substantial cases in the fall of 1984, and there were also at the end of 1984 several cases left for processing from previous years because of the backlog in the Juneau Regional Counsel's Office occasioned by preoccupation with other fleets. All of these cases have now been settled, with the exception of one involving a Korean company which has gone bankrupt (it is anticipated that the eventual purchaser at auction of the vessel involved will pay the requested US penalty). In order to ensure that its enforcement record remains good, the Korean industry resumed in May of this year its sponsorship of visits to Korea by American enforcement experts for seminars with company executives and vessel captains. The Korean industry notes the lengthy delay in the issuance of revised "Foreign Fishing Regulations," and expresses the hope that this delay is an indication that the document is being given the careful review recommended in our comments of last February. Finally in this area, we would

note that the Korean regulations of 1983 designed to avoid gear conflict appear to be working well, in view of the absence of complaints from American fishermen.

9. In the fisheries research area, the Korean National Fisheries Administration research vessel Odaesan Ho is currently in Alaskan waters as part of a voyage scheduled for the period July 3 through September 10 and budgeted at \$550,000. As in the past, the results of this voyage will be discussed and shared with American experts; there are plans for this year's exchange of data to be conducted during a visit in November to Korea by a team of NMFS scientists from the Northwest and Alaska Center in Seattle.

10. In terms of cooperation with other American policies, the Korean industry would wish to remind American allocations policymakers that it continues to pay the domestic costs of compliance with American wishes in respect to whaling policy. At the recent Bournemouth meeting of the International Whaling Commission, the Korean delegation followed American positions quite closely -- including support for subsistence whaling in Alaska. The Korean domestic whaling industry continues to press Korean deep sea fishing companies for compensation for sacrifices they believe they have been forced to make by the deep sea industry's need to comply with American pressures on whaling.

OPERATIONAL ISSUES

11. The Korean industry remains deeply unhappy with the great burdens which are imposed upon its activities by the American "100% coverage" observer system. The Korean industry realizes that the political will to reduce unnecessary and uneconomic levels of coverage does not exist. Nevertheless, we would suggest that a system be developed which would obviate the necessity for each foreign vessel in the North Pacific to call at Dutch Harbor. Perhaps some cooperative delivery system could be developed, and the costs written into the observer program, which would bring observers to the grounds and save the vast amounts of fuel oil which are currently being expended for useless trips into Dutch Harbor by foreign vessels.

12. The Korean industry also requests that observers be assigned in such a fashion that a single observer remains with a vessel for its complete voyage in the US Zone. The transfer of observers imposes further burdens on the economics of the fishery which are truly insupportable. We would also request that a system and relationship for the logging and estimating of catches be developed wherein the captains and observers are not placed in adversary roles. Since observer estimates are now governing with respect to the payment of fees and drawdowns of quotas, Korean captains are now uncertain as to the purpose of their own records: are they simply data produced as a target for American enforcement efforts? As noted above, the Korean fleet has a

better enforcement record than any other, but the industry is deeply concerned by the American system as it is now arranged, and hopes for modifications in the direction of economic efficiency and consideration of the rights and interests of the captains and officers of foreign fishing vessels.

FUTURE COOPERATION

13. The Alyeska Conference produced many suggestions and agreements for new projects of fisheries cooperation between the Korean and American industries. It is almost certain that, for example, over-the-side "joint ventures" will be expanded in 1986 in terms of the number of species involved and the time periods in which the purchasing activities are conducted. We would characterize the tone of discussions on "real" joint ventures and investments as "realistic" and "businesslike." The Association leadership is not involved in the details of the commercial discussions which preceded and will follow Alyeska. But we are confident that mutually beneficial and important cooperation will in fact result.

14. At Alyeska, it was necessary to take as a working assumption that foreign cooperation is in fact necessary for the full development of the American seafood industry. The provisions of the various draft proposals which are now before Congress which would make such cooperation impossible were noted, and discussed. We were assured, however, by our friends and partners, all of whom are very substantial and important contributors to the American industry, that the proposals which concern us will be modified substantially as Congress has the benefit of comments from a broader cross-section of participants in the American industry. The Korean industry will, therefore, continue to use its "working assumption" as at Alyeska, and will move forward in its search for further viable modes of cooperation.

UNITED STATES/KOREA FISHERIES DEVELOPMENT CONFERENCE
Alyeska, Alaska
July 30, 1985

1. Delegations from the United States and Korean fishing industries met for the first time on an "industry-to-industry" basis July 28-30, 1985 at Alyeska Resort, Girdwood, Alaska. The Korean delegation, headed by Admiral C. Y. Hwang ROKN, RTD., President of the Korea Deep Sea Fisheries Association, consisted of twenty-three representatives of the principal Korean integrated harvesting, processing and trading companies. The American delegation, headed by Dr. W. T. Pereyra, consisted of some forty fishermen and executives from the American seafood industry. The meeting was open to all interested participants and was financed by participant contributions. Legal counsel concerning permissible limits of discussion was provided by the firm of Davis, Wright, Todd, Riese and Jones.

2. The purpose of the Conference was to provide an opportunity for an exchange of views among representatives of Korean and American seafood industry sectors engaged in the development of the groundfish resources of the U.S. Exclusive Economic Zone off Alaska. The Korean delegation stated that in its view certain limits to cooperative planning were set by the lack of firm information as to prospective American actions with respect to legislative proposals concerning fisheries now before the U.S. Congress. Several operational issues between firms operating in the harvesting sector were resolved. With respect to questions arising from discussions between Americans and Koreans interested in primary and secondary processing and trade, there was a full and lively exchange of views. The Conference agreed

that participants would be interested in a similar meeting in 1986, and that a joint "Steering Committee" would be formed to act as an interim coordinating body. It was agreed that the "Steering Committee" would be convened at times when substantial groups of Korean executives visit the U.S. in connection with North Pacific Fishery Management Council and other meetings. The Alaska Office of Commercial Fisheries Development agreed to provide coordination for the U.S. panel of the "Steering Committees." It is anticipated that work groups reporting to the "Steering Committee" will be established to deal with sector-specific issues as they arise.

3. The Conference broke into two sub-groups for its detailed discussions for the handling of "harvester" and "processor/trading/investment" issues. The reports of these two subcommittees are enclosed.

UNITED STATES/KOREA FISHERIES DEVELOPMENT CONFERENCE
Alyeska, Alaska
July 30, 1985

HARVESTER'S WORKSHOP

The harvester's work group discussed the following major issues:

- (a) Current technical issues related to joint venture operations;
 - (b) Management issues concerning joint venture operations; and
 - (c) Availability of directed fishing allocations in light of joint venture targets and currently evolving U.S. policy.
- (a) Current Technical Issues Related to Joint Venture Operations.

Several technical issues were defined, and resolutions were suggested as appropriate. The issues included density coefficients and product recovery rates (see Appendix 1); codends and weight determinations; prohibited species catch, discards, and full utilization of retainable species; payment problems; scheduling and long-term planning as they relate to the recruitment and continued employment of catcher boats; and problems of communications and communications equipment. A draft synopsis of these discussions is available separately.

(b) Management Issues Concerning Joint Venture Operations.

The group was advised that the Total Allowable Catch (TAC) for Atka mackerel in 1986 may be reduced from harvest levels in 1985. To help protect the viability of the resource and the joint venture fishery, a proposal was put forward for a seasonal start-up date of June 1 for all joint venture operations and a minimum retention size corresponding to the size of first spawning. The parties agreed to work towards widespread industry discussion of the proposal so that all user groups of the resource can reach agreement on the protection and management of Atka mackerel. It was also agreed that more biological data is needed on the status and physical distribution of the resource.

The Optimum Yield for pollock in the Gulf of Alaska Shelikof Straits region is expected to be dramatically reduced in 1986 from 1985 levels. The Korean side recommended consideration of a uniform seasonal start-up date of mid-February for this fishery with the possible advantage of providing opportunity for maximizing the economic return of this fishery. The U.S. industry agreed to pursue this and other options in an attempt to secure industry-wide agreement.

The cooperative development of target fisheries for new species received attention. It was agreed that the risks and rewards of such new endeavors should be shared and both sides will be receptive to specific proposals.

The proposed North Pacific Fishery Management Council policies regarding conditions and restrictions on joint venture permits, allocations and criteria for evaluating permit requests were reviewed.

(c) Availability of Directed Fishing Allocations.

The future availability of directed fishing allocations to foreign nations was discussed in light of joint venture harvest targets and evolving U.S. policy. Legislative proposals for accelerated phase-out of directed foreign fishing were described.

The Korean delegation has stated that its position on the proposed "phase-out" legislation is that the legislation is not necessary at this time because, as cooperation has developed and continues to develop between U.S. and foreign partners in joint ventures, phase-out is happening as it is. Therefore, there is no need to speed up "phase-out" with legislation. Some representatives of the U.S. harvester's workgroup supported this position.

HARVESTER WORKGROUP

Summary of Discussion on
Density Coefficient

During the discussions concerning pollock density factors, Mr. Hughes of the U.S. side stated that Japanese Industry and U.S. Government testing showed the pollock density factor ranged from .90mt/m³ through .95mt/m³. Mr. Bae of the Korean side stated that Korean testing showed the pollock density factor varied from .89 through .94. The mid-point of Mr. Hughes' stated range is .925 and the mid-point of Mr. Bae's stated range is .915. In order to accommodate the Korean side's desire for one density factor for all areas in 1986, the U.S. side suggested an average of the two mid-points for 1986, which is .92. The Korean side accepted this proposal.

It was further agreed that the results of periodic tests as made by both sides in all areas during 1986 be examined to determine future arrangements.

UNITED STATES/KOREA FISHERIES DEVELOPMENT CONFERENCE
Alyeska, Alaska
June 30, 1985

PROCESSOR'S WORKGROUP

The Processor's Workgroup met to express and discuss the views of the U.S. and Korean fishing industries on the following topics:

(a) Direct fishing allocations in light of joint venture target - 1985, 1986, etc.

1. U.S. views
2. Korean views
3. fish and chips policy
4. S.1245, S.1386

(b) Expansion of Korea's imports from the U.S.

1. purchase of finished products
2. Tariff and non-tariff trade barriers

(c) Recommendations from secondary processors

1. steady supply of pollock fillets
2. improvement in quality of pollock fillets

(d) Recent fishery developments in the North Pacific and how they relate to U.S./Korean development opportunities and their future?

(e) Investment opportunities in U.S. - what, where, and how?

1. shoreside vs. at sea factory trawlers
2. surimi and kanibo

(f) Future developments

(g) Discussion of Korean seafood imports

After open and frank discussions on all topics, the workgroup adopted the following statement of goals:

"The processor's workgroup acknowledges the American aspiration for the full U.S. utilization of its groundfish resources off Alaska and the need for the maintenance of a stable supply of groundfish products, including but not limited to blocks and fillets, for U.S. consumers."

Towards achievement of this goal, the workgroup recommends:

1. U.S. and Korean fishing industries agree to hold a second U.S./Korea Fisheries Development Conference in 1986;
2. The formation of a Steering Committee, comprised equally of U.S. and Korean industry representatives, with the following charge:
 - a. Plan, schedule and implement the second conference;
 - b. Identify issues and develop the agenda for the second conference;
 - c. Monitor progress on issues identified at this conference including:
 - (1) purchase of U.S. processed products;
 - (2) capital investment in the United States and Korean fisheries marketing, floating and shore-based facilities;
 - (3) transfer of technology;
 - (4) research cooperation;
 - (5) purchase of support services, such as fuel, from U.S. firms;

- (6) market conditions and trends, including exports and imports of both U.S. and Korean products;
 - (7) U.S. and Korean regulatory and policy environment relative to equity joint ventures, fisheries development and trade.
- d. Establish workgroups to address specific issues.
 - e. Explore new objectives for future conferences.
3. That the first meeting of the Steering Committee be held in December, concurrently with the North Pacific Fishery Management Council meeting. Further, that whenever possible, future Steering Committee and Conference meetings be scheduled concurrently with Council meetings; members of the processor's workgroup agreed to work individually and collectively on the issues identified in 2c.

U.S./KOREA FISHERIES DEVELOPMENT CONFERENCE
JULY 28-30, 1985

ALYESKA RESORT, GIRWOOD, ALASKA

=====

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July 28-30 1985

Korean Delegation

| | | |
|----------------------|------------------|--------------------------------------|
| Adm. Chong Yon Hwang | President | Korea Deep Sea Fisheries Association |
| Hak Soo Lee | President | Korea Won Yang Fisheries |
| Tae Kuk Chung | President | Transocean Enterprise |
| Myung Nyun Kim | President | Dae Rim Fisheries Co. |
| Jae Chul Kim | President | Dong Won Industries Co. |
| Kang Ho Cho | President | Sam Ho Mool San Co. |
| Chung Ku Youn | President | O Yang Fisheries Co. |
| Woo Kun Lim | President | Han Sung Enterprise Co. |
| Min Ho Lee | President | Nam Yang Sa |
| Young Ho Lee | President | Nam Yang Frozen Foods Co. |
| Jeung Deuk Yang | Mgr. Director | Korea Won Yang Fisheries |
| Jin Hee Han | Mgr. Director | Nam Bug Fisheries Co. |
| Sam Chul Bae | Mgr. Director | Silla Trading Co. |
| Jong Ick Kim | Mgr. Director | Dong Bang Oceans Co. |
| Bong Gu Woo | Mgr. Director | Sam Ho Mool San Co. |
| Kee Jun Lee | Vice President | Silla Trading Co. L.A. Office |
| Hwi Woon Choi | President | Dae Rim America Co. N.Y. |
| Kyung Tak Kim | General Mgr. | Han Sung Enterprise, L.A. |
| Do Young Yun | General Mgr. | O Yang Fisheries, L.A. |
| Kwang Yul Lee | Director | Korea Deep Sea Fisheries Ass |
| Han Mo Kim | Alaska Director, | Korea Deep Sea Fisheries |
| Rod Armstrong | Consultant for | Korea Deep Sea Fisheries " |
| Hong Kyu An | Consultant for | Korea Deep Sea Fisheries " |

HOKO FISHING CO., LTD.
1111 - 3rd AVENUE • SUITE 2845
SEATTLE, WASHINGTON 98101
PHONE (206) 624-5551

TELEX NO.
32-8836 HOKO CO. SEA

September 12, 1985

North Pacific Fishery Management Council
Post Office Box 103136
Anchorage, Alaska 99510

Final Report - 1985 Hoko-Alyeska Ocean Joint
Yellowfin Sole Fishery: Bering Sea

Dear sirs:

For the reference of the members of the Council, we are pleased to provide the following report of our 1985 United States-Japan joint Yellowfin Sole fishery:

Japanese Company
Hoko Fishing Company
No. 2-4, 1-chome, Tsukiji
Tokyo, Japan

Name and Size of the Processing Vessel
Chikubu Maru
111 meters
5,460 gross tons

American Company
Alyeska Ocean, Inc.
816 Fourth Street
Anacortes, Washington 98221

Name and Size of the Fishing Vessels
M/V Aldebaran 195 gross tons
M/V Arcturus 198 gross tons

Beginning Date of Fishing (GMT) August 8, 1985

End of Fishing (GMT) September 4, 1985

Type of Gear Bottom Trawl only

Area of Fishing 56:00N to 57:30N lat
161:00W to 164:30W long

Operating Days
Fishing Days 27 days
Cargo Transfer 1 day
Total 28 days

Composition of Catch

| | |
|------------------------|---------------------|
| Yellowfin Sole | 1,378.939 mt |
| Rock Sole | 230.727 mt |
| Flathead Sole | 21.800 mt |
| Alaska Plaice | 217.048 mt |
| Total, Sole and Plaice | <u>1,848.514 mt</u> |
| Pacific Cod | 343.988 mt |
| Pollock and Other Fish | 110.000 mt |
| Total, All Fish | <u>2,302.502 mt</u> |

Average Catch per Operating Day

82.2 mt/day

This is the first year that Hoko-Alyeska Ocean has fished for Yellowfin Sole in the eastern Bering Sea and we have no basis for comparison with the other years, areas or seasons.

In response to the guidelines established on January 24, 1985, by the Industry Incidental Catch Working Group, our joint fishing operations took a total of 1,425 King Crab, 2,317 Tanner Crab, and 2,927 Halibut, plus 13 Salmon. All ratios (number of these prohibited species per metric ton of catch) were much lower than the guidelines established by the Working Group: King Crab - 0.62, Tanner Crab - 1.02, Halibut - 1.27, and salmon - 0.01.

The joint fishing operations by Hoko Fishing Company and Alyeska Ocean, Inc. were conducted in the same spirit of close cooperation as experienced in the past. Again, two representatives of Alyeska Ocean were on board to coordinate the deliveries of sole with the processing vessel's needs.

Sincerely yours,

Clinton E. Atkinson

Clinton E. Atkinson
Consultant and Advisor
Hoko Fishing Company

TELEX NO.
32-8836 HOKO CO. SEA

| ACTION | DATE TO | INITIAL |
|--------|----------------|---------|
| | August 7, 1985 | |
| | | |
| | | |
| | | |
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| | | |
| | | |

North Pacific Fishery Management Council
 Post Office Box 103136
 Anchorage, Alaska 99510

Final Report - 1985 Hoko-Alyeska Ocean Joint Pollock
 Fishery: (3) Unimak Pass Area

Dear sirs:

For the reference of the members of the Council, we are pleased to provide the following report of the third and final phase of our 1985 United States-Japan joint Alaska pollock fishery:

Japanese Company
 Hoko Fishing Company
 No. 2-4, 1-chome, Tsukiji
 Tokyo, Japan

Name and Size of the Processing Vessel
 Chikubu Maru
 111 meters
 5,460 gross tons

American Company
 Alyeska Ocean, Inc.
 816 Fourth Street
 Anacortes, Washington 98221

Name and Size of the Fishing Vessels

| | |
|------------------|----------------|
| M/V Alyeska | 198 gross tons |
| M/V Aldebaran | 195 gross tons |
| M/V Arcturus | 198 gross tons |
| M/V Andrew McGee | 198 gross tons |

Beginning Date of Fishing (GMT) June 18, 1985

End of Fishing (GMT) August 3, 1985

Type of Gear Mid-water Trawl only

Area of Fishing 56:00N to 57:00N lat
 169:30W to 170:30W long

Operating Days

| | |
|----------------|----------------|
| Fishing Days | 44 days |
| Cargo Transfer | 3 days |
| Total | <u>47 days</u> |

Composition of Catch

| | |
|----------------|----------------------|
| Alaska Pollock | 16,878.009 mt |
| Pacific Cod | 42.088 mt |
| Other | 0.499 mt |
| Total | <u>16,920.596 mt</u> |

Average Catch per Operating Day

360.0 mt/day

This is the last of the three periods of joint fishing operations for Hoko Fishing Company and Alyeska Ocean, Inc. within the U.S. extended fishing zone in 1985. For comparison, the catch per operating day for the first period (Shelikof Strait) in February and March was 293.5 mt per day, for the second period (Bering Sea) in March and April was 321.6 mt per day, and for the third period (Bering Sea) in June, July and August was 360.0 mt per day. The overall average catch per operating day in 1985 was 327.4 mt per day - only slightly less than the four-year high of 334 mt per day obtained during our 1984 fishery.

In response to the guidelines established on June 12, 1985 by the Industry Working Group on the Incidental Catch of Chum Salmon, our joint fishing operations took a total of only 13 chum salmon during this third period, an average rate of 0.0008 chum salmon per metric ton of groundfish and far below the limit of 1.2 chum salmon per metric ton of groundfish set by the Industry Working Group. Further, the rate of incidental catch of chum salmon in 1985 was only one-fourth that of 1984.

The joint fishing operations between Hoko Fishing Company and Alyeska Ocean, Inc. continue to be conducted in a spirit of close cooperation in both the planning and operation of the fishery. Two representatives of Alyeska Ocean were again placed aboard the processing vessel in order to coordinate the deliveries from the fishing vessels with the needs of the processing vessels.

Sincerely yours,



Clinton E. Atkinson
Consultant and Advisor
Hoko Fishing Company