

M E M O R A N D U M

TO: Council, SSC, and AP Members

FROM: Jim Branson *JMB*
Executive Director

DATE: September 22, 1981

SUBJECT: Joint Venture Update

ACTION REQUIRED

1. *Reports by Mike Jones on Taiwanese operations, John Schmiedtke on West German operations, and Mick Stevens on Soviet joint venture operations.*
2. *Additional written summaries as available.*

SUMMARY

Seven joint ventures have operated in the Alaska FCZ in 1981. Below is a synopsis of their activities.

1. Nippon Suisan and Universal Seafoods

This operation used two U.S. trawlers to supply 6225 mt pollock and cod and 775 mt of incidental species from June 1 to July 7, 1981 in the Bering Sea. The operation has concluded and a written report is provided under this tab.

2. Taiyo and Pan-Alaska Fisheries

This operation occurred from April 11 to June 1. Two U.S. vessels delivered 5253 mt pollock, 43 mt cod, and 20 mt other species. A synopsis was provided by Pan-Alaska Fisheries, Inc. in the July 1981 notebooks, item B-5(a).

3. Soviet Joint-Venture

Five processors and eight US catchers harvested 28,790.4 mt from early May to September 12. The venture is still operating and written and oral reports have been provided by Mick Stevens for this meeting.

4. Polish Joint-Venture

Two U.S. trawlers delivered about 2200 mt pollock and 20 mt cod to one Polish processor (first the SATURN and then the ORLEN) between June and mid-September from the Unimak Pass area. The operation has been temporarily halted but is expected to start up again October 1. A full report will be available for the December meeting.

5. Korean Joint-Venture

The operation has harvested about 27,000 mt, mostly pollock, since March using five U.S. vessels. Coordination with the Koreans has improved and catch rates have been high. The operation is expected to last through October. A full report will be available in December.

6. West German Operations

Mr. John Schmeidtke will present a report to the Council at this meeting.

7. Taiwanese Operations

Mr. Michael Jones of Pribilof-Highly SeaProducts, Inc. will present a report to the Council at this meeting.

SEP 18 1981

AGENDA B-5
September 1981



Marine Resources Company

HEAD OFFICE:
192 Nickerson
Suite 307
Seattle, Washington 98109
Phone: (206) 285-6424
Telex: 277115 MRC UR

NAKHODKA OFFICE:
Verkhne - Morskaya, 134
Nakhodka 17
Primorski Krai
692900 U.S.S.R.
Telex: 213118 MRKNHDSU

ACTION	ROUTE TO	DATE

September 16, 1981

Jim H. Branson
Executive Director
North Pacific Fishery Management Council
P.O. Box 3136DT
Anchorage, Alaska 99510

Dear Jim:

For the information of the Council members and staff we would like to provide the following update of our domestic (joint venture) fisheries in the Alaska region: up to 12 September, 1981, our yellowfin sole fishery, which began in early May and at the present time is comprised of 5 processing ships and 8 catching vessels, has harvested a total of 28,790.4 metric tons. Approximately 55 per cent of the catch is frozen as food grade sole and the remainder goes to fish meal or if cod fish then is processed as food grade cod.

In 1980 we concluded this fishery on 19 September. If weather remains suitable, we expect to continue operating at least at some level into early October.

Best regards,

Michael G. Stevens
Manager, Operations Division

MGS:ar



Universal Seafoods, Ltd.

15110 N.E. 90th St.
P.O. Box 94
Redmond, WA 98052
(206) 881-8181

September 16, 1981

Mr. Jim Branson
Executive Director
North Pacific Fishery Management Council
P.O. Box 3136 DT
Anchorage, Alaska 99510

Dear Jim:

Universal Seafoods, Ltd. concluded its joint-venture activities with Nippon Suisan Kaisha on July 7 and I would like to take this opportunity to respond to your request of June 8 for a report on the operation.

In short, the venture was an operational success, if not financially so. The allocation of 6,225 metric tons (mt) of pollock and cod and up to 775 mt of incidental species was reached eight days under the target of 45 days. The American fishing vessels which supplied all the product were the F/V American No. 1 and the F/V Muir Milach. Nippon Suisan provided their 325 foot catcher-processor "Kongo-Maru" to act as the mothership to receive and process the fish. In addition to the Universal observer, who remained on the Kongo-Maru, Nippon Suisan placed one observer on each of the fishing vessels and the fishing vessel owners jointly placed one observer on the Kongo-Maru. Daily catch records were maintained aboard the Kongo-Maru with the observers spending a good part of their time verifying the catch weights. The catcher vessels were assigned delivery times by the Fleet Commander who was aboard the mothership. In addition to coordinating codend deliveries, the Fleet Commander also assisted in the search effort utilizing the on-board electronic gear. The Japanese have been trawl processing for a number of years and their high level of professionalism and the elaborate preparations which preceeded the joint-venture were evidenced by the virtual trouble-free operation. Only one codend was lost in the entire 37 day period representing some 185 tows. A summary of the catch data is enclosed for your review.

Financially, the two fishing vessels earned some \$880,000 for 37 days work; the owners were well satisfied. Nippon Suisan lost money for their efforts--due principally to the relatively high price paid for the desired pollock (6 1/2 cents per pound) and Universal received a very small fee for their efforts. Not too surprisingly, the fishing vessel owners would like to see another joint-venture with Nippon Suisan for a longer period of time which Nippon Suisan is currently evaluating.

Mr. Jim H. Branson
September 16, 1981
Page Two

Enclosed also are some photos taken by Dann Oppfelt, our observer aboard the Kongo-Maru. Should you have questions or comments, please feel free to call me.

Sincerely,

UNIVERSAL SEAFOODS, LTD.



PETER BLOCK
Vice President

PB:vt

cc: Mr. T. Takahashi, Nippon Suisan
Mr. C. Perovich, American No. 1
Mr. C. Yates, Muir Milach

F/V AMERICAN #1 AND F/V MUIR MILACH

COMBINED TOTALS

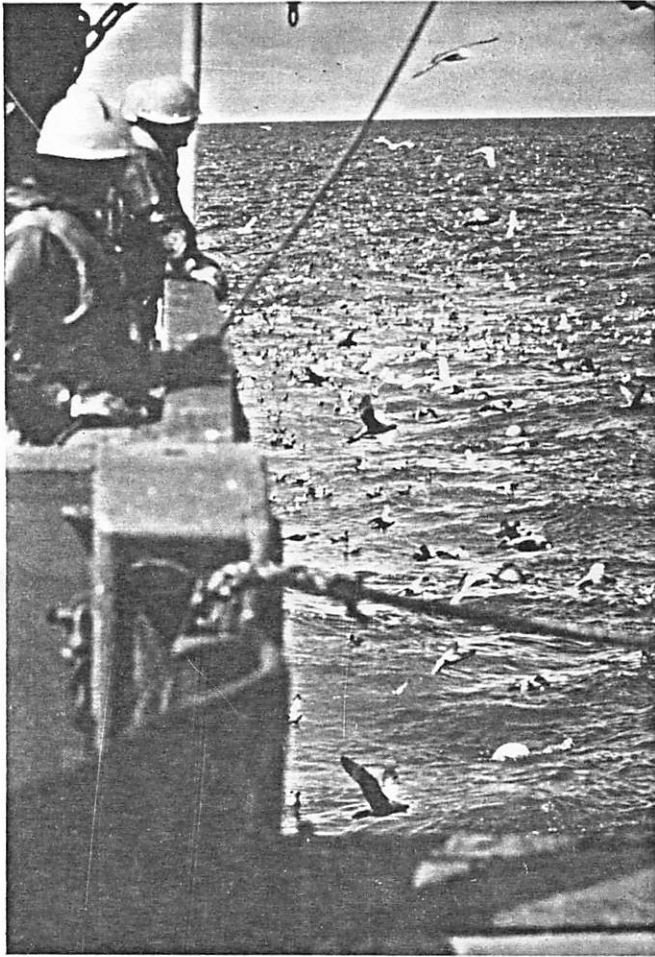
NISSUI JOINT VENTURE, BERING SEA

JUNE 1 - JULY 7, 1981

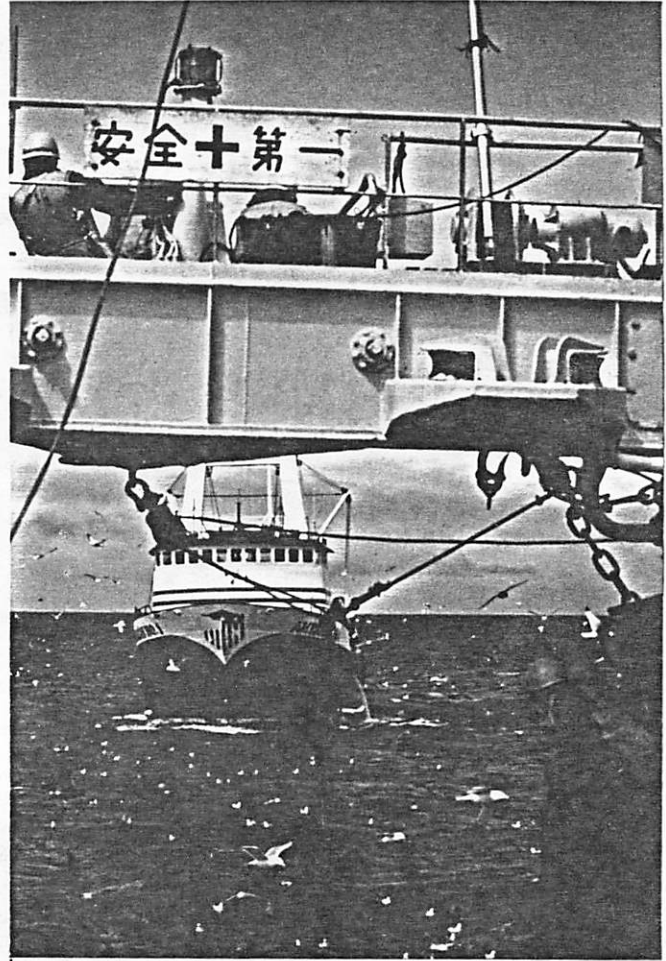
TOTAL TONNAGE:	6,129.8 MT
TOTAL VALUE:	\$879,763.92
TOTAL TOWS:	185
AVERAGE DAILY TOWS:	5
AVERAGE DAILY TONNAGE:	165.67 MT
AVERAGE DAILY VALUE:	\$23,777.40
AVERAGE TOW TONNAGE:	33.13 MT
AVERAGE TOW VALUE:	\$4,755.48
INCIDENTAL CATCH RATE:	1.3%/78.8 MT (non-pollock)

SPECIES CATCH BREAKDOWN:

POLLOCK	12" up:	6,079.7 MT
	12" under (meal):	6.2 MT
	Total Tonnage	6,085.9 MT
	Total Value:	\$871,426.05
PACIFIC COD	Total Tonnage:	24.4 MT
	Total Value:	\$ 4,303.42
ROCK FISH	Total Tonnage:	0.3 MT
	Total Value:	\$ 66.15
SABLE FISH	Total Tonnage:	14.4 MT
	Total Value:	\$ 3,809.54
OTHER (MEAL)	Total Tonnage:	4.8 MT
	Total Value:	\$ 158.76
DISCARD	Total Tonnage:	34.9 MT
	Total Value:	Ø



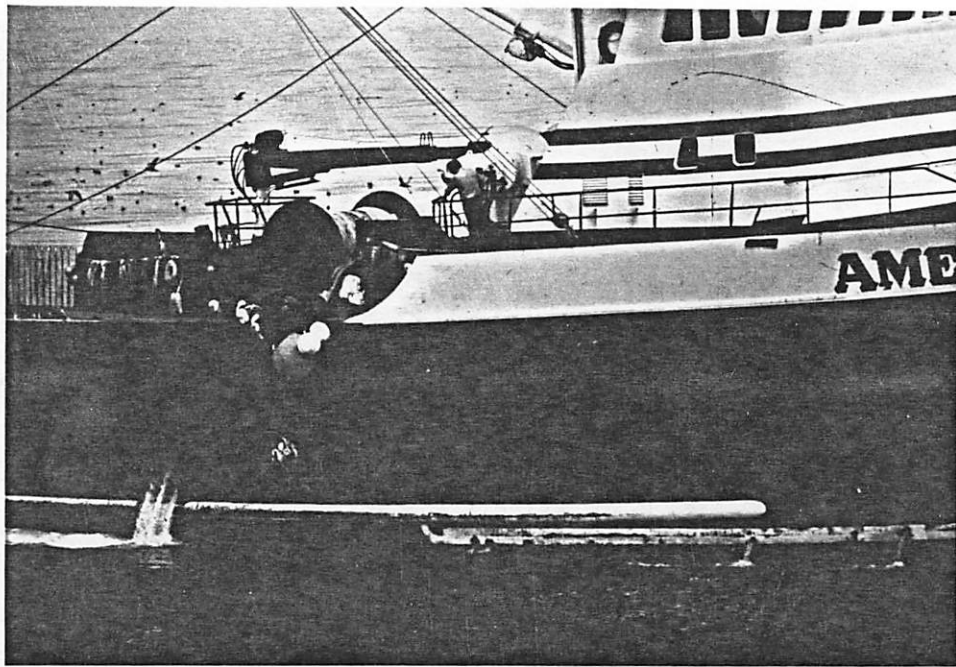
AS THE KONGO MARU PREPARES TO TAKE ON A CODEND, THE TRANSFER LINE IS EXTENDED OFF OF THE STERN.



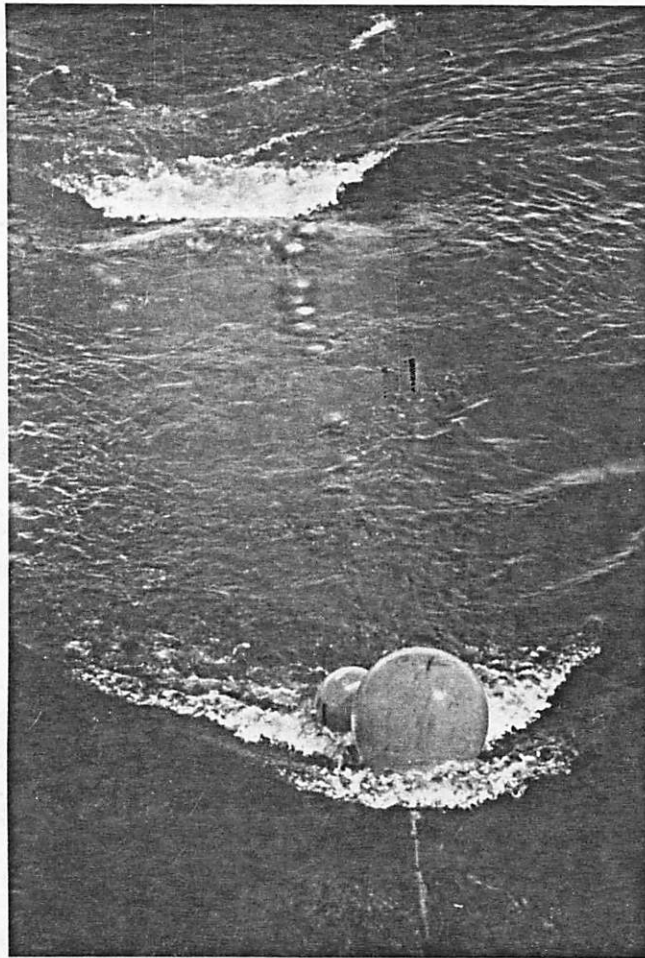
THE AMERICAN #1 APPROACHES THE KONGO MARU AS THE DECK CREW LOOKS ON.



THE AMERICAN #1 PICKS UP THE TRANSFER LINE WITH A GAFF HOOK AND PULLS THE END ON BOARD.



THE AMERICAN #1'S DECK CREW ATTACHES THE TRANSFER LINE TO THEIR CODEND BY MEANS OF A SHACKLE AND RELEASES IT.



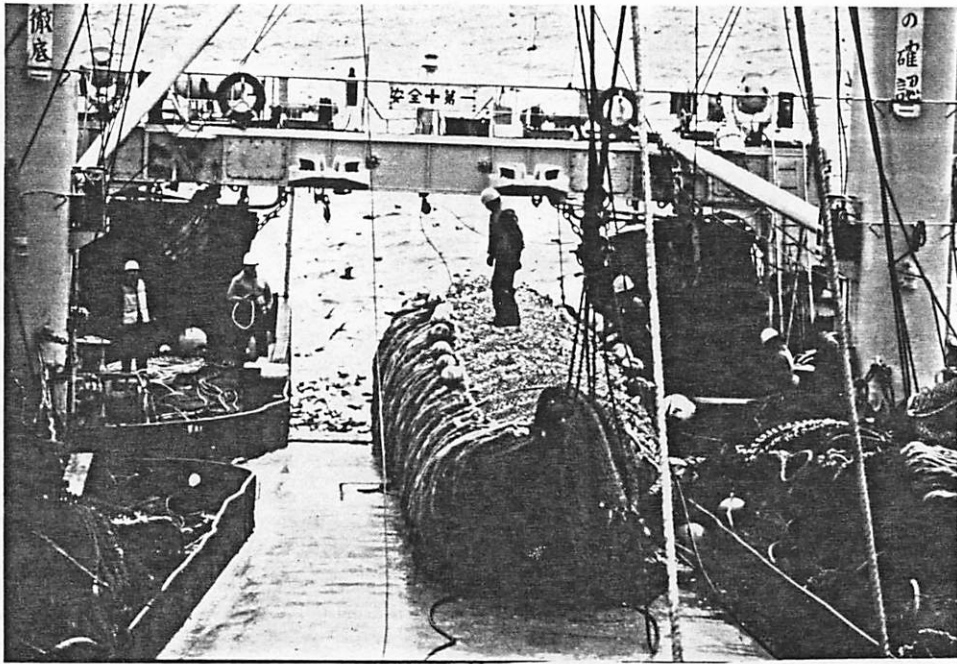
THE KONGO MARU'S POWERFUL WINCHES PULL THE CODEND TOWARDS HER.



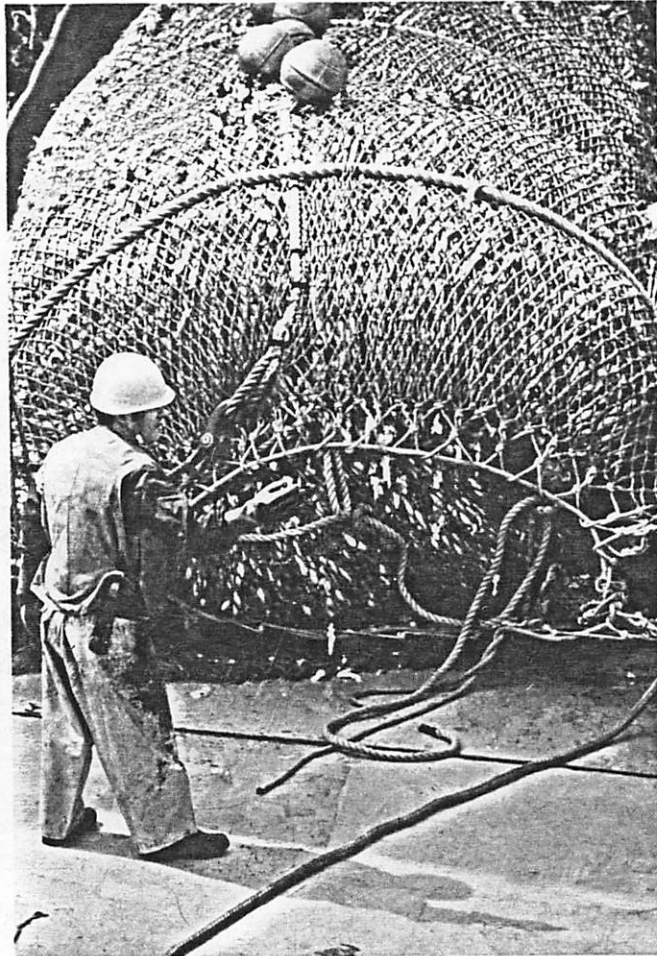
THE CODEND IS PULLED PART WAY UP THE STERN RAMP AND THE DECK CREW ATTACHES ADDITIONAL CABLES TO SUPPORT THE TREMENDOUS WEIGHT.



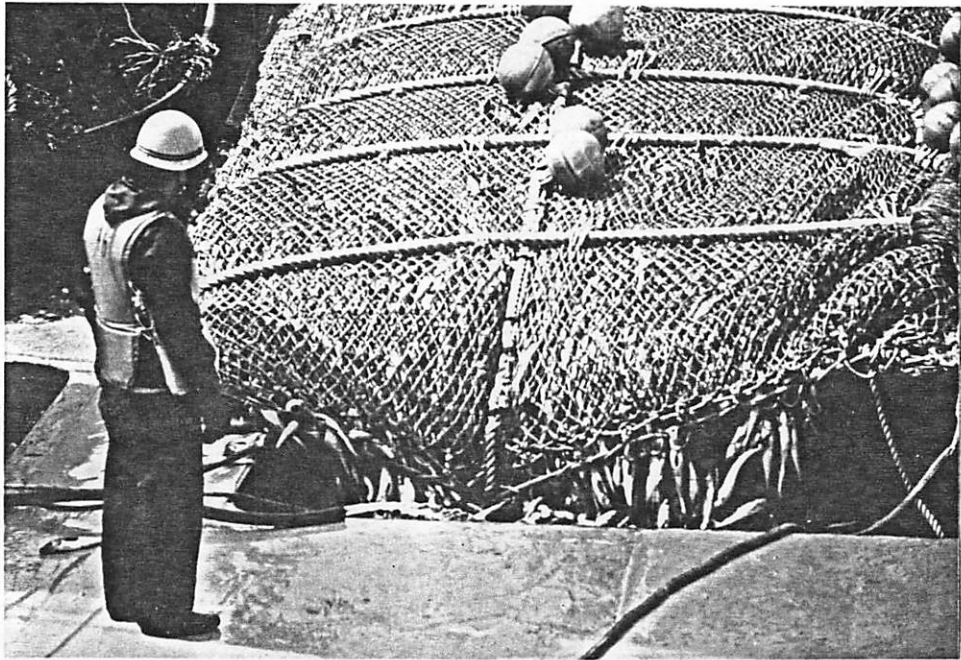
THE OFFICER OF THE WATCH OBSERVES CAREFULLY AS THE CODEND IS PULLED UP THE STERN RAMP. ANY COMPLICATIONS ARE IMMEDIATELY RELAYED TO THE CAPTAIN AND FLEET COMMANDER ON THE BRIDGE.



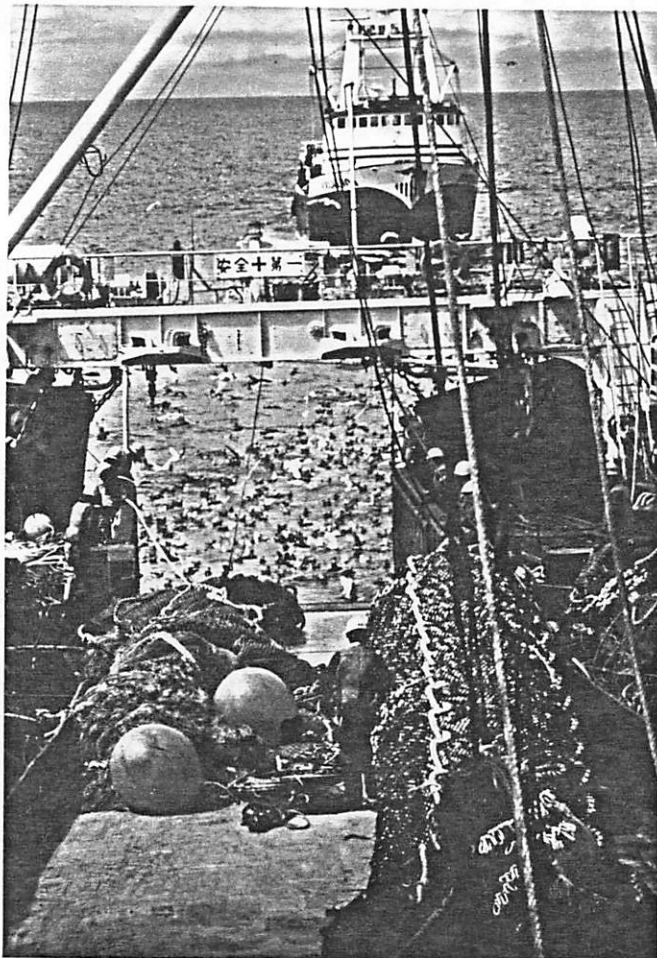
THE 50+ MT CODEND IS COMPLETELY ABOARD.



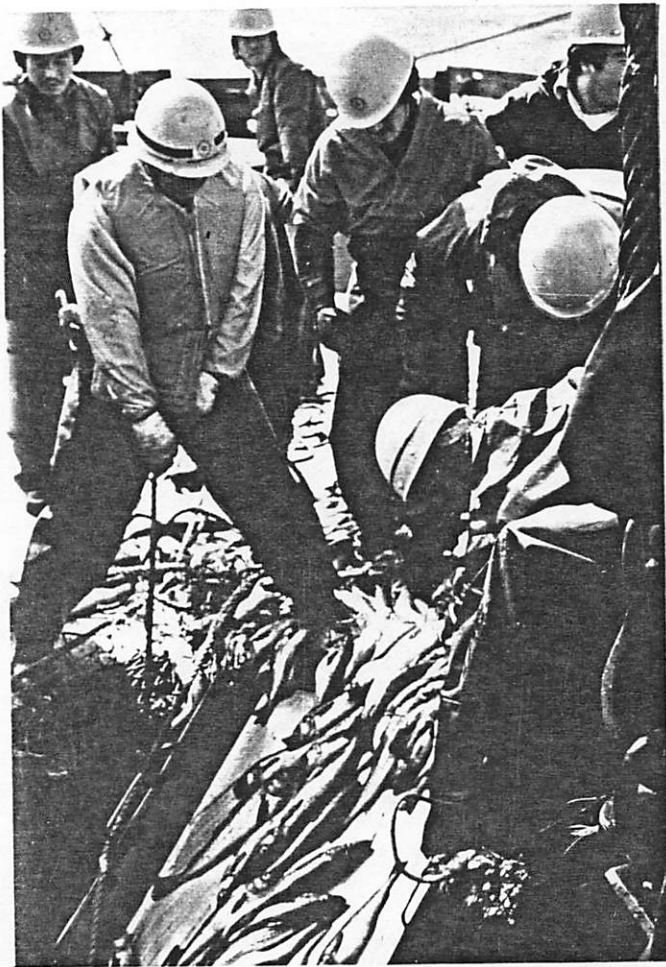
THE CODEND IS MANEUVERED TO BE EMPTIED INTO THE HOLDING BINS.



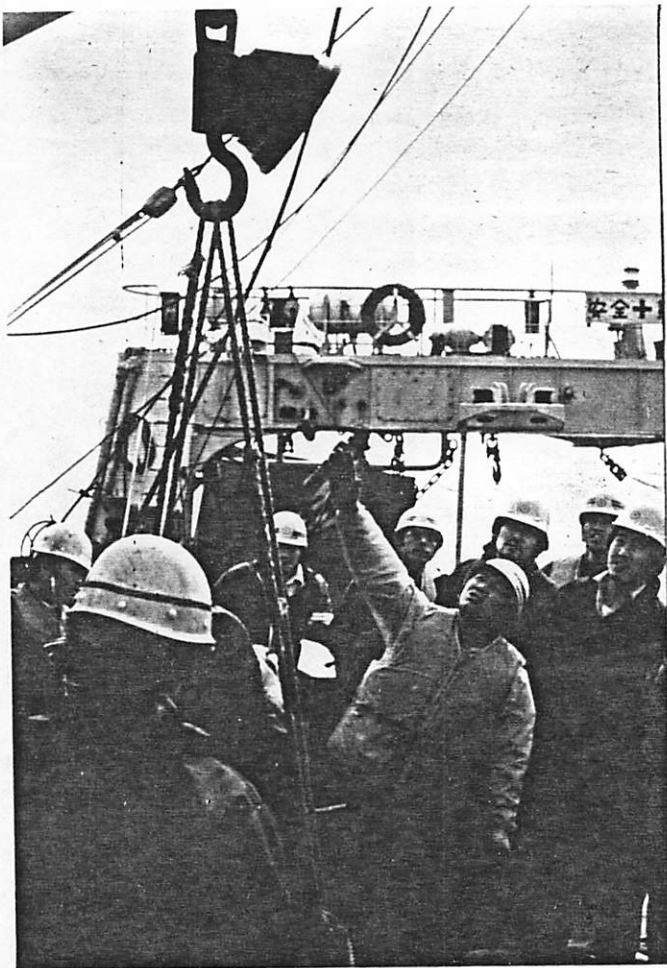
THE FISH IS EMPTIED INTO THE CENTER HOLDING BIN AS THE OFFICER OF THE WATCH LOOKS ON.



THE EMPTY CODEND IS RETURNED TO THE AMERICAN #1 SO THAT SHE MAY BEGIN FISHING AGAIN IMMEDIATELY.



THE FISH IS PUT INTO A NET TO BE WEIGHED OUT BY HYDRO-SCALE.



THE BOATSWAIN CALLS OUT THE WEIGHT THAT IS INDICATED ON THE HYDRO-SCALE.



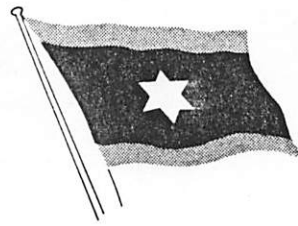
THE DISPUTED CALIBRATION WEIGHTS.

Nordstern America

Incorporated

2019 Third Avenue, Seattle WA 98121, Telephone: (206) 447-1812; Telex: 32-9462

North Pacific Management Council
P. O. Box 3136 DT
Anchorage, Ak. 99510



Hochseefischerei Nordstern A.G.

Postfach 29 04 01
2850 Bremerhaven-F
West Germany

Telephone: (04 71) 7 60 46

Telex: 02 38 758

September 21, 1981
Seattle, Washington

Gentlemen:

Enclosed please find my report on the German fishing operation.

Please be advised that a representative from Nordstern America will be attending the meeting in Anchorage, Alaska, and will answer any questions you might have.

Sincerely,

John Schmiedtke
Nordstern America, Inc.

JS:df

Encl.

To: North Pacific Fishery Management Council

From: Nordstern America, Inc.

Update on the German Operation

The Friedrich Busse just finished another trip and discharged over 1,000 MT of frozen fillets and fishmeat to a freighter, which is on the way to Europe.

After a crew change and the take-on of supplies, the vessel is fishing for pollock again.

The joint venture operation was ceased on September 1, 1981, with a total of about 3,000 MT fish bought, which is 25% of the allocation.

The joint venture was quite an experience for the U. S. fishermen, but economically not viable for the Friedrich Busse on pollock alone. It is Nordstern's earnest endeavour to work another joint venture and carry trainees and observers on board in the upcoming 1982 season.

Gentlemen, as you are aware the Friedrich Busse has to trans-ship in special designated areas of which one is near the Makushin Bay.

A
This is one of the better areas for trans-shipping, but will close on October 15. We ask the Council to grant us an extension for trans-shipping in the designated area. Last year the Friedrich Busse encountered high damage, personal injuries and loss of valuable time due to inclement weather.

B
I respectfully ask the Council to consider opening a free port in Alaska for foreign vessels to offload their catch, which would also bring economical advantage to the State of Alaska.

Pribilof-Highly SeaProducts, Inc.

REPORT TO THE NORTH PACIFIC FISHERY MANAGEMENT COUNCIL/SEPTEMBER 1981 MEETING

Pribilof-Highly SeaProducts, Inc., a joint-venture corporation representing the St. George Tanaq Corporation and the Highly Enterprise Corp. of Taiwan, is proceeding basically according to plan, with some problems and strategy changes. This report will briefly review the progress and status of operations to date, and will transmit our request for a small additional allocation of flounders and turbot in the amount of 500 metric tons each.

Catch Data Through September 18

Following are the catches reported by Highly Enterprise for the Golden Dragon No. 1. and Highly 302 from the beginning of this calendar year to September 18, 1981.

<u>SPECIES</u>	<u>G.D. #1.</u>	<u>HIGHLY 302</u>	<u>TOTALS (In m.t.)</u>
Pacific cod	407.5	2.5	410.0
Sablefish	29.2	11.2	40.4
Pollock	946.7	207.0	1,153.7
Turbot	485.2	148.5	633.5
Yellowfin sole	-----	98.6	98.6
Pacific ocean perch	15.1	5.6	20.7
Other flounders	244.0	87.4	331.4
Squid	22.1	5.4	27.5
Other species	<u>24.1</u>	<u>8.2</u>	<u>32.3</u>
TOTALS	2,173.9	574.2	2,748.1

While the Golden Dragon has been in the Bering Sea since mid-February (she is now departing for maintenance and a crew change in Taiwan), her catches have been disappointing, primarily because of frequent and lengthy down times due to equipment failures and repair requirements. Another Highly Enterprise vessel, #302, has been put into the Bering Sea fishery because of the down time experienced by the Golden Dragon. It is expected that the Golden Dragon will return to the fishery in a few weeks.

4-6 weeks
masata 3 of 8
see mth
John

by adv. GD 3 met on ops. R. J. ... E. John
P.O. Box 409, Anchorage 99510 (907) 243-2436 Telex 25-237 Pribhisea Ahg

Additional Allocation Request

We have just received a telex from Highly Enterprise requesting an additional allocation for the remainder of calendar 1981, as follows:

<u>SPECIES</u>	<u>QUANTITY (MT)</u>
Flounders	500
Turbot	500

We have been informed that the unused allocations of these species will permit only three weeks of fishing. In view of the facts that the species requested do not compete with American fisheries, that the request is small, and that it will enable the joint-venture project to continue to the benefit of the Aleut people of St. George, the Council's support is requested.

Aleut Training Program

There are presently no Aleuts in training aboard Highly Enterprise vessels. Of the four Aleut trainees who were on board the Golden Dragon, three have returned to St. George, and one (Greg McGlashan) is presently enrolled in the commercial fisheries program at the Marine Science Center, Clatsop Community College, Astoria, Oregon.

There appear to be two reasons for the drop-out rate. First, conditions aboard the Golden Dragon were completely foreign to the Aleuts, and their discomfort was compounded by a lack of communications with their community and families. Second, three of the four trainees just did not like being at sea and away from home for such extended periods of time (five weeks).

Greg McGlashan is very serious about pursuing a career at sea, and the training program at Astoria appeared to be the best situation we could place him in at the moment. He expressed strong interest in working aboard an American trawler, but we were unable to make such arrangements before the commercial fishing program commenced at Astoria, and he decided to take that option.

We have concluded that any fisheries training program must be targeted only at those few individuals that come forward with a real interest and desire to make their living fishing at sea. We want to give the program more time, and hope that there will be others who come forward on their own initiative.

Capital Construction Fund

While Highly Enterprise has made some substantial contributions to the capital construction fund, they are behind schedule. The principle stated reason is that Highly has operated at a loss due to low productivity of the Golden Dragon. They have pledged to bring the account up to our agreed target figure by the end of calendar 1981. Since they have been rather faithful in keeping two other accounts up to date, and since our vessel entry agents, who recently visited Highly Enterprise in Taipei, confirm that losses have probably been incurred, St. George is inclined to give Highly Enterprise time and opportunity to meet its financial obligations to the venture by the end of this year.

The concept of using the capital construction fund for down payments on the purchase of American vessels is still intact, however the type(s) of vessels to be purchased have not yet been decided. We expect to address this question in earnest at the end of the year. It has been decided that if the venture should come to the conclusion that the purchase of large combination boats or trawlers is not feasible or practical, the capital construction fund will be invested in day-boats for a shore based fishery at St. George.

Conclusions

While there have been some problems, both parties desire to proceed with the venture as each perceives that there are mutually beneficial possibilities. Problems previously encountered in deck-to-deck transfers of fish at sea have been overcome. While the training program did not work out as hoped, we still wish to keep the door open for any Aleuts who may seriously wish to pursue careers in the Bering Sea fishing industry. And while we are not yet in a position to purchase American vessels for participation in the Bering Sea fishery, St. George wishes to go forward with the venture, building up the capital construction fund, and to evaluate its options more closely in the coming months.

Pribilof-Highly SeaProducts, Inc.

REPORT TO THE NORTH PACIFIC FISHERY MANAGEMENT COUNCIL/SEPTEMBER 1981 MEETING

Pribilof-Highly SeaProducts, Inc., a joint-venture corporation representing the St. George Tanaq Corporation and the Highly Enterprise Corp. of Taiwan, is proceeding basically according to plan, with some problems and strategy changes. This report will briefly review the progress and status of operations to date, and will transmit our request for a small additional allocation of flounders and turbot in the amount of 500 metric tons each.

Catch Data Through September 18

Following are the catches reported by Highly Enterprise for the Golden Dragon No. 1. and Highly 302 from the beginning of this calendar year to September 18, 1981.

<u>SPECIES</u>	<u>G.D. #1.</u>	<u>HIGHLY 302</u>	<u>TOTALS (In m.t.)</u>
Pacific cod	407.5	2.5	410.0
Sablefish	29.2	11.2	40.4
Pollock	946.7	207.0	1,153.7
Turbot	485.2	148.5	633.5
Yellowfin sole	-----	98.6	98.6
Pacific ocean perch	15.1	5.6	20.7
Other flounders	244.0	87.4	331.4
Squid	22.1	5.4	27.5
Other species	<u>24.1</u>	<u>8.2</u>	<u>32.3</u>
TOTALS	2,173.9	574.2	2,748.1

While the Golden Dragon has been in the Bering Sea since mid-February (she is now departing for maintenance and a crew change in Taiwan), her catches have been disappointing, primarily because of frequent and lengthy down times due to equipment failures and repair requirements. Another Highly Enterprise vessel, #302, has been put into the Bering Sea fishery because of the down time experienced by the Golden Dragon. It is expected that the Golden Dragon will return to the fishery in a few weeks.

Additional Allocation Request

We have just received a telex from Highly Enterprise requesting an additional allocation for the remainder of calendar 1981, as follows:

<u>SPECIES</u>	<u>QUANTITY (MT)</u>
Flounders	500
Turbot	500

We have been informed that the unused allocations of these species will permit only three weeks of fishing. In view of the facts that the species requested do not compete with American fisheries, that the request is small, and that it will enable the joint-venture project to continue to the benefit of the Aleut people of St. George, the Council's support is requested.

Aleut Training Program

There are presently no Aleuts in training aboard Highly Enterprise vessels. Of the four Aleut trainees who were on board the Golden Dragon, three have returned to St. George, and one (Greg McGlashan) is presently enrolled in the commercial fisheries program at the Marine Science Center, Clatsop Community College, Astoria, Oregon.

There appear to be two reasons for the drop-out rate. First, conditions aboard the Golden Dragon were completely foreign to the Aleuts, and their discomfort was compounded by a lack of communications with their community and families. Second, three of the four trainees just did not like being at sea and away from home for such extended periods of time (five weeks).

Greg McGlashan is very serious about pursuing a career at sea, and the training program at Astoria appeared to be the best situation we could place him in at the moment. He expressed strong interest in working aboard an American trawler, but we were unable to make such arrangements before the commercial fishing program commenced at Astoria, and he decided to take that option.

We have concluded that any fisheries training program must be targeted only at those few individuals that come forward with a real interest and desire to make their living fishing at sea. We want to give the program more time, and hope that there will be others who come forward on their own initiative.

Capital Construction Fund

While Highly Enterprise has made some substantial contributions to the capital construction fund, they are behind schedule. The principle stated reason is that Highly has operated at a loss due to low productivity of the Golden Dragon. They have pledged to bring the account up to our agreed target figure by the end of calendar 1981. Since they have been rather faithful in keeping two other accounts up to date, and since our vessel entry agents, who recently visited Highly Enterprise in Taipei, confirm that losses have probably been incurred, St. George is inclined to give Highly Enterprise time and opportunity to meet its financial obligations to the venture by the end of this year.

The concept of using the capital construction fund for down payments on the purchase of American vessels is still intact, however the type(s) of vessels to be purchased have not yet been decided. We expect to address this question in earnest at the end of the year. It has been decided that if the venture should come to the conclusion that the purchase of large combination boats or trawlers is not feasible or practical, the capital construction fund will be invested in day-boats for a shore based fishery at St. George.

Conclusions

While there have been some problems, both parties desire to proceed with the venture as each perceives that there are mutually beneficial possibilities. Problems previously encountered in deck-to-deck transfers of fish at sea have been overcome. While the training program did not work out as hoped, we still wish to keep the door open for any Aleuts who may seriously wish to pursue careers in the Bering Sea fishing industry. And while we are not yet in a position to purchase American vessels for participation in the Bering Sea fishery, St. George wishes to go forward with the venture, building up the capital construction fund, and to evaluate its options more closely in the coming months.